

The original documents are located in Box G05, folder “Reagan, Ronald, 1/1976-2/1976 (2)” of the President Ford Committee Campaign Records at the Gerald R. Ford Presidential Library.

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January 29, 1976

MEMORANDUM FOR:

PETER KAYE

FROM:

FRED SLIGHT *FSL*

SUBJECT:

Reagan's "Carrying Charge"
Contention

Reagan, as you know, is fond of using the hypothetical example that taxpayers of a state send to Washington \$115 million and receive in return only \$100 million -- the \$15 million balance being the "carrying charge" absorbed by the Federal bureaucracy. This statement does not appear to be based on fact in terms of aggregate amounts or percentage figures nor is it consistent with a basic element of our federal system -- that monies collected from individuals in the more affluent states may be used to assist persons in the less affluent states. Nor does Reagan's statement take into account monies spent by the DOD, State Department, Supreme Court, etc., which indirectly benefit the citizens of a state.

New Hampshire is certainly not in the "more affluent" category and this is borne out by the below statistics on tax monies collected from individuals and corporations compared to actual Federal outlays in the state. As you will note, New Hampshire citizens actually received \$461,426,000 more than they sent to Washington for FY '75.

<u>Fed. Taxes Collected</u>	<u>Actual Fed. Outlays</u>	<u>Difference</u>
\$714,325,000	\$1,175,751,000	\$461,426,000

The tax collection figure is an IRS estimate as the final tabulations have not yet been completed, however I have been given very firm assurances that it is a credible statistic.

cc: Stu Spencer
Skip Watts
Dick Mastrangelo



~~NUMBERED THREE TWO BY DEMOCRATS~~
ERA Q: Governor Reagan, what are you going to do for Women?

REAGAN: Well, I'm going to continue to support Nancy to the best of my ability -- I believe I think I understand the point of your question. You know Will Rogers once said, and I have to do this, I have to quote him, Will Rogers once said that women were going to try to become more and more equal to men until pretty soon, they weren't going to know any more than the men do. And, I believe that if there are any injustices, if there are still any inequities with regard to difference in treatment of men and women, they should be corrected by statute. I think that they have a place in government, I think they can make a great contribution to government.

0. Governor Reagan, your opening remarks in regard to reduction in



The WALL STREET JOURNAL
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Round One

Ford's Attack Leaves Reagan on Defensive In New Hampshire

Race Tightens as President Gains; Reagan's Backers Hit 'Desperation Politics'

Fate of 11th Commandment

By ALBERT R. HUNT

Staff Reporter of THE WALL STREET JOURNAL.
CONCORD, N.H.—Ronald Reagan has become the issue.

With New Hampshire's Republican presidential primary less than three weeks away, the contest between Mr. Reagan and President Ford—which the former California governor had intended to focus mainly on the record of the man in the White House—has turned largely into a debate over Mr. Reagan and his program.

A few weeks ago, President Ford looked as if he might lose this first test with his challenger. Now the President seems to have taken the initiative, and the race has become extremely tight.

"Ronald Reagan was getting a free ride, but we've changed that," asserts John Michels, the Ford campaign director in New Hampshire. "He has been on the defensive almost from the minute he stepped into the state a month ago."

There is still time, of course, for Mr. Reagan to regain that lost momentum. Indeed, the Reagan forces believe that President Ford, who will make a swing through the state this weekend, is bound to furnish their man with an opportunity to return to the attack.

"Once Ford himself says anything about us," a Reagan campaign official explains, "we'll have more to shoot at."

On the Defensive

But for now at least, the Californian has been knocked off balance by a heavy barrage from the Ford camp, aided by intense press scrutiny of Mr. Reagan's proposals. Consequently, the challenger is finding it necessary to spend much of his time before audiences here fending off the attacks rather than leading a tough charge against the President's policies. Principally at issue are Mr. Reagan's proposal to transfer \$90 billion of federal activities to state and local governments and his alleged vacillation on issues such as Social Security and the Equal Rights Amendment.

The Reagan forces profess to be unworried about the tide of events. Hugh Gregg, who is running Mr. Reagan's New Hampshire drive, dismisses the Ford campaign charges as "desperation politics." The Californian himself uses tougher language, calling the attacks "the cheapest kind of demagoguery."

Furthermore, the Reagan people say, the very positions for which their man is under attack have widespread appeal among the state's predominantly conservative GOP voters. "In our surveys, these flaps never come up in the minds of people to any serious extent," says Jim Lake, a top Reagan aide. And it is true that despite the constant criticism by politicians and the press, the candidate has been drawing enthusiastic responses as he travels to small towns around the state, speaking to so-called citizens' press conferences.

Reagan's Assets

Mr. Reagan does have some considerable assets. The former movie actor is a skilled campaigner, probably as effective before audiences as any politician in America. Expertly delivering one-liners woven into his conservative message, he gets big applause railing against national health insurance ("you can't socialize the doctor without socializing the patient"); high taxes ("people want government to get off their backs and out of their pockets"); deficit spending ("balancing the budget is like protecting your virtue: you have to learn to say no"); and government in general ("government is not the solution, it's the problem").

In addition, the Reagan campaign organization here is superior to the President's. The Reagan forces have allotted about 25% of a \$200,000 budget for New Hampshire for purchasing and setting up a sophisticated telephone and mailing operation tied to a computer listing of the names, addresses and telephone numbers of every Republican voter in the state.

The Reagan people believe that by election day, they will have made contact with nearly all Mr. Reagan's potential supporters in New Hampshire. Advantages like this will far outweigh the Ford criticisms, the Re-

Breaking His Stride

Nevertheless, the assaults clearly have broken Mr. Reagan's stride, forcing him to spend far more time than he would prefer in answering the accusations. In the town of Gilford the other night, for example, he was wowing 600 people at the high school with his articulate statements of conservative gospel on budget deficits and the like. But then he broke off for a lengthy denunciation of his critics, who are engaging, he said, in "despicable practices . . . unworthy of a campaign."

There are other signs that the Ford attacks are beginning to tell. The fervently pro-Reagan Manchester Union-Leader, the state's largest newspaper and an often-vicious critic of President Ford, lately has been devoting much of its political coverage to long justifications of Mr. Reagan's controversial stands.

And Wall Street Journal interviews with two dozen Republicans at a Tilton, N.H., shopping center the other day uncovered a notably high awareness of the Ford criticisms of Mr. Reagan. Nearly half of those questioned in this unscientific sampling expressed reservations about Mr. Reagan that seemed to echo the line from the Ford campaign.

"I like Reagan," said a Tilton housewife, "but I'm not sure he knows what he's talking about." That, of course, is exactly the

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Round One: Gov. Reagan Is Placed On Defensive in New Hampshire

Continued From Page One

impression the Ford people are trying to create with their attacks on Mr. Reagan's \$90 billion transfer plan.

Mr. Ford undoubtedly hopes to plant further doubts during his campaign trip here this weekend. Despite the Ford camp's insistence that the trip is mainly "presidential," rather than political, there are unmistakable signs that Mr. Ford will try to exploit what he perceives to be his opponent's weaknesses.

For example, the President plans to hold a public briefing Saturday on his new federal budget with New Hampshire legislators and local officials. Such an event, mundane in itself, has clear campaign significance. In Washington last month, when the budget was issued, the President displayed an impressive grasp of its particulars during a briefing for newsmen. The Ford people here obviously are banking on a repeat of that performance in the belief that it will contrast starkly with the difficulties Mr. Reagan has been having in explaining the tangled specifics of his proposed \$90 billion overhaul of the budget.

Mr. Reagan's transfer proposal was contained in a little-noticed speech he made last fall, before he was a declared candidate. Basically, he recommended that a package of federal social programs costing \$90 billion a year be switched to state and local governments, which then would decide whether to finance and run the programs or drop them. The programs involve such things as education aid, food stamps and housing subsidies.

As soon as Mr. Reagan announced his candidacy, the press began scrutinizing the proposal, asking questions about details that Mr. Reagan was unable to answer. Political opponents, particularly in the Ford campaign, began charging that adoption of the Reagan plan would force tremendous rises in state and local taxes. Mr. Reagan has persistently denied such claims, but his rebuttal has been vague and has failed to silence the critics.

More assaults against Mr. Reagan are on the way. As the Feb. 24 primary date gets nearer, the Ford people plan to sharpen their attack on the Reagan record as governor of California from 1967 to 1975. They will charge that despite his conservative image, the state's spending, taxes and public payrolls soared during his tenure. (State taxes and spending doubled during the Reagan years; the number of state employees rose 5.7%.)

Whatever the result here, of course, it will be far from conclusive. New Hampshire is a tiny state, hardly representative of the rest of the country, and it will supply only 21 of the 2,259 delegates who will select the nominee at the Republican convention in Kansas City, Mo., next August.

Messrs. Reagan and Ford face significant contests in the Florida primary March 9 and in the Illinois primary a week later. The two men also are in a primary in Massachusetts a week after the vote here, but neither of them is paying much attention to that one. The Republican establishment in Massachusetts generally supports President Ford, but some Republicans there believe

that the state's hard-core conservative vote is large enough to enable Mr. Reagan to give President Ford a jolt, perhaps by getting as much as 40% of the vote.

The importance of the New Hampshire contest lies mainly in its traditional status as the first primary. Beyond that, it's not only the initial face-off between the President and his challenger but also the first time Mr. Ford has been on a ballot outside of his old congressional district in Grand Rapids, Mich. (Mr. Reagan, an impressive vote getter in California gubernatorial elections, did poorly in a half-dozen primaries during his late-starting presidential bid of 1968.)

Whoever loses here will be under pressure from his backers to attack harder in subsequent primaries. President Ford has sought to maintain an above-the-battle posture, but if he comes in behind Mr. Reagan here, he may get tougher. And a Ford victory here would probably prompt the challenger to become more aggressive. "If we do poorly, and I don't think we will, there probably will be less attention paid to the 11th Commandment," a Reagan backer says, referring to Mr. Reagan's pledge that he won't "speak ill" of other Republicans.

So far, however, Mr. Reagan has had enough to do just fending off the criticisms. Traditionally, a candidate who challenges a President of his own party for the nomination bases his campaign on tough criticisms of the President's record. That was the case, for example, eight years ago in New Hampshire, when Democratic Sen. Eugene McCarthy scored so well with his attacks on President Johnson's Vietnam policy.

The Transfer Plan

But even before the Ford-Reagan contest got going, Mr. Reagan had provided the Ford camp with a big opening through his espousal of that \$90 billion transfer plan. Ever since, he has faced a barrage of critical questions on the proposal. The Californian's backers admit that initially he was ill-prepared for the criticism and clumsy in responding. Gradually he has been forced to backtrack, continuing to embrace the transfer concept but disowning many of the original specifics.

That process itself has caused problems, creating an impression among some voters here that Mr. Reagan is confused and unsure of himself. In the heat of battle, the candidate sometimes has compounded the impression with minor gaffes. Last week, for instance, he blasted Ford campaign attacks as "dirty tricks"—a term that now has an explosive political meaning because of its use to describe Watergate-style campaign tactics.

Mr. Reagan's statement was heard by one reporter admitted to a meeting as a representative of the press corps. But when the reporter conveyed the statement to his colleagues, Mr. Reagan and his aides denied having made it. The reporter then played a tape recording of the meeting, in which the candidate could distinctly be heard saying "dirty tricks." Thus, Mr. Reagan had to retract his denial.

Ford supporters are doing all they can to

heighten the flap over the transfer plan. When it began to develop, C. R. Trowbridge, chairman of the state senate's finance committee, was brought forward to declare that the Reagan proposal would force the imposition in New Hampshire of a big state income tax or a sales tax of 12% or 13%. That set off some fireworks because this is the only state with neither an income nor a sales tax. Newspaper articles and editorials dealing with the issue are distributed by the Ford campaign to all other newspapers and broadcast stations.

The Reagan forces say the warnings about huge new taxes are nonsense because the candidate's proposal envisions a comparable transfer of federal revenue sources to states and localities. They can't provide any details of how that would work, however.

The Equal-Rights Amendment

Immediately before each of Mr. Reagan's visits to the state, the Ford campaign holds a news conference to raise a new issue against him. Last week, it was Mr. Reagan's reversal on the Equal Rights Amendment. (Several years ago he favored it, but in 1974 he switched to opposition.) The Ford people also have widely distributed a five-page "fact sheet" compiling previous Reagan statements indicating that he favors some sort of voluntary Social Security program. (Mr. Reagan himself declares that while something should be done about huge deficits in the Social Security trust fund, he opposes any move to make participation in the program optional.)

As a result of such tactics, the Ford campaign people have stolen some of the play from Mr. Reagan—even though the Californian has been campaigning hard here and the President hasn't shown up yet. During some of Mr. Reagan's visits, newspapers are as full of charges by Ford lieutenants as they are of Mr. Reagan's campaign pronouncements.

Even so, the Reagan strategists say he is in good shape here. On the transfer plan, for instance, Mr. Gregg believes that the Californian is scoring points now by "talking more about the return of control to state and local governments and much less about the financial specifics."

In his campaign appearance, Mr. Reagan promises that as President he would crack down on welfare abuses, curb government payrolls and speedily balance the federal budget. He assails detente and foreign aid and he knocks the State Department effort to negotiate a new treaty with Panama that he contends would give that country control of the Panama Canal. "The Panama Canal is U.S. sovereign territory, and we shouldn't turn it back to a Marxist dictator . . ." he says.

Throughout his speeches there are unrelenting jabs at President Ford. It's time to elect a President, Mr. Reagan says, "who's not part of the buddy system" in Washington.

CAE Industries Joint Venture

WELLAND, Ont.—CAE Industries Ltd., Montreal, said it formed a joint-venture company with Cleveland Metal Abrasive Inc., Cleveland, to build a metal-abrasive, metal-manufacturing plant here for about \$1 million. Construction is to start immediately and completion is scheduled for early 1977, CAE said.



The Los Angeles Times, Feb 5, 76

Teachers' Group Seeks National System Like Hitler's for U.S. Schools, Reagan Says

BY RICHARD BERGHOLZ
Times Political Writer

FT. LAUDERDALE, Fla.—The National Education Assn. is seeking a "national school system" similar to the German school system under Adolf Hitler, Ronald Reagan charged here Wednesday.

Answering a question during a rally with Florida supporters, the Republican presidential candidate said the 1.7-million-member NEA "is becoming more and more a sort of union of educators and I don't believe that is right."

He also contended the organization would have more political power than the AFL-CIO Committee on Political Education (COPE).

What the NEA really wants, Reagan said, is "a federal educational system, a national school system, so that little Willie's mother would not be able to go down and see the principal or even the school board. She'd have to take her case up to Congress in Washington."

"I believe this is the road to disaster and the end to academic freedom."

In Hitler's Germany, "where they had a nationalized school system," the schools became so regimented, Reagan said, that "when he (Hitler) said, 'Burn the books,' they burned the books."

"They changed their academic system to suit the rule of the dictator who was in charge at that time."

Reagan said the NEA "has made it plain over the years that it believes that even the state educational system, which sets the rules, is outmoded."

The former California governor said he grew up to respect teachers and the influence they had over his life.

"I don't think I could feel that way about picketing teachers who are out on strike and victimizing the students," he said.

When one of his listeners suggested that he should soft-

ten his views because he would antagonize "a lot of teachers," Reagan declined and said he meant just what he had said.

In San Francisco, Ralph Flynn, acting head of the California Teachers Assn., one of the largest affiliates of the NEA, called Reagan's remarks "vicious calumny."

"It is simply a lie to say that the NEA is seeking a national school system, and Gov. Reagan's campaign for the Presidency must be in truly desperate straits to force him into such gross misrepresentations of the NEA position," Flynn said.

"The NEA is made up of almost 8,000 locally controlled affiliates. It has been in existence since 1857, and is dedicated to the concept of local control of public education in the United States."

"It is beyond comprehension that Reagan could compare NEA policies with those of Hitler."

"We consider NEA a union just as one might look on the American Medical Assn. as a union of doctors or the American Bar Assn. as a union of lawyers."

"As for political power, as long as General Electric, Reagan's former employer, Exxon or other giant corporations exercise political power, we think it is crucial that there be organizations like ours to protect average citizens and the public interest."



Teachers ask Reagan to apologize

The Massachusetts Teachers Ass'n board of directors last night demanded an apology to American teachers from presidential candidate Ronald Reagan for remarks he made charging the National Education Ass'n with attempting to nationalize the nation's school systems.

The MTA, with a 60,000 Massachusetts teacher membership, is affiliated with the NEA with 1.8 million members.

At a political rally in Ft. Lauderdale, Fla., on Wednesday, Reagan is reported to have charged the NEA with seeking a "national school system."

REAGAN IS quoted as saying the NEA is "becoming more a sort of union of educators and I don't believe that is right."

Reagan, according to published reports, further charged that the organization will have more political power than the AFL-CIO Committee on Political Education (COPE). The NEA refuses affiliation with the

Also, that what the NEA wants is a "federal educational system, a national school system so that little Willie's mother would not be able to go down and see the principal or even the school board. She'd have to take her case up to Congress in Washington.

"I believe this is the road to disaster and the end to academic freedom," Reagan is quoted as saying.

The MTA Board of Directors passed a resolution condemning his remarks which states it "vehemently objects to statements by Ronald Reagan alleging teachers of America in actively participating in political decisions of their country are attempting to foster mind control over students under their guidance.

"THESE STATEMENTS demeaning to educators in this country are a reprehensible attack on people in a profession whose history has been one of dedication to educating students.

Teachers, who teach citizenship, should not and will not be relegated to second class citizenship. The former governor of California owes an apology to every teacher in the United States."

The MTA is meeting at the Sheraton Boston Hotel.



Rockefeller Attacks Reagan Program

BY REMER TYSON
AND TOM HENNESSY
Free Press Staff Writers

Vice-President Nelson Rockefeller attacked the fiscal proposals of presidential contender Ronald Reagan Friday, describing Reagan's plan to reduce federal aid to the states by \$90 billion as "one of the seven wonders of the world."

The Reagan program would cost Michigan taxpayers \$6 billion in federal funds, Rockefeller said in a press conference at the Midwest Republican Leadership Conference at Dearborn's Hyatt Regency Hotel.

Rockefeller questioned Reagan's leadership capabilities, accusing the Californian of offering one fiscal approach as a governor and an opposite one as a presidential candidate.

As California's governor, Reagan wanted to put a ceiling on state expenditures that would not exceed that state's gross annual growth, said Rockefeller, longtime governor of New York.

Now, Rockefeller said, Reagan wants to restrict federal spending and leave the states to their own revenue-raising measures.

ROCKEFELLER said, "You look to leadership in terms of people who have a deep understanding and conviction and belief about the structure of the federal system and how it works and how it can be moved and how it can meet the problems of today."

When a reporter asked if Reagan is "hanging himself" with his \$90 billion proposal, Rockefeller said, "He certainly is not helping himself."

Reagan is challenging President Ford for the Republican presidential nomination. Rockefeller has said he will not seek re-election, and is supporting Ford's campaign.

The vice-president predicted a Ford victory in the New Hampshire primary, but said he based his confidence solely on "a political feeling." When asked what would happen if Ford loses in New Hampshire, Rockefeller answered, "Then

The Detroit Free Press
Jan 31 76

he'll win in Florida."

Asked how he viewed the Democratic presidential campaign, Rockefeller quipped, "With glee."

ON OTHER matters, the vice-president said recent CIA disclosures pointed up a need for "stronger laws" or "greater discretion" by the nation's news media.

The vice-president arrived at the hotel about 4 p.m., stepping into a lobby adorned with Ford banners and rows of "Ford girls."

Reagan all but abandoned this two-day Republican conference to Ford and Ford's home-state supporters. The president will speak at the conference and attend a brief reception Saturday. Reagan declined an invitation.

Reagan's Midwest campaign manager, Charlie Black, explained that the former governor is spending most of his time and resources in the early presidential primaries.

At a joint appearance Friday afternoon with one of Ford's campaign directors, Black ran into questions about Reagan's \$90 billion tax proposal.

"The problem, is, the press has concentrated on the specifics" of the plan, Black said. "It's an overall concept he (Reagan) is trying to get across . . . Although there has been a little cloud with all these numbers thrown around, he stuck with the concept."

Edward Terill, an official of the President Ford Committee, told the conference the president will not quit if Reagan makes a strong showing in primaries in New Hampshire on Feb. 24 or Florida on March 9.

Ford's strongest states are in the Midwest and parts of the South, such as North Carolina, and he will turn the tide against Reagan in these later state contests, Terill said.

"I don't think anyone else (other than Ford) can win in November on the Republican ticket," Terill said.



The Washington Star, Jan. 26, '76

Garry Wills

Reagan's facts just aren't there

Was it a greater mistake to say part of his plan was a mistake, or to say that reports that he had called all of it a mistake were mistaken?

Reagan's dance looks like an attempt to swallow himself. He thinks it is mean of people to pounce on the figure \$90 billion just because he happened to use that figure.

Would he be happier if the press used other figures, on the grounds that he had not mentioned them? What figure did he expect them to discuss, once he brought it up?

Reagan thinks he is being unfairly treated by the press, and he is probably right. It is unfair to expect accuracy or depth from him.

Someone told him a soupy fable about the integration of the United States armed forces — that this took place during World War II as a result of comradeship in arms. He draws various morals from that TV show of a tale.

But the story is all wrong — the military was integrated, over howls of protest, by President Truman after the war. I don't know what moral Reagan will

draw from the real facts, if he ever gets the facts straight.

When asked how he might work with a Democratic Congress, Reagan trots out another story made of thin air. He tells us that Franklin Roosevelt had a balky Congress, yet achieved his record "hundred days" of legislation by speaking over the Congress to the people in his fireside chats.

In fact, Roosevelt came into office with a desperate Democratic Congress clamoring for new laws — even more than Roosevelt provided. Congress pressed him for the NRA and National Labor Relations Act.

The fireside chats did not begin as a way of speaking over or around Congress. It is true that Congress later got restive, but only because Roosevelt gave it good cause with things like his court-packing scheme; and then Congress did thwart Roosevelt for a while, fireside chats and all.

It is hard to see how Reagan could have got things more entirely wrong. Yet this is the story Reagan chooses to tell, about his first political hero.

If he cannot get even one

aspect of that story straight, on his own chosen ground, what right have we to expect him to sort out inconsistencies in the big spending cut which he assures us is not quite a slash? The only way to be fair to such a man is not to ask him questions.

Reagan's finest moment, the one that brought him into politics, was his glib hard-line talk delivered for Goldwater in 1964. The talk did nothing at all for the Goldwater campaign — it thrilled the people who already loved Barry, and just confirmed others' suspicion that Goldwater was an extremist.

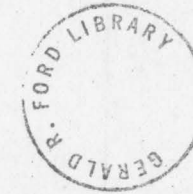
But the speech did everything for Reagan. It was well-rehearsed, and he could have gone on giving it forever, like James O'Neill playing *The Count of Monte Cristo*. But now he had to speak for himself, and that meant answering some questions — as when he said a "bloodbath" might be the solution to California's campus problem.

Reagan, so wrong on Vietnam, on Nixon, has already shown his political skill by coming out for right-to-work laws — at just the time when the right

wing hopes to win blue-collar workers away from the union leadership on issues like busing. Reagan seems destined to keep playing second lead, even to a bungler like President Ford.

As for the other candidates — well, Harris offers a more genuine populism; Carter economized more as governor; Bayh has labor; Jackson has money; Shriver dresses better, and Wallace is even more ignorant.





Ford has the initiative

Reagan's plan is shot full of holes

By Hobart Rowen

WASHINGTON—President Ford has presented the nation with a budget that has been honed and polished to meet the right-wing challenge of Ronald Reagan—but still leaves a significant gap between them. In terms of political skill, Mr. Ford appears to have the edge at the moment.

Both men strike the same theme: they are appalled, they say, by the monstrous size of today's federal government.

But where President Ford would cut spending by \$28 billion from some theoretical level that has never been well-defined, Reagan—no piker—would slash expenditures \$90 billion by turning scores of welfare, education and health programs over to the states.

Reagan has come in for much scorn and criticism since he first launched the \$90 billion figure in a speech to the Executive Club in Chicago on Sept. 26, 1975.

Perhaps the unkindest cut of all, as Reagan views it, has been the comparison of his scheme to Sen. George McGovern's \$1,000 giveaway program in 1972. McGovern has lately admitted that this idea wasn't carefully researched, and it is becoming painfully clear that Reagan's wasn't either.

At a budget press briefing for re-



'The forest ain't big enough for both of us!'

porters (incidentally, where President Ford successfully played out one of Harry Truman's favorite roles—that of budget expert) both Mr. Ford and Vice President Rockefeller gleefully pounded the Reagan plan.

"Totally impractical," Ford snap-

ped. "I can't imagine 50 states having all of these programs dumped on them and then having to increase taxes if they want the programs continued."

Rockefeller, enjoying a rare moment in the limelight at a presidential podium when Ford asked him to elaborate, was even more cutting. The Reagan plan, he said, "would Balkanize America."

Not unexpectedly, Reagan is trying to soften the harsh outlines of his proposal, stressing that the \$90 billion chop couldn't come all at once, but would be phased in over a period of time.

But whatever Reagan and his people now say, a re-reading of the Chicago speech leaves little doubt that the \$90 billion "cut" is a hollow idea, recklessly tossed out, with little thought to its economic or social consequences.

In an interview a few weeks ago, Reagan aide Jeff Bell said that the former California governor "doesn't make value judgments on which federal programs are necessary or harmful, good or bad—that should be up to the states." His basic objective, rather, is to reduce the size of the federal government, and return power to the states.

That this philosophy has had an impact on President Ford can be seen from his budget proposal to con-

solidate 59 categorical grant programs into four "block" grants that would give states total discrimination in spending money. But under the Ford plan, Uncle Sam would still supply the money—growing more slowly year to year if Ford had his way.

But it wasn't until Reagan started campaigning in New Hampshire and elsewhere that he discovered that plain people had a lot more common sense than his own advisers did.

Who would pay for the programs that local folks wanted to keep? He didn't mean that local sales, property, and income taxes would have to rise, did he?

Certainly not, said campaigner Reagan. Not only could some existing federal excise tax revenue be turned over to the states, he improvised, but a portion of the federal income tax could be left in the states.

Bit by bit, as Reagan meets opposition to his plan, federal tax money will begin to reappear in his campaign oratory to support these much-debated (and apparently much-wanted) programs.

In the end, Reagan will have to move closer to Ford on this issue, and the ideological differences between these two conservatives—if any—will have to be defined elsewhere.

Gregg Blasts Ford Camp Analysis

Reagan's Record Is Challenged

CONCORD, N.H. (UPI) — Ronald Reagan's record as governor of California was marked not by fiscal restraint but by increases in state taxes, the state budget and the state payroll, an analysis released by President Ford's campaign organization showed today.

The five-page typewritten assessment appeared to be an effort to challenge Reagan campaign statements that he brought new budgetary restraint to the nation's most

populous state during two terms as governor.

Reagan returns to New Hampshire next week to campaign against President Ford in the Feb. 24 primary.

Backers of President Ford have greeted Reagan's two previous visits to the state with attacks on his plan to return \$99 billion in federal social programs to states.

Reagan's campaign organization immediately lashed out at the Ford campaign analysis.

"These stooges representing Ford should stop talking long enough to listen to the whole truth about Reagan's record," said Hugh Gregg, Reagan's local campaign director.

The Ford analysis outlined fiscal changes during the Reagan years:

—State personal income tax revenues rose 500 per cent.

—Bank and corporate taxes went up 100 per cent.

—The state sales tax rose from 4 to 6 per cent.

—Taxes on cigarettes rose 7 cents a pack. Tax on liquor rose 50 cents a gallon.

—The state budget increased between 1966-74 from \$4.6 billion to \$10.2 billion, an annual average of 12.2 per cent.

—The state payroll increased from 113,779 employees to 127,929.

—Reagan's term was marked by three "huge" tax increases

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— POLITICS

Politics —

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totalling more than \$2 billion. — An \$850 million budget surplus was the result of a "serious miscalculation" in 1967 in which California government over-taxed residents through an "enormous \$943 million tax increase."

—Tax relief which resulted in a \$378 million tax saving to property owners was "achieved by other federal revenue and state revenues." Average property taxes during the Reagan years rose from \$8.24 to \$11.15 for each \$100 assessed valuation.

"Obviously budgets went up in California during the eight years of Gov. Reagan's administration, if for no other reason than the national inflation rate went up 52 per cent," Reagan's campaign chief said. "Does anyone know of any budget that did not increase during that same time?"

Gregg outlined accomplishments during the Reagan years, the chief one being a return to a balanced budget which left the incoming administration a \$400 million surplus.



Reagan Disparages Own Funds Shift List as 'Some Stuff the Economists Gave Me'

BY RICHARD BERGHOLZ
Times Political Writer

CHARLOTTE, N.C.—Ronald Reagan said Tuesday that he had had no intention last September of providing details concerning his plan to shift certain federal programs to the states.

In an exclusive interview with The Times during a campaign stop here, the former California governor said, "I simply announced a broad program last September. I made no pretense of fleshing it out."

As for a detailed list of federally funded programs he gave to newsmen at the time he disclosed his proposal—a list designed to show the scope of his plan—Reagan snorted:

"I never did pay any attention to that list. That was just some stuff the economists gave me. I didn't even agree with all the things on that list."

He suggested that newsmen should discard the September list of prospective targets for the shift of programs from the federal government to the states, and he explained that he probably would not express his own opinion on which of the programs should be junked rather than continued by state and local governments.

In September, when he announced the plan, Reagan talked about balancing the federal budget by cutting up to \$90 billion from federal expenditures by transferring programs to the states.

Today, he talks about the shift only in general terms.

And he no longer talks about achieving a balanced budget as a direct result of the shift, or of granting an average 23% personal income tax cut or of making a \$5 billion payment on the national debt.

What caused him to change his approach?

"You can't expect a man to have a plan all worked out in detail," he said Tuesday. There are more than 1,000 separate programs in the social welfare field, and there may be some he would want to continue under Washington's control, he added.

When he first disclosed his program, Reagan said, his objective was "to tie spending and taxing functions together wherever feasible, so that those who have the pleasure of giving away tax dollars will also have the pain of raising them."

But today, he steadfastly refuses to discuss how the states would pay for the programs now funded by Washington, except to suggest that some taxes now levied and collected by the federal government might be collected at the state and local levels "without making the roundtrip to Washington and back minus a heavy freight charge."

Last September, Reagan said, "An immediate (federal income) tax cut, some of which might have to be balanced by tax rises in the states, would only be the beginning of the savings that could be achieved."

Today, Reagan admittedly gets explosively angry when his critics suggest that the Reagan plan inevitably would result in higher state and local taxes.

"That's the same kind of crap I heard when I proposed welfare reform when I was in Sacramento," he said. His critics then feared a sharp rise in local general relief costs if welfare recipients were cut off by the state, and it proved to be a groundless fear, he said.

Similarly, Reagan added, there is a broad fear in the states today that, if he becomes President, state and local governments will be stuck with tough decisions on how to pay for programs currently financed by Washington—or whether to finance them at all.

When asked how he was going to deal with this fear of his program, Reagan responded:

"I'm going to keep doing just what I'm doing, and put the monkey back and let those bastards in Washington tell me how they can keep on talking about decentralization and never come up with any way of doing it."

He blamed President Ford's supporters and campaigners for spreading these fears.

"All of our polls show that the people want control of these programs at the local level," he said.

He named Carla A. Hills, secretary of housing and urban development in the Ford Administration, as one of the fear-spreaders because she criticized the Reagan plan in a Washington news conference earlier this month.

But he became particularly excited and angered when he accused Ford campaigners of preceding him (Reagan) into a campaign state and giving local politicians or officeholders figures purporting to show what the Reagan plan would mean in each particular state.

Reagan said he was angered by "the thing of going into a state and getting a state senator and priming him then, before I arrive, to hold a press conference and to say that I'm going to raise his state's sales tax by 12%."

His major premise, in his current campaigning, is that perhaps the cost of the shifts programs could be met by state and local governments by simply subtracting their cost of the programs from taxes currently levied and collected in the states by the federal government.

A federal excise tax, such as on alcohol, might be used in some instances, he said, although he conceded that this

would involve persuading Congress to give up the current revenue yield and persuading the states that this was the proper way to meet their own new costs.

"There might have to be a bridge of continued federal funding until the people (in the states) decide," Reagan said.

When asked how, as President, he would balance the federal budget if revenues declined as the programs were shifted, Reagan simply said: "I recognize that we must go along with a planned balancing of the federal budget, a systematic schedule for achieving a balanced budget."

But he did not offer details on how he would achieve this. Social Security would not be one of the programs shifted to the states in the Reagan plan, but the Californian has made Social Security part of his current campaign rhetoric.

He got into the issue last December when, in a Houston speech, he lauded Barry Goldwater for questioning the validity of the Social Security system during the 1964 presidential campaign. Reagan mentioned also that Goldwater had been right and then said there were several plans worth studying involving a form of voluntarism.

This prompted at least one newspaper to suggest Reagan was flirting with the "voluntarism" issue.

Since then, Reagan has insisted in almost every speech that, although the system is badly out of actuarial balance, no changes should be made that would deprive present beneficiaries of their monthly checks.

When President Ford in his State of the Union message last week proposed another increase in payroll deductions

to pay for higher Social Security benefits Reagan said, "I think we can demand more than the small increase in the payroll tax to deal with the short-range problem of cash flow."

Fearful that this might suggest he wanted an even bigger bite out of the payroll tax, Reagan then shifted his position to say that "resolving this problem will take more than a continued piecemeal increase in the payroll tax; fundamental reform is needed."

When next questioned as to what he would do, Reagan responded, "I think you start by getting a team of experts to look at the problem."

At the same time, he blasted what he called "demagogues" who were talking about Social Security system changes that frighten beneficiaries.

"Nothing can be more despicable than taking political advantage of those who have earned better treatment from us all."



Opinion

Nashua Telegraph

1/22/76

Bus Ticket Solutions?

Ronald Reagan's political legerdemain in promising \$90 billion of relief from the federal government by tossing the burden of social services back into the laps of the state and local governments cannot withstand analytical scrutiny.

What's worse, Mr. Reagan's make-believe scheme has revealed him to be not only politically risky but politically shallow. When the press and the public start to hold a candidate's feet to the fire, one soon knows whether they are made of wax.

Ronald Reagan, challenged vigorously here in New Hampshire and elsewhere on the only concrete proposal he has ventured, is busy backing-and-filling at every whistle stop, and the quality and durability of this thinking are becoming thumpingly evident.

Neither the quality nor the durability — without the answers on a teleprompter — passes muster at all. Mr. Reagan's schemes are startling, to say the least. Mr. Reagan's explanations of his schemes are shocking.

His answer to the nettlesome question of where the \$90 billion in public programs would come from if his scheme prevailed is that it simply would be up to the states and localities to take over the burden now carried by federal and federal-state programs. What state and local states would need to be boosted, Mr. Reagan says, is not his problem. Dandy.

What if a state cannot afford to underwrite all existing programs, or what if a state refuses to continue

existing programs? To most public officials and office-seekers, that would seem a knotty problem, but not to Ronald Reagan, the deep-thinker from California — the nation's political Disneyland.

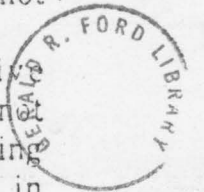
If some states fail to substitute adequate welfare and social action programs to replace the ones he would chop off, Mr. Reagan suggests that the poor and minorities in those states migrate elsewhere.

That is to say, if they don't like it, they can lump it or leave it.

That, of course, is exactly what happened in the United States during the 1930s and the 1940s, as Mr. Reagan should but obviously does not understand. And that, of course, is one of the reasons federal programs were initiated — to provide some uniformity and equal protection to all American families without forcing them to take an interstate bus or to hop a freight to survive.

If Ronnie Reagan has even a smattering of lore about the social and economic history of the United States, he hides it well. His political philosophy, which sounds so polished and simple when well-rehearsed and tightly-robed, is not only superficial but reactionary.

Mr. Reagan's conservative credentials are suspect. He does not seem very interested in conserving much at all. He is interested in repeal, in reaction, in simplifying by denying. He stands revealed, without his cosmetic charisma, as a political ideologue who has the misfortune of being philosophically retarded.



Nashua Telegraph 1/22/75

Editorial Page

"... So YOUR mistake is in making the mistake of mistaking my mistake for a mistake."



The Philadelphia Inquirer, Feb 1, '76



Reagan's \$90 billion: Now you see it, now you don't

By Creed Black
Editor of The Inquirer

Ronald Reagan says he is "tired of questions that tend to confuse" people about his now-famous \$90 billion plan. Well, if he thinks the questions are confusing he ought to go back and take a fresh look at his answers.

That's an exercise worth the time of all of us, in fact, for what we have here is (or was) a proposal by a serious candidate for President to reduce the spending of the federal government by almost one-fourth. Like hitting a mule in the head with a two-by-four, that's enough to engage attention.



Creed C. Black

Last September.

This was no off-the-cuff statement. It was a major address to the Chicago Executive Club, and Mr. Reagan chose the occasion to unveil his sweeping proposal for "a systematic transfer of authority and resources to the states" in six major areas: welfare, education, housing, food stamps, Medicaid, and community and regional development, plus federal-revenue sharing.

Lest anyone miss the impact of what he was saying, he produced some very specific numbers. His plan, he said, would reduce federal expenditures \$90 billion. And that

in turn, would enable the government "to balance the federal budget, make an initial \$5 billion payment on the national debt and cut the federal personal income tax burden of every American by an average of 23 percent."

He later became even more specific by elaborating with a detailed list of the precise programs he had in mind and the exact sums each represented.

While the emphasis was on the money that might be saved, Mr. Reagan did say that states or cities wanting to pick up some of the federal programs "might" have to raise their own taxes.

That was not lost on the voters of New Hampshire, where Mr. Reagan faces his first primary test. With neither an income tax nor a sales tax, they began to wonder where they'd get the money to replace the federal funds.

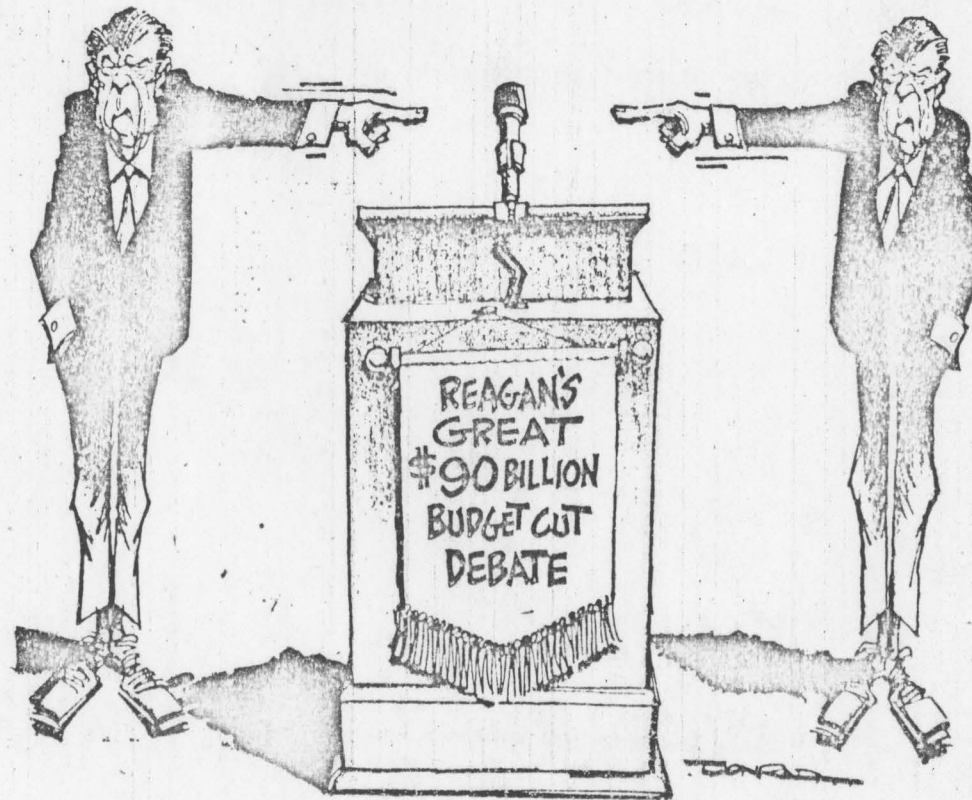
Mr. Reagan told them not to worry. "I have no intention with anything I have proposed," he assured them, "that New Hampshire should have a sales tax or an income tax."

But where would they get the money?

His answers to that were never models of clarity. He didn't mean the federal programs would be cut off all at once, he explained. Then when there was a transfer of authority, he added, "you'd probably get rid of a lot of programs." For those which were kept, the states and cities would save the "freight charge" of sending money to Washington and back.

All that, understandably, did not satisfy everyone's curiosity about a plan originally advertised as "a single bold stroke."

So next Mr. Reagan backed off the \$90



billion figure, saying it had been used "only to illustrate the size of the programs we proposed transferring."

Then followed a rambling statement in which he said, "I guess I made a mistake in the speech I made in Chicago last September . . ."

And what was that mistake? A Chicago

Tribune reporter thought Mr. Reagan meant the whole plan. No, the candidate said, he had been misquoted. "That story is totally incorrect. I stand behind and will continue to campaign on this issue. Stories that say otherwise are without foundation."

That still didn't say what he meant by a mistake. So reporters tried again, and

Mr. Reagan read still another statement. This time he emphasized that he was talking only about the \$90 billion price tag. And he also said that he intended to transfer not only federal programs but "the tax sources that the federal government has preempted."

He also took that opportunity to complain about "deliberate distortion" of what he was proposing.

And yet he continues to fuzz it up himself.

His latest retreat -- as of this writing, anyhow -- came last week in New Hampshire when he repudiated the list of specific cutbacks he had made public in his original Chicago appearance.

That list, he now says, was prepared by some of his economic advisers. He "didn't pay any attention" to the specific breakdown of the \$90 billion. And in what attention he did give it, "I myself saw some items that I disagreed with."

So there the matter rests, and anyone who is not confused must also have been able to understand the musings of Casey Stengel.

It's a pity, too, for the broad concept that I think Mr. Reagan is talking about deserves serious debate. But his weaving and bobbing have made that awfully difficult.

"It taught us a lesson," a Reagan aide told Newsweek. "This is a presidential campaign, and we have to be much more cautious and carefully researched."

Now there's a good idea. Here's hoping they don't change their minds on that one, too.



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Earl G. Waters

Few Outside the State Know Reagan, the Man

The political eyes of the nation are turned to New Hampshire where next month the voters will signify their preferences for the nation's next four year leader. Figuring prominently will be Ronald Reagan, a man known mostly as an image on television. Although he was born in Illinois, Reagan is truly a California phenomenon.



Webster defines the word as something different from reality or anything extremely unusual. He is both, even in a state which breeds the unusual by the tenfold.

BORN INTO A FAMILY of very modest means, he became both wealthy and snobbish about it. A liberal Democrat, he transformed into a Republican and the darling of the right wing. A leader of a student strike and a labor organizer, he

grew to condemn student strikes and fought the organization of farm labor.

A self-proclaimed citizen-politician, inferring both a dislike and distrust of the professional, he became one of the most polished professionals of all time.

Never having served in any public office he was elected governor of the nation's largest state, something everybody said couldn't be done by a political neophyte. And he won the office handily with a million-vote plurality over a man who had beaten the state's top Republicans, Sen. William F. Knowland and ex-Vice President Richard M. Nixon, on two previous occasions.

Having turned out California's top Democrat, he then successfully fended off its most powerful Democrat, former Speaker Jesse Unruh. Yet, he shied away from a third term although only minor opposition was in view.

REAGAN WON HIS fame as an actor although most of his films were B pictures in which he usually portrayed the loser. Today, despite his eight years as

governor, he is still best known as a Hollywood personality.

It is unlikely that many who will cast their votes in New Hampshire, and in the early primaries that follow the next month in Massachusetts, Florida, Illinois and North Carolina, know much about his record as governor, let alone Reagan the man.

As a man he is handsome with the cold haughtiness which so often goes with it. He has the self-centeredness of the performer. He fears and distrusts people, constantly surrounding himself with bodyguards.

HE IS TOTALLY lacking in empathy for the populace which he sees as so many statistics and views, with an alarm approaching hate, those on welfare, in mental hospitals, and other unfortunates. He is without gratitude for those who help him, evidenced by the numbers of his former supporters who have joined President Ford's campaign.

As governor, he posed as a fiscal conservative while doubling the budget from less than \$5 billion to more than \$10 billion

and tripling the state's taxes to pay for it. He berated "big government" while creating the most massive, unmanageable branch of government of any state.

This is the huge Health-Welfare Agency with more than 45,000 employes. His claim of holding down the numbers of state employes was achieved with all the skill of the prestidigitator by shifting state programs to local government.

STILL, BY AVOIDING any major scandals in his administration he maintained the image of good governor so artfully contrived for him by the capable public relations team of Spencer-Roberts.

Divorced from actress Jane Wyman, Reagan seeks the GOP presidential nomination in defiance of the old axiom against divorced persons becoming president. And he may do it.

After all, whoever thought California would elect a cowboy actor as governor?

Earl G. Waters is a Sacramento-based syndicated writer who covers state government.

A



Reaganstein's Monster





Ford Jabs at Reagan in New Hampshire, Stresses Record in 'Running Government'

By JAMES M. NAUGHTON
Special to The New York Times

DURHAM, N. H., Feb. 8—President Ford, stressing that he had already experienced "running the Federal Government," urged New Hampshire voters here today to sort out the record from the rhetoric of Ronald Reagan, his rival for the Republican Presidential nomination.

The President told questioners at a news conference at the University of New Hampshire that his supporters had raised "legitimate factual questions" about the former California Governor's background and capacity.

Mr. Ford said he would decline any request to debate Mr. Reagan because, unlike his challenger, the President had built a record of "meeting practical problems in a practical way, not with rhetoric."

The remarks, constituting the sharpest personal rebuff of Mr.

Reagan by the President, were telecast live across New Hampshire on an educational television network.

Earlier, Mr. Ford told more than 1,000 of his campaign workers and their families in Concord, the state capital, that he was optimistic about defeating Mr. Reagan in the Feb. 24 primary, first in the campaign.

"We're on the right side of the issues," he said. "We know something about running the Federal Government."

Both the Ford and Reagan camps in New Hampshire have said the central issue is which candidate is better qualified to be president in 1977. Mr. Reagan has been underscoring his experience as Governor of the most populous state from 1966 through 1974.

Hugh Gregg, the manager of the Reagan campaign here, summed up the issue by asking the other day if Mr. Ford should be given the Republican

nomination "just because he's there."

In effect, Mr. Ford suggested today, the answer is yes.

Like everything else in his weekend journey across central New Hampshire, Mr. Ford's news conference today was designed to emphasize that he was already the President.

A meeting room in the Memorial Union Building of the University campus here had been made over into something resembling a White House press room. The President stood before a blue-draped background, between United States and Presidential flags, and at a portable White House lectern bearing the Presidential seal.

He said in reply to one question that he had voted 4,000 times in Congress and served 18 months in the White House and had developed a record. He went on moments later to imply that Mr. Reagan was, by comparison, unversed in na-

tional affairs and prone to take inconsistent stands on issues.

"We can't say one thing and do another," Mr. Ford said of this Administration. "We must deal with reality."

At another point, the President implied that Mr. Reagan's candidacy was based on promises that may or may not be fulfilled, rather than a record in the White House.

"I have policies that are on the record," he said. "I don't have to say, 'I would do this.'"

He acknowledged that his supporters had been attacking Mr. Reagan's record as Governor and pointing out changes in position by Mr. Reagan on such issues as Social Security, the equal rights amendment and abortion.

The President also referred to Mr. Reagan's proposal to return Federal programs to the states' jurisdiction.

Mr. Ford said he believed his allies in New Hampshire

had made no personal attacks on Mr. Reagan but had "raised legitimate factual questions, legitimate factual issues."

"There are plenty that ought to be raised," he added.

Defying the common view of politicians here that his campaign is struggling to catch up to Mr. Reagan's, the President said with emphasis that he expected to be in contention at the Republican National Convention in Kansas City in August "whatever happens" in New Hampshire.

"I love a good fight," Mr. Ford said. "I'll be there, representing the viewpoints and the record that I have. And I think we're going to win."

All the same, the President said he always had campaign with this adage in mind: "Prepare for the worst, because the best will take care of itself."

The President, whose campaign aides have been trying to determine if a second visit to New

Hampshire would help overcome Mr. Reagan, said he was unsure if he would return before the Feb. 24 primary. He said he had visited the state many times in the last decade and had a "vast reservoir of good friends here," suggesting that Mr. Reagan was a relative late-comer to the state.

Ford Backs Concorde Approval

DURHAM, N.H., Feb. 8 (UPI)—President Ford said today he supported the decision last week of Transportation Secretary William T. Coleman Jr. to allow the Concorde supersonic jet to land at United States airports on a trial basis.

"I think it was an excellent decision," Mr. Ford told a news conference while campaigning here. "I fully support it."

Mr. Ford said it was important to remember that the number of such commercial planes was "minuscule" as against the numerous military supersonic planes flying around the world.

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B-2

LONG BEACH, CALIFORNIA, TUESDAY, FEBRUARY 3, 1976

*

Editorials

Not so dirty a trick

Ronald Reagan has charged that he is the victim of "dirty tricks" in the New Hampshire presidential primary. The charge has only the thinnest sort of justification.

The Ford campaign distributed to reporters a packet of material that included press releases attacking Reagan's views on Social Security. Blanks in the releases were to be filled in with the name of someone making the accusations.

THAT MAY SEEM faintly like a dirty trick. But it is not much different from the practice of other campaigners and even church groups, for that matter, of providing mimeographed press releases in which the names of local people can be inserted as making statements that were in fact written by some press agent.

Occasionally, a local publicity chairman brings such a release in to a newspaper without heeding the statement placed at the top: "Be sure to retype this before submitting it to your newspaper."

The Ford campaign didn't even try for that subterfuge. It handed the "sample" press release to reporters. Calling the tactic a "dirty trick" stretches things considerably. Reagan would have done

better to stick with his original line of attack, which was to scoff at "Mr. Blank" press releases.

INSTEAD, REAGAN went so far as to say that Ford campaign press chief Peter Kaye "knows what he is turning out is absolutely false and without any foundation." That assertion is peculiar, for there seems little doubt that the Reagan quotations Kaye included were authentic. And while we have known Kaye to express surprise at newspapers that printed his press releases verbatim, we have never known a newspaper reporter to express any doubt about Kaye's accuracy or integrity.

The Reagan statements Kaye quoted from a decade ago, when Reagan was an actor just turning politician, may not represent the candidate's current views. But Reagan can explain to the New Hampshire voters how and why his views have changed.

The voters will understand, surely, just as members of Congress understood when Gerald Ford told them, after he had been named vice president designate, that he expected some of his views to change as he shifted from a Michigan perspective to a national one.



2/12/76

P.K.-

This is an old
article which I pre-
sume you have already
seen.

Fred



Formal Announcement:**REAGAN: A STRONG CHALLENGE FROM THE RIGHT**

Conservatives have been chafing for a long time for a genuine electoral duel between their limited-government philosophy and the big-government reflexes of the liberals. If the well-laid plans of former California Gov. Ronald Reagan do not go awry, 1976 may be the year. He will make his official announcement for the Republican nomination Nov. 20.

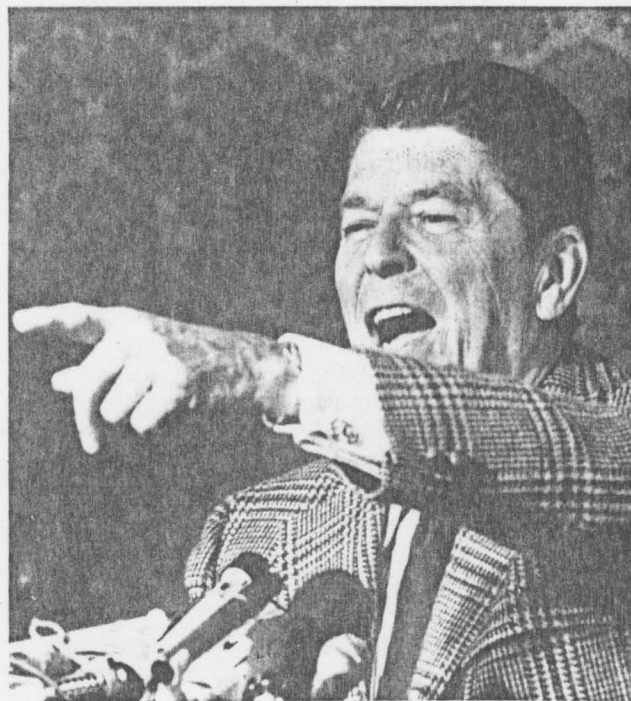
Other years seemed more propitious, yet they disappointed the conservatives. A true choice between governmental theories was expected in 1964, but the assassination of President Kennedy placed Arizona Sen. Barry Goldwater in an impossible electoral situation. The 1972 Nixon victory still is claimed by some as a clear conservative mandate, but to most minds an inept McGovern candidacy and Watergate nullified the claim. In 1976, with a lifelong Republican Party loyalist in the White House, the time should seem wholly unripe for a challenge to that incumbency from the right—a challenge that is the necessary prelude to the ideological shootout conservatives desire.

By Reagan's reckoning, however, the time is in fact quite ripe. As one of his chief backers, Sen. Paul Laxalt (R Nev.), put it in an interview with Congressional Quarterly, "Much of the Ford support is soft, lukewarm. He was unelected. He was blessed by the Congress, because he got along with it, and Congress is not in great shape as an institution. He is identified with Congress and with Washington, after 25 years here. He is perceived by conservatives as having a tendency to compromise, not to act on principles."

That view of the Ford strength is supported both by opinion polls and by the results in elections where Ford has laid his presidential prestige on the line. An August 1975 Gallup Poll showed that while 52 per cent of Republican voters approved of Ford as President, an embarrassingly low 19 per cent expressed strong approval. In the 1974 general election, Ford was markedly unsuccessful in helping stem the expected Democratic tide. And nearly a year later, in the key 1976 state of New Hampshire, Ford's stumping for Republican Louis C. Wyman against Democrat John A. Durkin in a replay of their 1974 Senate contest apparently had little effect. Durkin handily won the race that had been a draw the previous year.

If Ford's support is as lukewarm as Reagan partisans believe, the early primaries should provide the proof. Thus New Hampshire and Florida loom as even more important in the electoral scheme than they usually do. Laxalt and other Reagan strategists already are proclaiming that a 35 per cent showing in New Hampshire would be considered a Reagan victory, since they will be confronting an incumbent, if unelected, President. Twice in recent history, such defeats were hailed as victories by bad-odds Democratic candidates, Eugene J. McCarthy in 1968 and George McGovern in 1972. The media-abetted play may be feasible again.

But the Reagan forces entertain greater ambitions. They do not rule out the possibility of winning outright in New Hampshire and Florida. If they do, Laxalt predicts that "there is a strong probability that Ford would withdraw in the manner of Johnson. The ball game would be over." Alternatively, Reagan backers foresee mixed but



positive results leading up to a Reagan victory in his home state June 8, clinching the nomination for their man and knocking Ford out late rather than soon.

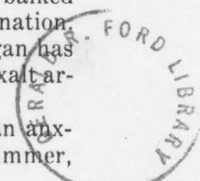
Early Maneuvering

As early as 1973, Reagan was preparing the way for a presidential bid. That year, he mounted a much-publicized campaign to convince California voters to place a constitutional ceiling on state taxation and expenditures. Before the November vote was held, he was touting it as a potential model for other states and the federal government to employ in grappling with what Reagan views as the overgrowth of government and the dangerous level of taxation of American citizens.

The measure was heavily criticized as unworkable and was roundly defeated, but no steam appeared to go out of the Reagan drive. In 1974, he resisted the implorings of California Republicans to run for a third term as governor. He headed out instead onto what he called the national "mashed potato circuit" to give speeches and promote his role as conservative spokesman.

For most of 1974, Reagan appeared to cling to the hope that President Nixon could remain in office. Should that have occurred, the reasoning went, Reagan probably would have been a solid choice within the party over Vice President Ford. Ford's ascent to the presidency at first balked Reagan's steady march toward the Republican nomination. In just over a year of Ford's tenure, however, Reagan has come to the view of the incumbent's position that Laxalt articulated.

Reagan's announcement will bring to an end an anxious period for his supporters. As early as last summer,



some backers were pressing Reagan to declare quickly, in light of Ford's unprecedented early declaration. Their fear was that the President would pre-empt the Reagan candidacy by effectively pressuring local party officials to join the incumbent's team before a vacillating Reagan jumped into the race. Both Laxalt and John Sears, the operational head of the Washington-based Citizens for Reagan, now insist that little has been lost through delay.

Sears discussed at length with Congressional Quarterly what he views as the mistakes made by Democratic candidate Edmund S. Muskie in 1972, when he relied on party endorsements to carry him through. Playing down the value of endorsements in both parties now that the nomination process is largely one of winning primaries rather than searching for delegates, Sears argued that "Reagan's success or failure will depend on the primaries... We are going to the people. We'll rise or fall based on that," not on party line-ups.

Reagan's official announcement also will end a rather lucrative period of activity for the syndicated columnist and commentator and former governor. As a former movie and television actor long familiar to Hollywood, it was natural for Reagan to turn to the media for his living once he was out of office. In January 1975, he began both a syndicated news column and a syndicated radio commentary. Both have been ideal vehicles for spreading his conservative gospel, for expanding public awareness of Reagan as a political thinker and for making money.

Some observers have suggested that Reagan's delay in announcing is a result not of uncertainty but of a calculated decision that the delay represented the most profitable way of pursuing his unannounced candidacy through this initial phase. The Federal Election Commission had even been requested to consider whether Reagan ought not to be declared a candidate earlier, and whether the sums that he had raised and spent in the weeks preceding his announcement should be made subject to the limitations of the new campaign finance law. To date, the commission has not indicated how it may rule on that request.

'Very Real Threat'

There was a time when Reagan the politician was not taken seriously. His adult life until 1966 had been spent largely in the entertainment field—sportscasting, acting in unexceptional movies and on television. He had also been a stump speaker of some note on the conservative lecture tour, especially during the 1964 Goldwater campaign. As Laxalt recalled, Reagan was viewed at first by his fellow governors as "tinsel, somehow not quite real" until they began to deal with his programs and abilities. Edmund G. (Pat) Brown, the incumbent Democrat whom Reagan trounced by nearly a million votes in 1966, later admitted in his book, *Reagan and Reality*, that "I greatly underestimated Reagan.... We thought the notion was absurd" that this political novice could be governor.

That time is past. Moderates such as Sen. Charles Mc. Mathias Jr. of Maryland have begun to warn their fellow Republicans of a "very real threat" from the right wing of their party. Such concerns have even led to murmurings about centrist third parties, should the Republicans be captured by the Reagan right. Vice President Rockefeller publicly dismissed the magnitude of the Reagan threat, yet his own withdrawal from the electoral sweepstakes was induced by White House distraction over that threat and the resultant concern over Rockefeller's presence on a Ford

ticket. Moreover, opinion polls indicate that Reagan, at age 64, is capable of mounting a serious challenge, both to Ford in the primaries and, if he wins the Republican nomination, to the Democratic candidate.

Reagan supporters feel their candidate's strengths are his distance from what voters see as the federal morass of Washington and his record in Sacramento, essentially the first major governorship in a growing trend of statehouse fiscal conservatism.

One Reagan aide argued that "the conservative thinkers in Washington are too theoretical and too prone to 'pseudo-realism.' That is, they have a tendency to say, 'We can't do anything, much as we'd like to.' They excuse their inaction and go on just playing goalie against all the new liberal programs. It's not enough for conservatives just to stop every new idea that comes along. We've got to do something, or we'll be swamped by the programs already on the books. Reagan proved he is not too theoretical and that he won't sell out to the bureaucrats. He has a record you can look to."

Laxalt emphasizes Reagan's administrative performance. "We now have basically the same problems at the national level as he did in California," he said. "There he acquired a surplus position through his welfare reforms and holding the state government work force down. The proof of how well he did is that Jerry Brown [Edmund G. Brown Jr., Pat Brown's son and now governor of California] is trying to out-Reagan Reagan."

Anti-Government Candidate

Even if Reagan was not universally successful in cutting back the size and cost of government in California, there is no question that he tried. And there is no question about his desire to try at the national level as well. His principal stump speech is replete with analysis of the errors of big government—Congress is his chief target—and suggestions about how a Reagan administration might avoid them. As he warns, at the current pace of growth, "the per cent of GNP [gross national product] government consumes will be 66 per cent—two-thirds of all our output—by the end of this century."

This growth in big government has, in Reagan's view, "created our economic problems...it has created the horrendous inflation of the past decade." Far worse, the "collectivist, centralizing approach" has "threaten[ed] the freedom of individuals and families. The states and local communities have been demeaned into little more than administrative districts, bureaucratic subdivisions of Big Brother government.... Thousands of towns and neighborhoods have seen their peace disturbed by bureaucrats and social planners, through busing, questionable education programs and attacks on family unity."

The basic Reagan prescription for the ills of big government is to transfer the responsibility and the money back to the states. Welfare, education, housing, food stamps, Medicaid, community and regional development, and other programs should revert to state control. "Transfer of authority in whole or part in all these areas would reduce the outlay of the federal government by more than \$90-billion," he has said. "...With such a savings, it would be possible to balance the federal budget, make an initial \$5-billion payment on the national debt and cut the federal personal income tax burden of every American by an average of 23 per cent."

Under Reagan's program, only those functions of government that are truly "national," such as defense, space, veterans' affairs, energy and environment, should remain vested in Washington. In addition to the massive transfer of authority back to the states, Reagan proposes to:

- "Set a date certain for an end to federal price fixing and an end to all federal restrictions on entry" by regulatory agencies in non-monopoly industries.

- "Put a statutory limit on the growth of our money supply, so that growth does not exceed the gain in productivity. Only in this way can we be sure of returning to a strong dollar."

- Simplify the method of tax collection so that all taxpayers can understand the forms quickly, and enact tax reform that "makes it more rewarding to save than to borrow and encourages a wider diffusion of ownership to America's workers."

Reagan's anti-government, anti-Washington pitch strikes a chord with many voters. It is the same chord, as some Reagan supporters concede, that Democratic Alabama Gov. George C. Wallace successfully exploits.

There are a few elements of Reagan's platform that have a populist ring. His desire to end the rate-setting, or price-fixing, authority of government agencies, for example, will not sit well with the captains of transportation. As one of his advisers put it, "Big government and big business are not precisely blood enemies; a huge, complicated system of regulation is harder on little businesses than on the behemoths."

Reagan backers privately press the view that only a Reagan candidacy could, because of the overlap of their constituencies, prevent Wallace from launching an independent effort. Such a third-party Wallace move, although technically a defection from Democratic ranks, would quite possibly hurt the Republican nominee more than the Democrat.

Vulnerabilities

Despite the promise of being an anti-government candidate in a time when voters are suspicious of politicians and government, Reagan has liabilities that he must overcome if he is to achieve national office for the first time. The first has already begun to emerge from Republican party ranks.

As any candidate becomes a serious prospect for success, he engenders opposition that lay dormant when he was not taken so seriously. In Reagan's case, the liberal and moderate elements of the party have begun to realize that he is indeed a genuine contender.

They have begun to complain publicly that the party must not narrow its base of appeal if it is to succeed electorally. Any initial successes of Reagan against Ford would bring the threat of a moderate-liberal challenge. Even if that section of the party proved incapable of denying him the nomination, it could reduce his general election prospects.

A second problem for Reagan may prove to be his penchant for hyperbole, which can be lethal for a national figure. Some examples:

- On the occasion of the distribution of free food to the poor people of San Francisco by the Hearst family just after Patty Hearst's kidnaping, he said, "It's just too bad we can't have an epidemic of botulism."

- He once argued that the Watergate burglars should be treated kindly because they were not criminals "at heart."

Reagan's Background

Profession: Actor.

Born: Feb. 6, 1911, Tampico, Ill.

Home: Pacific Palisades, Calif.

Religion: Christian Church.

Education: Eureka College, Peoria, Ill., B.A., 1932.

Office: Governor of California, 1967-1975.

Military: Army Air Corps, 1942-46; discharged as captain.

Memberships: Tau Kappa Epsilon fraternity, Screen Actors Guild.

Family: Wife, Nancy Davis; four children, two by previous marriage to Jane Wyman.

Later, he reacted to the news of former President Nixon's phlebitis condition with, "Maybe that will satisfy the lynch mob."

- He was widely quoted as commenting while governor on means of quelling student protests: "If there is to be a bloodbath, let it be now." But he since has maintained that the quote was unfairly taken out of context.

Personal Background

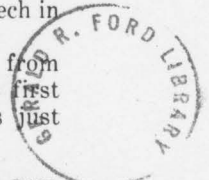
If Reagan does overcome those liabilities and emerge as a successful candidate, his will have been an unusual path to national political office. Born to a poor Illinois family, he went to a small, little-known college in that state and there focused his interests in traditional ways—sports (football and swimming) and a fraternity. He also developed an interest in radio. Upon leaving college, he became a radio sports announcer, covering Iowa football and Chicago Cubs baseball games. Soon he was one of the better-known sportscasters of the Midwest.

In 1937, Reagan landed a Hollywood contract with Warner Brothers and began a movie and television career that spanned more than two decades. He is usually not given much credit as an actor, but one biographer concluded that the second world war and some bad breaks with his contract arrangements stymied what otherwise might have been a more substantial cinematic life.

An additional factor that may have held back Reagan's acting career was his political activism. In the pre-war years, he was a liberal, active in the Screen Actors Guild and working for benefits for his fellow actors. His preoccupation with such matters was great enough that his first wife, actress Jane Wyman, cited it as one of the sources of her estrangement from him and her consequent desire, in 1948, to divorce him.

By the time Reagan remarried in 1952, his politics were no less active, but they had begun to turn more conservative. That year he was still a Democrat, but he voted for Eisenhower. Later in the 1950s, he meshed his television acting career with a position making conservative speeches for General Electric. By the early 1960s, he had joined the Republican Party. In 1964, he sealed his image as an effective conservative spokesman with his speeches in support of presidential nominee Barry Goldwater. Reagan's most famous appeal for Goldwater, near the end of the campaign, elicited more contributions than any other speech in political history.

Two years later, acceding to encouragement from wealthy California Republicans, he entered his first political race—for the highest office of what was



becoming the most populous state in the union. His success then over a veteran politician said something about Reagan's potential in a business not long his own. Now politics is more fully his business, and the ultimate limit of his potential in it is about to be tested.

Positions on Issues

Reagan's incessant attacks on the federal bureaucracy are a consistent sequel to his programs as governor. Three issues dominated the Reagan tenure in the California statehouse: welfare cutbacks, educational change and attempts to limit over-all governmental spending and grant relief to California taxpayers.

Welfare

Of the three, welfare reform is considered by Reaganites as the most successful endeavor. It was also the most controversial aspect of Reagan's record as governor.

Welfare reform did not emerge as a high-profile Reagan issue until his second term. Just after a solid re-election victory over the folksy Democratic assembly leader, Jess Unruh, Reagan began in 1971 to publicize the complex of existing welfare programs as the number-one problem of both California and the nation. His contention was that, unless checked, these programs would eventually lead the state to bankruptcy. He noted that the number of Californians receiving welfare benefits had risen from 620,000 in 1961 to 2.4 million in 1971, or one in nine state citizens, and that by mid-1972 the projected number was three million, with some 25,000 to 40,000 persons being added to the rolls each month.

Reagan's response was a 70-point welfare and Medi-Cal reform package. (Medi-Cal is California's liberalized version of Medicaid.) The proposals were designed to reduce the welfare rolls, eliminate fraud, put employable welfare recipients to work and lower the costs of Medi-Cal.

Observers differ in their assessments of the ultimate results of the Reagan welfare reform campaign. The Democrat-dominated legislature forced him into a compromise package thought to be liberalizing in many ways but constricting in others. The liberal California Supreme Court balked at some of the Reagan moves. Bitter disagreement remains over whether the Reagan approach denied benefits to the truly needy or to chiselers only.

In any event, the welfare caseload growth was stemmed. The drop began early when Reagan issued some new regulations but before any remedial legislation had been passed. Toward the end of Reagan's second term, in late 1974, the total number of welfare recipients on the rolls had dropped by 400,000 people from the level in early 1971, when he began his effort.

A national health care program has been second only to welfare on Reagan's list of objectionable governmental programs that he has denounced in his campaigning for 1976. In an argument published by a medical magazine, *Private Practice*, he dismissed the need for such a program as an illusion, asserting that "Virtually all Americans have access to excellent medical care today."

Education

Reagan's first term had begun with fireworks over the highly regarded California system of public universities. Such campus ferment as the Berkeley "free speech movement" of 1964 and the growing student distaste for the

Vietnam war were new phenomena then, and Reagan did not approve. He has been explicit in his feeling that the student activists with whom he tangled were outright revolutionaries whose demands ought to be quashed before they infected the entire political system.

Within a week after becoming governor, he fired the president of the university, Clark Kerr, whom he perceived as having been too compliant with student protesters. Reagan slashed the higher education budget by 27 per cent in his first two years, and cut faculty salaries. Most notorious of all, he made numerous saber-rattling statements, which irretrievably alienated California students and many others. He called in the National Guard to expel students forcibly from the vacant tract of Berkeley land that had been dubbed "People's Park."

Kerr later was quoted as saying that Reagan "helped turn public opinion against the university. In fact, the left wing liked Reagan's policies—they both used confrontation to their advantage." Reagan himself has insisted that he never intended to make the campuses an issue, but that popular irritation with students made it one.

By the end of his second term, Reagan's stances against students were receding from the picture. The level of activism and campus violence was down dramatically. The higher education budget actually had risen substantially. Reagan had pointed out in 1971: "State aid for public schools has gone up more in the last four years than in any four-year period in California history. From 1958 to 1967, teachers' salary increases averaged 4.5 per cent a year. Since 1967, they have averaged 7 per cent." By 1975, teacher turnover had declined in the system, and scholarship monies had gone up.

For some critics, however, the Reagan record in education is symptomatic of a reckless style that may bode poorly for his discretion in other fields. It is also thought that this aspect of his administration may hurt him with more youthful voters.

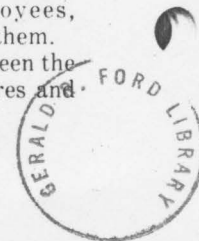
Economics

The Reagan record on cutting the governmental budget and obtaining tax relief for citizens is likely to be of much greater relevance than education to his presidential hopes. His intention and ability to do just that at the federal level are at the heart of his message. Here, too, the final scorecard is ambiguous.

Facing an imminent deficit when he first assumed office, he was forced to raise taxes by some \$900-million, and state taxation actually rose more under Reagan than it had under his predecessor. Moreover, Reagan ultimately failed to control the total size of the state budget. From 1967 to 1974, it doubled, from \$4.6-billion to \$10.2-billion.

Yet Reagan managed to control the growth of the state bureaucracy itself. It was no larger (some 100,000 employees) when he left than when he had arrived eight years before, a far cry from the upward national trend. He also obtained tax relief for Californians by occasional single-shot tax rebates (an estimated \$1-billion worth) and by local property tax relief (another billion). Finally, he did arrive, albeit with the help of increased federal revenue-sharing, at a projected surplus budget position in his last year as governor. That same year, he also was able to soften his budgetary stringency with state employees, recommending substantial pay hikes for many of them.

The gem in Reagan's fiscal crown was to have been the constitutional limitation on government expenditures and



taxation which a low turnout of California voters rejected in 1973. The principal behind the proposed constitutional amendment is simple: Reagan feels that the upper limit of government spending, hence government taxation power, ought to be pegged to the size of personal income. Proposition 1 would have put the ultimate ceiling on state expenditures and taxation at 7 per cent of total personal income in the state, but that limit would have been reached by gradual reductions, not all at once.

Despite the simplicity of the principle, the referendum item was enormously complex, some 4,500 words long and poorly understood. Many who did understand it opposed it as being out of step with the growing desire for government involvement in the solution of society's problems.

As indicated in his speeches, Reagan thinks that excessive federal spending is more than an objectionable drain on taxpayers' resources. It is also, to him, the single substantive factor that causes inflation: "The federal deficit provides the chief motive for the debauching of our dollar." Reducing spending, he says, will end the pressures in the capital markets, result in greater consumer purchasing power and reduce the burden of interest payments on outstanding federal debt.

Defense, Foreign Policy

Reagan has been quite outspoken on foreign policy questions. His principal theme is anti-communism. The Soviets and the Chinese leaders are viewed as cynical, power-aware negotiators who are not to be trusted too easily. Thus detente is viewed with suspicion. Reagan feels the United States has been on the short end of the specific deals that have been completed in the fledgling detente era and has been lulled into a dangerous misconception of the intentions behind the sustained Soviet military buildup.

In related foreign policy questions, Reagan is suspicious of the Ford administration stance on the strategic arms limitation talks. He would move carefully and exact adequate reciprocal concessions from Cuba before bettering formal relations with Fidel Castro. He opposes any U.S. troop withdrawals around the world (Korea, western Europe) except in the context of mutual, balanced withdrawals by the opposing Communist powers. He argues for retaining tight control over the Panama Canal. He is a firm supporter of Israel, viewing that nation as an enclave of democracy in the Middle East.

Crime

Reagan favored the reinstatement of the death penalty in California after the state supreme court revoked it. He took a dim view of the U.S. Supreme Court rulings that restricted the range of police powers of search and inquiry of citizens. In praising the work of police officers, he has used the rhetoric of law and order, talking about the "barbarians" and the "clearing in the jungle" which is civilization.

He has been outspoken in his attack on drugs and has opposed the legalization of marijuana with such remarks as this: "They have found a substance in marijuana which is very close to the female hormone. Some men find they are developing feminine characteristics." Referring to suggestions that drugs be decriminalized, that prostitution be legalized and that pornography be tolerated, Reagan said in 1974: "The virus of permissiveness spreads its deadly poison.... In too many cases the permissive philosophy has allowed guilty offenders to go free, to continue to prey on

Reagan Staff, Advisers

Chairman, Citizens for Reagan: Sen. Paul Laxalt (R Nev.), 53.

Campaign manager: John Sears, 35, a Washington attorney and a former aide to President Nixon and Vice President Agnew.

Press liaison: Lyn Nofziger, 51, a political consultant and former journalist (Copley News Service) who joined Gov. Reagan's staff in 1966 as his press secretary; head of the Nixon re-election campaign in California in 1972.

Research and issues adviser: Jeff Bell, 31, a political activist and journalist who has worked on the staff of the American Conservative Union, in the Nixon campaign of 1968 and on Gov. Reagan's political staff in California.

Scheduling and writing: Peter Hannaford and Michael Deaver, both public relations consultants in Los Angeles.

the innocent citizens who look to our legal system for protection."

A Reagan task force recommended stronger laws against drug dealing, opted for mandatory jail sentences for the use of weapons in crimes, suggested using six-person juries for some crimes and proposed several other alterations in the California criminal justice system.

Civil Rights, Civil Liberties

Reagan opposes busing to achieve racial integration. He has viewed it as misconceived, and his backers indicate that he would support a constitutional amendment to end its use if the courts do not reverse their reliance on it.

Energy, Environment

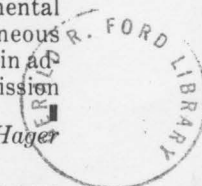
Reagan believes that the federal government has a legitimate role in the research and development aimed at adequate energy supplies. Yet he is skeptical of the Rockefeller-Ford proposal for a massive energy corporation supported by the government; he feels that would simply preempt the private market, with the attendant ills that he sees in all big-government solutions.

He is in favor of the development of nuclear energy, and despite the famed Santa Barbara oil spill which first brought the issue to light in his state and in the nation, he favors offshore drilling.

As governor, he took some actions that were viewed with favor by environmentalists. He once canceled construction of a highway after a horseback visit to a wilderness area that would have been damaged, and he signed into law an act requiring environmental impact statements for new construction in California. He also agreed with the principle of the elimination of air and water pollution, but he tempered that agreement with a traditional concern for industrial and economic growth. "The voices of reason are being drowned out by the prophets of calamity," he complained in 1973. "A strange sort of no-growth, no-development syndrome is proposed without regard for the consequences this might have on the lives of our people or the vitality of our economy...it is time to remember that we are ecology too."

Reagan has accosted the federal Environmental Protection Agency for making hasty and erroneous judgments that hurt the states and their economies—in advocacy of the catalytic converter for automobile emission control, for example.

—By Barry Hager



Fort Lauderdale News and Sun-Sentinel, Sunday, Feb. 15, 1976

Is The Jig Up For Candidate Ronald Reagan?

The gloves are off in the Republican presidential primary.

Challenger Ronald Reagan, once the candidate on the attack, is now the man on the defensive. And it's not just his celebrated \$40 billion plan tripping him up.

President Gerald Ford's campaign has repealed the "Eleventh Commandment," it appears, the one Reagan often invokes that says "thou shalt not speak ill of another Republican."

Last week Ford called Reagan's candidacy "divisive" for the party and that the former California governor would be a

"stranger" in Washington politics. The feeling is those kind of public statements will get tougher and Reagan may be forced to counter punch.

In the mail last week, editors received a package of Ford literature which took the measure of practically every campaign statement of Reagan's.

The danger is that put to the test, even Reagan can't defend some of his campaign rhetoric.

For example, one of Reagan's favorite anecdotes to illustrate abuse of the welfare system is about Linda Taylor of Chicago, the



"Welfare Queen" who "has 80 names, 30 addresses, 12 social security cards and is collecting veterans benefits on four non-existing deceased husbands."

Again and again, at every campaign stop, Reagan tells his audiences she has cheated the government out of \$150,000.

In Daytona, at one of his few press conferences last week, traveling members of the national press pinned Reagan down on the Taylor story.

It turns out she has only been charged with four counts of fraud (granted it's for grand larceny, between \$7,000-\$8,000) and she hasn't been tried yet.

Does it depend on your campaign convenience whether a person is presumed guilty before trial? he was asked by newsmen.

Reagan did not, or could not answer.

Over lunch in Fort Lauderdale last week U.S. Sen John Tower, stumping for Ford in Florida, was confident that Reagan has run out his string.

"The President is a known quantity," the conservative Texan said. "In the final analysis it will be a judgment process that weighs the known quantity (Ford) against the unknown who just sounds good."

Rightly or wrongly, Reagan will be perceived by the American public as an extremist, Tower said, a perception he has dealt with in the past.

"The same people who defeated Goldwater and McGovern will defeat Reagan" in the general election."



"The policy of our paper is very simple — merely to tell the truth."
— Paul Poynter, publisher, 1912-1950

Welcome, Jerry

President Ford's visit today marks only the second time that an incumbent U.S. president has set foot in St. Petersburg and Pinellas County.

And, most appropriately, Mr. Ford's two-day campaign swing through the Sunshine State was preceded by full disclosure of his personal financial affairs. The financial statement released Thursday included the President's tax payments for 1974 and the 1975 figures were promised as soon as the Fords' tax returns are completed.

SIGNIFICANTLY, the statement revealed that over the last eight years, Mr. Ford and his wife Betty have paid federal, state and local taxes ranging between 31 and 42 per cent of their income. "His own philosophy is not to find those things (tax shelters) that some people find to avoid taxes," said presidential spokesman Ron Nessen.

Nessen's remark, as well as the timing of the President's disclosure, was obviously aimed at drawing a contrast with the attitude and performance of Ronald Reagan who has mounted a serious challenge to Mr. Ford in the March 9 Florida presidential primary.

The move also contrasted with the great secrecy in which Mr. Ford's predecessor, Richard Nixon, cloaked his financial affairs until Watergate forced into public view such embarrassing revelations as his backdated donation of vice presidential papers to evade a new law eliminating tax deductions for such donations.

REAGAN ADMITTED that in 1970 he paid no state income tax to California, which was then paying him a \$44,100-a-year salary as governor. In explanation, he cited "business reverses" on his investments. What personal finan-

cial information Reagan has released is far from complete. He has insisted, for instance, that his income since leaving the governor's office 13 months ago is a private matter.

Reagan's resistance to meaningful disclosure is matched by Democratic candidate George Wallace and Independent Eugene McCarthy. Wallace, going only as far as required under an Alabama disclosure law, has provided no total income or net worth figures. McCarthy refused to divulge any information and through his campaign chairman suggested that Common Cause, the citizens' group pressing for such reforms, "take your enclosed standards and stuff them in your ear."

McCarthy's attitude, we suspect, is unacceptable to most voters in this post-Watergate era. And so is that of Reagan and Wallace. It makes little difference whether a presidential aspirant responds directly to Common Cause or simply makes public the details of his assets, liabilities, income and taxes. But until enactment of a strong federal requirement, the voluntary disclosures of Mr. Ford and Democrats Birch Bayh, Robert Byrd, Jimmy Carter, Fred Harris, Henry Jackson, Milton Shapp, Sargent Shriver and Morris Udall are important steps in the right direction.

BY SETTING the example as President, Mr. Ford is not only playing to his own strengths of honesty and openness but also making it difficult for challengers to withhold from the people information which they now clearly have a right to know. His attitude is especially welcomed in Florida, where citizens are using the constitutional initiative process to further strengthen their already famous "sunshine" laws.



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6-A

Saturday, February 14, 1976

EDITORIALS

When the Issue Is Honesty, It's Thank You, Mr. President

MOST Americans expect candor from their public servants but do not often get it. The famous British Foreign Office instruction to its initiates, "Never tell a lie . . . Never tell the whole truth . . ." pervades U.S. politics at least in part.

An exception is Gerald Ford. Without prodding and in response to a campaign pledge he has disclosed his personal finances fully and he will make public his current income tax return.



Ford

Some Presidents leave the White House with tidy sums. Calvin Coolidge saved most of his salary (federal income taxes then were light). Thomas Jefferson had to sell his personal library to the Library of Congress, which the British had burned, for \$23,950. Grant died penniless after a rash business adventure.

President Ford's accounts show that his net worth increased by only \$67,000 since he took office. Of his \$250,000 salary and expense account, \$106,200

went in federal and state taxes. His bank account shows that he had only \$1,230 cash on hand as of last Dec. 31.

"Servants of the people," said Mr. Ford's statement, should account to the public on finances "in an ethical and legal manner." This is a barb at Ronald Reagan, mum asset-wise, and perhaps at Richard Nixon, who tripled his net worth while in the White House.

Where did the money go? Mr. Ford claims he pays his own personal expenses for food and entertainment and doesn't sit around thinking up ways to avoid taxes. Then there are all the kids in college. And the wardrobe of his estimable spouse, since a First Lady can't be dowdy. Inflation has served Gerald Ford only in the increase in the value of three pieces of real estate he and the missus own. That's it.

What Mr. Ford had to say about the duty of public servants to disclose their assets and sources of income is not a legal edict but it is a moral one. If all candidates for office were required to make an annual fiscal confession, as we trust they will have to do in Florida if Gov. Askew gets his Sunshine Amendment on the ballot and it passes, most of the egg would vanish from the faces of elected persons in the United States of America.



The Star Probe

A-Clip

Peter Hays

Credibility in sentencing

By increments, the Ford administration is offering some sensible suggestions to revivify a sensitive arm of the criminal justice system — sentencing. President Ford last August sent a proposal to Capitol Hill to provide mandatory minimum sentences for particular crimes, such as offenses committed with a dangerous weapon. The proposal was referred to the Judiciary committees and, to the best of our knowledge, has not been seen since.

Attorney General Levi the other day offered some ideas on sentencing in a speech in Wisconsin, which complement the President's proposal. Mr. Levi suggested that we think about abolishing the federal parole system; he noted that most inmates become eligible for parole after serving one-third or less of their sentences. This "may create a lack of credibility in sentencing which undermines the deterrent effect of criminal law and adds to the sense of unfairness," he told a Wisconsin conference on crime prevention.

The Attorney General was speaking of the federal parole system but the idiosyncrasies of parole are as great, or greater, among state boards. Rather, Mr. Levi said, convicted crimi-

nals should be sentenced to fixed terms for categories of crime, as defined by a permanent federal sentencing commission. This procedure, of course, would narrow the latitude of judges in setting sentences; they would be able to deviate only in specific cases and these would be subject to appellate review. The notion makes sense, in our view, in equity to the defendants — and to the public.

Sentencing, of course, is but an element in the intricate criminal justice system, and any reform in one area will require compensatory change in the others. Mandatory sentencing would place an even greater responsibility and burden on correctional systems than now exist. The reformation of the system is imperative — it serves little purpose as now constituted.

It must be clear by now that deterrence to criminal activity cannot exist so long as punishment is erratic and uncertain. That indeed is a punitive thesis. But not an uncivilized one.

We would hope that the Ford administration's anti-crime philosophy will coalesce into a major issue for discussion in the coming campaign. And perhaps Congress will find opportunity to address the matter one of these days.



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The Chicago Tribune, Feb. 11, 76

Gerald terHorst

Reagan defectors explain why

WASHINGTON—A man is known by the company he keeps. And, if he's a political man, by the company that no longer keeps him.

On that score, Ronald Reagan may be the most chagrined of all the presidential candidates. A surprisingly large and impressive list of California Republicans are not backing the former governor's quest for the GOP nomination. Worse, some principal Reagan allies actually have gone over to President Ford.

The defection of former aides and supporters is newsworthy in any campaign. The significance of the Reagan desertions can best be measured by imagining the political reverberations that would result if Michigan's top Republicans abandoned Ford and joined the Reagan camp.

UNTIL RECENTLY, the absence of so many Reaganites hasn't attracted much attention outside of California. In the state capital at Sacramento, it is said, the growing list of nonsupporters has given rise to a paraphrase of an old cigaret commercial: Among Republicans who know Reagan best, it's Ford by two to one.

The defectors include State Republican Chairman Paul Haerle and a pair of principal Reagan fund-raisers, Henry Salvatore and Leonard Firestone. Also among them are Anita Ashcroft, once his No. 1 volunteer leader, and such

former aides as George Steffes and Russ Walton.

Most noticeable are the three ex-Reaganites who have taken up key positions with the President Ford Committee: Stuart Spencer, No. 2 man on the Ford team; Bill Roberts, who managed Reagan's campaigns for governor in 1963 and 1970, and Norman (Skip) Watts, a long-time Reagan worker who now coordinates Ford efforts in the primary states.

Why is Reagan lacking the support of so many home-state Republicans?

Many of them, including Haerle, believe that Reagan is hurting the Republican party by challenging an incumbent President. Even those who like Reagan's brand of conservatism are disappointed. The tussle with Ford, they say, is bound to be divisive, and will make it more difficult than ever to unify the party after the conventions in order to wage battle against the Democrats.

Other Reagan defectors cite the former governor's late entry into the race. His early indecision, they confide, convinced them that he would not run. By the time he did jump in last October, some of Reagan's old supporters already had been recruited by Ford.

But there remains a strong nucleus of ex-Reagan persons who say they have joined the Ford team because Reagan is not qualified to run the country. Rob-

erts, for example, has bluntly termed Reagan "a figurehead" who merely reacts to events, a man "totally incapable of exerting national leadership." That's a strong condemnation from one who not only knows Reagan well but shares heavy responsibility for electing him governor on two occasions.

WHILE THEY are more subdued about it in public, Spencer and Watts echo Roberts. Their old boss, they agree, is a great campaigner and crowd-pleaser, but they find him lacking in the presidential qualities they profess to see in Ford. They point to Reagan's \$90 billion budget cutback scheme as an example of their ex-hero's inability to cope with national problems.

Such a harsh verdict, of course, reflects a certain amount of self-service. But even if one takes this view with a grain of salt, the presence of ex-Reagan operatives on the Ford team is bound to have some impact on a race that now is rated a tossup for the early primaries.

But signing up Reagan's old California hands is one thing; winning over the fans is another. Not even the Reagan defectors now working for Ford will bet much on the President's chances for carrying California in that state's crucial primary on June 8 if the ex-governor is still in the race.

Universal Press Syndicate



Ford Attacks Crime

Death Penalty, Minimum Jail Terms Urged

By Lou Cannon
Washington Post Staff Writer

MIAMI, Feb. 14—In a tough-talking law-and-order speech, President Ford today advocated capital punishment for murder and other crimes and said that stiff mandatory minimum prison sentences are necessary to deter criminals.

Mr. Ford's comments came as he campaigned before friendly crowds in southern Florida, describing himself as a moderate who could be elected while at the same time trying to take conservative issues away from his Republican challenger, Ronald Reagan.

"As President, I will give no comfort to those who make false allegations of police brutality but excuse the real brutality that exists in America today—the brutality of hoodlums in the streets," Mr. Ford told the South Florida chapter of the Federal Bar Association.

Mr. Ford has favored capital punishment before when asked about it by interviewers, but White House press secretary Ron Nessen said today it was the first time that he had ever volunteered such a statement.

The President said he favored capital punishment in the Federal courts for crimes of espionage, sabotage and treason as well as for murder.

"Of course, the maximum penalty should not be applied if there is duress or impaired mental capacity or similar extenuating circumstances,"

Mr. Ford said. "But in murders involving substantial danger to the national security, or when the defendant is a cold-blooded hired killer, the use of capital punishment is fully justified."

Earlier in the day, Mr. Ford stressed his proposals for medical insurance for catastrophic illnesses, and an increase in Social Security taxes in an outdoor speech to a cheering crowd of senior citizens in St. Petersburg.

"It's all too easy to say that the federal government is too big—that this program and that program ought to be cut out of the federal budget—tossed back to the states to

cope with if their taxpayers will permit," Mr. Ford said. "It's not that simple, and you know it and I know it."

Mr. Ford is concentrating on senior citizens in Pinellas County (St. Petersburg) because his campaign polls show him leading Reagan among over-60 voters, particularly among lower-income elderly voters who came to Florida from the Midwest.

Pinellas—whose 175,000 Republican voters outnumber the entire GOP electorate in New Hampshire—is the heart of this Ford constituency. The congressional district in which Mr. Ford spoke today, Florida's 6th, has a median age of 58 years, the highest of any district in the nation.

The crowd, estimated by St. Petersburg police chief M. M. Vines at 15,000, was the largest for any candidate so far in the 1976 presidential campaign observers thought. Later, many thousands of spectators lined the motorcade route in Fort Myers as Mr. Ford rode in an open limousine from the airport to a Fort Myers Exhibition Hall for a question-and-answer session with voters.

During the day, Mr. Ford missed no opportunity for a dig at Reagan, although he never mentioned him by name.

Mr. Ford's essential message, first conveyed in an airport interview at Ft. Lauderdale on Friday, is that the former California governor is too conservative to be elected President in November. "Anyone on the right of or the left of my philosophy just can't win because Americans believe in a moderate, middle-of-the

road philosophy," Mr. Ford said at the St. Petersburg airport.

Later in his speech to the senior citizens, the President jabbed at Reagan's proposal to transfer a half-dozen federal programs to state and local government.

Mr. Ford also tried to preempt foreign policy issues from Reagan, who has been critical of Ford Administration negotiating efforts in arms limitation talks with the Soviet Union. On this issue the President tried simultaneously to appeal to voters who find Reagan too bellicose and to voters who are concerned that the Ford Administration is not tough enough in dealing with the Russians.

Mr. Ford assured voters in the latter category that he has no illusions about Russian intentions in the arms talks.

"I'm a good Yankee trader," he told a breakfast with campaign workers in Ft. Lauderdale. "We're not going to get out-traded in dealing with the Soviet Union."

To GOP workers in St. Petersburg, he implied he is

more responsible than Reagan.

"We're going to keep our powder dry," said Mr. Ford. "But we're not going to be trigger happy."

Mr. Ford's speeches followed a pattern begun in his Florida campaign last week in a series of television and radio ads.

The air of these political commercials is to portray Mr. Ford as the "confident and candid" President while suggesting Reagan is an unknown and possibly dangerous alternative.

Mr. Ford took full credit for improvement in the U.S. economy in his speeches today, repeatedly observing

that wholesale prices fell at an annual rate of 1.7 per cent in the past three months.

In fact, he took claim for

everything he could, and then a declaration in Orlando that the Commerce Department's U.S. Travel Service

had been "instrumental" in attracting the 1978 International Chamber of Commerce convention to Orlando.

The Washington Post, Feb 15, 76

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The Chicago Tribune, Feb 12, 76

'Finances in blind trust'

Can't tell net worth: Reagan

By Neil Mehler
Political editor

RONALD REAGAN said Friday he has no way of determining his net worth because he has placed his "financial affairs in the hands of a blind trust so that I would have no conflicts."

The former California governor told reporters at a press conference in Kankakee that since he can't obtain the information so long as the trust is in existence, he can't bare his assets and liabilities, as President Ford did Thursday.

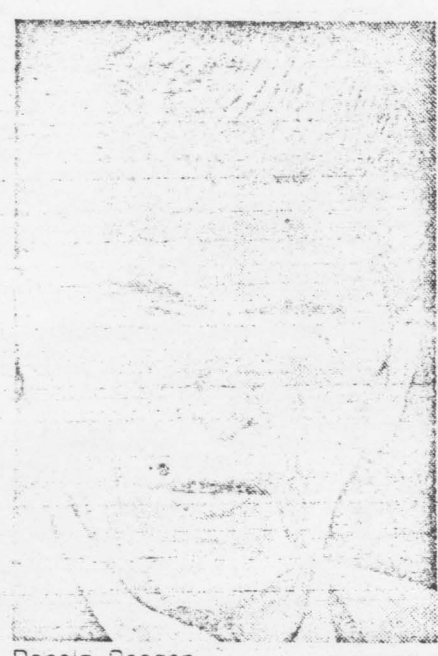
Ford placed his net worth at \$323,499 as of Dec. 31 and challenged Reagan, his opponent for the Republican presidential nomination, to disclose his.

Reagan said, however, that he soon will issue a statement showing his average salary and taxes paid for the five years through 1974.

WITH NEWSMEN'S questions shifting rapidly from one topic to another, Reagan was not asked why the trustees of the trust could not make public the information regarding his net worth.

The press conference followed a breakfast in the Kankakee Holiday Inn, which 550 supporters paid \$10 each to attend.

It was the first of several stops on a tour of the Chicago area in Reagan's quest for support in the Illinois primary election March 16.



Ronald Reagan

Reagan was pressed hard for specifics on how and when he would carry out his plan to terminate \$90 billion of federal programs and shift control of others to the states.

HE SAID reporters were nitpicking in demanding details because orderly transfers in some cases might take a few years, but he said he would be more specific in the months ahead.

The first area of transfer would be welfare because this already is administered at state and local levels, he said.

When programs are transferred, you "eliminate a layer of administrative overhead," he said.

The biggest problem would be to determine which sources of revenue should be passed from the federal government to the states to finance welfare, he said.

ABLE-BODIED welfare recipients should be required to "take jobs in useful community projects," he added.

The candidate called for a presidential commission "with the best brains in the country on insurance and actuarial statistics" to study proper funding of Social Security.

"We'll have to give up some of our pet programs" to balance the federal budget, he said. He called the unbalanced budget the cause of our economic problems.

He complained that lenient judges have made trials "tests of technical skills of lawyers rather than a search for justice."



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The Los Angeles Times, Feb 14, 76

Reagan Not Ready to Detail Budget Cuts

BY RICHARD BERGHOLZ
Times Political Writer

KANKAKEE, Ill.—Republican presidential candidate Ronald Reagan said Friday he was not prepared to detail how he would balance the federal budget and he labeled questioning on the subject as "nit-picking."

In his only news conference in a busy week of campaigning, the former California governor conceded that as his fight against President Ford continued, "I would think we would be able to make more specific proposals" on how the budget could be balanced.

Reagan has made budget-balancing the keystone of his campaign for the GOP presidential nomination. Inflation is the result of an unbalanced budget, he has said, and President Ford's proposed fiscal 1977 budget deficit of \$43 billion is more likely to be in the neighborhood of \$60 billion to \$70 billion.

"What you'd really like to do," Reagan told newsmen seeking details on his proposals, "is just pick at it and keep picking at it."

He emphasized that he already had proposed a plan for a massive shift of federally funded programs to state and local communities, combined

with a relinquishment by the federal government of revenue sufficient to fund the programs.

But giving up the revenue along with the cost, Reagan conceded, will not result in a budget reduction sufficient to wipe out the current deficit.

"I couldn't tell in advance (of election) how we would balance the budget," Reagan said.

But he stressed that his aim would be to cut costs.

The cost of government—federal, state and local—now amounts to 44 cents out of every dollar earned, he said, and the burden is intolerable—to the point that taxes "must not" be increased to balance the budget.

Reagan said he would abolish the federal revenue-sharing program, resulting in a \$7 billion budget cut, but cited no other specific programs that he would eliminate.

"The programs that would be transferred all have a layer of administrative facts that is quite costly; that would be gone," he said.

"When you're trying to pin down how many weeks and months this will take (to disclose budget cut proposals), I think you have to realize that you're nit-picking on that, that no one at this point can estimate that."

On another subject, Reagan said

for the first time that he planned to issue a financial statement soon that would include "income figures on my tax burden and my average salary over my last five years as governor, through the year 1974."

A few hours later, his staff released a written statement in which Reagan said he paid a total of \$130,788 for the five years 1970-74.

He told newsmen, "You will be given a total figure on the taxes, the income taxes, federal, state and property, lumped together in a figure versus my average income for those last five years."

Reagan specifically excluded any reference to his income since he left office Jan. 6, 1975. He reportedly made up to \$250,000 last year from a radio broadcast contract, a newspaper column and speaking fees.

He has refused during his years in public life to disclose his income tax returns. He admitted he had paid no state income taxes in 1970 because his deductions had equalled his salary as governor. He has since said he has instructed his tax counsel to see that he pays an income tax, whether he owes it or not, every year just to avoid a repetition of the political furor that arose over the 1970 experience.



President Must Act Responsibly While Challenger Offers Snake Oil

AN INCUMBENT president does have obvious advantages over the fellow who's trying to unseat him. He can hire an old political pro like Rogers Morton, for instance. And whatever a chief of state says or does is a readymade headline.

However, there are serious pitfalls too, especially if the sitting President is a man of integrity, as we think Gerald Ford is.

A RECENT Sentinel Star headline, "Ford Requests Tax Hike," is a case in point. It's the sort politicians shun and dread in election years.

Yet while spoiler Ronald Reagan takes potshots at the White House, Mr. Ford must mind the store and do what must be done to keep the country together.

Formulating a policy to keep Social Security solvent and steering it through Congress obviously is the duty of any president who takes his office seriously. So Mr. Ford, exactly a month before an important popularity showdown among Florida Republicans, recommends an increase of three-tenths of one per cent for employes and employers in old age and survivors insurance, a

hike that will mean 97 cents a week more in payroll deductions for the highest salaried workers.

That's the rub. Reagan doesn't have to make unpopular recommendations to the Congress. He can say anything that comes into his head and the country neither benefits nor suffers — that is, unless he succeeds in derailing the President and then beating the Democratic nominee in November, a prospect we consider remote.

WE'RE PROUD of Gerald Ford for having the political courage to meet the crisis of the Social Security Trust Fund, which is now paying out more than it takes in. Letting the drain continue would be irresponsible and cruel to the millions of Americans who have been paying in hard cash since holding their first jobs and who are counting on a decent retirement income. They must not inherit an empty vault.

Mr. Ford's call for Medicare patients to pay a slightly larger share of medical bills, to a \$500 annual maximum for hospitals and \$250 for doctors, will also be unpopular in the short range view of elderly Americans. Even though the modest increase is balanced by another Ford recommendation, government payment "for unlimited days of hospital and skilled nursing facility care" in cases involving catastrophic illness, elderly Americans who have difficulty wringing three square meals a day from their pittance can be expected to resent and resist any hike in medical expenses, however small, however justified by logic.

IF HUBERT Humphrey's give away campaign of past election years could be called the politics of joy, that makes Gerald Ford something less than a Santa Claus figure. We can only hope that reasonable Americans will know what's going on and vote their convictions. At the county fair crowds have always gathered at the medicine show, but fortunately most fairgoers know the real nature of the snake oil that is offered there.



The Atlanta Constitution, Feb 16, 76

Carl Rowan

Sly Racism Of Reagan

WASHINGTON — Two or three local cab drivers, those wise old men of the streets, have warned me lately that I'm not taking Ronald Reagan seriously enough.

"He's slicker 'n meaner than you think," said one cabbie.

Now that I've digested a bit of Reagan's campaigning, I've just about decided the hackers are right. While most politicians indulge in demagoguery, Reagan seems to have that ruthless instinct for zeroing in on the fears, hatreds and other vulnerabilities of voters.

In denouncing the food stamp program, which serves some 19 million Americans, Reagan paints a picture of some hard-working taxpayer at the checkout counter in a supermarket wondering how he'll pay for his few pounds of hamburger. Then, as Reagan dramatizes things, along comes "a strapping young buck" with a pile of T-bone steaks and a fistful of food stamps.

Reagan's "hard-working taxpayer" naturally is outraged.

This is shameful demagoguery on Reagan's part, but it is clever stuff nonetheless.

Clever because it is racism disguised just enough to be palatable to millions of whites. Everyone knows that "strapping buck" is a code phrase that conjures up images of Mambo, of some "burly" black male chomping down T-bones courtesy of the food stamp program.

Never mind that the vast majority of food stamp users are whites. Reagan has tapped a mass desire to believe that if this country didn't have so many lazy blacks, Puerto Ricans, Cubans and Indians, there would be no need for a food stamp or welfare or Medicaid program.

Reagan's campaigning is clever, also, because it exploits the paranoia of "middle-class" America.



Voters in middle-income brackets (and that's anywhere from \$12,000 to \$50,000 a year, by my judgment) long ago decided they are the victims of a society that lavishes welfare benefits on the poor and tax shelters and special privileges on the rich, leaving the in-between families to carry an unfair share of the burden.

We've all heard the sad litany:

"The poor get free T-bone steaks; the rich buy filet mignon; those of us in-between scuffle to eat round steak once a week."

"Poor children get scholarships to Stanford, Oberlin, Wellesley; rich kids can afford Harvard, Princeton, Yale; middle class families can only send their kids to the local junior college."

After people engage in that litany for a while, just about everybody begins to believe that he or she has actually stood in a supermarket and seen "some strapping young buck" buy a ton of T-bones and delmonicos with food stamps.

When a people are frustrated — and Americans are frustrated by simultaneous recession and inflation — they become easy victims of appeals to paranoia.

Reagan knows it because he has seen another Californian ride the same kind of demagoguery into the White House. Richard Nixon based his campaigns on assaults on "welfare bums." He assailed "quotas" which, by his phony claims, were giving minorities all the goodies of America, all this allegedly to the impoverishment of the white majority. His "law and order" speeches were replete with racial code phrases that were just as emotion-filled as Reagan's reference to the "strapping buck."

This country bought tragedy when it fell for the demagoguery of the Nixon-Haldeman-Ehrlichman gang. Could it be suckered anew by Ronald Reagan's appeals to the meanest instincts of the masses?

The taxi drivers say it could.

So the most important thing we may learn from these Bicentennial year elections may not be which candidate wins, but whether the American people have finally grown up to the point where they can resist exploiters of racism and appeals to class hatred and greed.



The Washington Star
Feb 15, 1976

The Kind of Crowd Ford Wanted

By Fred Barnes
Washington Star Staff Writer

ST. PETERSBURG, Fla.

— It was exactly what President Ford had hoped for. A sea of gray hair stretched from the foot of the bandstand to the outer fringes of Williams Park.

This city bills itself as "the senior citizens capital of the world," and the crowd at the park, estimated by local police at 15,000, was made up almost entirely of the elderly.

And it is their votes that Ford and his political advisers believe are crucial to his chances of beating Ronald Reagan in the Florida presidential primary election March 9. More than one-third of the state's 1 million registered Republicans are over 65, and another sizable chunk is over 50.

"Ford can't win here without taking the seniors' vote, and neither can Reagan," a Ford campaign official said. "We feel they are attracted to the President because of his position on Social Security contrasted with Reagan's inconsistent and often extreme statements on Social Security."

DESPERATELY seeking to overcome Reagan's

apparent lead in Florida, the Ford campaign is not concentrating on the Social Security issue. "In this state, Social Security is Reagan's Achilles heel," a Ford aide said.

For his part, the President devoted his speech here to proclaiming his concern for the elderly. He boasted that he is "recommending that the full cost of living increases in Social Security benefits be paid during the coming year."

The crowd, basking in the mid-morning sunshine, responded with polite applause and appeared to be enthusiastic about Ford's insurance plan for catastrophic illness.

But the biggest excitement during Ford's address came when a young man in the crowd began shouting for the release of a jailed college professor from the University of South Florida. Three elderly women berated the man, beating on his back and pulling his hair and ears, and he soon left the park.

A young white woman wearing a toy revolver in a holster and dressed all in black was taken into custody when she was spotted in the crowd in the park during the President's speech. She was taken to police

headquarters, questioned and released.

Both here and in Fort Myers, Ford plunged into crowds and rode standing in an open limousine, waving to spectators along the streets. At the St. Petersburg airport, he kissed several babies, and an elderly woman yelled to him, "Kiss this baby, Mr. President." He kissed her, too.

THE PRESIDENT never mentioned Reagan's name in any of his public statements in Florida. But he sought through indirect references to characterize Reagan as a right-wing extremist.

Addressing campaign workers in Fort Lauderdale, he appeared to imply that the former California governor might hurtle the nation into a war if elected.

Reagan has criticized Ford's policy of detente with the Soviet Union, particularly arms limitation agreements. Ford, in an apparent response to this criticism, said that "a proliferation of nuclear arms all over the world" is not in the "best interest" of the country.

"I don't think it is in the

best interest of the world to deal in this area with your finger on the trigger," he said. "I think it is better to be strong and keep your powder dry."

WINDING UP the day in Miami, the President took a hard line in a speech on crime that is likely to appeal to conservative Republicans. The tone of the speech before the Federal Bar Association, in which he stressed his support for the death penalty, was far tougher than any of his prior public statements on the crime problem.

"The death penalty, in appropriate instances, should be imposed upon conviction of sabotage, murder, espionage and treason," Ford said. "In murders involving substantial danger to the national security or when the defendant is a cold-blooded hired killer, the use of capital punishment is fully justified."

Ford denounced the "passivity and permissiveness" in the nation, saying they "invite crime." Ford said that criminals should face "positive, swift, and just punishment."



The Los Angeles Times, Feb. 15, 76

GOP Moderates Uneasy Over Reagan

Won't Discuss Possibility That He Might Be Nominated

BY JOHN H. AVERILL
and PAUL HOUSTON
Times Staff Writers

WASHINGTON—Like a small boy whistling as he hurries past the graveyard, liberal and moderate Republicans in Congress tend to dismiss any suggestion that Ronald Reagan might be the 1976 GOP presidential nominee.

"I won't answer that question," snapped Sen. James B. Pearson (R-Kan.) when asked if he could support Reagan should the conservative former California governor get the nomination.

"I'm campaigning for Ford," replied Rep. Paul N. McCloskey Jr. (R-Calif.) when asked a similar question.

"I don't want to get into that," said Sen. Clifford P. Case (R-N.H.) when asked how a Reagan candidacy would affect moderate Republicanism. "I haven't found any sentiment for Reagan among Republican leaders in New Jersey."

The remarks of these moderate-to-liberal Republicans reflect the uneasiness of their wing of the party about the upcoming primary collisions between Reagan and President Ford.

Although these Republicans are unhappy over many of Ford's conservative positions, they find him vastly preferable to Reagan and express confidence, at least publicly, that Reagan is certain to lose.

"I have told the President that Reagan can win every primary he enters and still not be nominated," said Sen. Ted Stevens (R-Alaska). "I think people who go to the convention touting Reagan will wind up going for a winner—Ford."

In addition to a political and personal preference for Ford, the moderates have a pragmatic reason for supporting the President. They express fear that Reagan, as the GOP standard bearer, might be almost as harmful to Republican election prospects around the country as was Sen. Barry Goldwater's candidacy in 1964.

"We would be confronted with many of the problems of 1964," said Sen. Richard S. Schweiker (R-Pa.). "Reagan is more adroit and articulate than Goldwater but he still would be a problem. There is no question that if Reagan is nominated it would narrow our base and restrict our party membership."

"A Reagan nomination would accelerate the process of erosion our

Continued from First Page.

party has been suffering for the past 20 years," said Sen. Charles McC. Mathias Jr. (R-Mo.), who has said he is considering running for President as an independent to protest the conservative postures of Ford and Reagan.

Sen. Lowell P. Weicker Jr. (R-Conn.) put it more bluntly. Asked if he agreed with Mathias that a Reagan candidacy would further erode the party base, Weicker said:

"Hell, it wouldn't be an erosion. It would be a cave-in."

"If Reagan is the nominee, you're sure to see the shift of more liberals and moderates out of the party," said California's McCloskey. "Reagan's brand of Republicanism leaves no room for liberals or moderates. Reagan urged me to get out of the party."

In some respects, the moderates say, Ford appears to be as conservative as Reagan. But they insist there are important differences.

"Our side generally perceives the President as more tractable and more in tune with the middle of the road of the Republican Party," said Sen. Bob Packwood (R-Ore.)

Packwood's fellow GOP moderate from Oregon, Sen. Mark O. Hatfield, put it this way:

"We have to be for Ford. We can't get in the nest with Reagan. Ford has demonstrated far more flexibility

as President than he did as House minority leader. I feel we have to associate ourselves with him and try to influence him rather than isolate ourselves and do nothing."

For association purposes, the GOP liberals and moderates in both houses of Congress tend to join what is known in the House as the Wednesday Group or its Senate outgrowth, the Wednesday Club.

Both organizations adopted the "Wednesday" label because they meet weekly on Wednesdays. The House group gathers at 5 p.m. in a member's office for cheese and crackers and cocktails and an hour or so of exchanges of information and ideas. It is so unstructured that there are no officers but it does employ two staff people for research work. One of the staffers, Patricia Goldman, the Group's executive director, is the only outsider permitted to sit in on the meetings.

The Senate Wednesday Club is even more unstructured than its House counterpart. It has neither officers nor staff. Club members meet at noon each Wednesday for a buffet lunch. The meeting sites are rotated, as on the House side, among the members' offices and the host pays for the food and drink.

"In both the Senate and the House



The Inside News

Vol. 2 — No. 1

THE PRESIDENT FORD COMMITTEE, Washington, D.C.

February 1976

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Common Sense Is Theme for 1976

Budget to Slow Big Government

President Ford has prepared a trimmed fiscal '77 budget which he said is designed to "curb the continued growth of big government" and return resources to individual Americans.

Next year's budget proposes limiting federal outlays to \$394.2 billion and includes tax cuts of \$28 billion.

Total spending, if Congress follows the President's plan, will increase by only 5.5 per cent over 1976 levels—less than half of the average increases in federal spending in the last 10 years.

Signing the budget document before sending it to Congress, the President said it holds no "false promise" to solve all of America's problems, but is dedicated to achieving "a better, more bountiful life for the American people."

"It reflects on every page the common sense, the new realism" the President called for in

(Cont. on Page 7)

New Budget Highlights

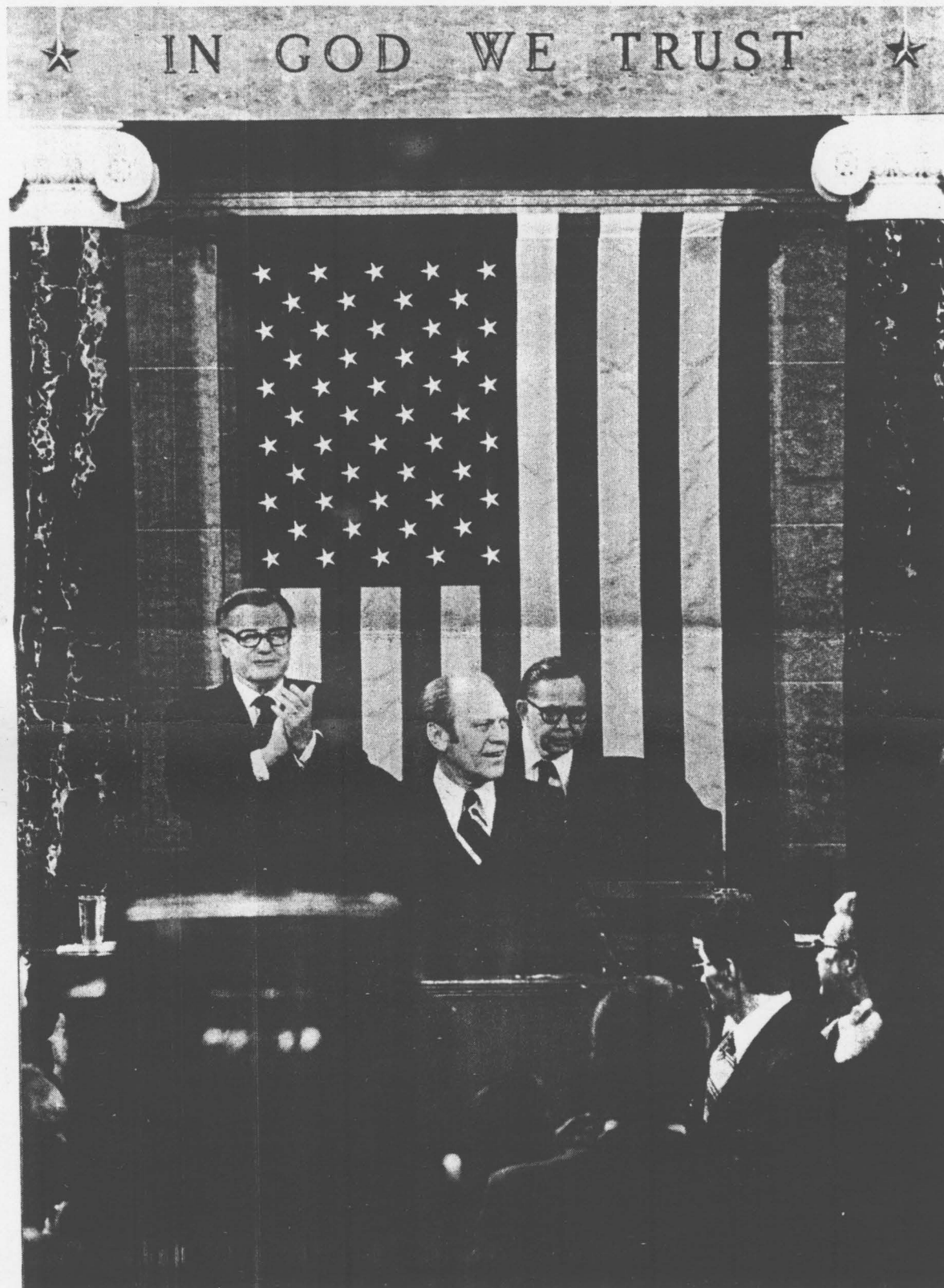
- Government spending held to \$394.2 billion, up only 5.5 per cent from the current fiscal year. This is less than half of the average annual growth in federal spending in the last 10 years.

- Increases in social security benefits to equal the hike in the cost-of-living index.

- Income tax cuts totaling \$28 billion, reducing the tax bill for an average family of four (with an adjusted gross income of \$20,000) by \$340 next year.

- Catastrophic health insurance provided for the elderly. The President's proposal would guarantee that an elderly person would spend no more than \$750 in a year for medical expenses.

- Consumer price increases to be held to 5.9 per cent compared to 6.9 per cent in 1975 and 12.2 per cent in 1974.



Ford Plans Campaign Trip

President Ford will make his first campaign trip of the bicentennial election year in the state with the first Presidential primary.

The President plans to visit New Hampshire Feb. 7-8 to deliver a Chamber of Commerce address, meet with campaign workers, hold a news conference and greet voters at a Concord reception.

He is scheduled to arrive aboard Air Force One in Manchester Saturday morning and travel via motorcade to Con-

cord for a noon meeting with state, county and local elected officials. The meeting will be followed by a reception at Rundlett Junior High in Concord.

The President will then travel to Nashua where he is scheduled to address the 50th annual banquet of the Nashua Chamber of Commerce Saturday night.

He will remain overnight in Nashua and will attend Sunday morning church services before returning to Concord for a rally

with President Ford Committee volunteers and workers. A news conference is scheduled Sunday afternoon at the University of New Hampshire in Durham to be followed by a speech there Sunday night.

The President is expected to return to Washington, D.C., Sunday night.

Mrs. Ford and daughter Susan are expected to accompany President Ford to New Hampshire.

New Hampshire has the first presidential primary in the nation on Feb. 24.

State of The Union Is Better

The Ship of State is on course, guided by the hard work, courage and common sense that are America's heritage, President Ford told the nation in his Bicentennial State of the Union address.

"Just a year ago I reported that the State of the Union was not good.

"Tonight I report that the State of the Union is better—in many ways a lot better—but still not good enough," Mr. Ford said.

"1975 was a year of hard decisions, difficult compromises, and a new realism that taught us something important about America.

"It brought back a needed measure of common sense, steadfastness and self-discipline. Americans did not panic or demand instant but useless cures.

"In all sectors people met their difficult problems with restraint and responsibility worthy of their great heritage."

The President said the course he set for America a year ago turned out to be the right one. "Common sense tells me to stick to that steady course."

He said his first objective for 1976 is "sound economic growth without inflation" to be achieved by slowing the growth of the federal government and speeding the growth of the private sector.

"The government must stop spending so much and borrowing so much of our money; more money must remain in private hands where it will do the most good.

"To hold down the cost of living, we must hold down the cost of government."

The President called for a balance "that favors not only sound, active government but also a much more vigorous, healthier economy that can create new jobs and hold down prices.

"The genius of America has been its incredible ability to improve the lives of its citizens through a unique combination of governmental and free citizen activity.

"In all what we do, we must be more honest with the American people, promising them no more than we can deliver, and delivering all that we promise."

PFC Sets Fund Raising Record

The President Ford Committee broke all of its own fund raising records in January, kicking off the bicentennial election year with receipts "well in excess" of July's \$500,000 total.

January contributions had topped \$535,000 by the end of the third week. "And we expect February to be even better," said Bob Mosbacher, finance chairman of the President Ford Committee.

The PFC finance office is busy preparing the first major direct mail appeal the committee has undertaken, expected to reach 1,000,000 potential contributors by mid-February.

Day Breaks Records

The day after the President delivered his State of the Union address Jan. 19, the committee took in \$88,000—\$2000 more than the total for an average week in 1974.

The total number of donors has "increased dramatically," said PFC finance committee director Bob Odell.

Odell and Mosbacher, who took over the finance committee operation on Dec. 4, have been focusing on gifts of \$250 or less which are eligible for federal matching money. The maximum any individual can contribute to the campaign is \$1000 and the maximum the President can spend to win his party's nomination is \$11 million (plus another \$2 million to raise the \$11 million).

By the third week in January, the PFC had raised \$2,651,322 with expenditures of \$2,040,346

'Let's Go With Ford'

Saying, "Let's go with Gerald Ford," an Ohio newspaper has taken the lead in editorial endorsements of the President, making it official position known nearly a year before the Nov. 2 general election.

The Union Times, Springdale Observer said in a Dec. 4 editorial written by publisher W. J. Hanson:

"It may be early by some measure for a little weekly newspaper to be commenting editorially on such an important issue as the office of the President of the United States.

"And there are those who would feel that for a little weekly to have the audacity to project an opinion is unheard of. Now that we have graciously and humbly made the amenities, lets just jump in all over.

"I say lets go with Gerald Ford."

Keith McNamara, chairman of the President Ford Committee in Ohio, said of the editorial support: "I am confident this endorsement will be the first of many by newspapers and other independent observers."

leaving a cash on hand of \$610,975.

The Committee also registered its first \$100,000 day on Jan. 22 which Callaway hailed as "the biggest sign of the big success the direct mail effort is having."

Three States Lead

In mid-January, Kansas, Georgia and Alaska were leading the other 47 states in collecting their quota of contributions. Georgia, under finance chairman Julian LeCraw, had collected more than \$95,000 of its \$150,000 primary election goal; Kansas, under C. Howard Wilkins, has collected more than \$84,000 toward its \$135,000 goal; and Alaska, under Edward B. Rasmuson, has received more than \$15,000 of its \$20,000 quota.

Delighted with Success

"We are delighted with the success our fund raising effort has been having under the direction of Bob Mosbacher and Bob Odell," said campaign chairman Bo Callaway. "The finance operation has built up a tremendous momentum, with every month, every week and every day breaking past records."

Mosbacher, 48, is a Houston businessman who has served as a member of the executive committee of the Republican National Finance Committee.

President Ford said, in appointing Mosbacher to the finance chairman post, "He is a competent and dynamic leader who will be able to attract financial support from hundreds of thousands of Americans."

Odell Takes Post

Odell, 32, formerly served as executive director of the Republican National Finance Committee and has taken a leave of absence from National Direct Mail Services Inc. of Washington, D.C., of which he served as president, to take over the PFC post.

"In Bob Odell, the President Ford Committee gains an experienced political fund raiser with strong party ties," Mosbacher said in announcing Odell's appointment. "He is particularly skilled in direct mail and telephone solicitations, the type of approaches we need to broaden the financial base of this campaign."

Three-Pronged Effort

The fund raising effort aimed at raising the legal limit of \$12 million for the President in the pre-convention period includes: (1) direct mail solicitations at both the national and state levels (2) follow-up telephone solicitations (One phone bank has been working out of the PFC offices in Washington and others have started in other major cities.) (3) personal contacts to those who can give up to the maximum \$1000.



PRESIDENTIAL VISIT: President Ford visited his campaign headquarters in Washington last month, stopping to greet the youngest volunteer on hand, seven-month-old Jonathan Sheppard, son of volunteer Sandra Sheppard. After making the rounds to greet individual staff workers, the President spoke to the group, praising workers and thanking his campaign chairman Bo Callaway (bottom right) for putting together "a top notch campaign organization."



Black Council Endorses Ford

The Michigan chapter of the National Black Republican Council has voted to endorse President Ford for the 1976 nomination.

Ulysses W. Boykin, chairman of the Black Michigan Republicans, made the announcement following the council's January meeting in Detroit.

THE INSIDE NEWS

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ROBERT C. MOOT, *Treasurer*

ROBERT MOSBACHER, *National Finance Chairman*

A copy of our report is filed with the Federal Elections Commission and is available for purchase from the Federal Election Commission, Washington, D.C. 20463.

G. M. Prather, *Editor*

News from the States

Women Play Key Role In California Effort

Reaching into the ranks of Republican party activists, the California President Ford Committee has named three prominent women to head key posts in the state.

Serving as full-time volunteers are Mrs. Nita Ashcraft of San Francisco; Mrs. Rosemary Ferraro and Mrs. Alice Ogle, both of Los Angeles.

The three are charged with organizing and directing the President Ford campaign in their assigned areas. They share responsibility for developing local steering and organizational committees and for meshing these hundreds of volunteer workers into a broad-based, community-level campaign effort on behalf of the President.

Los Angeles coordinators Mrs. Ferraro and Mrs. Ogle are experienced in volunteer Republican campaign precinct organization work in their city. Los Angeles County is the most populous in the nation and represents nearly 40 per cent of the statewide Republican vote.

Mrs. Ashcraft a former vice-chairwoman of the state party, has opened a northern California campaign office and is coordinating the Ford effort in that part of the state.

President Attends Georgia Event

Nearly 900 Republicans paid \$100 each to attend a fund raising dinner in honor of President Ford, and the event has been dubbed "the most successful fund raising event ever held by the Georgia Republican Party" by state leaders.

Mrs. Richard Guthman of Atlanta, Ford chairman for the 24th House District in Fulton County, sold over 100 tickets to the dinner which was chaired by Bill Amos of Valdosta, one of the key strategists in the Georgia Ford campaign.

Georgia PFC chairman Matt Patton also reports many well-known Republican leaders are participating in his state's "Project Leader."

These key Republicans, such as former GOP State Chairman Bob Shaw, Fletcher Thompson, Senate Minority Leader Paul Coverdell, House Minority Leader Mike Egan, and Atlanta City Councilman Richard Guthman, Jr., are sending personal letters to Republican friends throughout the state, urging them to join in supporting the President.

Patton himself has traveled to many key areas of the state, meeting with Ford supporters and discussing campaign plans aimed at winning the May 4 Presidential primary.

Illinois To Back President Ford

Former Illinois Gov. Richard B. Ogilvie chairman of the PFC committee in that state, praised President Ford at a news conference held after he filed a petition of candidacy in the March 16 Illinois Presidential primary.

"Illinois is backing a man with experience dealing with national and international problems . . . a man of proven integrity and candor . . . who has

the confidence of the people: Ford, Ford, FORD," Ogilvie said.

In other Illinois action, Ogilvie has named 24 Illinois Republican leaders to act as congressional district coordinators for the Ford Committee in his state.

"In the first state-wide coordinators meeting, we finalized plans for an all-stops-pulled Illinois effort for Ford," the chairman reports.

Committee Executive Director Arthur J. Falls outlined a comprehensive organization which, with the hard work of each Ford supporter, "will ensure a victory for the President in March." Discussion of delegates slating revealed a strong corps of Republicans ready to run for Ford, Ogilvie reports.

Ohio Leaders Support Ford

Four top Ohio Republican leaders will serve as advisers to the chairman of the President Ford Committee in Ohio, advising him on matters of policy, personnel, finance and campaign strategy.

John S. Andrews, Ray C. Bliss, Kent B. McGough and Martha C. Moore will meet frequently with Keith McNamara, the President's campaign chairman in Ohio.



Massachusetts Steering Committee Members Sen. William Saltonstall, left, and David Place, center, talk strategy with Bo Callaway.

McNamara, the President's campaign chairman in Ohio.

"We are very fortunate to have four persons with such experience and expertise to guide our campaign effort," McNamara said. "The support of these leaders of our party means much to the President and symbolizes the support of the party in Ohio for President Ford."

Massachusetts Effort Spreads to Grassroots

The Massachusetts PFC, chaired by Rep. Silvio Conte, reports the endorsement and pledge of active support by more than 184 local and state Republican leaders recently named to the Massachusetts Steering Committee.

In addition, town and city PFC coordinators are being named throughout the Commonwealth and an active grassroots effort is well under way.

The major projects underway in January included the circulation of petitions, organization of local volunteers and distribution of voter information throughout the state. These efforts are being carried out by city and town coordinators working with the steering committee members.

National PFC Chairman Bo Callaway visited Massachusetts during a recent swing through New England. He met in Boston with the campaign steering committee, talked with party workers at the home of Mr. and Mrs. Donald Cutler of Chestnut Hill, held a news conference and appeared on ABC's "Good Morning Show" before leaving for New Hampshire.

At his news conference in Boston, Callaway discussed Ronald Reagan's record as governor of California. "The so-called eleventh commandment doesn't apply to discussing an elected official's performance in office. The President's record is open to discussion and Ronald Reagan's record must be open for discussion, too."

At a meeting later with GOP officials, Callaway praised the Massachusetts Steering Committee and said, "The diversity of your membership is an indication of the wide appeal the President has, the same wide appeal that will elect Gerald Ford in November."

Texas PFC Involves "Mainstream" Republicans

PFC workers in Texas have unanimously approved a plan to involve volunteer workers in the state's larger cities as well as residents of rural communities in the state's delegate selection process. The Ford organizers are going far beyond requirements in the Texas presidential primary law which would allow candidates to hand pick their delegates without any balloting process. The aim: "To give Texans a decision-making voice in the shaping of the national ticket."

Other News Notes

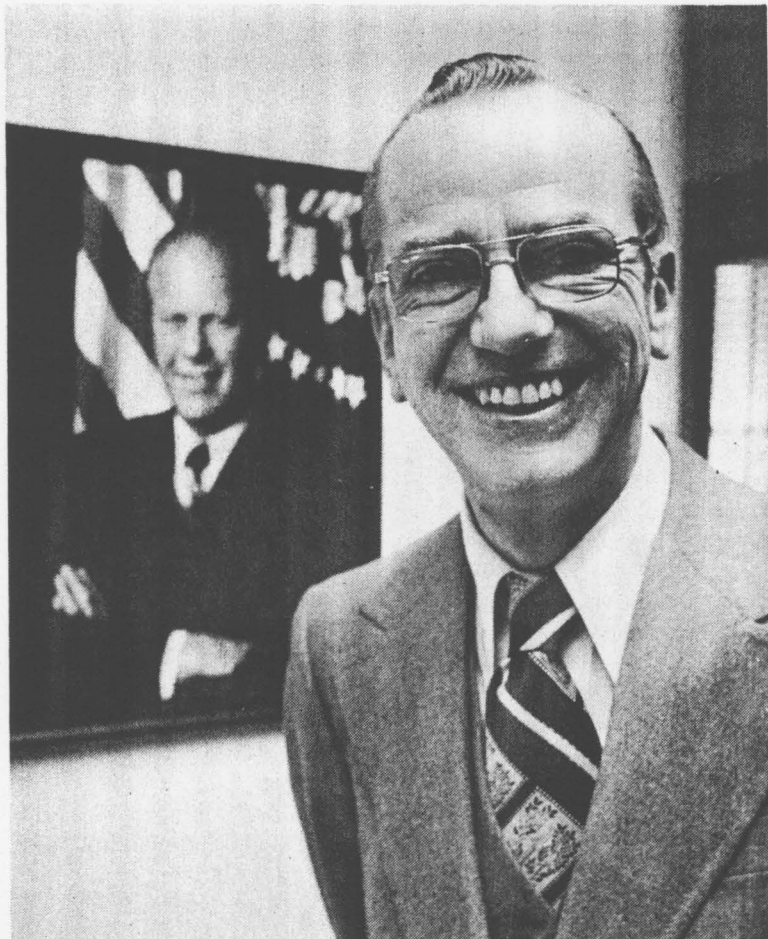
From Florida: Florida state chairman Bill Taylor has launched a massive registration drive aimed at the estimated 2.2 million unregistered voters in the state . . . the Republican Party's 1976 presidential nominating convention in Kansas City Aug. 16-19 will have at least 2259 delegates, making it the largest in the party's history and 911 delegates larger than in 1972.

Florida mayors lining up behind the President include Byrd F. Marshall of Boca Raton; Charles Strickland, Leesburg; William J. Alsdorf, Pompano Beach; Elmer G. Berkell, Sarasota; Harry E. Heineman, Naples; David Roberts, Boynton Beach; Charles V. Flanagan, Pembroke Pines.

From Vermont: This state is the newest addition to the list of states holding presidential primaries this year, bringing the total to 33. The Vermont primary will be held March 2, the same day as the Massachusetts vote.

And more from California: The California Ford Committee is steadily gathering steam. Two days after the President announced he was in the race, a 44-member statewide organizing committee was announced—within weeks that list had grown to over 250 with the addition of prominent state Republican leaders announcing their endorsement. By December, more than 1000 volunteers had signed up to work for President Ford's election and the list is still growing.

. . . Edgar Welden, Alabama Republican State Chairman, has endorsed President Ford . . . Also joining the ranks: Mississippi GOP gubernatorial contender Gil Carmichael . . . Keith McNamara, chief of President Ford's Ohio campaign, lists the telephone number at state headquarters as 221-FORD . . . and the Nebraska PFC has renamed the telegram to show support for their candidates. Special messages are called "Ford-O-Grams."



Ohio Republican Keith McNamara Lines Up Campaign Forces (Associated Press Photo)

Buttons, Bumper Stickers Due at Hdqts. This Week

Campaign buttons, bumper stickers, posters and brochures will be arriving this week in Ford campaign headquarters throughout the country.

The first shipment to all of the states has gone out of PFC Washington offices. Stu Spencer, deputy campaign manager, said the packages contain a "two or three months supply" and will be followed by future shipments.

Official campaign colors are red, white and blue. The copy reads, simply, "President Ford, '76."

The official campaign photo, a candid shot by a news magazine photographer, will be used on posters, both in the campaign colors and in black and white, and on campaign brochures.

Photo Reflects Qualities

"We believe the picture reflects the strength and leadership qualities of President Ford," said Bruce Wagner of the PFC's advertising agency, Campaign '76.

The majority of the posters measure 38" x 50" (there will be some smaller and some larger for special use); they show the official photo of the President and say only, "President Ford, '76." Wagner said Campaign '76 is exploring the possibilities of adding a line at the bottom, such as "For New Hampshire" or "For California," to individualize the posters for the states.

The bumper stickers are smaller than usual, measuring only 2½" x 11½". They come with either blue or red backgrounds and white lettering.

Square varieties of the bumper sticker also are being tried; they are printed in the same colors and also read, "President Ford, '76."

Brochures Included

Also included in the shipments will be three-fold brochures, again with the photo of the President on the cover, and inside concise reasons why President Ford should be elected to his first full term in the White House.

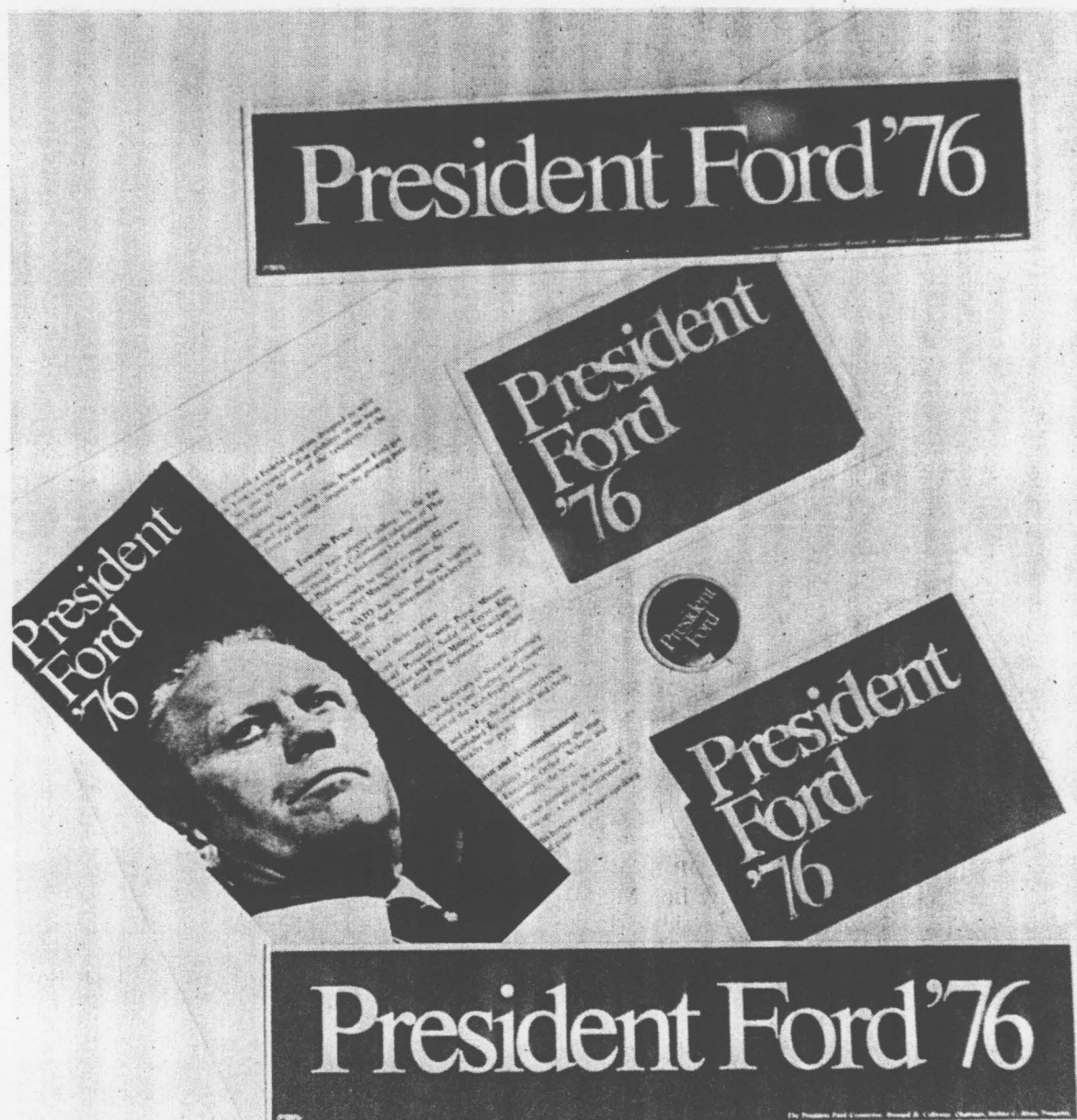
Special "Issue Bulletins" have been printed, outlining the President's stance and accomplishments on crime, older Americans, the economy, foreign affairs, energy and other focal campaign issues.

The campaign buttons measure 1½" in diameter and again have a blue background with white lettering.

Banners Produced

Wagner also said banners are being produced (dimensions 3' x 11') to help decorate campaign headquarters, to use at Ford campaign functions, etc. And there will be window signs for offices and headquarters printed in red.

The PFC regional coordinators worked out an allocation schedule for the campaign materials to each of the states. "We want to make sure the early primary states are adequately supplied with literature and other materials right now," Spencer said. "Then, as the other states approach their conventions or primaries, we will concentrate more heavily on them."



Campaign Materials Include Bumper Strips, Square Bumper Stickers, General Brochures and Campaign Buttons.

'I Know We Can Win!'—Ford

"If we keep our cool, keep our faith and do what is right for America, I know we can win!" President Ford told PFC leaders meeting at the White House.

The President invited his state chairmen, regional coordinators and other PFC officials to join him for an informal meeting following the day-long chairmen's conference Jan. 9 at the Mayflower Hotel in Washington, D.C.

The President's campaign organizers were the first to get a preview of the State of the Union message which President Ford delivered to Congress on Jan. 19, detailing plans for education, tax reform, security for the elderly, and reduction of the federal bureaucracy.

Earlier in the day, the PFC chairman and regional coordinators attended a luncheon highlighted by a speech from campaign chairman Bo Callaway.

Callaway predicted all-out victory, beginning in New Hampshire, continuing in Florida and Illinois and sweeping all the way to the Nov. 2 general election.

The afternoon was spent outlining just how campaign organizers plan to accomplish the victory.

Fund raising tactics, press coordination, campaign materials and organizational overviews were among the topics discussed by PFC chairmen

and staffers during the workshop sessions.

Finance Chairman Bob Mosbacher gave a financial briefing, stressing the importance of coordinating political and fundraising efforts, Bob Moot delivered the Treasurers report, outlining accounting procedures necessary to comply with the new Federal Elections Law, and PFC general counsel Bob Visser continued the look at the elections law, delving into regulations governing contributions.

Campaign press secretary Peter Kaye highlighted the key elements of maintaining good press relations, and campaign '76 executive Bruce Wagner displayed campaign posters, bumper stickers and buttons and discussed the distribution schedule for the materials.

PFC administration chairman Bob Marik and director Jim Cochran emphasized the importance of complying precisely with PFC budgets so the committee can stay within the \$11 million spending limitation for the primary election.

Research coordinator Fred Slight provided the chairmen with material detailing the President's accomplishments on everything from agriculture to transportation, and campaign scheduler Judy Harbaugh outlined plans to utilize high administration figures and legislators to speak on behalf of the president at events in all 50

states throughout the campaign.

The workshop sessions concluded with a political overview, led off by PFC political chairman Stu Spencer. The early primary states were the focus of the discussion, but general information was offered on how the individual states are putting together organizations for the President.

Pennsylvania chairman Drew Lewis offered the meeting's finale: he challenged the other five states with 100 or more delegates to deliver a greater percentage of their delegates to Ford than Pennsylvania.

Illinois promptly accepted the challenge, and California, Texas, and New York are expected to follow.

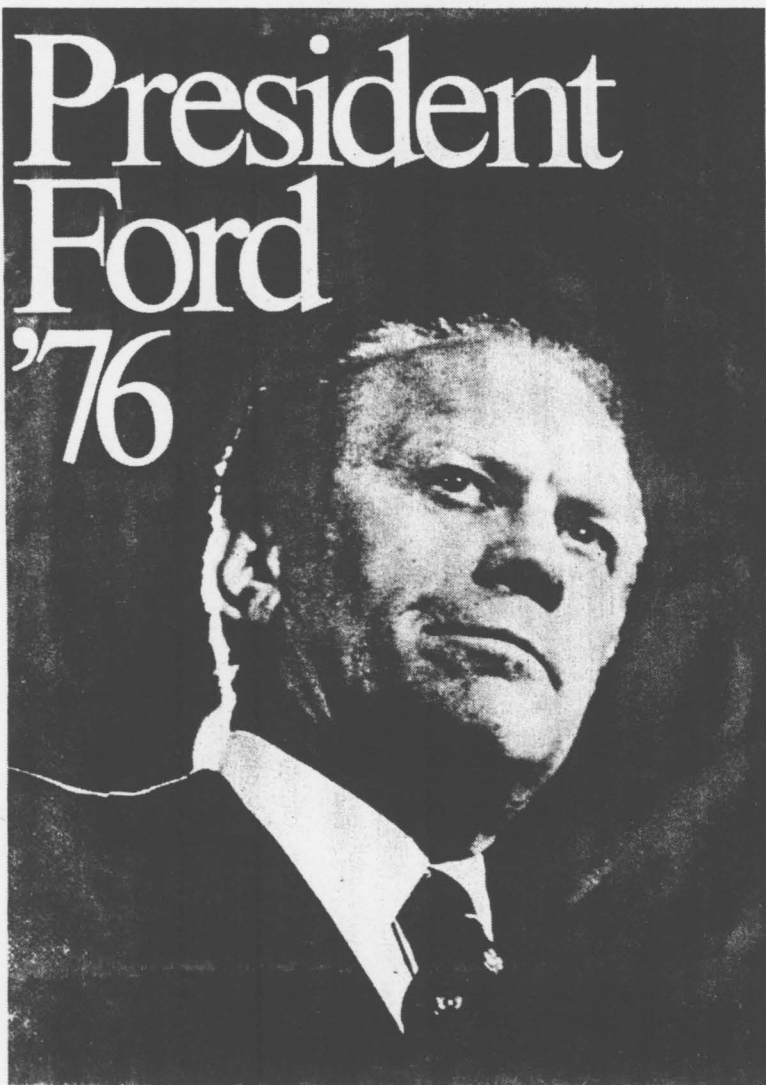
Callaway said the committee would see to it that the winning state was "appropriately rewarded."

HELP!

Inside News needs your help. To make our newsletter newsy, we need to hear from you.

Let us know what you are doing for President Ford in '76, let us know who is doing it and, if you can, send us a photo of your team at work.

Share your ideas with your fellow PFC workers and we all will be able to do an even better job for our President.



Campaign '76 Poster

President's State Chairmen Called 'Winning Team'

President Ford is backed by the most distinguished group of proven political leaders to rally behind any one candidate in this bicentennial year, campaign chairman Bo Callaway said in praising the organization's state chairmen and chairwomen.

Congressmen, state legislators, county and city office holders, attorneys, businessmen, judges and physicians form the broad based collection of PFC statewide coordinators.

"This is unquestionably a winning team," Callaway told the chairmen during a recent meeting in Washington, D.C. "We've got the leaders putting together the organizations to carry us through to victory on Nov. 2."

Campaign chairmen for the President Ford Committee have been named in virtually every state. The list, as we went to press, included:

ALABAMA—Co-Chairpersons **Mildred Anne Lee** of Birmingham and **Charles Chapman, Jr.** Headquarters: P.O. Box 3475, Birmingham, 35205. (205) 322-5733.

ALASKA — Co-Chairmen **Keith Specking** of Hope and **State Sen. Mike Colletta** of Anchorage. Headquarters: 415 L St., Anchorage. (907) 276-3673.

ARIZONA — **Burton Kruglick** of Phoenix and **Mrs. R. C. (Barbara) Janoff**, co-chairperson, of Tucson. Headquarters: 40 East Thomas Rd., Suite 107, Phoenix, 85012. (602) 277-4855. Also: 2221 E. Broadway in Tucson.

ARKANSAS — Co-Chairmen **Guy Newcomb** of Osecola and **Dorothy Webb** of Little Rock. Headquarters: 917 West Markham, Little Rock, 72203. (501) 375-2371.

CALIFORNIA — Co-Chairmen State Attorney General **Evelle Younger** of Los Angeles and State Sen. **Denny Carpenter** of Orange County. Headquarters: 4201 Long Beach



GOP SYMBOL was the subject of discussion at the White House recently among PFC Comptroller Bob Moran, left, Illinois Co-Chairman Harold Smith, Pennsylvania Chairman Drew Lewis and President Ford.

Blvd., Suite 415, Long Beach, 90807. (213) 595-1676.

COLORADO — **Steve Duncan** of Littleton. Headquarters: 1600 Broadway, Suite 1545, Denver, 80202. (303) 861-1413. Bill Graham, executive director.

CONNECTICUT — **Joseph B. Burns** of East Hartford.

DISTRICT OF COLUMBIA—**Dr. William Cooper** of Washington, D.C.

FLORIDA—**Rep. Lou Frey** of Orlando. Headquarters: P.O. Box 1706, Orlando, 32802. (305) 843-3673.

GEORGIA — **Matthew Patton** of Atlanta. Headquarters: 2410 Equitable Bldg., Atlanta, 30303. (404) 522-9410. Susan Tucker, campaign coordinator.

HAWAII—**Vern S. Byre** of Kailua. Headquarters: 413 Merchandise Mart Bldg., Honolulu, 96813. (808) 524-0946.

IDAHO — **Dave Leroy** of

Boise. Headquarters: P.O. Box 1151, Boise, 83701. (208) 342-7676. Roy Eiguren, executive director.

ILLINOIS — Former Gov. **Richard B. Ogilvie**, chairman. Former congressman **Leslie C. Arends**, former congresswoman **Marguerite Stitt Church** and Sen. **Charles Percy**, honorary co-chairmen. Headquarters: 127 North Dearborn St., Room 808, Chicago. (312) 641-6438. Art Falls, campaign manager, Pat Goldman, office manager.

INDIANA—**Donald Cox** of Evansville. Headquarters: Circle Tower, 5 East Market St., Suite 1125, Indianapolis, 46204. (317) 634-8024. J. C. Beck, executive director.

IOWA — **Ralph McCartney** of Charles City.

KANSAS—**Bill Falstad** of Fredonia and **Carol Wiebe** of Hillsboro, co-chairmen. Headquarters: P.O. Box 83, Hillsboro, 67063. (316) 947-3085.

MAINE—**Harrison L. Richardson** of Portland.

MARYLAND — State Sen. **Newt Steers** of Bethesda and **Robert Pascal** of Severna Park, co-chairmen.

MASSACHUSETTS — Rep. **Silvio Conte** of Pittsfield. Headquarters: 68 Leonard St., Belmont, 02178. (617) 489-2505.

MICHIGAN — **Peter Fletcher** of Ypsilanti, chairman. Sen. **Robert Griffin**, Gov. **William C. Milliken** and former Gov. **George Romney**, honorary chairmen. Headquarters: 223 North Walnut Street, Lansing, 48933. (517) 487-5413. Kathleen Seglund, executive director.

MINNESOTA — **Hap LeVander, Jr.**, of South St. Paul, chairman **Ancher Nelson** of Hutchinson and **Dorothy Liljgren** of Wayzata, co-chairmen. Headquarters: 4660 West 77th St., Room 159, Minneapolis, 55435. (612) 831-4227.

MISSOURI—**Gene McNary** of Clayton.

MONTANA—**Ken Neill** of Great Falls. Headquarters: P.O. Box 1976, Great Falls, 59403. (406) 727-3452. Sharon Ashton, executive director.

NEBRASKA — **Bill Barrett** of Lexington. **Mrs. William (Dee) Graham** of Omaha, vice-chairman. Headquarters: P.O. Box 711, Lexington, 68850. (308) 324-5621. Elaine Remmenga, executive director.

NEVADA — Former Mayor **Oran Gragson** of Las Vegas.

NEW HAMPSHIRE—**Rep. James Cleveland** of New London. Former Sen. **Norris Cotton**, honorary chairman. Headquarters: 150 North Main Street, Concord. (603) 228-0150. John Michels, campaign manager.

NEW JERSEY—State Rep. **Thomas H. Kean** of Elizabeth.

NEW MEXICO—State Rep. **Bob Grant** of Albuquerque. **Mrs. Richard (Karen) Peterson** of Santa Fe, co-chairman. Sen.

Pete V. Domenici and **Rep. Manuel Lujan Jr.**, honorary chairmen. Headquarters: 5555 Montgomery NE, Suite 8, Albuquerque. (505) 883-0200. Brand Cates, state coordinator; Maxine Melbourne, office manager.

NORTH CAROLINA—**Jim Peden** of Raleigh and **Mrs. Parks M. (Margaret) King, Jr.**, of Charlotte, co-chairmen. Headquarters: P.O. Box 10742, Raleigh, 27611. (919) 821-5021. Bill Russell, campaign manager; Betsy Hamilton, office manager.

NORTH DAKOTA — **C. Warner Litten** of Fargo, State Rep. **Marjorie Kermott** of Minot, co-chairman.

OHIO—**Keith McNamara** of Columbus. Honorary co-chairmen are former Gov. **John W. Bricker** and former congressman **Frances P. Bolton**. Headquarters: 21 East State St., Suite 118, Columbus, 43215. (614) 221-FORD.

OKLAHOMA—**Doug McKeever** of Enid.

OREGON—**Craig Berkman** of Portland. Former State Sen. **Victor Atiyeh**, honorary chairman.

PENNSYLVANIA—Chairman **Drew Lewis** of Plymouth Meeting. **Mrs. Davitt S. (Marion) Bell** of Pittsburgh, vice-chairman.

RHODE ISLAND — **James Field, Jr.**, of Providence.

SOUTH DAKOTA — **David Volk** of Pierre. **Mrs. Robert (Barbara) Gunderson** of Rapid City, vice-chairman. Former congressman **Ben Reifel** and former congressman **E. Y. Berry**, honorary co-chairmen.

TENNESSEE—**Sen. Howard Baker**, honorary chairman. **Mrs. James R. (Ann) Tuck** of Nashville and **Kyle Testerman** of Knoxville, co-chairmen.

TEXAS—**Sen. John Tower**. Headquarters: P.O. Box 15345, Austin, 78761. **Mrs. Malcolm Milburn**, campaign director, **Roger Wallace**, campaign manager.

UTAH—**Warren E. Pugh** of Salt Lake City and **Myrene R. Brewer** of Ogden, co-chairmen.

WASHINGTON—**Fred Baker** of Seattle, Mayor **Dave Rogers** of Spokane, co-chairmen.

WISCONSIN—Former Gov. **Warren Knowles** of Milwaukee. **Charles O. Davis**, executive director. Headquarters: 229 E. Wisconsin Ave., Milwaukee. (414) 224-9630.

GOP Leaders Meet in Michigan

President Ford has joined his state campaign chairman and Republican party officials from 12 Midwestern States in attending the GOP's Midwest Leadership Conference in Dearborn, Mich.

The Republican National Committee sponsored event is being held at the Hyatt Regency Hotel in Dearborn over the Jan. 31 weekend.



President Ford chats with his Pennsylvania Vice-Chairman Marion Bell at White House

Top Editors, GOP Leaders Choose Ford

An overwhelming majority of the nation's top Republican officials as well as leading newspaper editors believe President Ford will win the party's presidential nomination this year.

Three separate surveys—two polling party leaders and one questioning editors—show that 80% predict Ford will be the nominee.

The Christian Science Monitor asked 150 GOP state chairmen and national committeemen who they thought would be on the ballot; four of five named Ford.

U.S. News and World Report polled 259 top Republican officials throughout the country and, by the same 4-1 margin, they said the President would be the party's choice.

In a third survey, RKO General broadcasting submitted questionnaires to 99 editors of newspapers with circulation of 100,000 or more; 51 responded.

Eighty per cent of the editors said they believed Ford would be the 1976 Republican nominee.

And the confidence in the President doesn't end with political and community leaders. Scholastic Magazines quizzed 38,000 teenagers and found an overwhelming 76% ranked him as good or better, gauging his performance "as a man and a father."

Ford Leads

A Gallup survey taken during the first week of the 1976 election year shows President Ford leading his opponent for the Republican presidential nomination 53 percent to 42 percent.



"I thought I was running against Ford!"

New Hampshire Newsclips

Reagan \$90 Billion Proposal Blasted

"The outside temperature was 23 degrees below freezing when Ronald Reagan began his formal drive for the Presidency in New Hampshire. But there was also a numbing chill inside the town meeting halls where the former California governor tried to explain his proposal to transfer \$90 billion in federal spending to the states.

"In question and answer sessions with the candidate, it was clear that the wary Granite State saw the Reagan plan for what it is: a radical abdication of federal responsibility that would leave the states no choice except to abandon essential government services or fund them with massive state and local

taxes." *The Los Angeles Times.*

"The Reagan plan would cost the people of New Hampshire tens of millions of dollars just to maintain the existing mandated programs at their present level." New Hampshire House Speaker George Roberts.

"Reagan's plan would give the state three choices: to eliminate many necessary programs, to add to the local property tax burden, or to institute a state sales tax, a state income tax, or both." New Hampshire Senate President Alf Jacobson.

"I guess I made a mistake in a speech I made in Chicago" when the \$90 billion plan was announced. Former California Gov. Ronald Reagan.

Reagan Rhetoric, Record Conflict

One of the biggest myths in American politics is the image of Ronald Reagan as a tight-fisted fiscal conservative.

In reality, Reagan was the biggest taxpayer and spender of any governor in California's history.

Lou Cannon, a political writer for the Washington Post and author of a Reagan biography, wrote in a recent article:

"At times Reagan seems to be the various things his advocates and his adversaries say about him. What Reagan says and what Reagan does are frequently contradictory. And he left a conflicting legacy after two four-year terms in the governorship."

Nowhere are the Reagan rhetoric and the Reagan record in more conflict than in the field of fiscal policy.

Let's compare the rhetoric and the record.

A letter from Sen. Paul Laxalt, R-Nevada, who is chairman of Citizens for Reagan, set the theme of the campaign.

The senator said Reagan would tell the American people "that as governor of California he was successful in:

—creating and returning an \$850 million surplus to the California taxpayers.

—keeping the size of the California state government constant.

—originating and signing a massive tax relief bill which resulted in a \$378 million saving to California's property owners and a \$110 million saving to renters."

That's the rhetoric. In detail, let's look at the record.

Q. What about the Reagan campaign claim that as governor, he created and returned an \$850 million surplus to the California taxpayers?"

A. The \$850 million surplus was not the result of any savings in state government. Rather, it was a serious miscalculation. In 1967, Reagan, in effect, 'overtaxed' Californians through an enormous \$943 million tax increase. While the tax increase was permanent, the rebate was a one-shot temporary form of relief in 1969—the year preceding his bid for reelection.

Q. And the claim of a "massive tax relief bill which resulted in a \$378 million saving to property owners and a \$110 million saving to renters?"

A. This was in no way the result of sound management of the state. The property tax relief was achieved by other federal and state revenues. Specifically, they were a federal revenue sharing surplus, a major increase in the state sales tax and a strong business climate.

Q. What about the Reagan campaign boast that he kept "the size of California state government constant?"

A. Under Reagan, the state budget more than doubled in eight years from \$4.6 billion to \$10.2 billion. The number of state employees increased from 113,779 in 1967 to 127,929 in 1975.

Q. Yes, but don't inflation and the growth of California's population contribute to that budget increase?

A. Doubtless they do. But it is significant to note that under Reagan the state budget increased an average of 12.2% yearly. Under his successor, Edmund G. Brown, Jr., the increase has been 6%. And while California's population grew 1% a year during Reagan's eight-year administration, it grew 3% a year during the 14 preceding years under Governors Edmund G. Brown, Sr. and Goodwin J. Knight.

Q. How did Reagan balance the state budget during those years that it more than doubled? By practicing fiscal economies?

A. By no means. 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 a one-time deficit payment and future property tax relief. In 1971, the increase was \$488 million with \$150 million for property tax relief. In 1972, the increase was \$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.

Q. How was this money raised?

A. By all sorts of taxes. State personal income tax revenues went from \$500 million to \$2.5 billion, a 500% increase. Top 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 adamantly denying 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 also were increased and collections more than doubled.

Q. But didn't taxpayers benefit from local property tax relief?

A. Hardly. 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 percent-



President Ford meeting with New Hampshire newspaper editors in the Oval office.

(Cont. on Page 7)

Budget—

(Cont. from Page 1)

his State of the Union address Jan. 19.

The President said, in his message to Congress:

"The combination of tax and spending changes I propose will set us on a course that not only leads to a balanced budget within three years, but also improves the prospects for the economy to stay on a growth path that we can sustain.

"This is not a policy of the quick fix; it does not hold out the hollow promise that we can wipe out inflation and unemployment overnight. Instead, it is an honest, realistic policy—a policy that says we can steadily reduce inflation and unemployment if we maintain a prudent, balanced approach.

"This policy has begun to prove itself in recent months as we have made substantial headway in pulling out of the recession and reducing the rate of inflation; it will prove itself decisively if we stick to it."

President Ford also said the budget proposals are designed to reverse the drift toward bigger and bigger government.

Highlights of the President's 1977 budget include:

—An increase in defense spending of about \$10 billion. "If in good conscience I could propose less, I would," Mr. Ford said.

—A \$10.4 billion effort to speed the birth of new fuel industries, develop untapped power sources and eventually make the United States energy self-sufficient.

—Protection against "catastrophic health costs" for the elderly. "I am proposing that we take steps to address the haunting fear of our elderly that a prolonged, serious illness could cost them and their children everything they have," President Ford said.

Rhetoric, Record

(Cont. from Page 6)

age of 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 higher 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.

Q. What did Reagan have to say about all this spending?

A. Nothing very consistent. In his first inaugural message on January 5, 1967, he said, "we are going to squeeze and cut and trim until we reduce the cost of government."

On July 9, 1967, he said in a televised speech that as long as California grows in population and as long as the country is in an inflationary spiral "we will have a record breaking budget every year . . . and that is roughly 8%."

On Oct. 2, 1967, Reagan was asked in Milwaukee about his comment that he balanced the budget without new taxes. He replied: "We raised the old ones about \$1 billion."

Q. Many of Reagan's supporters claim that the reason for the huge budget increases in his administration was because of increases in assistance to local governments?

A. That's true. And under the same logic, we could eliminate about \$60 billion from the federal budget spent for assistance to the states. Extending that bookkeeping system to foreign aid and assistance to individuals, nearly three-fourths of the federal budget could be disregarded. If Reagan is going to continue to criticize the growth of the federal budget, he has to accept similar criticism on the growth of California's budget while he was governor. He can't have it both ways.



President and Mrs. Ford Greet Crowds at Bicentennial Celebration in Traverse City, Mich.

Radio Effort Underway

The President Ford Committee has kicked off its broadcast news operation by making hundreds of telephone calls to local radio stations in the early primary states with taped messages from President Ford and others speaking on behalf of his candidacy.

The recordings, primarily excerpted from speeches made by President Ford, cabinet members, congressmen, senators and other high government officials throughout the country, are offered to the states for use in their local news broadcasts.

"We are extremely pleased with the success our radio operation is having in providing news on issues and on the President's campaign directly to the

local stations," said campaign chairman Bo Callaway.

The broadcast division works out of the PFC headquarters in Washington, D.C., and will concentrate on feeding messages to stations in each state as their presidential primary and convention dates approach.

The first calls were made to New Hampshire and Florida stations following the President's State of the Union address Jan. 19.

Speeches made by officials participating in the campaign Advocates Program will be utilized extensively by the radio operation as will messages directly from President Ford and statements on political issues from campaign spokesmen.

"We expect to make several thousand calls each month to distribute these messages when the campaign hits full stride," Callaway said.

Florida Legislators Challenge Reagan To Explain Plan

Three members of the Florida House minority leadership have telegraphed Ronald Reagan asking him to come before them to explain his proposal "to shift the responsibility of funding approximately \$1.2 billion in federal programs to Florida."

"We are seriously concerned," they told Reagan, "since our projected revenue for state programs is \$50 million short for the current fiscal year.

Rep. Mary Grizzle of St. Petersburg, Rep. Chester Clem of Vero Beach and Van B. Poole of Ft. Lauderdale asked Reagan to appear before an informal session of Republican members of the legislature "to explain the specifics of your plan."

Reagan, through a spokesman, turned down the request.

Advocates Promote President

Cabinet members, congressmen, senators and governors will be hitting the campaign trail on behalf of President Ford as participants in the PFC's "Advocates Program."

"We will have from 50 to 60 top government and political leaders making speeches and political appearances for Mr. Ford when the program reaches full strength," said PFC scheduler and advocates coordinator Judy Harbaugh.

"We expect to schedule a half dozen different speakers in New Hampshire before the primary. And we're gearing up for Florida and the other early primary states as well," she added.

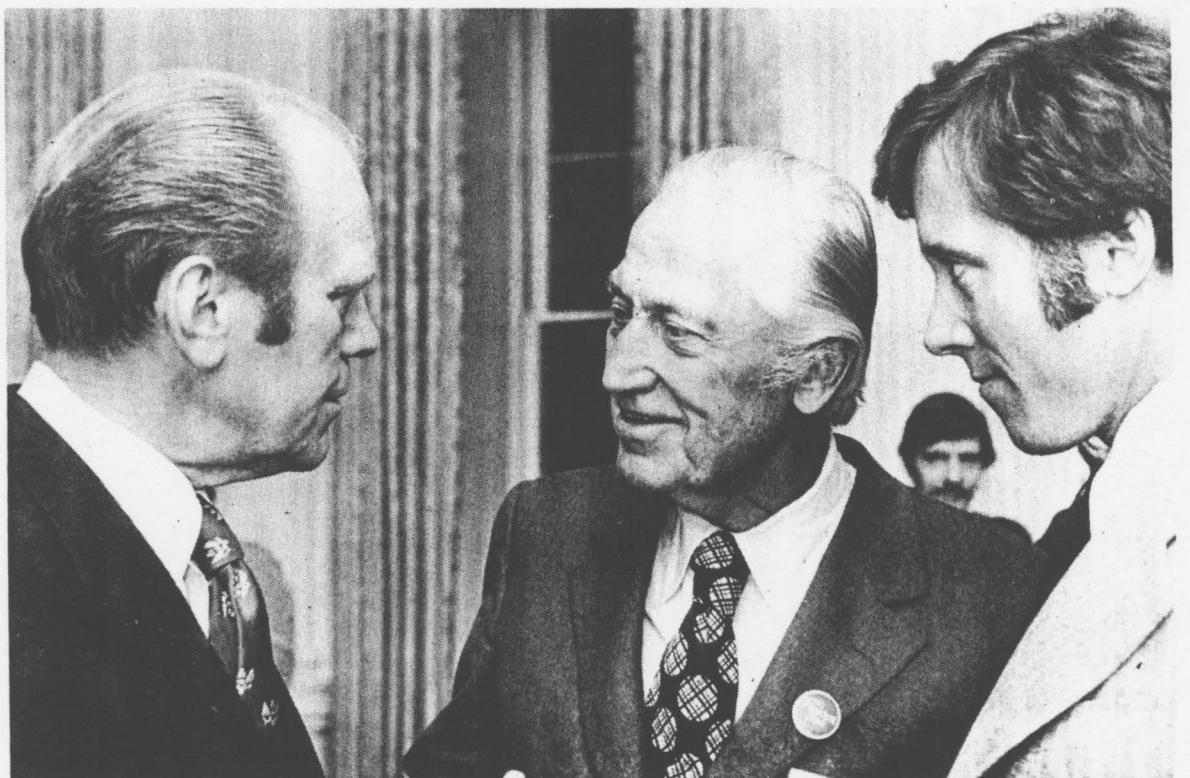
Speakers Scheduled

Campaign appearances already have been scheduled for Treasury Sec. William Simon, Agriculture Sec. Earl Butz, energy chief Frank Zarb, Commerce Sec. Elliot Richardson and Housing Sec. Carla Hills as well as House Minority Leader John Rhodes, Senate Minority Leader Hugh Scott and Texas Sen. John Tower, among others.

"Reagan has 15 days of campaigning scheduled in New Hampshire and the President has only two or three," Ms. Harbaugh said. "That's the difference between a full-time candidate and an incumbent President."

The advocates will fill in for the President at fund-raising events, political rallies, speakers' forums and other campaign functions in New Hampshire and in the other 49 states throughout the primary and general elections campaigns.

Those scheduled to speak for the President in New Hampshire include: Simon, Richardson, Tower, Zarb, HEW Sec. Mathews, Rep. Paul McCloskey Jr., (R-Calif.) and former Pennsylvania Gov. William Scranton.



Former Congressman Les Arends of Illinois (center) Discusses Midwest Strategy with President Ford as Regional PFC Coordinator Skip Watts Looks On

New Hampshire Primary Tops List

Proposal Deadlines Near in 13 States

The February PFC calendar is packed with important dates for presidential preference primaries, climaxing with the first-in-the-nation primary election in New Hampshire on Feb. 24.

Here is the current listing:

FEBRUARY

- 1—Secretary of State of Florida announces candidates placed on ballot
- 1—Secretary of State of Georgia announces candidates placed on ballot
- 1—Secretary of State of California announces candidates placed on ballot
- 1—Wyoming Precinct Caucuses
- 2—Final date for filing petition with Secretary of State of Texas for Presidential candidates
- 3—North Carolina State Board of Election nominates candidates
- 3—Wisconsin State Selection Committee meets to select candidates

- 6—Wisconsin certification of candidates and notification
- 7—Final date for filing petitions in West Virginia for Presidential candidates
- 9—Presidential candidates must file the names and addresses of Delegate Selection Committee in each Congressional District, consisting of 10 voters, with Secretary of State of Texas
- 10—Final date for filing petitions in Vermont for Presidential candidates
- 16—Final date for meeting of Delegate Selection Committees in Texas
- 16-19—Period for filing of delegates in New York for primary
- 17—Final date for filing petition to have candidates' name placed on ballot in Pennsylvania
- 18—Beginning date to file petitions with Secretary of State of Indiana
- 20—Secretary of State of

Rhode Island announces candidates to be placed on ballot

24—New Hampshire primary election

Callaway Keeps Busy Schedule

Campaign chairman Bo Callaway's travels in January took him from Sacramento to Pensacola in drawing together President Ford's election campaign organization.

Callaway chaired the PFC chairmen's meeting in Washington early in January. In mid-month he was in Chicago to address the Republican state chairmen meeting there and later was in Sacramento to address the California Republican Assembly.

Later in January, he traveled to Gainesville, Pensacola and other Florida cities to speak on behalf of President Ford and attended the annual GOP anniversary ball at Callaway Gardens in Georgia.

Finally, Callaway returned to the Midwest to address the regional Republican conference in Dearborn, Mich., Jan. 31.

Mrs. Ford Leaves Issues To President

First Lady Betty Ford said Monday she will be speaking on behalf of the President during the upcoming campaign but she will leave speaking on the issues to him.

Appearing at a GOP women's luncheon in Washington, D.C., Mrs. Ford told reporters: "I'll be speaking but I don't know as I'll be speaking on issues . . . I think I'll leave that up to him."

The First Lady told the League of Republican Women of the District of Columbia, "I'm thrilled to death to see this absolutely great turnout. It shows you are all out to go to work, and it's what we all have to do for the GOP."



First Lady Betty Ford



White House Counselor Rogers C. B. Morton

Morton Assumes White House Job

Former Republican National Committee chairman and outgoing Commerce Secretary Rogers Morton will serve, in his new post as White House counselor, as the primary liaison between the PFC and the Oval Office.

Morton has joined the President's personal staff as a cabinet-rank adviser on economic and domestic policy matters and as PFC political contact.

Campaign chairman Bo Callaway said he was "delighted a man of such stature as Morton" is serving in the post.

Political liaison duties in the Ford White House have been divided between Robert Hartmann, the official political adviser who also serves as the President's key speech writer, and the White House chiefs of staff — first Donald Rumsfeld and now Richard Cheney.

"With Rog Morton at the White House, we will have a man of tremendous governmen-

tal and political experience to give quick, definite responses on campaign plans," Callaway said.

"It's impossible to separate government from politics — especially in an election year and especially when you have the incumbent President as a candidate," said Callaway.

"Rog not only will contribute his vast governmental experience and knowledge to the executive decision making process, but by taking over as PFC political contact, will free the President and his chief of staff to concern themselves virtually full-time with the official business of the country."

Morton, 61, is a former congressman from Maryland and served as Secretary of the Interior before moving to the top job at the Commerce Dept. Former Ambassador to Great Britain Elliot Richardson replaced Morton as Commerce Secretary.

People Are Talking . . . Inside News Is Listening

"The simple fact is that President Ford is the only Republican who can defeat anyone the Democrats nominate," California PFC Chairman Ev Younger.

"Damn the polls . . . Full speed ahead!" President Ford, speaking to his state chairman at the White House.

"That's our kind of Republican President" exclaimed Los Angeles Republicans after President Ford attended a fund raiser in that city that pulled in \$350,000 for local candidates.

"This will be a good year for President Ford." . . . forecaster Jeane Dixon in making her annual projections.

"Ford's campaign in Florida is the best organized in the country. We have the best people and the best candidate and we are going to win the primary in March." PFC Florida chairman Lou Frey.

On the challenge . . . "The chief criticism I hear of the President's opponent is that Mr. Reagan speaks like an actor reciting his lines; his statements seem like a script written for him" . . . an East coast Republican responding to a poll taken by the Christian Science Monitor.

"Ronald Reagan's bid for the Presidency really should be tossed to the movie critics . . .

The astonishing thing is that this amusing but frivolous Reagan fantasy is taken so seriously . . . It makes a lot of news, but it doesn't make much sense." James Reston in the New York Times.

"The inventor of the 11th commandment of politics — 'Thou shalt not speak ill of another Republican' — has flagrantly violated the yet-to-be-inscribed 12th, which is 'Thou shalt not speak of half-baked money schemes in mixed company.'" Mary McGrory in a column about Reagan's \$90 billion plan.

"Before Ronald Reagan

starts worrying about extra commandments, he should see to it he abides by those already inscribed, especially the 10th—'Thou shalt not covet thy neighbor's house.' Craig Benkman at the PFC chairmen's meeting in Washington Jan. 9.

And on the issues . . . "With the retirement of William O. Douglas and the creation of a vacancy on the Supreme Court, President Ford . . . in choosing John Paul Stevens of Chicago to fill the post, seems to me to have followed the wisest possible course." Marquis Childs in the Baltimore Sun.

"President Ford showed a

firm grasp in locating the public interest amid conflicting values when he signed into law the Comprehensive Energy Policy and Conservation Act of 1975.

. . . Mr. Ford correctly perceived that, on balance, enactment of this complex measure would benefit the public far more than its veto." The Los Angeles Times in an editorial.

. . . And on common situs picketing, the California newspaper said: "There never was any sound argument for enacting a law that could only make for more and bigger strikes and a further rise in the already astronomical cost of building."

The Inside News

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THE PRESIDENT FORD COMMITTEE, Washington, D.C.

February 1976

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Common Sense Is Theme for 1976

Budget to Slow Big Government

President Ford has prepared a trimmed fiscal '77 budget which he said is designed to "curb the continued growth of big government" and return resources to individual Americans.

Next year's budget proposes limiting federal outlays to \$394.2 billion and includes tax cuts of \$28 billion.

Total spending, if Congress follows the President's plan, will increase by only 5.5 per cent over 1976 levels—less than half of the average increases in federal spending in the last 10 years.

Signing the budget document before sending it to Congress, the President said it holds no "false promise" to solve all of America's problems, but is dedicated to achieving "a better, more bountiful life for the American people."

"It reflects on every page the common sense, the new realism" the President called for in

(Cont. on Page 7)

New Budget Highlights

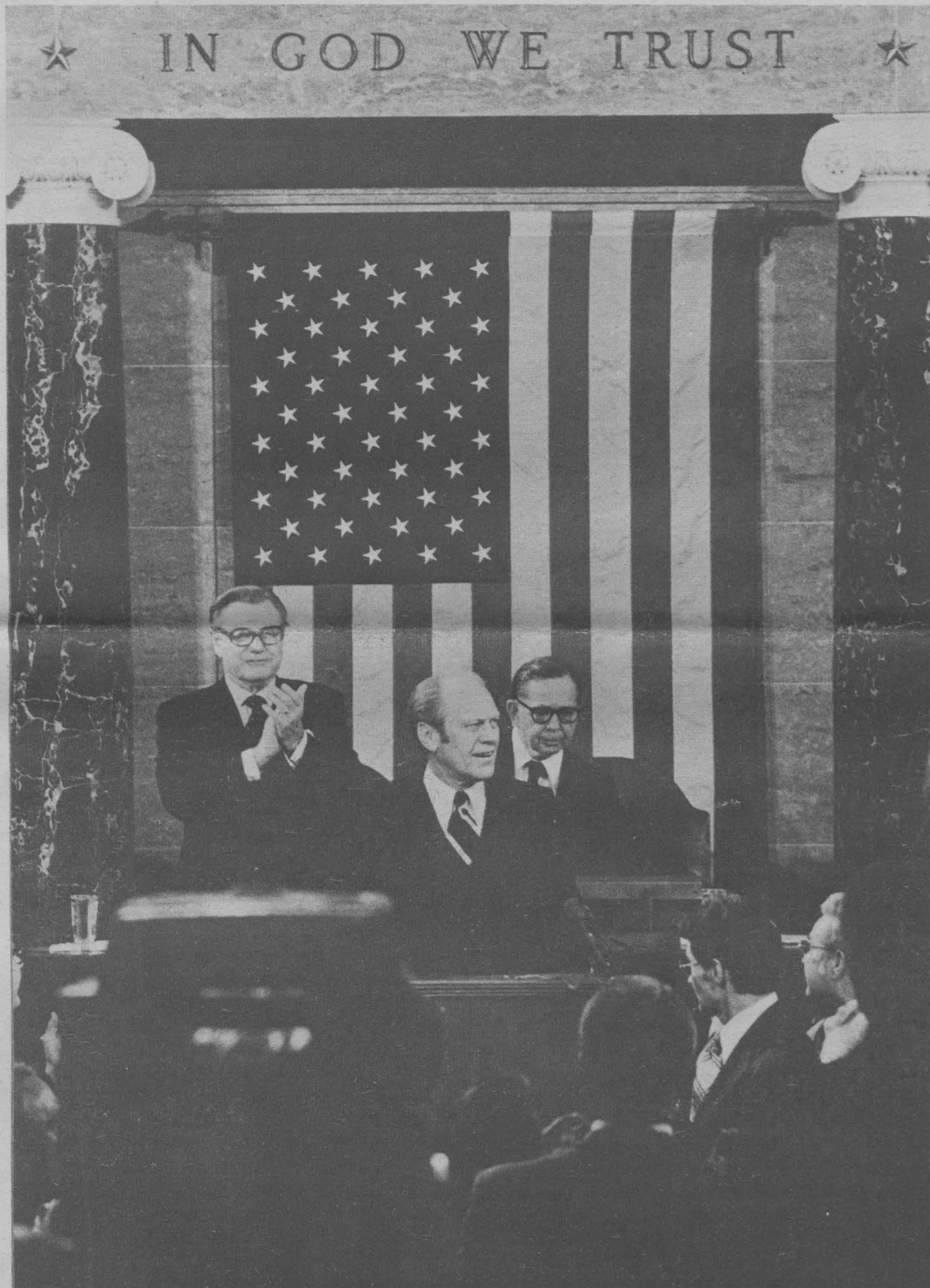
- Government spending held to \$394.2 billion, up only 5.5 per cent from the current fiscal year. This is less than half of the average annual growth in federal spending in the last 10 years.

- Increases in social security benefits to equal the hike in the cost-of-living index.

- Income tax cuts totaling \$28 billion, reducing the tax bill for an average family of four (with an adjusted gross income of \$20,000) by \$340 next year.

- Catastrophic health insurance provided for the elderly. The President's proposal would guarantee that an elderly person would spend no more than \$750 in a year for medical expenses.

- Consumer price increases to be held to 5.9 per cent compared to 6.9 per cent in 1975 and 12.2 per cent in 1974.



Ford Plans Campaign Trip

President Ford will make his first campaign trip of the bicentennial election year in the state with the first Presidential primary.

The President plans to visit New Hampshire Feb. 7-8 to deliver a Chamber of Commerce address, meet with campaign workers, hold a news conference and greet voters at a Concord reception.

He is scheduled to arrive aboard Air Force One in Manchester Saturday morning and travel via motorcade to Con-

cord for a noon meeting with state, county and local elected officials. The meeting will be followed by a reception at Rundlett Junior High in Concord.

The President will then travel to Nashua where he is scheduled to address the 50th annual banquet of the Nashua Chamber of Commerce Saturday night.

He will remain overnight in Nashua and will attend Sunday morning church services before returning to Concord for a rally

with President Ford Committee volunteers and workers. A news conference is scheduled Sunday afternoon at the University of New Hampshire in Durham to be followed by a speech there Sunday night.

The President is expected to return to Washington, D.C., Sunday night.

Mrs. Ford and daughter Susan are expected to accompany President Ford to New Hampshire.

New Hampshire has the first presidential primary in the nation on Feb. 24.

State of The Union Is Better

The Ship of State is on course, guided by the hard work, courage and common sense that are America's heritage, President Ford told the nation in his Bicentennial State of the Union address.

"Just a year ago I reported that the State of the Union was not good.

"Tonight I report that the State of the Union is better—in many ways a lot better—but still not good enough," Mr. Ford said.

"1975 was a year of hard decisions, difficult compromises, and a new realism that taught us something important about America.

"It brought back a needed measure of common sense, steadfastness and self-discipline. Americans did not panic or demand instant but useless cures.

"In all sectors people met their difficult problems with restraint and responsibility worthy of their great heritage."

The President said the course he set for America a year ago turned out to be the right one. "Common sense tells me to stick to that steady course."

He said his first objective for 1976 is "sound economic growth without inflation" to be achieved by slowing the growth of the federal government and speeding the growth of the private sector.

"The government must stop spending so much and borrowing so much of our money; more money must remain in private hands where it will do the most good.

"To hold down the cost of living, we must hold down the cost of government."

The President called for a balance "that favors not only sound, active government but also a much more vigorous, healthier economy that can create new jobs and hold down prices.

"The genius of America has been its incredible ability to improve the lives of its citizens through a unique combination of governmental and free citizen activity.

"In all what we do, we must be more honest with the American people, promising them no more than we can deliver, and delivering all that we promise."

PFC Sets Fund Raising Record

The President Ford Committee broke all of its own fund raising records in January, kicking off the bicentennial election year with receipts "well in excess" of July's \$500,000 total.

January contributions had topped \$535,000 by the end of the third week. "And we expect February to be even better," said Bob Mosbacher, finance chairman of the President Ford Committee.

The PFC finance office is busy preparing the first major direct mail appeal the committee has undertaken, expected to reach 1,000,000 potential contributors by mid-February.

Day Breaks Records

The day after the President delivered his State of the Union address Jan. 19, the committee took in \$88,000—\$2000 more than the total for an average week in 1974.

The total number of donors has "increased dramatically," said PFC finance committee director Bob Odell.

Odell and Mosbacher, who took over the finance committee operation on Dec. 4, have been focusing on gifts of \$250 or less which are eligible for federal matching money. The maximum any individual can contribute to the campaign is \$1000 and the maximum the President can spend to win his party's nomination is \$11 million (plus another \$2 million to raise the \$11 million).

By the third week in January, the PFC had raised \$2,651,322 with expenditures of \$2,040,346

'Let's Go With Ford'

Saying, "Let's go with Gerald Ford," an Ohio newspaper has taken the lead in editorial endorsements of the President, making it official position known nearly a year before the Nov. 2 general election.

The Union Times, Springdale Observer said in a Dec. 4 editorial written by publisher W. J. Hanson:

"It may be early by some measure for a little weekly newspaper to be commenting editorially on such an important issue as the office of the President of the United States.

"And there are those who would feel that for a little weekly to have the audacity to project an opinion is unheard of. Now that we have graciously and humbly made the amenities, lets just jump in all over.

"I say lets go with Gerald Ford."

Keith McNamara, chairman of the President Ford Committee in Ohio, said of the editorial support: "I am confident this endorsement will be the first of many by newspapers and other independent observers."

leaving a cash on hand of \$610,975.

The Committee also registered its first \$100,000 day on Jan. 22 which Callaway hailed as "the biggest sign of the big success the direct mail effort is having."

Three States Lead

In mid-January, Kansas, Georgia and Alaska were leading the other 47 states in collecting their quota of contributions. Georgia, under finance chairman Julian LeCraw, had collected more than \$95,000 of its \$150,000 primary election goal; Kansas, under C. Howard Wilkins, has collected more than \$84,000 toward its \$135,000 goal; and Alaska, under Edward B. Rasmuson, has received more than \$15,000 of its \$20,000 quota.

Delighted with Success

"We are delighted with the success our fund raising effort has been having under the direction of Bob Mosbacher and Bob Odell," said campaign chairman Bo Callaway. "The finance operation has built up a tremendous momentum, with every month, every week and every day breaking past records."

Mosbacher, 48, is a Houston businessman who has served as a member of the executive committee of the Republican National Finance Committee.

President Ford said, in appointing Mosbacher to the finance chairman post, "He is a competent and dynamic leader who will be able to attract financial support from hundreds of thousands of Americans."

Odell Takes Post

Odell, 32, formerly served as executive director of the Republican National Finance Committee and has taken a leave of absence from National Direct Mail Services Inc. of Washington, D.C., of which he served as president, to take over the PFC post.

"In Bob Odell, the President Ford Committee gains an experienced political fund raiser with strong party ties," Mosbacher said in announcing Odell's appointment. "He is particularly skilled in direct mail and telephone solicitations, the type of approaches we need to broaden the financial base of this campaign."

Three-Pronged Effort

The fund raising effort aimed at raising the legal limit of \$12 million for the President in the pre-convention period includes: (1) direct mail solicitations at both the national and state levels (2) follow-up telephone solicitations (One phone bank has been working out of the PFC offices in Washington and others have started in other major cities.) (3) personal contacts to those who can give up to the maximum \$1000.



PRESIDENTIAL VISIT: President Ford visited his campaign headquarters in Washington last month, stopping to greet the youngest volunteer on hand, seven-month-old Jonathan Sheppard, son of volunteer Sandra Sheppard. After making the rounds to greet individual staff workers, the President spoke to the group, praising workers and thanking his campaign chairman Bo Callaway (bottom right) for putting together "a top notch campaign organization."



Black Council Endorses Ford

The Michigan chapter of the National Black Republican Council has voted to endorse President Ford for the 1976 nomination.

Ulysses W. Boykin, chairman of the Black Michigan Republicans, made the announcement following the council's January meeting in Detroit.

THE INSIDE NEWS

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HOWARD H. CALLAWAY, *Chairman*

ROBERT C. MOOT, *Treasurer*

ROBERT MOSBACHER, *National Finance Chairman*

A copy of our report is filed with the Federal Elections Commission and is available for purchase from the Federal Election Commission, Washington, D.C. 20463.

G. M. Prather, *Editor*

News from the States

Women Play Key Role In California Effort

Reaching into the ranks of Republican party activists, the California President Ford Committee has named three prominent women to head key posts in the state.

Serving as full-time volunteers are Mrs. Nita Ashcraft of San Francisco; Mrs. Rosemary Ferraro and Mrs. Alice Ogle, both of Los Angeles.

The three are charged with organizing and directing the President Ford campaign in their assigned areas. They share responsibility for developing local steering and organizational committees and for meshing these hundreds of volunteer workers into a broad-based, community-level campaign effort on behalf of the President.

Los Angeles coordinators Mrs. Ferraro and Mrs. Ogle are experienced in volunteer Republican campaign precinct organization work in their city. Los Angeles County is the most populous in the nation and represents nearly 40 per cent of the statewide Republican vote.

Mrs. Ashcraft a former vice-chairwoman of the state party, has opened a northern California campaign office and is coordinating the Ford effort in that part of the state.

President Attends Georgia Event

Nearly 900 Republicans paid \$100 each to attend a fund raising dinner in honor of President Ford, and the event has been dubbed "the most successful fund raising event ever held by the Georgia Republican Party" by state leaders.

Mrs. Richard Guthman of Atlanta, Ford chairman for the 24th House District in Fulton County, sold over 100 tickets to the dinner which was chaired by Bill Amos of Valdosta, one of the key strategists in the Georgia Ford campaign.

Georgia PFC chairman Matt Patton also reports many well-known Republican leaders are participating in his state's "Project Leader."

These key Republicans, such as former GOP State Chairman Bob Shaw, Fletcher Thompson, Senate Minority Leader Paul Coverdell, House Minority Leader Mike Egan, and Atlanta City Councilman Richard Guthman, Jr., are sending personal letters to Republican friends throughout the state, urging them to join in supporting the President.

Patton himself has traveled to many key areas of the state, meeting with Ford supporters and discussing campaign plans aimed at winning the May 4 Presidential primary.

Illinois To Back President Ford

Former Illinois Gov. Richard B. Ogilvie chairman of the PFC committee in that state, praised President Ford at a news conference held after he filed a petition of candidacy in the March 16 Illinois Presidential primary.

"Illinois is backing a man with experience dealing with national and international problems . . . a man of proven integrity and candor . . . who has

the confidence of the people: Ford, Ford, FORD," Ogilvie said.

In other Illinois action, Ogilvie has named 24 Illinois Republican leaders to act as congressional district coordinators for the Ford Committee in his state.

"In the first state-wide coordinators meeting, we finalized plans for an all-stops-pulled Illinois effort for Ford," the chairman reports.

Committee Executive Director Arthur J. Falls outlined a comprehensive organization which, with the hard work of each Ford supporter, "will ensure a victory for the President in March." Discussion of delegates slating revealed a strong corps of Republicans ready to run for Ford, Ogilvie reports.

Ohio Leaders Support Ford

Four top Ohio Republican leaders will serve as advisers to the chairman of the President Ford Committee in Ohio, advising him on matters of policy, personnel, finance and campaign strategy.

John S. Andrews, Ray C. Bliss, Kent B. McGough and Martha C. Moore will meet frequently with Keith McNamara, the President's campaign chairman in Ohio.



Massachusetts Steering Committee Members Sen. William Saltonstall, left, and David Place, center, talk strategy with Bo Callaway.

the confidence of the people: Ford, Ford, FORD," Ogilvie said.

"We are very fortunate to have four persons with such experience and expertise to guide our campaign effort," McNamara said. "The support of these leaders of our party means much to the President and symbolizes the support of the party in Ohio for President Ford."

Massachusetts Effort Spreads to Grassroots

The Massachusetts PFC, chaired by Rep. Silvio Conte, reports the endorsement and pledge of active support by more than 184 local and state Republican leaders recently named to the Massachusetts Steering Committee.

In addition, town and city PFC coordinators are being named throughout the Commonwealth and an active grassroots effort is well under way.

The major projects underway in January included the circulation of petitions, organization of local volunteers and distribution of voter information throughout the state. These efforts are being carried out by city and town coordinators working with the steering committee members.

National PFC Chairman Bo Callaway visited Massachusetts during a recent swing through New England. He met in Boston with the campaign steering committee, talked with party workers at the home of Mr. and Mrs. Donald Cutler of Chestnut Hill, held a news conference and appeared on ABC's "Good Morning Show" before leaving for New Hampshire.

At his news conference in Boston, Callaway discussed Ronald Reagan's record as governor of California. "The so-called eleventh commandment doesn't apply to discussing an elected official's performance in office. The President's record is open to discussion and Ronald Reagan's record must be open for discussion, too."

At a meeting later with GOP officials, Callaway praised the Massachusetts Steering Committee and said, "The diversity of your membership is an indication of the wide appeal the President has, the same wide appeal that will elect Gerald Ford in November."

Texas PFC Involves "Mainstream" Republicans

PFC workers in Texas have unanimously approved a plan to involve volunteer workers in the state's larger cities as well as residents of rural communities in the state's delegate selection process. The Ford organizers are going far beyond requirements in the Texas presidential primary law which would allow candidates to hand pick their delegates without any balloting process. The aim: "To give Texans a decision-making voice in the shaping of the national ticket."

Other News Notes

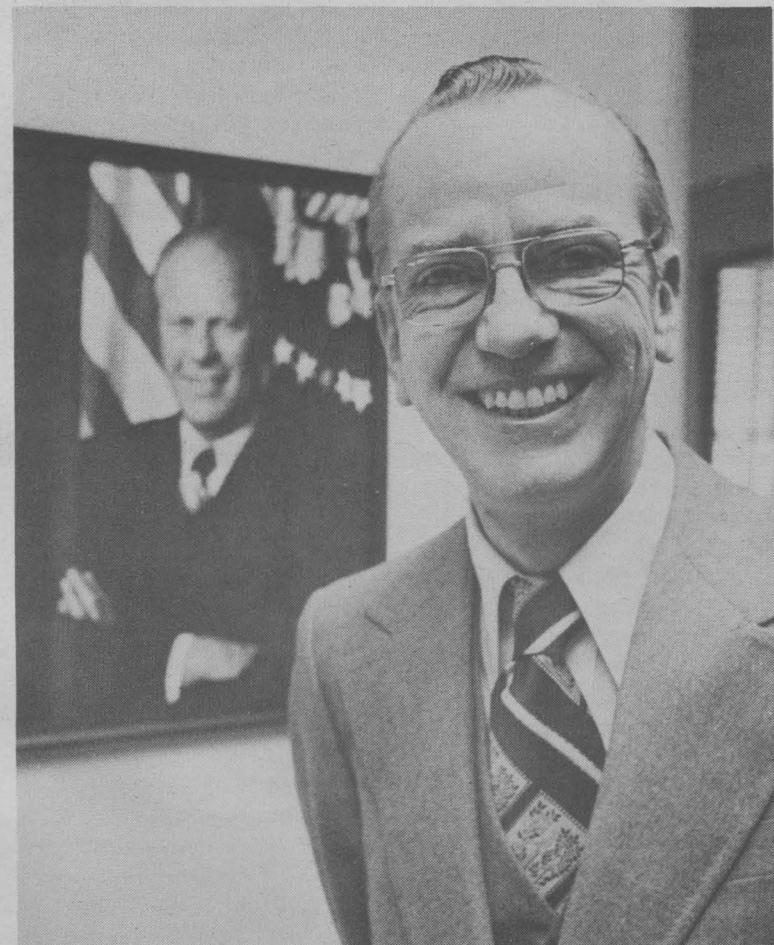
From Florida: Florida state chairman Bill Taylor has launched a massive registration drive aimed at the estimated 2.2 million unregistered voters in the state . . . the Republican Party's 1976 presidential nominating convention in Kansas City Aug. 16-19 will have at least 2259 delegates, making it the largest in the party's history and 911 delegates larger than in 1972.

Florida mayors lining up behind the President include Byrd F. Marshall of Boca Raton; Charles Strickland, Leesburg; William J. Alsdorf, Pompano Beach; Elmer G. Berkell, Sarasota; Harry E. Heineman, Naples; David Roberts, Boynton Beach; Charles V. Flanagan, Pembroke Pines.

From Vermont: This state is the newest addition to the list of states holding presidential primaries this year, bringing the total to 33. The Vermont primary will be held March 2, the same day as the Massachusetts vote.

And more from California: The California Ford Committee is steadily gathering steam. Two days after the President announced he was in the race, a 44-member statewide organizing committee was announced—within weeks that list had grown to over 250 with the addition of prominent state Republican leaders announcing their endorsement. By December, more than 1000 volunteers had signed up to work for President Ford's election and the list is still growing.

. . . Edgar Welden, Alabama Republican State Chairman, has endorsed President Ford . . . Also joining the ranks: Mississippi GOP gubernatorial contender Gil Carmichael . . . Keith McNamara, chief of President Ford's Ohio campaign, lists the telephone number at state headquarters as 221-FORD . . . and the Nebraska PFC has renamed the telegram to show support for their candidates. Special messages are called "Ford-O-Grams."



Ohio Republican Keith McNamara Lines Up Campaign Forces
(Associated Press Photo)

Buttons, Bumper Stickers Due at Hdqts. This Week

Campaign buttons, bumper stickers, posters and brochures will be arriving this week in Ford campaign headquarters throughout the country.

The first shipment to all of the states has gone out of PFC Washington offices. Stu Spencer, deputy campaign manager, said the packages contain a "two or three months supply" and will be followed by future shipments.

Official campaign colors are red, white and blue. The copy reads, simply, "President Ford, '76."

The official campaign photo, a candid shot by a news magazine photographer, will be used on posters, both in the campaign colors and in black and white, and on campaign brochures.

Photo Reflects Qualities

"We believe the picture reflects the strength and leadership qualities of President Ford," said Bruce Wagner of the PFC's advertising agency, Campaign '76.

The majority of the posters measure 38" x 50" (there will be some smaller and some larger for special use); they show the official photo of the President and say only, "President Ford, '76." Wagner said Campaign '76 is exploring the possibilities of adding a line at the bottom, such as "For New Hampshire" or "For California," to individualize the posters for the states.

The bumper stickers are smaller than usual, measuring only 2½" x 11½". They come with either blue or red backgrounds and white lettering.

Square varieties of the bumper sticker also are being tried; they are printed in the same colors and also read, "President Ford, '76."

Brochures Included

Also included in the shipments will be three-fold brochures, again with the photo of the President on the cover, and inside concise reasons why President Ford should be elected to his first full term in the White House.

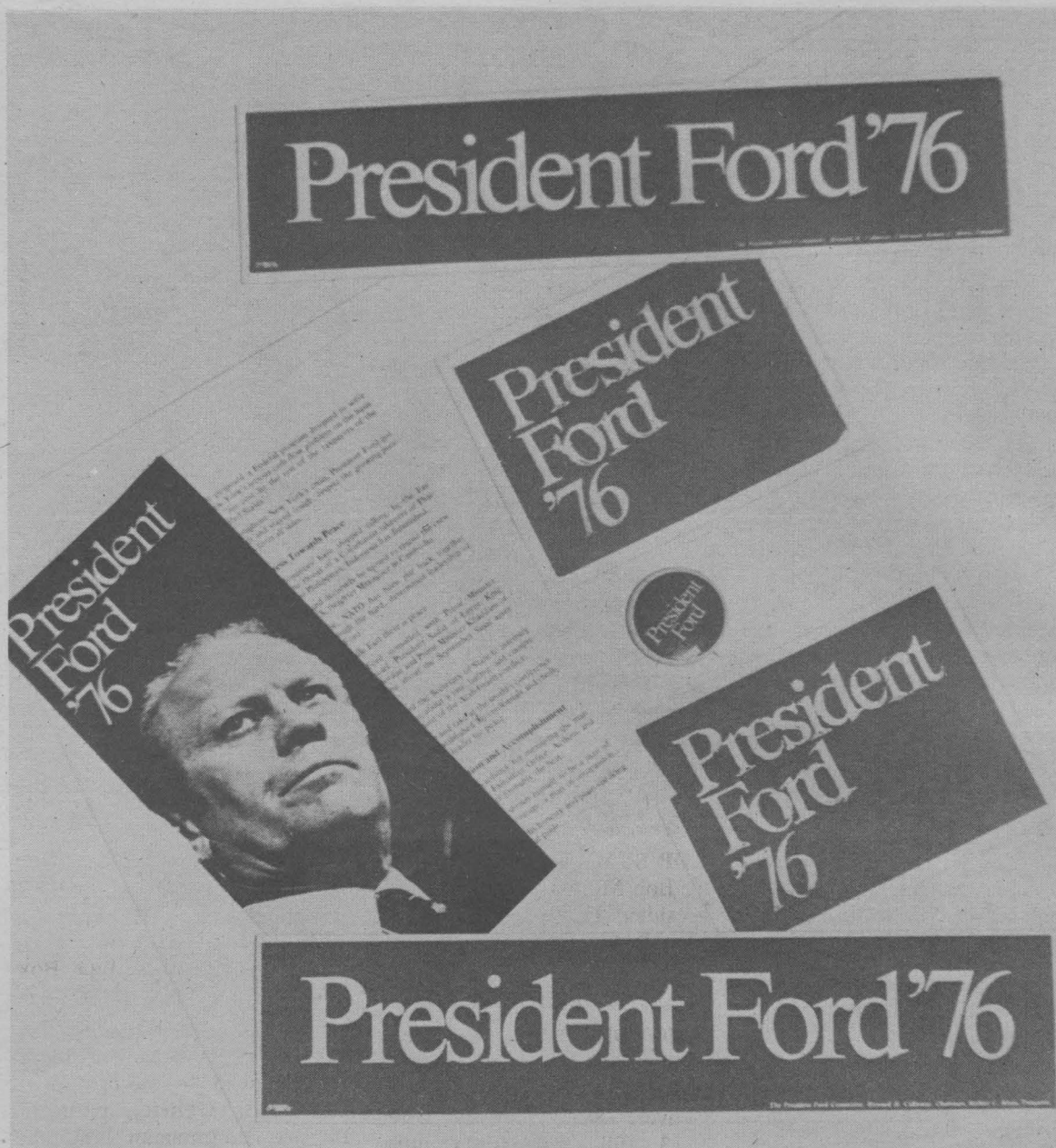
Special "Issue Bulletins" have been printed, outlining the President's stance and accomplishments on crime, older Americans, the economy, foreign affairs, energy and other focal campaign issues.

The campaign buttons measure 1½" in diameter and again have a blue background with white lettering.

Banners Produced

Wagner also said banners are being produced (dimensions 3' x 11') to help decorate campaign headquarters, to use at Ford campaign functions, etc. And there will be window signs for offices and headquarters printed in red.

The PFC regional coordinators worked out an allocation schedule for the campaign materials to each of the states. "We want to make sure the early primary states are adequately supplied with literature and other materials right now," Spencer said. "Then, as the other states approach their conventions or primaries, we will concentrate more heavily on them."



Campaign Materials Include Bumper Strips, Square Bumper Stickers, General Brochures and Campaign Buttons.

'I Know We Can Win!'—Ford

"If we keep our cool, keep our faith and do what is right for America, I know we can win!" President Ford told PFC leaders meeting at the White House.

The President invited his state chairmen, regional coordinators and other PFC officials to join him for an informal meeting following the day-long chairmen's conference Jan. 9 at the Mayflower Hotel in Washington, D.C.

The President's campaign organizers were the first to get a preview of the State of the Union message which President Ford delivered to Congress on Jan. 19, detailing plans for education, tax reform, security for the elderly, and reduction of the federal bureaucracy.

Earlier in the day, the PFC chairman and regional coordinators attended a luncheon highlighted by a speech from campaign chairman Bo Callaway.

Callaway predicted all-out victory, beginning in New Hampshire, continuing in Florida and Illinois and sweeping all the way to the Nov. 2 general election.

The afternoon was spent outlining just how campaign organizers plan to accomplish the victory.

Fund raising tactics, press coordination, campaign materials and organizational overviews were among the topics discussed by PFC chairmen

and staffers during the workshop sessions.

Finance Chairman Bob Mosbacher gave a financial briefing, stressing the importance of coordinating political and fundraising efforts, Bob Moot delivered the Treasurers report, outlining accounting procedures necessary to comply with the new Federal Elections Law, and PFC general counsel Bob Visser continued the look at the elections law, delving into regulations governing contributions.

Campaign press secretary Peter Kaye highlighted the key elements of maintaining good press relations, and campaign '76 executive Bruce Wagner displayed campaign posters, bumper stickers and buttons and discussed the distribution schedule for the materials.

PFC administration chairman Bob Marik and director Jim Cochran emphasized the importance of complying precisely with PFC budgets so the committee can stay within the \$11 million spending limitation for the primary election.

Research coordinator Fred Slight provided the chairmen with material detailing the President's accomplishments on everything from agriculture to transportation, and campaign scheduler Judy Harbaugh outlined plans to utilize high administration figures and legislators to speak on behalf of the president at events in all 50

states throughout the campaign.

The workshop sessions concluded with a political overview, led off by PFC political chairman Stu Spencer. The early primary states were the focus of the discussion, but general information was offered on how the individual states are putting together organizations for the President.

Pennsylvania chairman Drew Lewis offered the meeting's finale: he challenged the other five states with 100 or more delegates to deliver a greater percentage of their delegates to Ford than Pennsylvania.

Illinois promptly accepted the challenge, and California, Texas, and New York are expected to follow.

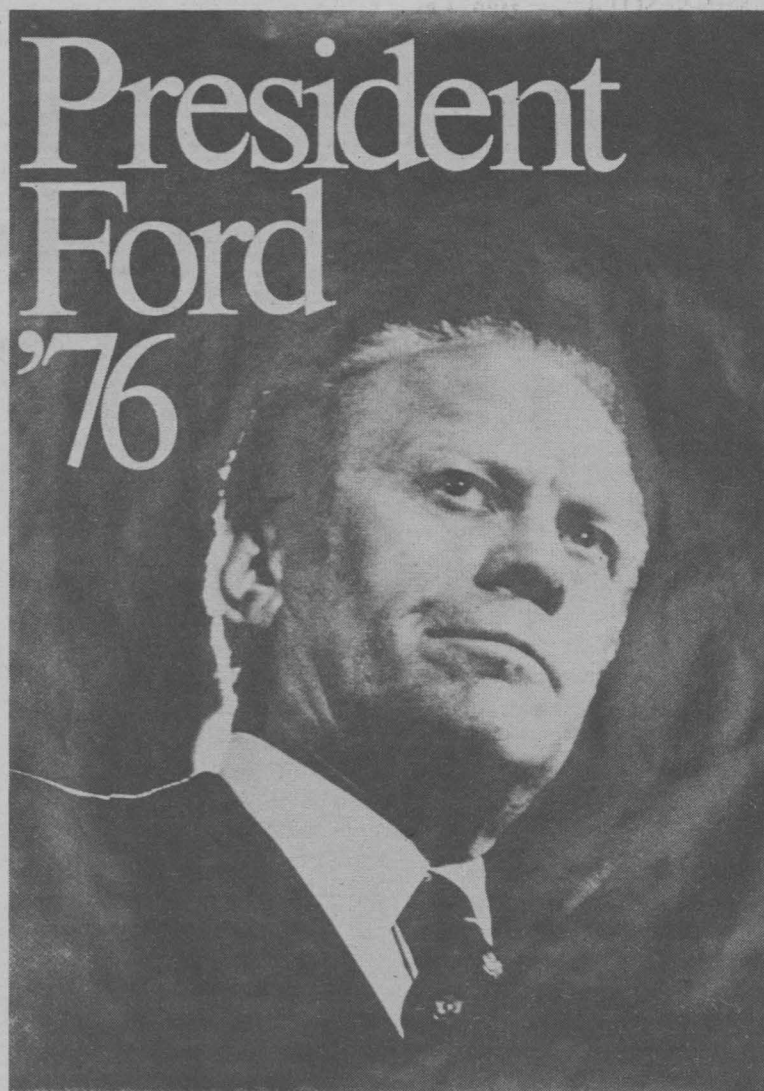
Callaway said the committee would see to it that the winning state was "appropriately rewarded."

HELP!

Inside News needs your help. To make our newsletter newsy, we need to hear from you.

Let us know what you are doing for President Ford in '76, let us know who is doing it and, if you can, send us a photo of your team at work.

Share your ideas with your fellow PFC workers and we all will be able to do an even better job for our President.



Campaign '76 Poster

President's State Chairmen Called 'Winning Team'

President Ford is backed by the most distinguished group of proven political leaders to rally behind any one candidate in this bicentennial year, campaign chairman Bo Callaway said in praising the organization's state chairmen and chairwomen.

Congressmen, state legislators, county and city office holders, attorneys, businessmen, judges and physicians form the broad based collection of PFC statewide coordinators.

"This is unquestionably a winning team," Callaway told the chairmen during a recent meeting in Washington, D.C. "We've got the leaders putting together the organizations to carry us through to victory on Nov. 2."

Campaign chairmen for the President Ford Committee have been named in virtually every state. The list, as we went to press, included:

ALABAMA—Co-Chairpersons **Mildred Anne Lee** of Birmingham and **Charles Chapman, Jr.** Headquarters: P.O. Box 3475, Birmingham, 35205. (205) 322-5733.

ALASKA — Co-Chairmen **Keith Specking** of Hope and **State Sen. Mike Colletta** of Anchorage. Headquarters: 415 L St., Anchorage. (907) 276-3673.

ARIZONA — **Burton Kruglick** of Phoenix and **Mrs. R. C. (Barbara) Janoff**, co-chairperson, of Tucson. Headquarters: 40 East Thomas Rd., Suite 107, Phoenix, 85012. (602) 277-4855. Also: 2221 E. Broadway in Tucson.

ARKANSAS — Co-Chairmen **Guy Newcomb** of Osecola and **Dorothy Webb** of Little Rock. Headquarters: 917 West Markham, Little Rock, 72203. (501) 375-2371.

CALIFORNIA — Co-Chairmen **State Attorney General Evelle Younger** of Los Angeles and **State Sen. Denny Carpenter** of Orange County. Headquarters: 4201 Long Beach



GOP SYMBOL was the subject of discussion at the White House recently among PFC Comptroller Bob Moran, left, Illinois Co-Chairman Harold Smith, Pennsylvania Chairman Drew Lewis and President Ford.

Blvd., Suite 415, Long Beach, 90807. (213) 595-1676.

COLORADO — **Steve Duncan** of Littleton. Headquarters: 1600 Broadway, Suite 1545, Denver, 80202. (303) 861-1413. **Bill Graham**, executive director.

CONNECTICUT — **Joseph B. Burns** of East Hartford.

DISTRICT OF COLUMBIA—**Dr. William Cooper** of Washington, D.C.

FLORIDA—**Rep. Lou Frey** of Orlando. Headquarters: P.O. Box 1706, Orlando, 32802. (305) 843-3673.

GEORGIA — **Matthew Patton** of Atlanta. Headquarters: 2410 Equitable Bldg., Atlanta, 30303. (404) 522-9410. **Susan Tucker**, campaign coordinator.

HAWAII—**Vern S. Byre** of Kailua. Headquarters: 413 Merchandise Mart Bldg., Honolulu, 96813. (808) 524-0946.

IDAHO — **Dave Leroy** of

Boise. Headquarters: P.O. Box 1151, Boise, 83701. (208) 342-7676. **Roy Eiguren**, executive director.

ILLINOIS — Former Gov. **Richard B. Ogilvie**, chairman. Former congressman **Leslie C. Arends**, former congresswoman **Marguerite Stitt Church** and **Sen. Charles Percy**, honorary co-chairmen. Headquarters: 127 North Dearborn St., Room 808, Chicago. (312) 641-6438. **Art Falls**, campaign manager, **Pat Goldman**, office manager.

INDIANA—**Donald Cox** of Evansville. Headquarters: Circle Tower, 5 East Market St., Suite 1125, Indianapolis, 46204. (317) 634-8024. **J. C. Beck**, executive director.

IOWA — **Ralph McCartney** of Charles City.

KANSAS—**Bill Falstad** of Fredonia and **Carol Wiebe** of Hillsboro, co-chairmen. Headquarters: P.O. Box 83, Hillsboro, 67063. (316) 947-3085.

MAINE—**Harrison L. Richardson** of Portland.

MARYLAND — State Sen. **Newt Steers** of Bethesda and **Robert Pascal** of Severna Park, co-chairmen.

MASSACHUSETTS — Rep. **Silvio Conte** of Pittsfield. Headquarters: 68 Leonard St., Belmont, 02178. (617) 489-2505.

MICHIGAN — **Peter Fletcher** of Ypsilanti, chairman. **Sen. Robert Griffin**, Gov. **William C. Milliken** and former Gov. **George Romney**, honorary chairmen. Headquarters: 223 North Walnut Street, Lansing, 48933. (517) 487-5413. **Kathleen Seglund**, executive director.

MINNESOTA — **Hap LeVander, Jr.**, of South St. Paul, chairman **Ancher Nelson** of Hutchinson and **Dorothy Liljgren** of Wayzata, co-chairmen. Headquarters: 4660 West 77th St., Room 159, Minneapolis, 55435. (612) 831-4227.

MISSOURI—**Gene McNary** of Clayton.

MONTANA—**Ken Neill** of Great Falls. Headquarters: P.O. Box 1976, Great Falls, 59403. (406) 727-3452. **Sharon Ashton**, executive director.

NEBRASKA — **Bill Barrett** of Lexington. **Mrs. William (Dee) Graham** of Omaha, vice-chairman. Headquarters: P.O. Box 711, Lexington, 68850. (308) 324-5621. **Elaine Remmenga**, executive director.

NEVADA — Former Mayor **Oran Gragson** of Las Vegas.

NEW HAMPSHIRE—Rep. **James Cleveland** of New London. Former Sen. **Norris Cotton**, honorary chairman. Headquarters: 150 North Main Street, Concord. (603) 228-0150. **John Michels**, campaign manager.

NEW JERSEY—State Rep. **Thomas H. Kean** of Elizabeth.

NEW MEXICO—State Rep. **Bob Grant** of Albuquerque. **Mrs. Richard (Karen) Peterson** of Santa Fe, co-chairman. **Sen.**

Pete V. Domenici and **Rep. Manuel Lujan Jr.**, honorary chairmen. Headquarters: 5555 Montgomery NE, Suite 8, Albuquerque. (505) 883-0200. **Brand Cates**, state coordinator; **Maxine Melbourne**, office manager.

NORTH CAROLINA—**Jim Peden** of Raleigh and **Mrs. Parks M. (Margaret) King, Jr.**, of Charlotte, co-chairmen. Headquarters: P.O. Box 10742, Raleigh, 27611. (919) 821-5021. **Bill Russell**, campaign manager; **Betsy Hamilton**, office manager.

NORTH DAKOTA — **C. Warner Litten** of Fargo, State Rep. **Marjorie Kermott** of Minot, co-chairman.

OHIO—**Keith McNamara** of Columbus. Honorary co-chairmen are former Gov. **John W. Bricker** and former congressman **Frances P. Bolton**. Headquarters: 21 East State St., Suite 118, Columbus, 43215. (614) 221-FORD.

OKLAHOMA—**Doug McKeever** of Enid.

OREGON—**Craig Berkman** of Portland. Former State Sen. **Victor Atiyeh**, honorary chairman.

PENNSYLVANIA—Chairman **Drew Lewis** of Plymouth Meeting. **Mrs. Davitt S. (Marion) Bell** of Pittsburgh, vice-chairman.

RHODE ISLAND — **James Field, Jr.**, of Providence.

SOUTH DAKOTA — **David Volk** of Pierre. **Mrs. Robert (Barbara) Gunderson** of Rapid City, vice-chairman. Former congressman **Ben Reifel** and former congressman **E. Y. Berry**, honorary co-chairmen.

TENNESSEE—**Sen. Howard Baker**, honorary chairman. **Mrs. James R. (Ann) Tuck** of Nashville and **Kyle Testerman** of Knoxville, co-chairmen.

TEXAS—**Sen. John Tower**. Headquarters: P.O. Box 15345, Austin, 78761. **Mrs. Malcolm Milburn**, campaign director, **Roger Wallace**, campaign manager.

UTAH—**Warren E. Pugh** of Salt Lake City and **Myrene R. Brewer** of Ogden, co-chairmen.

WASHINGTON—**Fred Baker** of Seattle, Mayor **Dave Rogers** of Spokane, co-chairmen.

WISCONSIN—Former Gov. **Warren Knowles** of Milwaukee. **Charles O. Davis**, executive director. Headquarters: 229 E. Wisconsin Ave., Milwaukee. (414) 224-9630.

GOP Leaders Meet in Michigan

President Ford has joined his state campaign chairman and Republican party officials from 12 Midwestern States in attending the GOP's Midwest Leadership Conference in Dearborn, Mich.

The Republican National Committee sponsored event is being held at the Hyatt Regency Hotel in Dearborn over the Jan. 31 weekend.



President Ford chats with his Pennsylvania Vice-Chairman Marion Bell at White House

Top Editors, GOP Leaders Choose Ford

An overwhelming majority of the nation's top Republican officials as well as leading newspaper editors believe President Ford will win the party's presidential nomination this year.

Three separate surveys—two polling party leaders and one questioning editors—show that 80% predict Ford will be the nominee.

The Christian Science Monitor asked 150 GOP state chairmen and national committeemen who they thought would be on the ballot; four of five named Ford.

U.S. News and World Report polled 259 top Republican officials throughout the country and, by the same 4-1 margin, they said the President would be the party's choice.

In a third survey, RKO General broadcasting submitted questionnaires to 99 editors of newspapers with circulation of 100,000 or more; 51 responded.

Eighty per cent of the editors said they believed Ford would be the 1976 Republican nominee.

And the confidence in the President doesn't end with political and community leaders. Scholastic Magazines quizzed 38,000 teenagers and found an overwhelming 76% ranked him as good or better, gauging his performance "as a man and a father."

Ford Leads

A Gallup survey taken during the first week of the 1976 election year shows President Ford leading his opponent for the Republican presidential nomination 53 percent to 42 percent.



"I thought I was running against Ford!"

New Hampshire Newsclips

Reagan \$90 Billion Proposal Blasted

"The outside temperature was 23 degrees below freezing when Ronald Reagan began his formal drive for the Presidency in New Hampshire. But there was also a numbing chill inside the town meeting halls where the former California governor tried to explain his proposal to transfer \$90 billion in federal spending to the states.

"In question and answer sessions with the candidate, it was clear that the wary Granite State saw the Reagan plan for what it is: a radical abdication of federal responsibility that would leave the states no choice except to abandon essential government services or fund them with massive state and local

taxes." *The Los Angeles Times.*

"The Reagan plan would cost the people of New Hampshire tens of millions of dollars just to maintain the existing mandated programs at their present level." New Hampshire House Speaker George Roberts.

"Reagan's plan would give the state three choices: to eliminate many necessary programs, to add to the local property tax burden, or to institute a state sales tax, a state income tax, or both." New Hampshire Senate President Alf Jacobson.

"I guess I made a mistake in a speech I made in Chicago" when the \$90 billion plan was announced. Former California Gov. Ronald Reagan.



President Ford meeting with New Hampshire newspaper editors in the Oval office.

Reagan Rhetoric, Record Conflict

One of the biggest myths in American politics is the image of Ronald Reagan as a tight-fisted fiscal conservative.

In reality, Reagan was the biggest taxpayer and spender of any governor in California's history.

Lou Cannon, a political writer for the Washington Post and author of a Reagan biography, wrote in a recent article:

"At times Reagan seems to be the various things his advocates and his adversaries say about him. What Reagan says and what Reagan does are frequently contradictory. And he left a conflicting legacy after two four-year terms in the governorship."

Nowhere are the Reagan rhetoric and the Reagan record in more conflict than in the field of fiscal policy.

Let's compare the rhetoric and the record.

A letter from Sen. Paul Laxalt, R-Nevada, who is chairman of Citizens for Reagan, set the theme of the campaign.

The senator said Reagan would tell the American people "that as governor of California he was successful in:

—creating and returning an \$850 million surplus to the California taxpayers.

—keeping the size of the California state government constant.

—originating and signing a massive tax relief bill which resulted in a \$378 million saving to California's property owners and a \$110 million saving to renters."

That's the rhetoric. In detail, let's look at the record.

Q. What about the Reagan campaign claim that as governor, he created and returned an \$850 million surplus to the California taxpayers?"

A. The \$850 million surplus was not the result of any savings in state government. Rather, it was a serious miscalculation. In 1967, Reagan, in effect, 'overtaxed' Californians through an enormous \$943 million tax increase. While the tax increase was permanent, the rebate was a one-shot temporary form of relief in 1969—the year preceding his bid for reelection.

Q. And the claim of a "massive tax relief bill which resulted in a \$378 million saving to property owners and a \$110 million saving to renters?"

A. This was in no way the result of sound management of the state. The property tax relief was achieved by other federal and state revenues. Specifically, they were a federal revenue sharing surplus, a major increase in the state sales tax and a strong business climate.

Q. What about the Reagan campaign boast that he kept "the size of California state government constant?"

A. Under Reagan, the state budget more than doubled in eight years from \$4.6 billion to \$10.2 billion. The number of state employees increased from 113,779 in 1967 to 127,929 in 1975.

Q. Yes, but don't inflation and the growth of California's population contribute to that budget increase?

A. Doubtless they do. But it is significant to note that under Reagan the state budget increased an average of 12.2% yearly. Under his successor, Edmund G. Brown, Jr., the increase has been 6%. And while California's population grew 1% a year during Reagan's eight-year administration, it grew 3% a year during the 14 preceding years under Governors Edmund G. Brown, Sr. and Goodwin J. Knight.

Q. How did Reagan balance the state budget during those years that it more than doubled? By practicing fiscal economies?

A. By no means. 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 a one-time deficit payment and future property tax relief. In 1971, the increase was \$488 million with \$150 million for property tax relief. In 1972, the increase was \$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.

Q. How was this money raised?

A. By all sorts of taxes. State personal income tax revenues went from \$500 million to \$2.5 billion, a 500% increase. Top 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 adamantly denying 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 also were increased and collections more than doubled.

Q. But didn't taxpayers benefit from local property tax relief?

A. Hardly. 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 percent-

(Cont. on Page 7)

Budget—

(Cont. from Page 1)

his State of the Union address Jan. 19.

The President said, in his message to Congress:

"The combination of tax and spending changes I propose will set us on a course that not only leads to a balanced budget within three years, but also improves the prospects for the economy to stay on a growth path that we can sustain.

"This is not a policy of the quick fix; it does not hold out the hollow promise that we can wipe out inflation and unemployment overnight. Instead, it is an honest, realistic policy—a policy that says we can steadily reduce inflation and unemployment if we maintain a prudent, balanced approach.

"This policy has begun to prove itself in recent months as we have made substantial headway in pulling out of the recession and reducing the rate of inflation; it will prove itself decisively if we stick to it."

President Ford also said the budget proposals are designed to reverse the drift toward bigger and bigger government.

Highlights of the President's 1977 budget include:

—An increase in defense spending of about \$10 billion. "If in good conscience I could propose less, I would," Mr. Ford said.

—A \$10.4 billion effort to speed the birth of new fuel industries, develop untapped power sources and eventually make the United States energy self-sufficient.

—Protection against "catastrophic health costs" for the elderly. "I am proposing that we take steps to address the haunting fear of our elderly that a prolonged, serious illness could cost them and their children everything they have," President Ford said.



President and Mrs. Ford Greet Crowds at Bicentennial Celebration in Traverse City, Mich.

Radio Effort Underway

The President Ford Committee has kicked off its broadcast news operation by making hundreds of telephone calls to local radio stations in the early primary states with taped messages from President Ford and others speaking on behalf of his candidacy.

The recordings, primarily excerpted from speeches made by President Ford, cabinet members, congressmen, senators and other high government officials throughout the country, are offered to the states for use in their local news broadcasts.

"We are extremely pleased with the success our radio operation is having in providing news on issues and on the President's campaign directly to the

local stations," said campaign chairman Bo Callaway.

The broadcast division works out of the PFC headquarters in Washington, D.C., and will concentrate on feeding messages to stations in each state as their presidential primary and convention dates approach.

The first calls were made to New Hampshire and Florida stations following the President's State of the Union address Jan. 19.

Speeches made by officials participating in the campaign Advocates Program will be utilized extensively by the radio operation as will messages directly from President Ford and statements on political issues from campaign spokesmen.

"We expect to make several thousand calls each month to distribute these messages when the campaign hits full stride," Callaway said.

Florida Legislators Challenge Reagan To Explain Plan

Three members of the Florida House minority leadership have telegraphed Ronald Reagan asking him to come before them to explain his proposal "to shift the responsibility of funding approximately \$1.2 billion in federal programs to Florida."

"We are seriously concerned," they told Reagan, "since our projected revenue for state programs is \$50 million short for the current fiscal year.

Rep. Mary Grizzle of St. Petersburg, Rep. Chester Clem of Vero Beach and Van B. Poole of Ft. Lauderdale asked Reagan to appear before an informal session of Republican members of the legislature "to explain the specifics of your plan."

Reagan, through a spokesman, turned down the request.

Advocates Promote President

Cabinet members, congressmen, senators and governors will be hitting the campaign trail on behalf of President Ford as participants in the PFC's "Advocates Program."

"We will have from 50 to 60 top government and political leaders making speeches and political appearances for Mr. Ford when the program reaches full strength," said PFC scheduler and advocates coordinator Judy Harbaugh.

"We expect to schedule a half dozen different speakers in New Hampshire before the primary. And we're gearing up for Florida and the other early primary states as well," she added.

Speakers Scheduled

Campaign appearances already have been scheduled for Treasury Sec. William Simon, Agriculture Sec. Earl Butz, energy chief Frank Zarb, Commerce Sec. Elliot Richardson and Housing Sec. Carla Hills as well as House Minority Leader John Rhodes, Senate Minority Leader Hugh Scott and Texas Sen. John Tower, among others.

"Reagan has 15 days of campaigning scheduled in New Hampshire and the President has only two or three," Ms. Harbaugh said. "That's the difference between a full-time candidate and an incumbent President."

The advocates will fill in for the President at fund-raising events, political rallies, speakers' forums and other campaign functions in New Hampshire and in the other 49 states throughout the primary and general elections campaigns.

Those scheduled to speak for the President in New Hampshire include: Simon, Richardson, Tower, Zarb, HEW Sec. Mathews, Rep. Paul McCloskey Jr., (R-Calif.) and former Pennsylvania Gov. William Scranton.

Rhetoric, Record

(Cont. from Page 6)

age of 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 higher 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.

Q. What did Reagan have to say about all this spending?

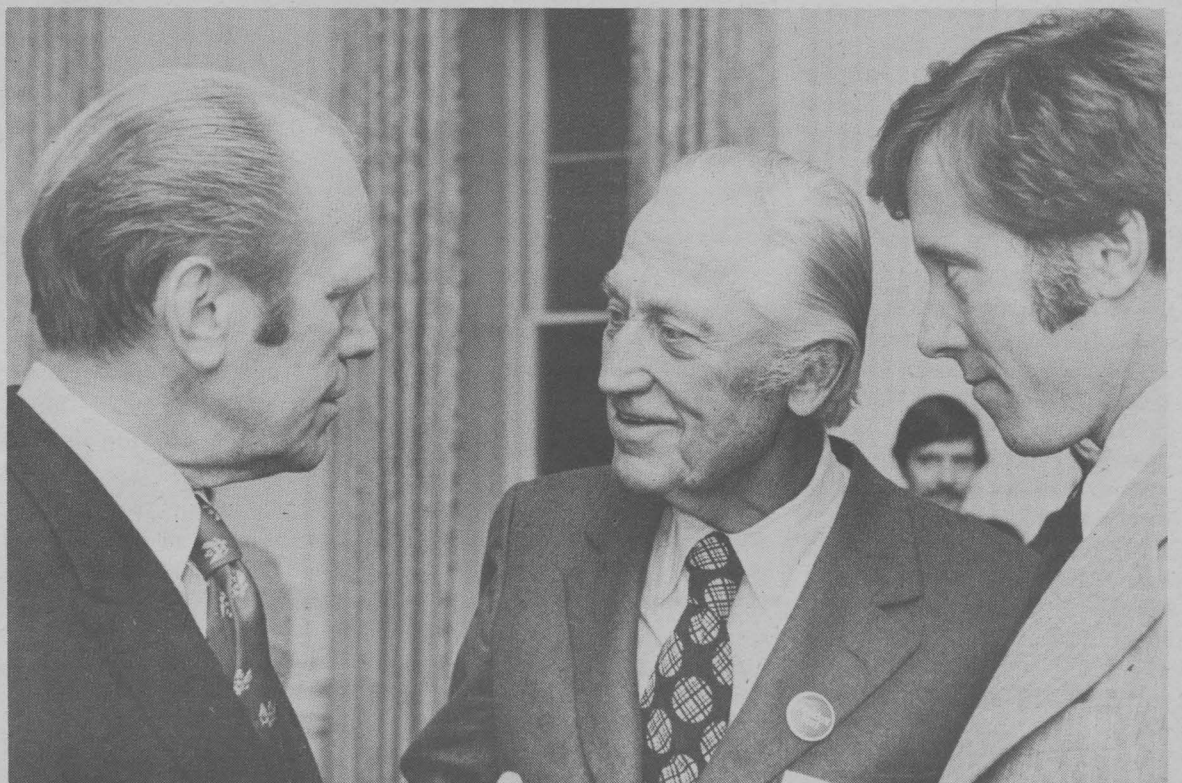
A. Nothing very consistent. In his first inaugural message on January 5, 1967, he said, "we are going to squeeze and cut and trim until we reduce the cost of government."

On July 9, 1967, he said in a televised speech that as long as California grows in population and as long as the country is in an inflationary spiral "we will have a record breaking budget every year . . . and that is roughly 8%."

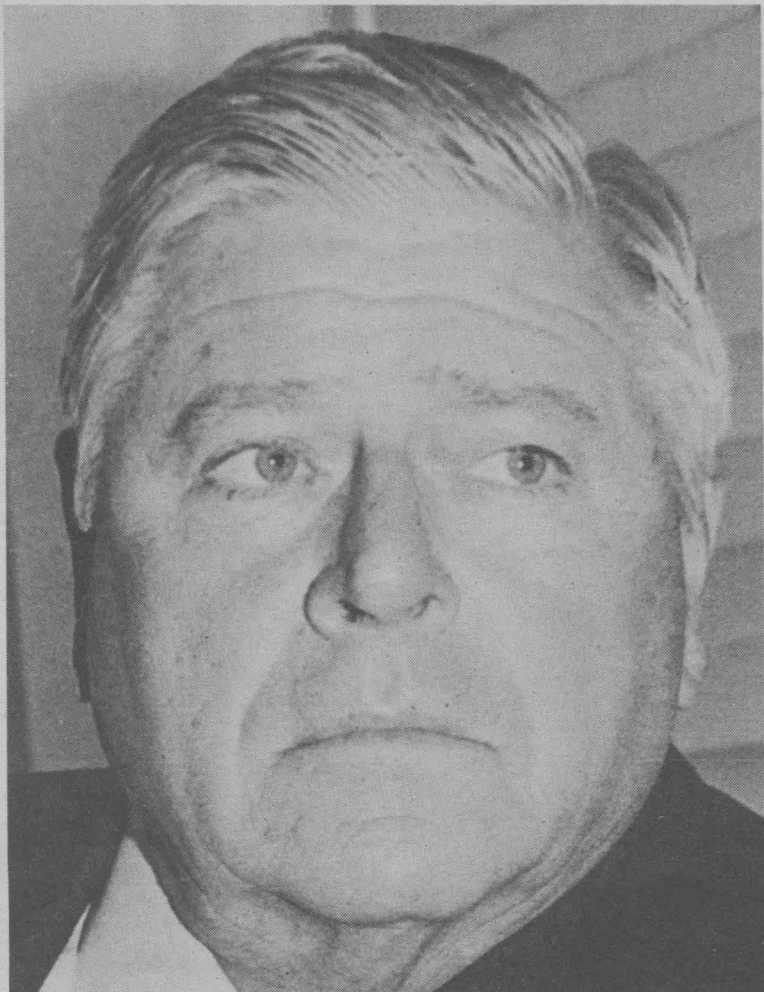
On Oct. 2, 1967, Reagan was asked in Milwaukee about his comment that he balanced the budget without new taxes. He replied: "We raised the old ones about \$1 billion."

Q. Many of Reagan's supporters claim that the reason for the huge budget increases in his administration was because of increases in assistance to local governments?

A. That's true. And under the same logic, we could eliminate about \$60 billion from the federal budget spent for assistance to the states. Extending that bookkeeping system to foreign aid and assistance to individuals, nearly three-fourths of the federal budget could be disregarded. If Reagan is going to continue to criticize the growth of the federal budget, he has to accept similar criticism on the growth of California's budget while he was governor. He can't have it both ways.



Former Congressman Les Arends of Illinois (center) Discusses Midwest Strategy with President Ford as Regional PFC Coordinator Skip Watts Looks On



White House Counselor Rogers C. B. Morton

Morton Assumes White House Job

Former Republican National Committee chairman and outgoing Commerce Secretary Rogers Morton will serve, in his new post as White House counselor, as the primary liaison between the PFC and the Oval Office.

Morton has joined the President's personal staff as a cabinet-rank adviser on economic and domestic policy matters and as PFC political contact.

Campaign chairman Bo Callaway said he was "delighted a man of such stature as Morton" is serving in the post.

Political liaison duties in the Ford White House have been divided between Robert Hartmann, the official political adviser who also serves as the President's key speech writer, and the White House chiefs of staff — first Donald Rumsfeld and now Richard Cheney.

"With Rog Morton at the White House, we will have a man of tremendous governmen-

tal and political experience to give quick, definite responses on campaign plans," Callaway said.

"It's impossible to separate government from politics — especially in an election year and especially when you have the incumbent President as a candidate," said Callaway.

"Rog not only will contribute his vast governmental experience and knowledge to the executive decision making process, but by taking over as PFC political contact, will free the President and his chief of staff to concern themselves virtually full-time with the official business of the country."

Morton, 61, is a former congressman from Maryland and served as Secretary of the Interior before moving to the top job at the Commerce Dept. Former Ambassador to Great Britain Elliot Richardson replaced Morton as Commerce Secretary.

New Hampshire Primary Tops List

Proposal Deadlines Near in 13 States

The February PFC calendar is packed with important dates for presidential preference primaries, climaxing with the first-in-the-nation primary election in New Hampshire on Feb. 24.

Here is the current listing:

FEBRUARY

- 1—Secretary of State of *Florida* announces candidates placed on ballot
- 1—Secretary of State of *Georgia* announces candidates placed on ballot
- 1—Secretary of State of *California* announces candidates placed on ballot
- 1—Wyoming Precinct Caucuses
- 2—Final date for filing petition with Secretary of State of *Texas* for Presidential candidates
- 3—*North Carolina* State Board of Election nominates candidates
- 3—*Wisconsin* State Selection Committee meets to select candidates

6—*Wisconsin* certification of candidates and notification

7—Final date for filing petitions in *West Virginia* for Presidential candidates

9—Presidential candidates must file the names and addresses of Delegate Selection Committee in each Congressional District, consisting of 10 voters, with Secretary of State of *Texas*

10—Final date for filing petitions in *Vermont* for Presidential candidates

16—Final date for meeting of Delegate Selection Committees in *Texas*

16-19—Period for filing of delegates in *New York* for primary

17—Final date for filing petition to have candidates' name placed on ballot in *Pennsylvania*

18—Beginning date to file petitions with Secretary of State of *Indiana*

20—Secretary of State of

Rhode Island announces candidates to be placed on ballot

24—*New Hampshire* primary election

Callaway Keeps Busy Schedule

Campaign chairman Bo Callaway's travels in January took him from Sacramento to Pensacola in drawing together President Ford's election campaign organization.

Callaway chaired the PFC chairmen's meeting in Washington early in January. In mid-month he was in Chicago to address the Republican state chairmen meeting there and later was in Sacramento to address the California Republican Assembly.

Later in January, he traveled to Gainesville, Pensacola and other Florida cities to speak on behalf of President Ford and attended the annual GOP anniversary ball at Callaway Gardens in Georgia.

Finally, Callaway returned to the Midwest to address the regional Republican conference in Dearborn, Mich., Jan. 31.



First Lady Betty Ford

Mrs. Ford Leaves Issues To President

First Lady Betty Ford said Monday she will be speaking on behalf of the President during the upcoming campaign but she will leave speaking on the issues to him.

Appearing at a GOP women's luncheon in Washington, D.C., Mrs. Ford told reporters: "I'll be speaking but I don't know as I'll be speaking on issues . . . I think I'll leave that up to him."

The First Lady told the League of Republican Women of the District of Columbia, "I'm thrilled to death to see this absolutely great turnout. It shows you are all out to go to work, and it's what we all have to do for the GOP."

People Are Talking . . . Inside News Is Listening

"The simple fact is that President Ford is the only Republican who can defeat anyone the Democrats nominate," California PFC Chairman Ev Younger.

"Damn the polls . . . Full speed ahead!" President Ford, speaking to his state chairman at the White House.

"That's our kind of Republican President" exclaimed Los Angeles Republicans after President Ford attended a fund raiser in that city that pulled in \$350,000 for local candidates.

"This will be a good year for President Ford." . . . forecaster Jeane Dixon in making her annual projections.

"Ford's campaign in Florida is the best organized in the country. We have the best people and the best candidate and we are going to win the primary in March." PFC Florida chairman Lou Frey.

On the challenge . . . "The chief criticism I hear of the President's opponent is that Mr. Reagan speaks like an actor reciting his lines; his statements seem like a script written for him" . . . an East coast Republican responding to a poll taken by the Christian Science Monitor.

"Ronald Reagan's bid for the Presidency really should be tossed to the movie critics . . .

The astonishing thing is that this amusing but frivolous Reagan fantasy is taken so seriously . . . It makes a lot of news, but it doesn't make much sense." James Reston in the *New York Times*.

"The inventor of the 11th commandment of politics — 'Thou shalt not speak ill of another Republican' — has flagrantly violated the yet-to-be-inscribed 12th, which is 'Thou shalt not speak of half-baked money schemes in mixed company.'" Mary McGrory in a column about Reagan's \$90 billion plan.

"Before Ronald Reagan

starts worrying about extra commandments, he should see to it he abides by those already inscribed, especially the 10th—'Thou shalt not covet thy neighbor's house.' Craig Benkman at the PFC chairmen's meeting in Washington Jan. 9.

And on the issues . . . "With the retirement of William O. Douglas and the creation of a vacancy on the Supreme Court, President Ford . . . in choosing John Paul Stevens of Chicago to fill the post, seems to me to have followed the wisest possible course." Marquis Childs in the *Baltimore Sun*.

"President Ford showed a

firm grasp in locating the public interest amid conflicting values when he signed into law the Comprehensive Energy Policy and Conservation Act of 1975.

. . . Mr. Ford correctly perceived that, on balance, enactment of this complex measure would benefit the public far more than its veto." The *Los Angeles Times* in an editorial.

. . . And on common situs picketing, the California newspaper said: "There never was any sound argument for enacting a law that could only make for more and bigger strikes and a further rise in the already astronomical cost of building."

N E W S

from

COMMON CAUSE
2030 M Street, N.W.
Washington, D.C. 20036

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For Information: Franci Eisenberg
Ellen Tchorni

FOR RELEASE 11:00 A.M.
WEDNESDAY, FEBRUARY 18, 1976

COMMON CAUSE CHAIRMAN URGES REAGAN
TO MAKE PUBLIC HIS PERSONAL FINANCIAL DISCLOSURE.

Common Cause Chairman John Gardner, today in Miami, Florida, called on former Governor Ronald Reagan to make a public disclosure of his personal financial status. Gardner issued the following statement:



"To restore public confidence in the integrity of our public officials, candidates as well as officials should make public disclosure of their personal finances.

In the past 3 years, 30 states have enacted or strengthened the laws requiring public financial disclosure by officials. In Florida, Common Cause is presently working closely with Governor Ruben Askew to create a new public disclosure law for this state.

At the federal level, strong support exists in both houses of Congress and the Executive Branch. Such legislation has received added impetus as a result of the shocking stories involving the business dealings of Rep. Robert Sikes of Florida.

A list of 9 standards of conduct for presidential candidates,

which was proposed by Common Cause on November 4, 1975, included public financial disclosure by each candidate.

In our view, all but one of the Republican and Democratic candidates have made serious efforts to make such information available to the public. President Ford has updated his personal financial disclosure by providing comprehensive financial information as of December 31, 1975.

Governor Reagan is the one major candidate on whom we are still awaiting word. We are told that Reagan has said he would soon release 'total income' and 'total tax' figures (or average figures) for his last 5 years in public office. I trust he recognizes that standards for financial disclosure that are now widely accepted call for full disclosure of the nature of his assets and the sources of his income -- by year.

A Reagan aide has said that Governor Reagan will not disclose financial information for 1975 'because he was a private citizen that year'. That completely misses the point of disclosure. If he becomes our president, and that is his intention, he will preside over vast expenditures of our hard earned tax dollars. We want to know the nature of his own financial involvement. It is not unreasonable. President Ford has set the standard. We have a right to expect that he will match President Ford in the fullness of disclosure by the date of the New Hampshire primary (February 24)."

#



3/2

~~PK - Do
you want this?
Ship~~

Hold for
Reagan
file



1124 Perkins Way
Sacramento, CA 95818
February 29, 1976

Mr. Skip Watts
Ford Campaign Headquarters
1828 L Street, N. W. , Suite 250
Washington, D. C. 20036

Dear Mr. Watts:

I have been wanting to do something to help President Ford in the primaries in a few major states , such as Florida, Illinois, and California.

In response to that desire, I put together the attached letter and supporting newspaper articles. It was my thought that they could be sent to the managing editors of the major newspapers supporting the president in those states for using whatever items they might desire. Or the letter could be revised some with the exhibits omitted and sent to the same newspapers for inclusion in their section on "Letters From The People". Even thought of sending it to a few of the leading syndicated columnists.

Had intended to send this letter and articles to President Ford's chairman in Florida for his comments and the names of major supporting newspapers. In calling Nita Ashcraft for his name, she suggested I send them to you.

There may be other or better ways to use this material, or maybe it shouldn't be used at all. I just felt so strongly from personal experience and observation that the voting public in other states should know some of the things related in the letter and articles that I assembled them , hopefully, for appropriate use somewhere.

Sincerely,

Gordon O. Finley

Gordon O. Finley
(Retired Economist)

Attachments

Telephone No. (916) 442-6522



1124 Perkins Way
Sacramento, CA 95818
February 28, 1976

Dear Mr.

As a life long Republican, a conservative native of Illinois, and head of California's Industrial Development activities during the first four and two-thirds years of Governor Reagan's Administration, I would like to pass along the following information your readers should know about some of his performances as Governor before they vote in your March 9 primary election:

1. In his campaign for Governor, he pledged to appoint the best qualified persons, regardless of party affiliation. Many of his appointments would not meet this criteria ---several being young men in their early and mid 30's who had insufficient experience for the responsible jobs they held (See Exhibit A attached. Have several other articles covering his appointments as supporting examples).
2. Appointed 5 different directors of our Department of Employment(13,000 employees) during his 8 years in office. This Department underwent two names changes and three reorganizations during that time and finally returned to the Department's primary function of matching available jobs with unemployed workers seeking jobs that existed when Reagan became Governor(See Exhibit B).
3. The Department of Consumer Affairs had 4 different Directors in 3 years, some with limited or no experience for the functions of that Department, the last being Governor Reagan's 34 year old scheduling secretary(See Exhibit C).
4. Appointed Ed Reinecke, an obscure California Congressman, to be Lt. Governor when Lt. Governor Robert Finch resigned to join the Nixon Administration in Washington. Reinecke later became involved in the International Telephone & Telegraph Corporation proposed \$400,000 offer to help finance the Republican National Convention in San Diego and was forced to resign(Exhibits D and E).
5. Without legislative authority, transferred the Department of Commerce from under the jurisdiction of the Agriculture & Services Agency to Lt. Governor Reinecke(Exhibit F). He then dismissed Department Director, an experienced business official from Lockheed Missiles and Space Company, and appointed his young Assistant for Intergovernmental Affairs who had little experience for directing such a business related department (Exhibit G and H).



6. Appointed his young Executive Secretary to a Superior Court judgeship over the recommendations of a local committee (Exhibit I), then a few years later appointed him to the California Supreme Court over the objections of the legal profession(Exhibit J). Later , also tried to appoint one of his appointed Public Utilities Commissioners to the Appellate Court, but was forced to withdraw the nomination because of strong opposition from the California State Bar. (Exhibit K).
7. In a welfare aid dispute, Governor Reagan made an intemperate and unjustified attack on the courts, including the California Supreme Court(Exhibit L).
8. Used \$161,000 of state funds of other departments to finance a task force to promote his tax initiative proposal(Exhibit M).
9. Mayor Peter Wilson of San Diego, and a former Republican legislator during part of Reagan's term as Governor, said " in his association with Reagan he found him a man of great charm, but his rhetoric is not matched by performance". (Exhibit N).
10. Leonard Firestone, of the Firestone Rubber Company family, and one of Reagan's financial backers in both his campaigns for Governor, stated " I would say he was a good governor, but I don't think he is qualified to be President"(Exhibit O).
11. State expenditures during Governor Reagan's 8 years in office, after allowance for inflation, increased \$2,631,221,306 (52.5%), while number of civil service employees(excludes exempt employees) increased 12,000 (10.5%). (Exhibit P).
12. Although a millionaire and earning a salary of \$44,100 as Governor, he did not pay any state income tax for 1970 . While there was no question of wrong-doing, public resentment arose from (1) tax laws that permit some people to avoid what appears to be a just payment, and (2) Reagan's remarks in 1967 that "Certainly, no one should avoid their fair share of taxes" and to the legislature in 1969 that "The burden of taxation should fall equally on all taxpayers in proportion to their income". (Exhibits Q and R).

There is an old saying " you can't tell what's in a book by its cover". My purpose in submitting this information at my own initiative and expense is, hopefully, to enable some of your readers and voters to see underneath the charming and persuasive surface of Ronald Reagan's public presentations.

Sincerely,

Gordon O. Finley
(Retired Economist)



Governor Says He Names Only Best Men

There has been no change in pledge to appoint the best-qualified man, regardless of political affiliation, says Gov. Ronald Reagan.

The question came up today during the governor's weekly press conference as a result of Reagan's appointment yesterday of John Ed Bowe, a Dinuba hardware merchant, to the \$15,000-a-year job as chief of the state Division of Housing and Community Development. Throughout his campaign, the governor said he would never name strictly "political" appointments but would, instead, pick out the best possible person for the jobs. Observers,

however, have noted most of the appointees have been Republicans and many were Reagan's election campaign chairmen.

Bowe, a 48-year-old Republican, was Reagan's campaign chairman for Tulare County. He has been operator of a hardware store since 1956 and, before that, managed a fruit and produce firm.

Reagan was asked if Bowe really was the most qualified person available for the housing position.

"Yes, I'm sure he is qualified or he wouldn't have been appointed," Reagan answered. Smiling broadly, he concluded:

"It's just a remarkable coincidence that some of the most-qualified people available happened to be in my campaign."

Earl Brian Is Named Head Of Human Relations Department

Dr. Earl Brian, at 30 one of the bright young men in Gov. Ronald Reagan's administration, has been named secretary of the state Human Relations Department, which administers about \$6.4 billion a year and has 45,000 employees.

Brian, only 28 when named director of Health Care Services by Reagan in 1970, will still be responsible for that department, as well as Corrections, Human Resources Development, Mental Hygiene, Public Health, Rehabilitation, Social Welfare and the Youth Authority.

He succeeds James M. Hall who resigned April 20 to take a senior executive position with MCA, Inc., in Los Angeles.

Brian's appointment will become effective July 1.

Brian will receive \$35,000 a year in the position, \$5,000 more than he is getting now.



Dr. Earl Brian

Sacramento Bee
Nov. 24, 1966

Reagan Fills State Cabinet Secretary Post

William P. Clark, Jr., of Oxford today was named cabinet secretary to Gov.-elect Ronald Reagan.

Clark, 35, served as Ventura county campaign chairman for Reagan. He is an attorney and publisher and a graduate of Loyola University Law School. He also attended Stanford University.

He officially will assume his cabinet secretary duties Jan. 2 and will go to work immediately to help form the new administration, Philip M. Battaglia, Reagan's executive secretary, said in announcing Clark's appointment.

James P. Alexander has been serving as cabinet and urban affairs secretary in the administration of Gov. Edmund G. Brown.

Sacramento Bee
May 19, 1972

Consumers Get A New Spokesman

Gov. Ronald Reagan has appointed his legislative secretary, John T. Kehoe, as the new state director of consumer affairs.

The 41-year-old Kehoe, former assistant city manager in Hayward, will succeed Donald G. Livingston in the \$27,500-a-year position as the consumers' chief spokesman in state government.

Livingston has been appointed a special assistant to the governor as director of programs and policy. Livingston, who has been popular with consumer groups, said he is delighted with Kehoe as a successor. He said Kehoe gave him valuable advice while he was the consumer-affairs director.

Kehoe, a graduate of the University of Michigan, resides at 4720 North Ave. in Carmichael with his wife and two children. He is a Republican but at one time served as administrative assistant to Democratic Rep. George P. Miller of Alameda County.

Sacramento Bee
May 18, 1972



Named

Mrs. Jean Auer, San Francisco housewife and environmentalist, has been appointed by Gov. Ronald Reagan to the State Water Resources Control Board. She will fill the unexpired term of Kerry W. Mulligan of St. Helena who has resigned. Mrs. Auer, before moving to the bay area, was active in environmental circles in Santa Barbara.



we remember 1967
Feb. 8, 1967



James M. Shumway

Solano Counsel Will Quit Post, Take State Job

FAIRFIELD — James M. Shumway, 45, who served as Solano County counsel since 1956, submitted his resignation to the board of supervisors.

He told the board yesterday he has taken a position as chief assistant administrator of the state Department of Public Health and Social Welfare in Sacramento.

His resignation will become effective March 1, when he will begin his new post. Shumway said he will continue to reside in the Willotta Oaks area of Suisun Valley.

Sacramento Bee
June 28, 1973

Reagan Picks DeMonte For Plans Post

Robert J. De Monte, 30, has been named to the \$27,800 a year job as director of the State Office of Planning and Research by Gov. Ronald Reagan.

De Monte is director of the Department of Housing and Community Development and is a former chief deputy director of the Department of General Services.

The office he will lead provides planning assistance and liaison with local government and serves as the planning and research staff to the governor's cabinet.

De Monte is a Republican.



EXHIBIT A (Continued)

Sacramento Bee - Oct. 11, 1967

Parks Deputy Is Appointed By Governor

Ray B. Hunter of Sonora, former Tuolumne County rancher, building contractor and real estate developer, has been named by Gov. Ronald Reagan as deputy director in the State Department of Parks and Recreation.

The appointment will become effective Nov. 8. Hunter has been acting as special representative to the State Recreation Commission.

New Position

A Republican, Hunter will serve at the pleasure of the governor. The salary for the position, created by the 1967 legislature, will be set by the department director, William Penn Mott Jr., but it will be about \$16,000 a year.

Hunter will be one of two deputy directors serving under Mott. The other is Frank D. Nicol, who had been the agency's only deputy director.

Hunter's responsibilities will include construction, historical landmarks and monuments and hiking and riding trails.

In Liaison Work

He first entered state government early this year as liaison officer between the governor's office and the Department of Conservation.

Hunter was a candidate for the Republican nomination for state senator in June of 1966. He is a graduate of the College of the Pacific in Stockton.

Reagan Special Assistant Gets Planning Post

O. James Gibson, a special assistant to Gov. Ronald Reagan, has been promoted to secretary of planning and research.

One of the tasks of the 34-year-old Gibson will be to help develop the specifics and program for the philosophy of government Reagan calls the Creative Society.

Gibson's promotion was announced today by Paul Beck, Reagan's press secretary. He described Gibson's duties as including program development and coordination, coordination and liaison for Creative Society activities and research support for Reagan and his staff.

The salary for the position will be \$19,000 a year.

Gibson is a former Los Angeles resident. He headed the research staff for the Behavior Science Corp. of Los Angeles before joining Reagan's staff June 1. The corporation was hired by the Reagan-for-Governor Committee last year to assist in the Republican campaign.

As a special assistant to Reagan, Gibson helped to formulate the administration's proposal to levy tuition fees at the University of California and state college campuses. He also worked with Reagan during last year's campaign when he was employed by the Behavior Science Corp., traveling extensively with the candidate during the primary election.

Sacramento Bee 1967

Antipoverty Post Goes To Reagan Aide

Theron (Skip) Bell, 35-year-old aide to Gov. Ronald Reagan, has been named director of the State Office of Economic Opportunity.

Bell, a San Francisco insurance agent until joining Reagan's staff, during the interim period after the election and before the inauguration, succeeds Dr. Paul O'Rourke in the \$19,704-a-year post.

O'Rourke headed the state's antipoverty program during the administration of former Gov. Edmund G. Brown.

Headed Speakers Unit

During last year's campaign, Bell headed Reagan's Northern California speakers bureau. He is a native of Kansas and a graduate of Wayne University in Detroit where he took a degree in business administration.

Bell served with the army in Korea. He is married and has three children.

Bell already has taken his oath as director of the agency.

Reagan Names Woman To Personnel Board

Gov. Ronald Reagan today appointed Nita Wentner of Walnut Creek, Contra Costa County, to a 10-year term on the State Personnel Board. The position carries a salary of \$3,000 a year.

Mrs. Wentner has served as deputy appointment secretary to the governor since Jan. 2.

She succeeds Ford Chatters of Lindsay, Tulare County, whose term expired Dec. 31. Chatters had been a member of the board for more than 20 years under an original appointment by Gov. Earl Warren.

Finance Unit

Mrs. Wentner was vice chairman of the Northern California finance committee in the campaign for Gov. Reagan. After his election she served with the preinaugural Reagan organization with offices in the IBM Building on the Capitol Mall.

She is in the real estate and insurance business in Walnut Creek.

Idea That Went Sour

Changes Proved To Be Undoing Of HRD

By Ronald Blubaugh
Bee Staff Writer

Sometime next year, if all goes according to plan, a workman will place a ladder against the side of that two-block-long, fortress-like building on the south side of Capitol Mall.

He will mount the ladder and carefully chisel off the words "Human Resources Development Building." In their place, he will cement a new set of words, "Department of Manpower."

And with that, the ending mark should be tapped into place on a curious, four-year-long Odyssey that nearly wrecked the third largest department in California State government. It could be a case study on how ideas can go sour and almost spoil decades of hard work in the process.

That something was amiss at HRD has been apparent to members of the legislature and Reagan administration officials for some time.

Job placements for unemployed persons, once the department's strong suit, sagged dramatically. Two successive legislative reports castigated the operation of a highly touted job training program. Employee morale, which had been none-too-good in recent years, continued to plummet with nothing in sight to reverse it.

Then, perhaps most critical of all, the federal government began dropping hints that unless the department's performance improved there would be a steep reduction in federal money. For a department that gets 80 per cent of its \$219 million budget from the federal government, that was no threat to be lightly regarded.

To find out what was wrong, Health and Welfare Agency Secretary Earl Brian sent a fact-finding team into the 13,000-employee department about the middle of last year. The group was put under Gene Lynch, who had been a top staff member of Brian's administration when the young doctor led the Department of Health Care Services.

Lynch concluded the department was poorly organized. Brian then named him chief deputy director of HRD and gave him the mission to reorganize it. Last week, Brian removed the department's director, Sigurd I. Hansen, and appointed another of Brian's former aides, Dwight Geduldig, to take over on April 1.

What happened to HRD can be traced through a series of reorganizations and two major reversals of philosophy at both the federal and state levels.

As originally established, the predecessor agencies of HRD were primarily a public employment service. The concept was to establish a place where an unemployed person could go to find out about jobs available from companies that needed workers.

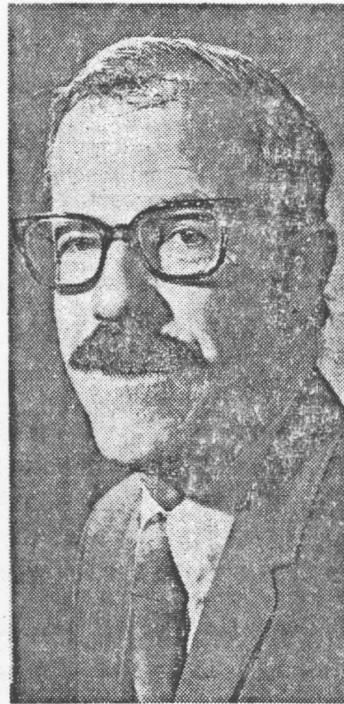
The state became very proficient in this operation and during the years after World War II and the Korean War it operated one of the nation's top state job placement agencies. Federal rankings consistently showed California among the top three or four state job placement agencies.

Cracks Showed

"We were working pretty well but the system was beginning to show some cracks during the last years of the Brown administration," said one long-time department employe. "There was a growing demand for services by youth and minority groups. We knew we had to change because we were not in the same economic situation. We had to realize we were a total manpower agency and must serve the needs of these others."

Into that atmosphere came newly elected Ronald Reagan, with a substantial skepticism about the efficiency of all of the huge bureaucratic agencies in Sacramento. During the early years of his administration, the governor talked a lot about "deadwood" in state departments and set about to prune away. The second director he sent into the Department of Employment, Gilbert Sheffield, arrived with an obvious mandate to use the shears.

"Formerly, when a change in administration took place, the department continued to operate because



Dwight Geduldig

the structure remained the same with very little change," the long-time employe continued. "But with this administration, that all changed."

A number of career civil servants were encouraged to retire, and others were reassigned. The organizational structure was completely redesigned.

"We have had so many changes of organizational structure it would make your head swim," the source continued. "Organization charts one right after the other. Before one organizational structure could get settled into place, we were into a new one."

Complicating this organizational change was a total shift in philosophy for the goals of the department. With federal government encouragement, the administration and the legislature created the Department of Human Resources Development in 1968. Gone was the Department of Employment.



It was not just a name change. It was a total redirection. No longer would the department be concentrating on matching jobs with unemployed workers. It would embark on the goal of training the chronically unemployed, the unskilled, those on welfare. These were the high-risk employees that most companies shun.

As the state began referring such persons to private enterprise, the companies began to shun the state, too.

Job placements dropped dramatically. From a high of 665,148 non-agricultural job placements in 1966, the department dropped to 282,581 job placements in 1971. By 1972, California's job placement performance per HRD staff member fell to 28th in the nation.

"This state was not unique," explained Phil Lawlor, the US Department of Labor's assistant regional director in charge of California programs.

Lawlor said total placements went down throughout all of the states because of the special emphasis on finding jobs for disadvantaged persons. But he said the trend was even greater in California because this state, particularly, emphasized the job-training programs for unskilled workers.

Don Balcer, deputy manpower administrator for the US Department of Labor in San Francisco, agreed with Lawlor's evaluation of California.

"In the last five to seven years with the emphasis on the disadvantaged, job placements have been drastically reduced everywhere," he said. "But California has managed to do it at a faster rate than the rest of the nation."

Ironically, it was just during this time when the state and federal government went into a vigorous placement effort for the disadvantaged, that thousands of California aerospace workers lost their jobs.

This was a clientele particularly suited to the traditional programs of the old Department of Employment, but those efforts had been largely cast aside in the campaign for the unskilled.

"We were telling qualified people

to go find a job on their own," explained William Lawson, HRD information officer.

It was from the Department of Labor that the pressure for a turnaround was initiated. Convinced that the special efforts for the disadvantaged had fallen far short of expectations, federal officials began to emphasize a return to traditional approaches. Not a complete return, but a substantial one.

The federal pressure is in dollars. It is in essence, "Shape up or we'll cut your funds." Lawlor sent a letter to HRD early this month stating a minimum job placement goal for next year and warning that funds will be cut if the state does not meet the goal.

Fractionalized Structure

The job of straightening out the mess fell initially to Lynch. During his investigation of the HRD operations, he was astonished to discover how fractionalized was the department's organizational structure.

"We had three separate operation divisions," he said. "Both headquarters and field offices were operated independently."

"In Chico, for example, we had four offices at various locations each with its own manager and own, separate chain of authority to Sacramento. There was an unemployment insurance office, a WIN office, an employment service office and a disability insurance office."

What Lynch proposed was a return an organizational structure similar to what the department had during the Brown administration. Unemploy-

ment insurance and job placement operations would be combined under a single roof and single supervisor in each community. The Department of Rehabilitation will be merged and the whole operation — the legislature willing — will be renamed "Department of Manpower."

"I thought we should pull it into a one-line operation, reporting to one person," he said. "But when I suggested reorganization, I was told: 'We have had so many reorganizations here that another reorganization would destroy the morale completely.' But I felt that if we want to get to where we have to go, we would have to do it anyway. So I took the calculated risk of reorganizing the department."

"I feel very strongly that it is working. I think the morale has gone up far beyond what it was at the time of the reorganization. Our placement is in indication of our performance. We are 20 per cent above what we had last year."

Immense Confusion

Lynch's arrival in the department last November created an immense confusion about who was in charge. Nominally, Hansen was the director. But employees admit they were looking past Hansen to his deputy, Lynch, because they knew "he was Dr. Brian's man."

Staff meetings were held at times and Hansen would not even be told about them, much less be involved in calling them.

"A meeting would be called and then somebody would say, 'We better call Hansen in. It doesn't look right,'" a top department staff member recalled. "He'd come in and they would give him some time to speak but nobody would pay any attention. It was just like he wasn't there."

The new director, Geduldig, will arrive in somewhat different circumstances. Although Lynch currently is running the department, employees expect that Geduldig will take over both on paper and in fact. Unlike Hansen, who was already at HRD when Brian became secretary of the Health and Welfare Agency, Geduldig will arrive with the stamp of being "Brian's man." There will be no

need for employees to look beyond him.

But already there is a fear that Geduldig might propose still another reorganization when he arrives.

"What's Dwight going to say when he comes in? 'Throw all that crap in the ash can. Let's start over again?'" the top staff member asked.

No Reorganization

"No way," Geduldig replied in an interview. "Reorganization can be self-defeating. When you spend so much time teaching people new responsibilities and new reporting authority, they lose track of what they are to do. I have talked over the plan with Gene Lynch and I am well satisfied with it."

Geduldig has set a personal goal of returning the department to 10th among the states in job placements, from its present 28th spot. Yet he does not plan to take the department back to the style of the early 1960s.

He said there was a "numbers game" played during those years. A lot of people were put into better jobs at the expense of efforts to find jobs for the unemployed, something that looked good statistically but did not solve the problem, he said.

"I was once out of a job for nine months and it is debilitating," Geduldig said. "It was right after I got out of school in 1949. The repetition of turndowns makes you begin to doubt what you know are your own skills."

The new director said he wants to help others who now face that same experience.

NON-AGRICULTURAL JOB PLACEMENTS

1965	657,181
1966	665,148
1967	625,041
1968	552,087
1969	481,673
1970	395,297
1971	282,581
1972	318,205



Consumer Unit Calls State Bureau 'Sham'

By Nancy Skelton
Bee Staff Writer

Bee 9/30/74

employed to keep the facts from the public.

The State Department of Consumer Affairs is one of the "most cruelly deceitful frauds" now working the streets of California, warns the largest consumer action group in the United States.

And the department's "sham" tactics, says San Francisco Consumer Action (SFCA), might well be costing Californians millions of dollars a year — money they would be collecting from offending businesses if the department was even partially living up to its reason for being.

The Bay area consumer group describes the three-year-old agency as "a false front operation," that "perverts the free enterprise ideal for the illicit enrichment of a privileged few."

The charges are contained in a book, "Deceptive Packaging — A Close Look at the Department of Consumer Affairs," released today by SFCA, the result of a nine-month investigation by the SFCA.

Out of a budget of \$20 million, the DCA spends less than 2 per cent on direct consumer protection, with the other \$19 million plus spent to perpetuate 34 regulatory boards and bureaus which, the book maintains, are almost totally dominated by the businesses they are supposed to regulate.

It is a department that does next to nothing to promote sound consumer legislation, says authors Michael Schulman and John Geesman — an agency whose "education program" amounts to little more than "pampering the state with a flood of useless press releases" — that relegates its research duties to three junior analysts who already have plenty of other work to do — and whose entire "false part-time staff" is an undergraduate student.

The book describes the complaint handling operation of DCA as so bleak deceptive maneuvers have been

What more can the people of California expect, the book asks, from a department masterminded by the administration of Ronald Reagan, who has seen fit to install four directors in three years — each staying only until the next "political plum" came along. The book describes current director Patricia Gayman as surpassing "even her predecessors in having absolutely nothing to recommend herself for the job."

What "on paper" is one of the most forward-looking approaches to consumer protection in the country, the authors say, is actually little more than a powerful group of industry-oriented bodies that end up working against the consumers they are charged, by law, with protecting.

The chief reason for "DCA impotence" is the way it is financed, say the authors.

The boards finance themselves through fees collected from the businesses they license. Little, if any, of their operating budgets goes to vigorous consumer protection, they maintain. As author Schulman explained in an interview: "Why should an industry-dominated board spend money to protect against its own best interests?"

Many boards, in fact, get so much money from license fees they wind up with huge surpluses at the end of the year, yet the funds do not lead them into any aggressive consumer protection campaigns, they say.

The book cites the Board of Pharmacy as an example: With a surplus of \$878,000 it refused to spend \$60,000 to enforce a newly-enacted drug price posting law, considered by consumer advocates to be a landmark piece of legislation.

The plight of the tiny Division of Consumer Affairs, the only branch in the DCA dedicated solely to consumer protection — is made clear by an examination of the division's peculiar financing, the authors say.

Through a complicated pro-rata funding system, the boards "donate" a percentage of their operating expenses to pay for the division. The less the boards spend on operations — including consumer protection —

sole function — consumer protection.

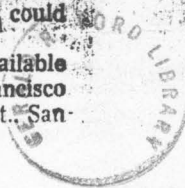
This leaves the small division "underfinanced to the point of worthlessness . . . and has stifled whatever potential it ever had as a consumer advocate."

The DCA is mandated by the 1970 Consumer Protection Act to fight for strong consumer legislation, but SFCA charges strong lobbying influences from boards are allowed to "chart the course," with the DCA preferring to "stand passively by" when consumer protection bills become too threatening. "This is in open violation of the legislature's clearly expressed intention in creating this department," the book states.

"Among the shabbiest parts of the DCA's operation, the book continues, is pursuit of deceptive advertisers, now being handled by a part-time student from the University of California at Davis. "To no one's surprise," the DCA has yet to use its power to stop or have modified any misleading advertising claims in the state, the authors say.

"Deceptive Packaging" recommends abandoning the "special funding" for "general funding" through the state, as other agencies operate; giving control of boards to public members; and making the Division of Consumer Services an independent state agency so industry forces could no longer weaken its efforts.

"Deceptive Packaging" is available by sending \$3.10 to San Francisco Consumer Action, 312 Sutter St., San Francisco 94108.





Ed Reinecke was sworn in as lieutenant governor by Associate Justice of the Supreme Court Louis H. Burke on Jan. 24, 1969. With them were Gov. Ronald Reagan and State Controller Houston Flournoy, right.

Bee Photo

A Capitol Goodbye

Reinecke Slips Into Oblivion

By Richard Rodda
McClatchy Newspapers Political Editor

Ed Reinecke arrived in Sacramento 5½ years ago with much fanfare—an eager member of the Reagan team with his eyes on the governor's chair. It was as if he had been anointed for it by Gov. Ronald Reagan.

Last night Reinecke slipped quietly out of town and into political oblivion after spending his last day in the state as lieutenant governor. Reinecke and his wife, Jean, drove to San Francisco to board a plane for Washington, D.C., where he today was given an 18-month suspended sentence on a perjury conviction.

It was an unusually calm day in the lieutenant governor's office in the Capitol yesterday. Most of the dozen employes were on duty, but merely going through the motions of looking busy. It appeared difficult for some of

the women to hold back tears.

Reinecke himself did not come to the Capitol. He spent the day on his ranch, the Diamond R, in the foothills near Placerville. His last office visit was Monday when he issued a press statement that he would resign as lieutenant governor simultaneously with his sentencing. He had lost all pretrial motions to overturn the conviction.

After signing a few innocuous papers—he had avoided taking official actions with a felony conviction over his head—he said goodbye to the Capitol.

Some of Reinecke's critics and some of his friends to this day believe in his innocence, saying that if he is guilty of anything it is blind loyalty to the Nixon administration. He and others involved in the Watergate scandal found themselves enmeshed in conflicting statements. A federal

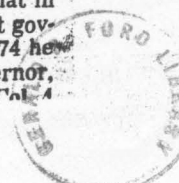
jury found that Reinecke had lied in connection with the IIT episode.

Reinecke was an obscure congressman from Studio City when Gov. Reagan summoned him to Sacramento to succeed Lt. Gov. Robert H. Finch in January 1969. Finch had been named secretary of health, education and welfare by former President Richard Nixon.

The quip around the Capitol in those days was: "Ed who?" But his presence was soon felt as he settled down to the duties of presiding over the State Senate, making speeches and performing duties as a member of the lands commission and other boards and commissions.

It was not long after his arrival that Reinecke let it be known that in 1970 he would run for lieutenant governor on his own and that in 1974 he would be a candidate for governor.

See Page B2, Col. 4



SACRAMENTO BEE



SACRAMENTO, CALIFORNIA, Monday, September 30, 1974

15c

STOCKS FINAL.

Reinecke Out Wednesday

Lt. Gov. Ed Reinecke today said he will resign simultaneously with his sentencing on a perjury conviction, scheduled Wednesday in Washington, DC.

Reinecke apparently has lost all attempts to overturn the conviction prior to sentencing. He noted in a brief statement distributed to newsmen that the judge in Washington last Friday denied his post-trial motions.

A spokesman for Reinecke said his statement today merely confirms a commitment he had made earlier that he would remain in office until sentenced.

And despite Reinecke's plans to announce his resignation, Atty. Gen. Ev-elle Younger has ruled that the office would be vacated automatically under state law at the moment of sentencing.

Reinecke has adamantly refused to resign in spite of pressure from both Democratic and Republican leaders ever since his conviction two months ago.

A spokesman for the lieutenant governor said today that Reinecke has no plans to seek a delay in sentencing to allow him time for an appeal from last week's denial of his petition

for a reversal of conviction or a new trial.

In answer to a question about speculation that Reinecke had been offered a political deal in return for his decision to accept his sentencing Wednesday and step down from the high state post, the spokesman said no such deal was made and that Reinecke's plans after leaving office are undecided.

There had been speculation that because Reinecke's continuance in office just prior to the fall election was an embarrassment to the California GOP, he had been offered a job or some other form of financial security if he would step down.

Earlier today, Assemblyman Richard Alatorre, D-Los Angeles, formally introduced a resolution in the Assembly to impeach Reinecke.

He faces a maximum sentence of five years in prison and a fine of \$2,000 in connection with his 1972 testimony to the Senate Judiciary Committee regarding his involvement in the ITT affair.

Gov. Ronald Reagan, who must appoint a successor to Reinecke, has not indicated whom he will name, although speculation centers on state Sen. John Harmer of Glendale, the Republican nominee for lieutenant governor.



Memorandum

: HEADS OF AGENCIES, DEPARTMENTS,
MAJOR UNITS AND OTHER KEY PERSONNEL

Date : January 21, 1971

Subject: Transfer of the
Department of Commerce

71-2

From : Governor's Office

The Department of Commerce which previously reported through the Agriculture and Services Agency has been transferred to the Office of Lieutenant Governor Ed Reinecke. Beginning this date, the Department of Commerce will report to me through the Lieutenant Governor's Office.

The Department of Commerce consists of four operating units, the Division of Economic Development, the Division of Tourism and Visitor Services, Division of World Trade, and California Museum of Science and Industry. In support of these operating units, in an advisory and policy making capacity, there are the California Industry and World Trade Commission, Tourism and Visitor Services Commission, and the Board of Directors of the Museum of Science and Industry.

Inquiries received for information and other assistance pertaining to business and industrial development, tourism and foreign trade activities should be referred to the appropriate unit in the Department of Commerce.

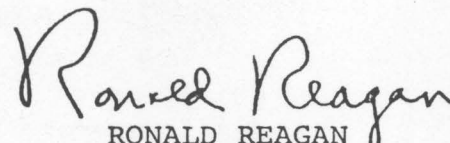

RONALD REAGAN
Governor



EXHIBIT G

DEPARTMENT OF COMMERCE
1400 Tenth Street
Sacramento, CA 95814
Contact: Hans Eng
(916) 445-7455 2-8-71

RELEASE: Immediate

Governor Ronald Reagan has assigned the California Department of Commerce to the office of Lieutenant Governor Ed Reinecke and appointed Edgar M. Gillenwaters as new department director.

Primary purpose of the reorganization plan, the Governor said, is to stimulate commerce and industry throughout California. Functions of the department include the Division of Economic Development, the Office of Tourism and Visitor Services, the Division of World Trade and the Museum of Science and Industry in Los Angeles.

Reinecke said the department will seek to mobilize the private sector and governmental forces in a concerted effort to improve California's business climate by attracting and expanding industry and by promoting tourism to and in California.

Gillenwaters, former assistant to the Governor for intergovernmental affairs in Sacramento and California's deputy director of finance in Washington, D. C., replaces J. Bryan Sullivan, who has returned to private business.

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H3:djc



THE SACRAMENTO BEE -- November 10, 1971

Aide Quits, Claims Reinecke Is Spending Tax Money In Drive For Governorship

By Lee Fremstad
Bee Capitol Bureau

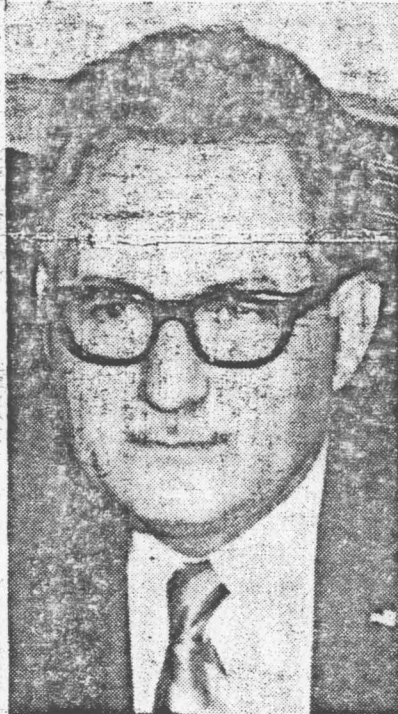
Hal D. Steward, special assistant to Lt. Gov. Ed Reinecke for the last seven weeks, jumped off the Reinecke bandwagon today with a bitter resignation blast at his boss.

Steward's prime charge in a volley of parting shots is that Reinecke is devoting "hundreds of thousands of dollars a year of California taxpayers' money" in staff salaries and expenses in a long-term political campaign to get elected governor.

"I categorically refute the charges made as unfounded," Reinecke said today in a telephone interview from his Los Angeles office.

"I think it's pretty much of a sour grapes situation. The (resignation) letter is so transparent I don't know how anyone could put any credibility in those charges.

"With reference to the personnel aspect of his termination, personnel proceedings are generally kept confidential and I would like to keep this that way other than to say I regret Mr. Steward is apparently as unhappy as he is."



Hal D. Steward



Lt. Gov. Ed Reinecke

Reinecke also was publicly contradicted on his disavowal yesterday of the controversial criticism of state workers which went out in his name. The lieutenant governor said Steward sent the speech out without Reinecke's okay; Steward contends his superior approved it, but then backed off when the critical response began growing.

"The heat got too much for me," Steward said late yesterday in an interview as the \$22,500-a-year aide left Reinecke's staff.

"It was approved by him before he left for Coronado," said Steward. "He had personally seen it and approved it."

Denied By Reinecke

Reinecke denies this in a statement prepared for the California State Employees Association which backs off from the stronger language employed a week earlier.

In the four-page letter of resignation on Reinecke's desk today Steward, a retired Army lieutenant colonel, author and former newspaper-

See Page B-1, Col. 1



Assistant Quits, Says Reinecke Uses Tax Money In Campaign

Continued from page A1

man, cites five major reasons for leaving:

—"The use by you and members of your staff of hundreds of thousands of dollars in taxpayers' money solely to conduct a campaign for your election to governor in 1974.

—"Your refusal, despite repeated recommendations and urgings by me, to attempt to identify with or consider the ethnic problems and aspirations of members of California's minority groups.

—"The efforts by senior members of your staff, with your knowledge, to conduct a conspiracy, undercover, against Gov. Reagan, his administration and his staff.

—"Your refusal, despite my repeated urgings, to do your homework and keep yourself prepared on the vital issues that confront California . . .

—"The blatant cynicism practiced by you and the senior members of your staff in regard to public issues where your and their only motivation was whether your position on the issues would help you get elected governor . . ."

The charges by Reinecke's departing No. 1 staff man reveal some basis for reports of coolness between Reinecke and Gov. Ronald Reagan on the governor's return from the Orient.

Steward described a Reinecke staff luncheon in his office a day or two before the governor left on his tour. Steward said he, Reinecke and special assistants Ron Frankum, Steve Merksamer, Peter Tweedt and Department of Commerce Director Ed Gillenwaters were present.

Luncheon Topic

"Frankum consumed most of the time in spelling out to you in detail how the governor's office and the state legislature had planned to take advantage of you while you were acting governor," wrote Steward.

"His proposal to counteract this imagined conspiracy . . . was for you and your staff to engage in a counterconspiracy. You expressed no opposition to Frankum's proposal, and he attempted, fortunately unsuccessfully, to execute it during the 16

days you were acting governor."

Steward claims Frankum sought to have Reinecke run counter to the governor's wishes in signing or vetoing legislation.

A major charge is that the State Department of Commerce under Gillenwaters is "solely a political campaign headquarters" for Reinecke's 1974 election effort.

"An examination of the travel expenses, correspondence and activities of Gillenwaters will support this," said Steward.

"Gillenwater's office time and travel is devoted entirely to political matters. He is, in effect, a full-time political and campaign finance chairman for you while drawing a salary paid by taxpayers."

Steward is a Republican who enjoyed, until today at least, excellent relations with Gov. Reagan's staff. Steward joined Reinecke's office last Sept. 20 as his chief aide at, said Steward, the urging of Reagan's top advisers.

Before that Steward served the administration as assistant director for communications of the State Department of Human Resources Development.

Reinecke called "totally nonsense" the charge of spending tax money toward his election campaign.

A spokesman for the governor's office also came to Reinecke's defense. "He works harder, he is more involved and more effective in helping to conduct the state's business and solve our problems than any other lieutenant governor in history," said the spokesman.

"His performance is outstanding, and the governor has every confidence that the job he is doing will continue to be so in the future."

While the criticisms in the resignation letter may threaten Reinecke's asserted 1974 aspirations, his turnaround on criticism of the state workforce could prove equally costly in political terms.

The Timetable

Here is the chronology: On Monday, Nov. 1, Steward said he showed Reinecke the final draft of a speech prepared for delivery the next evening to the Republican Women's Club in Coronado.

It contained this now-controversial

statement: "Despite the press releases from the California State Employees Association, state employees are among the best paid civil servants in this country. In my judgment, they are adequately paid.

"Further, they don't have to meet the test of profit and loss as we do in the private sector and thus much inefficiency exists among them."

Steward contends both the text and news release based on it were seen and orally okayed by Reinecke before he left for Coronado.

Reinecke denies it. "Copies of the speech draft and a press release were mailed out to the media without my approval, and I discarded that original text and did not use it," the lieutenant governor said yesterday in a statement prepared for the CSEA.

However, on Wednesday, Nov. 3, the Associated Press carried a news account with a Coronado dateline quoting part of the prepared text.

That afternoon Reinecke accepted a request from The Bee for an interview to expand on the statements attributed to him in Coronado. He did not say he had discarded the text and, in fact amplified on its statements about the state work force.

Reinecke said he felt state workers were adequately paid — not overpaid — in spite of their loss of a 5 per cent general pay raise for 1971-72, and as in any large organization bureaucratic sluggishness creates inefficiencies.

On 1972 Outlook

Asked for the outlook for 1972 raises, Reinecke declared: "I hope next year we will be able to raise them a modest, appropriate amount. But I'd rather see it on a merit basis than an across-the-board raise. . . . But you cannot ignore inflation, no question about that."

Asked yesterday why he did not disavow the text last week, Reinecke explained: "I, of course, am responsible for what my staff does. My name was on the text and I feel a degree of responsibility."

Steward, on the other hand, feels it was a case of Reinecke shifting ground only after the critical response started coming in.

"I warned him there would be heat on that," said Steward. "I think the heat got too much in the kitchen, don't you?"



THE SACRAMENTO BEE

December 7, 1968

Reagan Fails To Keep His Promises

During the 1966 gubernatorial campaign against incumbent Gov. Edmund G. Brown, Gov. Ronald Reagan promised over and over again he would take the appointment of judges out of politics. After he was elected, he accused Brown — with bitter language — of naming “political hacks and cronies” to the bench.

Then when he took office, he continued to say he would remove judgeships from partisan politics. On April 29, 1967, in a speech at the University of Southern California Law Day Luncheon in Los Angeles, Reagan declared:

“I submit to you that justice should not be political. The theme of Law Day this year is that ‘no man is above the law and no man is below it’. I would add that all men are entitled to equal justice under it. I believe that using our courts as political plums in a spoils system is no way to assure the first — or to achieve the second.

“During the campaign I promised we would seek action in this area (of taking the appointment of judges out of the political area). That promise was made in a hundred different speeches ... The appointment of dozens of judges, many of which must be regarded as political payoffs, by a lame-duck governor last fall and winter did nothing to build confidence of Californians in our political system or in our administration of justice.

“Politics has no place in the administration of justice in California. Even though we must wait for legislative action as the first step in taking politics out of the appointment of judges on a permanent basis, we are continuing to do our best to minimize its effect on a voluntary basis.”

Reagan explained he had formed committees in local districts where judicial vacancies occur and without exception he had appointed the candidate whom the committee had rated highest.

“We will continue to do this until the legislature and the people act,” he added.

Since taking office, Reagan has appointed mostly Republicans to judgeships. He has gone probably as far as Brown did in naming political associates.

But with his latest appointment he doubled in spades. He named his executive secretary, William Clark Jr., to a new superior court judgeship in San Luis Obispo County despite his holier-than-thou expressions of the campaign, despite promises “made in a hundred speeches,” despite the fact he emphatically promised to follow the recommendations of local committees.

In San Luis Obispo, the local committee had recommended two other candidates — not Clark. Reagan ignored the local recommendation — and named Clark.

Enough said!



THE SACRAMENTO BEE -- February 21, 1973

Another Viewpoint

'Indefensible' Is The Word

Editorial From The Riverside Press
--

While one association of attorneys compiles a file on William Clark, another group — the California Trial Lawyers Association — has already called it "indefensible" to elevate this man to the State Supreme Court.

It is most unusual for the governors of the trial lawyers organization to express themselves on a nomination of this sort. That they have done so suggests the degree of their dissatisfaction with Gov. Reagan's effort to place his one-time political protege on the highest bench in California.

The record of Judge Clark's career will be included in a survey that the State Bar Association has been requested to make by the Commission on Judicial Qualifications, the three-member panel which must approve all such nominations. This request for further information was, in itself, highly unusual, since the commission has previously endorsed nominees almost automatically.

Apart from that report, however, there is the evaluation of the trial lawyers, and their damning indictment of Justice Clark. The association's statement lists absolute minimum qualifications for a justice of the Supreme Court: the universal respect of the officers of the court, and demonstrated intellectual credentials. Their conclusion is that Judge Clark fails on both scores.

Mr. Clark, who was on the governor's personal staff as late as four years ago, has had little experience on the bench, having quickly risen through the judiciary with Gov. Reagan as his patron and promoter. Nothing in Mr. Clark's known record yet indicates legal distinction of any kind.

Asked recently by a reporter to name a "distinguished lawyer" who endorsed the Clark appointment, Governor Reagan said there are "scores and scores," although declining to identify any offhand. He said

some jurists have publicly expressed approval, but declined again to name names. Others he claimed have offered their support privately, but he said he wouldn't feel right listing them.

Subsequently, the governor came up with endorsements of Justice Clark from two Superior Court judges, one in Los Angeles and one in Oakland.

Both were Reagan appointees to their courts, both have less than two years on the bench.

And the governor offered two attorneys, both of whom had practiced before Judge Clark's court.

This is scarcely the "scores and scores" of distinguished lawyers claimed.

Since the trial lawyer governors might also have to do business before Justice Clark, in one court or another, their insistence upon saying publicly and forcibly that he does not come up to standards would seem to be an act of more than a little courage, and worthy as such of particular note.

THE SACRAMENTO BEE -- March 6, 1973

The Governor And The Chief Justice

Chief Justice Donald R. Wright exemplified the highest standards of the judiciary in casting the lone vote against confirming William P. Clark Jr. as an associate justice of the California Supreme Court.

Wright said it was his most difficult decision since going on the court himself. Yet he did not hesitate to oppose the 41-year-old former close political associate of Gov. Ronald Reagan.

The chief justice, who owes his position to the same governor, could have taken the easy way out and joined the other two members of the Commission on Judicial Appointments in approving Reagan's first executive secretary.

He chose instead to support his conviction Clark

was not qualified "by education, training and experience." Clark had come under fire because he flunked out of law school and because of a high number of reversals during his three years on lesser courts.

Wright showed his own stature and his courage in saying frankly he had formed a high regard for Clark personally and sincerely hoped to be proved wrong by the new justice's performance. If so, he added, he will be the first to acknowledge he was wrong.

Reagan has indicated in the past that if he had it to do all over again, he would not select Donald Wright as California's chief justice. On that basis, Wright stands out as the governor's finest mistake.



Reagan Withdraws Nomination Of Vukasin To Appellate Court

By Lee Fremstad
Bee Capitol Bureau Chief

Gov. Ronald Reagan yesterday afternoon abruptly withdrew his nomination of controversial Public Utilities Commissioner John P. Vukasin Jr. to the appellate court.

The unexpected move was requested by Vukasin who had been left dangling for two weeks by the Commission on Judicial Appointments headed by Chief Justice Donald Wright.

It was interpreted as a victory for the California State Bar. Its investigative committee concluded Vukasin's court experience was "negligible" and he suffered from a "virtual or

complete lack of demonstrated excellence of judicial talents."

Asks Withdrawal

Vukasin, 45, an Oakland attorney, campaigner for Barry Goldwater and Reagan and 1969 appointee to the Public Utilities Commission, asked the governor on Thursday to withdraw his nomination.

"I sincerely believe that additional delay would be damaging to the orderly administration of justice," wrote the nominee to the First District Court of Appeal in San Francisco.

"In order not to subject you to criticism for even further delay in filling this important position, I respectfully

request that my name be withdrawn from consideration."

Reagan said he will offer another nomination in the next several weeks.

The Vukasin development and the bypassing of State Sen. Fred W. Marler Jr., R-Shasta County, for an appellate opening just a week ago are believed to signal the end of "political" nominations of men without judicial experience to the appellate bench.

Until last week it appeared Marler was a certain nominee, but after a group of State Bar members called on the governor, Reagan surprised almost everybody by elevating two Superior Court judges, Democrats at that, to the 3rd District Court of Appeals.

Marler in turn was named to a trial court opening, on the Superior Court in Sacramento.

Phone Interview

Vukasin in a telephone interview yesterday afternoon when the withdrawal became known, declined to blame the bar or any individual publicly.

"I am somewhat perplexed by some of the events which have occurred," Vukasin said cautiously.

It was the attorney's second rebuff on a judicial appointment. He was nominated by President Nixon to the

federal district court in San Francisco in 1972 but refused confirmation.

Reagan's statement blamed but did not identify "certain people" for generating unwarranted controversy over the nomination. At his press conference on Thursday Reagan said he is in "total disagreement" with the bar's assessment of Vukasin.

"Well, all I can say is it was an unusual thing for them to do and I'm quite curious myself as to their motives," the governor declared.

A consumer group, a fellow commissioner and a state senator were among those testifying against Vukasin before the Judicial Appointments Commission. The nominee was attacked for pro-industry bias, his PUC staff rotation plan and for proposing the lawyers-only rule for commission appearance.

The withdrawal was the first since 1942 when Gov. Culbert Olson named Brodie Ahlport as appellate court presiding judge. After public criticism a State Bar investigation concluded his experience did not qualify him to high judicial office, and Olson withdrew his name, nominating Walter Desmond in his place.

In 1940 the Olson nomination of Max Radin, a Boalt Hall law professor, to the State Supreme Court drew charges that Radin was a Communist or fellow traveler. The appointments

commission refused confirmation by 2-1 vote and Roger J. Traynor was appointed and confirmed the following month to begin a career which climaxed with his heading the court as chief justice.



John P. Vukasin Jr.



The Sacramento Bee

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Wednesday, Oct. 6, 1971

Editorials

Governor Makes Intemperate Attack On Courts In Welfare Aid Dispute

Gov. Ronald Reagan's intemperate and unjustified attack on the judiciary, including the California Supreme Court, for rulings suspending implementation of some of his pet changes in the welfare system was a shocking performance. In attacking the courts he tried to shift the blame from where it properly belongs — on his own politically-motivated, poorly-conceived and poorly-executed proposals.

When the far-reaching welfare revision bill was before the legislature this year, a number of lawmakers, Republicans as well as Democrats, voted for the measure despite their belief some of its provisions clearly were illegal and certain to face trouble with the courts. They accepted these provisions, however, only because the governor had committed himself so heavily to them he would not accept other revisions required in the welfare system unless the legislature also went along with his own dubious ideas.

Among them were the lack of hardship exemptions under some of the limitations on welfare aid, residency requirements of questionable constitutionality and restrictions on assistance to meet special needs. But the courts last week delayed implementation of new grant levels under the aid to families

with dependent children program simply because recipients had not been properly notified of changes in their assistance. This was a failure of the state administration.

Reagan, however, sought to make the courts the scapegoat by accusing them of "hasty and uninformed" rulings, of "bungling interference." Besides being wrong, these words sound strange from one supposedly so dedicated to law and order as the governor. His angry attack on the judiciary does nothing to encourage respect for the law.

In his eagerness to impose his own conservative philosophy on state government, Reagan has operated without regard to the law, without regard to real need, without regard to the workability of some of his proposals. The bungling has not been by the courts but by his own administration.

There was much speculation in the Capitol about what the governor would seek to make a whipping boy since the revised welfare system minimized public assistance programs as a political issue. It seems the governor has decided he will try kicking the courts around for a while. Sometime, if it has not happened already, a majority of Californians will decide Reagan cannot escape responsibility for his own failures by blaming someone else.



Reagan's Plan

Tax Initiative Task Force Cost State \$161,000

By Lee Fremstad
Bee Capitol Bureau Chief

It cost an estimated \$161,000 of state money in salaries, travel and overhead for the Tax Reduction Task Force which put together Gov. Ronald Reagan's tax limit initiative, the governor's office disclosed late yesterday.

The eight-page summary of costs was made public to the press and legislature with no additional comment from Reagan.

The report, in a memo to Reagan from Business and Transportation Secretary Frank J. Walton, included several justifications for using manpower and funds budgeted for other executive branch agencies, a practice that has been criticized by some legislators.

"The pooling of resources from the administrative budgets of the departments of state government to provide for task forces to deal with special research and problem-solving efforts is a necessary and proper function of the executive branch. . ." Walton declared.

About two-thirds of the money — a "good-faith estimate" of \$103,000 once salaries are included — came out of the budgets of Social Welfare and Human Resources Development.

In what was viewed as a rebuttal to criticism by Senate Democratic Caucus Chairman Mervyn M. Dymally and others for funding from the welfare budget, the administration document declared:

"It is important to note that these are administrative funds only. No welfare recipient has been denied any benefit as a result of this support."

Foresees Benefit

Walton additionally suggested that the task force's report will ultimately benefit welfare recipients if the Reagan Initiative becomes law.

"Because persons on welfare pay various kinds of taxes. . . to the extent that the total burden of state taxes is reduced over time through the governor's revenue control and tax reduction program, such recipients will benefit," Walton declared.

More Capitol News On B5, E1

Lewis K. Uhler, special assistant to the governor, directed the task force. From Jan. 1, 1972 through this month, he accounted for \$22,464 as special consultant.

Charles D. Hobbs, who switched from the governor's staff and payroll last Nov. 30 to become a consultant to Human Resources Development, drew the largest amount.

Is Well Paid

Walton disclosed that from last Dec. 1 to May 15 of this year Hobbs was paid \$16,055. In the three months prior to that arrangement, he was paid \$7,224, making his total for nine and one-half months \$23,279.

Nine other state employees, from executives to secretaries aided the task force and six outside con-

sultants and specialists were paid on a contract basis. Highest paid of the consultants was Jeffrey Davis of California Research Consultants who has a claim in for \$4,980 for a five-month period.

The board of advisers which includes Milton Friedman, famed University of Chicago economist and consultant, and Glenn Campbell, director of the Hoover Institution on War, Revolution and Peace at Stanford University, were apparently unpaid.

Hold Up Payments

It was learned last week that the office of State Controller Houston I. Flournoy has held up payments to the task force pending an opinion on the legality of fund transfers. Hobbs is being paid meanwhile from a Human Resources Development revolving fund.

The legislature's Joint Legislative Audit Committee last month concluded that "series questions" exist about the propriety of the task force funding.

Walton indicated the funding technique has long been used by the adminis-

tration. "This is no different from the manner in which other task forces . . . have been supported in the past," said his memo.

"The governor's ability to effectively utilize the ad-

ministrative resources of the executive branch is essential if he is to meet his responsibilities to solve state problems and innovate new programs to meet public needs."

THE SACRAMENTO BEE -- February 3, 1976

Reagan Contradicted Foe Predicts Tax Hike If \$\$ Sharing Ends

CONCORD, N.H. (UPI) — The mayor of San Diego, Calif., said Monday homeowners across the nation must realize they face a 10 per cent property tax increase if Ronald Reagan becomes president and successfully opposes federal revenue sharing.

"I do think it's important people all across the country understand that," Mayor Peter Wilson told a news conference called by President Ford's New Hampshire campaign committee.

Wilson was on a whirlwind tour of New Hampshire, Massachusetts and Florida backing Ford and criticizing Reagan, who was governor during

five of the years Wilson spent in the California Assembly.

Wilson defended Ford's plan to achieve a balanced budget in three years, and said his "44 vetoes have saved the American people \$10 billion."

He said in his association with Reagan he found him a man of "great charm," but said Reagan's "rhetoric is not matched by performance." Wilson said that was why many persons who supported or worked for Reagan when he was governor now are backing Ford in the primary.

A number of New Hampshire state and local officials have said Reagan's proposal to cut federal spending \$90 billion would force a sales or income tax on New Hampshire, the only state

with neither such tax. They also have said property taxes would have to rise.

Reagan has denied new taxes would be needed, and has been backed in this by Gov. Meldrim Thomson of New Hampshire, who supports Reagan for president.

"How can he say that?" Wilson asked.

He said people should inquire of the Internal Revenue Service how many tax dollars New Hampshire sends to Washington, and of the Office of Management and Budget how many federal dollars return to New Hampshire.

"If what comes back is greater than taxes, then Gov. Reagan and Gov. Thomson are wrong," he said.



THE SACRAMENTO BEE

Thursday, September 18, 1975

Page A3

'Too Right Wing'Reagan Not Qualified,
Former Backer SaysBy Susan Sward
Associated Press Writer

Ronald Reagan is not qualified to be President, Leonard Firestone, the U.S. ambassador to Belgium, said Wednesday.

Firestone, a backer of Reagan during his two terms as California governor, said he will support President Ford in the Republican presidential campaign in 1976.

The 68-year-old, long-time Republican fundraiser said in an Associated Press interview that Reagan was a good governor, but that he is "too right wing for me."

Firestone, an heir to the rubber company fortune, also said he has given up fundraising since he became an ambassador.

He said of Reagan's probable presidential campaign:

"I think Reagan is too right wing for me. I am considered a moderate. I felt he didn't measure up to what I thought his interest in the people's welfare should be.

"I would say he was a good governor, but I don't think he is qualified to be President," said Firestone, whose father, Harvey, founded the Akron, Ohio, rubber company.

"I think we can all criticize, but to have answers is the most important thing. I think Reagan points out our weaknesses very well, but I am not convinced he has the answers to

correct them," Firestone said.

Firestone's support of Ford followed the recent announcement by several other former key Reagan financial backers who said they will support Ford next year.

Firestone was first appointed to his ambassador post by former President Richard Nixon in May 1974. Ford refused to accept Firestone's resignation when he took office in August last year.

In a wide-ranging telephone interview from his Southern California office, Firestone said:

"I am for Ford. No one asked me before. I am permitted to make a contribution. I will give \$1,000 and my wife will give \$1,000, which is the federal contribution limit now.

"I am very strong for Ford because of his training, background and capacity for leadership and his understanding of problems," Firestone added.

In the 1972 Nixon presidential campaign, Firestone was Nixon's state finance director and he contributed \$100,000 to Nixon. Firestone said that was his biggest single contribution ever to any candidate.

Asked what he thought of Reagan's probable presidential candidacy, Firestone said, "He must feel he has a

chance at the nomination or he wouldn't be doing what he is doing. Personally, I think he'd have a very small chance of unseating an incumbent President who is doing, in my opinion, a very good job under very trying conditions."

When Reagan ran for governor, Firestone said, he contributed between \$5,000 and \$8,000 for each race. At the federal level, Firestone said he is glad there are now regulations on spending.

Firestone, who once said in an interview on fundraising that "people just don't come and throw money at you," said now that federal contributions lids exist "I am very happy."



COMPARISON OF STATE EXPENSES DURING GOVERNOR REAGAN'S FIRST AND LAST BUDGET PERIODS AND THE INCREASE IN FLATION DURING THAT PERIOD OF TIME

(Also number of state employees)

<u>Actual Expenses</u>	<u>First Budget Period 1967-68 Fiscal Year</u>	<u>Last Budget Period 1974-75 Fiscal Year</u>
General Fund -----	\$ 3,272,809, 294 -----	\$ 8,348,764,330
Special Funds -----	1,211,569,609 -----	1,680,499,736
Bond Fund -----	529,790,658 -----	247,348,108
	<hr/>	<hr/>
Total -----	\$ 5,014,169,561 -----	\$10,276,612,174 5,014,169,561
Amount of increase during 8 years as Governor-		\$ 5,262,442,613 (*)
Percent of Increase " " " " " -		105%

Consumer Price Index (measure of inflation)

1967= 100

1967 - 100
1968 - 104.1
1969 - 109.3
1970 - 114.9
1971 - 119.1
1972 - 123.1
1973 - 130.2
1974 - 143.5
1975 - 158.5

(*) Since Governor Reagan's last fiscal year expenses covered only one-half of the 1975 calendar year, it can be fairly assumed that the Consumer Price Index at the end of that period was about 150.

Allowing for 50% inflation during Governor Reagan's 8 years in office, the increase in state expenses during that period would be \$2,631,221,306 compared to \$5,262,442,613 indicated above.

Number of State Employees (full time 7 part time in round figures)

At beginning of Governor Reagan's first term -----	114,000
At end of Governor Reagan's second term -----	126,000
	<hr/>
Increase during 8 year period -----	12,000
Percent increase during 8 year period----	10.5%



New Reagan Tax Query

Was Most Of \$91,128 Paid On Single Deal?

By James Wrightson
McClatchy Newspapers Staff Writer

LOS ANGELES — Was the \$91,128.22 Gov. Ronald Reagan says he paid in state income taxes during the five years he has been governor the result of a single business deal — the sale of his Yearling Row Ranch in the Malibu mountains for \$1.9 million to 20th Century Fox Studios in December, 1966?

Tax lawyers and former Internal Revenue Service agents here queried by the McClatchy newspapers say they believe the sale of the 236-acre ranch in the Malibu Mountains accounts for nearly all of the \$91,000-plus.

Another Viewpoint

Reagan And Tax Disclosure

Gov. Reagan is irked over the flap caused by the disclosure that he paid no state income tax in 1970.

Anyone can understand that. By law, income tax returns are supposed to be confidential. But, once the governor chose to talk about it, the matter was in the public domain; and an appropriate subject for inquiry and comment. For Ronald Reagan is not an ordinary Joe, but the governor of California.

Once the rumor was out, should newsmen not have pursued it at all? The governor seems to think so. In fact, he is outraged that they did pursue it. On two occasions he lectured his press conference on the subject, even suggesting that some had imputed wrong-doing on his part. Significantly, Reagan failed to name names when pressed for specifics in that regard.

The governor misses the point. The public uproar did not stem from any hint of wrong-doing, for there was

Last week, the governor grudgingly admitted he paid no state income tax for 1970.

He has refused to issue a financial statement accounting for the deductions which gave him a rebate on his 1970 federal income taxes, and enabled him to avoid paying state taxes on his annual governor's salary of \$44,100 in 1970.

The governor bought the Malibu ranch in March, 1951, for \$65,000, according to county records here.

In December, 1966, shortly after he was elected governor, he sold it to 20th Century-Fox Studios for \$1,930,000 — for a profit of \$1.8 million.

The governor paid about \$275 an

acre for the unimproved land, and sold it for \$8,178 an acre with very few improvements.

Twentieth Century-Fox gave Reagan \$538,833 as a first payment on the property which was recorded in Los Angeles County on Dec. 20, 1966.

The remaining \$1,391,167 was paid to Reagan within a year.

Tax experts here speculate if Reagan paid the capital gains tax on the \$1.8 million profit in instalments, it would have amounted to about \$85,000 to \$88,000.

If he paid the taxes on the entire sale price in 1966 in one lump sum, which, tax experts say is unlikely be-

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EXHIBIT 9

cause he did not ^{serve the balance} from Fox until 1967, he would have paid about \$65,000 in state income taxes in 1967.

They say since the sale was not recorded until so late in 1966, it indicates Reagan's tax advisers decided to use the avenue of instalment payment of the tax.

Tax lawyers point out the law allows capital gains, such as the \$1.8 million Reagan realized from the sale of his ranch, to be taxed at one-half instead of the full amount.

During the 1966 gubernatorial campaign and in speeches afterwards, Reagan told audiences he had to sell the Yearling Row Ranch because of the soaring property taxes in Los Angeles County.

However, a citizens' group complained that Reagan's Malibu property had been assessed too low, and won its case before a Los Angeles County Assessment Appeals Board.

The tax experts and attorneys consulted by the McClatchy Newspapers refused to allow their names to be used because they say they have not seen Reagan's tax forms and therefore can only speculate about the governor's tax status.

Editorial
From The
Los Angeles Times

When a man is elected to public office he foregoes part of the ordinary man's right to privacy. He asks the public to trust him with the public business; and he in turn has got to say, look, here I am, this is how I think and this is how I act. In return for public confidence, he opens himself to public scrutiny.

Reagan himself recognized that fact when, at the 1970 session of the legislature, he backed a bill that would have given California the most comprehensive conflict-of-interest law in the nation.

That bill would have required financial disclosure by elected officials and by all civil service employes, appointed officials, and members of boards and commissions; and by the families of each.

The bill died in committee, but in endorsing it the governor acknowledged that public servants do in fact surrender certain rights of privacy in exchange for public trust. Including the governor.

SACRAMENTO BEE
MAY 14, 1971

THE SACRAMENTO BEE -- May 7, 1971

An Editor's Notebook

Reagan Is Denied Joy Of Tax Paying



By C. K. McClatchy, Executive Editor

SYMPATHY — This is a time to offer Gov. Ronald Reagan quiet sympathy and understanding because we now see that his very able tax accountant has deprived the governor of one of the most noble and rewarding experiences available to ordinary citizens — paying taxes until they hurt.

It was our very own governor who first evolved the theory there is something good about paying taxes until they hurt. Previously California citizens simply accepted taxes as a pain in the pocketbook which sometimes made the rent payments late. But once Reagan enunciated his "pleasure-through-pain" theory of tax payment, a new light was shed on taxation.

It was understood it is a good thing to have taxes hurt, and the more they hurt the better off every one is. That was the reason Gov. Reagan "poured his feet in concrete" in opposition to withholding of state income tax. Taxes withheld from an employe's salary might not be noticed. Reagan wanted them to "hurt" for the "good" of the taxpayer.

VIGOR — Gov. Reagan has spoken out with great vigor on several occasions, reaffirming his belief in the merit of paying taxes.

"Certainly, no one should avoid their fair share of taxes," Reagan said in 1967. He even expressed the thought the honor of paying taxes should be allotted according to income, a rather progressive thought. The governor told the legislature in 1969: "The burden of taxation should fall equally on all taxpayers in proportion to their income."

In light of the governor's strong views on the virtue of paying taxes, it can be seen what a heavy blow his tax accountant dealt him when he denied the governor the chance to pay any income tax to the State of California

get a lot of pleasure out of paying taxes "until they hurt," considering his income. In 1970 his salary as governor was \$44,100. In addition he received \$15,000 to spend on expenses and \$17,400 for his residence. Last year the legislature added another \$15,000 for the rent on his Sacramento residence and raised his salary to \$49,100.

He was paid \$1.9 million for 623 acres of land near Malibu by the 20th Century Fox Corp. in 1966. This sum invested in even the most conservative government bonds would bring in a tidy sum to add to the governor's not inconsequential salary as governor.

REVERSES — However, "business reverses" to undescribed investments created a situation which permitted Reagan's tax accountant to add up the figures on Reagan's state income tax return so he showed no taxable income. It is difficult to fathom how, since the governor refuses to reveal anything about his investments.

As a matter of fact when Reagan first was asked whether he had paid

the state tax in 1970 he said: "You know something, I don't actually know whether I did nor not." That was something of a show stopper, since Reagan then recalled he had signed his return. It was one of the few times television viewers had seen their citizen-politician at a loss for words.

PERSPECTIVE — It was left to Henry Salvatori, Southern California industrialist and long time Reagan financial backer, to put the governor's nontax payment into proper perspective.

"There is nothing unusual about that," Salvatori explained. "Seems to me he had losses in his investments. Those are deductible from his income and his income was zero, apparently. Nothing unusual about this; it happens all the time."

Maybe so. But it does leave the governor in a sad situation. He has been deprived of his share of the joy of paying taxes at the same time it has been revealed he is such a bad businessman obviously he never will make a go of it when he returns to the cold, hard business world.



EXPLANATION OF ANALYSIS

The attached analysis of programs definitely or probably affected by Ronald Reagan's proposed \$90 billion budget reduction plan utilized actual Federal outlays for the state for Federal fiscal year 1975.

Several additional observations also are warranted:

- a. Reagan's proposal has been "floated" but not released, consequently the specifics which are necessary for a thorough and accurate analysis are non-existent.
- b. Our understanding of the proposal's elements is based on news articles such as those authored by Stout, Ottenad, and Buchanan.
- c. Actual Federal outlays to the states for FY '76 will not be available for almost another 12 months, therefore Reagan's plan has been evaluated on the basis of its apparent impact on the FY '75 disbursements.

Using the conclusions of the aforementioned writers, programs which would appear to have been affected by the Reagan proposal would have totalled \$ 1,856,471,000. This total amount might be broken down into the following two categories:

1. Programs terminated or drastically altered: \$ 529,233,000
2. Programs probably affected in whole or in part: \$ 1,327,238,000

Those programs that would appear to be directly impacted on (item #1 immediately above) are indicated with an asterisk (*).

Attachment



ACTUAL FEDERAL OUTLAYS TO
ILLINOIS FOR FISCAL YEAR 1975

I. EDUCATION, MANPOWER, & SOCIAL SERVICES

Department of Health, Education & Welfare

<u>Amount</u>	<u>Program Category</u>
* \$19,352,000	Child Development -- Head Start
3,552,000	Educ. Deprived Children -- Urban and Rural School Grants
5,479,000	Educ. Deprived Children -- Handicapped
793,000	Educ. Deprived Children -- In State Institutions
946,000	Educ. Deprived Children -- State Admin.
707,000	Educ. Deprived Children -- Migrants
84,061,000	Educ. Deprived Children -- LEAS
1,472,000	Upward Bound
(\$116,362,000 - SUB-TOTAL)	
1,837,000	Handicapped Pre-School and School Programs
1,065,000	Handicapped Teacher Education
611,000	Handicapped Early Childhood Assistance
(\$3,513,000 - SUB-TOTAL)	
276,000	Higher Educ. -- Land Grant Colleges and Universities
4,900,000	Higher Educ. -- Strengthening Develop. Inst.
1,261,000	Higher Educ. -- State Post Secondary Educ.
13,316,000	Higher Educ. -- Work Study
220,000	Higher Educ. -- Cooperative Education
684,000	Higher Educ. -- Graduate Facilities
68,000	Higher Educ. -- (other outlays from O.E.)
* 922,000	Special Services -- Disadvantaged Students in Higher Education
(\$21,647,000 - SUB-TOTAL)	
231,000	National Defense Student Loan Cancel
14,343,000	National Direct Student Loans
6,308,000	Student Loan Insurance Fund
11,737,000	Supp. Education Opportunity Grants
(\$32,619,000 - SUB-TOTAL)	
590,000	Rehabilitation Services & Facilities -- special Projects
24,829,000	Rehabilitation Services & Facilities -- Basic Support



I. EDUCATION, MANPOWER, & SOCIAL SERVICES (cont'd)

Department of Health, Education & Welfare (cont'd)

<u>Amount (cont'd)</u>	<u>Program Category (cont'd)</u>
\$ 1,464,000	Rehabilitation Training
(\$26,883,000 - SUB-TOTAL)	
11,431,000	Special Programs for the Aging
(\$11,431,000 - SUB-TOTAL)	
3,476,000	Emergency School Aid Act -- Grants to LEAS
412,000	Emergency School Aid Act - Pilot Programs
907,000	Emergency School Aid Act - Special Programs Project
100,000	Emergency School Aid Act - Special Programs
(\$4,895,000 - SUB-TOTAL)	
18,795,000	Vocational Educ. -- Basic Grants to States
1,580,000	Vocational Educ. -- Consumer and Homemaking
654,000	Vocational Educ. -- Cooperative Education
59,000	Vocational Educ. -- Curriculum Development
477,000	Vocational Educ. -- Innovation
724,000	Vocational Educ. -- Research
878,000	Vocational Educ. -- Special Needs
150,000	Vocational Educ. -- State Advisory
503,000	Vocational Educ. -- Work Study
440,000	Vocational Educ. -- Personal Development Awards
(\$24,260,000 - SUB-TOTAL)	
<u>\$241,610,000</u> -----	<u>TOTAL (H.E.W.)</u>

II. COMMUNITY AND REGIONAL DEVELOPMENT

Department of Commerce

<u>Amount</u>	<u>Program Category</u>
* \$ 46,000	Regional Action Planning Commission
* 4,063,000	Economic Development (Admin, Development Grants, and T/A)
<u>\$4,109,000</u> -----	<u>TOTAL</u>



II. COMMUNITY AND REGIONAL DEVELOPMENT (cont'd)

Action

<u>Amount</u>	<u>Program Category</u>
* \$ 335,000	Volunteers in Service to America (VISTA)
<u>\$ 335,000</u> -----	<u>TOTAL</u>

Community Services Administration

<u>Amount</u>	<u>Program Category</u>
* \$17,031,000	Community Action
* 165,000	Older Persons Opportunities and Services
* 285,000	Community Food and Nutrition
* 884,000	Emergency Energy Conservation
* 3,358,000	Legal Services
* 82,000	Migrant Legal Services
* 429,000	State Econ. Offices
* 767,000	Summer Youth Recreation
<u>\$23,001,000</u> -----	<u>TOTAL</u>

Department of the Interior

<u>Amount</u>	<u>Program Category</u>
\$ 152,000	Indian Education -- College & University
372,000	Indian Employment Assistance
42,000	Indian Industrial & Tourism Development
16,000	Indian Education -- Adult
<u>\$ 582,000</u> -----	<u>TOTAL</u>

Department of Health, Education & Welfare

<u>Amount</u>	<u>Program Category</u>
\$ 21,000	Indian Education -- Adult
52,000	Indian Education -- Special Prog. & Progress
7,000	Indian Health
<u>\$ 80,000</u> -----	<u>TOTAL</u>



III. COMMERCE AND TRANSPORTATION

U.S. Postal Service

<u>Amount</u>	<u>Program Category</u>
\$780,088,000	Postal Fund
<u>\$780,088,000</u>	----- <u>TOTAL</u>

Department of Transportation

<u>Amount</u>	<u>Program Category</u>
* \$14,855,000	Grants-in-Aid for Airports
* 83,529,000	Urban Mass Transportation Fund
<u>\$98,384,000</u>	----- <u>TOTAL</u>

Department of Agriculture

<u>Amount</u>	<u>Program Category</u>
* \$ 3,351,000	Watershed Works of Improvement
* 68,000	Resource Conservation and Development Operations
* 247,000	Resource Conservation and Development
* 637,000	River Basins Surveys and Investigations
* 4,187,000	Water and soil Conservation
* 617,000	Soil Survey
* 288,000	Watershed Planning
* 839,000	Watershed & Flood Prevention Operations
<u>\$10,234,000</u>	----- <u>TOTAL</u>

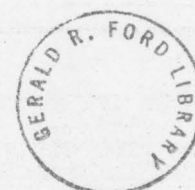
Department of the Interior

<u>Amount</u>	<u>Program Category</u>
* \$ 27,000	Construction (Corps of Engineers - Civil)
<u>\$ 27,000</u>	----- <u>TOTAL</u>

IV. INCOME SECURITY

Department of Agriculture

<u>Amount</u>	<u>Program Category</u>
* \$257,377,000	Food Stamp Bonus Coupons



IV. INCOME SECURITY (cont'd)

Department of Agriculture (cont'd)

<u>Amount</u>	<u>Program Category</u>
* \$ 2,442,000	Other Food Stamp Program Costs
* 55,516,000	National School Lunch Program (Cost)
851,000	Non-food Assistance to Schools
2,163,000	Food Distribution -- Other Program Costs
5,087,000	School Breakfast Program
8,326,000	Special Food Service Program for Children
3,228,000	Special Milk Program
151,000	Supp. Food -- Women, Infants and Children
	State Admin. Services (FNS)
<u>\$335,141,000</u> -----	<u>TOTAL</u>

Department of Labor

<u>Amount</u>	<u>Program Category</u>
* \$ 1,111,000	Food Stamps Assistance
<u>\$ 1,111,000</u> -----	<u>TOTAL</u>

V. LAW ENFORCEMENT AND JUSTICE

Department of Justice

<u>Amount</u>	<u>Program Category</u>
* \$40,629,000	Grants -- LEAA
<u>\$40,629,000</u> -----	<u>TOTAL</u>

VI. REVENUE SHARING

Department of the Treasury

<u>Amount</u>	<u>Program Category</u>
\$273,538,000	Fiscal Assistance to State and Local Governments
<u>\$273,538,000</u> -----	<u>TOTAL</u>

VII. NATIONAL DEFENSE

(Dollar amounts in this category not capable of being calculated.)



VIII. HEALTH

Department of Health, Education & Welfare

<u>Amount</u>	<u>Program Category</u>
* 77,000	Health Facilities Construction Grants
0	Health Maintenance Organization Service
9,883,000	Health Professions Capitation Grants
* 359,000	Health Professions Scholarships
* 2,348,000	Health Professions Student Loans
7,508,000	Health Services Development -- Project Grants
(\$20,175,000 - SUB-TOTAL)	
* 3,302,000	Mental Health -- Training Grants
452,000	Mental Health -- Children Services
5,738,000	Mental Health -- Community Mental Health Centers
4,187,000	Mental Health -- Research Grants
(\$13,679,000 - SUB-TOTAL)	
1,752,000	Nurse Training Improvement -- Special Projects
487,000	Nurse Traineeships
1,801,000	Nursing Capitation Grants
* 251,000	Nursing Scholarships
* 1,073,000	Nursing Student Loans
(\$5,364,000 - SUB-TOTAL)	
* 2,491,000	Family Planning Projects
* 5,892,000	Material and Child Health Services
(\$8,383,000 - SUB-TOTAL)	
<u>\$47,601,000</u> -----	<u>TOTAL</u>