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AND TELEVISION PROGRAM TO "ABC NEWS' ISSUES AND ANSWERS."

I S S U E S   A N D   A N S W E R S

SUNDAY, NOVEMBER 30, 1975

GUEST:

RONALD REAGAN - Former Governor of California  
and Candidate for the Presidency

INTERVIEWED BY:

BOB CLARK - ABC News Issues and Answers  
Chief Correspondent

FRANK REYNOLDS - ABC News Correspondent

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This is a rush transcript for  
the press. Any questions re-  
garding accuracy should be re-  
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1           ANNOUNCER: Former Governor of California and candidate  
2 for the Republican Presidential nomination, here are the  
3 issues:

4           Will your challenge to President Ford destroy Republican  
5 chances of holding on to the White House?

6           How do you propose to reduce the power of the federal  
7 government without substantially increasing local and state  
8 taxes?

9           If you were President, would you go to China to advance  
10 detente?

11                           \* \* \*

12           MR. CLARK: Governor, your challenge to President Ford  
13 has been greeted with alarm by some liberals and moderates  
14 within your party. Senator Percy says your nomination would  
15 wreck the party, and Senator Mathias is talking about starting  
16 a third party.

17           Do you have a plan to make peace with the liberals, to  
18 keep them under the Republican banner and under your banner  
19 if you win the nomination?

20           MR. MEAGAN: Well, Bob, I have always disagreed with  
21 those Republicans or those outside of the party who insist  
22 on hyphenating Republicans, giving them saliva tests and  
23 classifying them into narrow brackets as to where they stand  
24 philosophically. I think all of us must have certain basic  
25 agreements or we wouldn't be in the Republican Party.

1 I think they are wrong, and I think what they are ignoring  
2 is a record of eight years that stands up there for anyone  
3 to look at, the record of my administration in Sacramento,  
4 California.

5 They can look at that record, and I doubt if they can  
6 classify that into the narrow categories that they are viewing  
7 with alarm. So I hope that by our practice of the 11th  
8 Commandment, which was given birth in California, that their  
9 fears will be eased.

10 MR. CLARK: Do you mean by this, Governor, that you  
11 don't think it is necessary for you to offer any special olive  
12 branch to the liberals? You think they simply have to look  
13 at your record? Is that your view?

14 MR. REAGAN: I think they barked rather early, and maybe  
15 if they will sit down in good faith and have a discussion --  
16 which I would be very happy to have with them -- they would  
17 find out that their fears are groundless.

18 MR. REYNOLDS: Governor, one of the reasons, I suppose  
19 the major reason why liberals express misgivings about you  
20 is because of some of the things that you have said  
21 and the programs you have offered.

22 For example, your proposal to cut federal spending by  
23 consequent  
\$90 billion, with a / reduction in federal income taxes  
24 of about 23 percent, that you propose to give so many of  
25 these programs now funded in part or in whole by the

1 federal government back to the states. Is there anybody  
2 else that you can think of in the Republican Party that really  
3 believes that kind of a program?

4 MR. REAGAN: Well, yes, as a matter of fact, it has been  
5 Republican philosophy for quite some years, and many times in  
6 the platform, that there was an overcentralization of govern-  
7 ment under Democratic regimes and over these last 40 years  
8 of Democratic control of the House and Senate, and that the  
9 Republican Party was pledged to government at the levels near-  
10 est the people. I think that is standard Republican philosophy.

11 Now, my so-called cut of \$90 billion with the total based  
12 on the '76 budget projection, it was based on the amount of  
13 money that is invested in programs that properly, regardless  
14 of the money, properly belong at the state and local level.  
15 And my own experience in California indicates that this is  
16 so, and I think that most people today believe that. I think  
17 many of our ills would disappear if some program such as welfare  
18 and education were turned back to the states where they properly  
19 belong.

20 MR. REYNOLDS: What would that do to the states them-  
21 selves in terms of their own financing? For example, take  
22 the state of New Hampshire. You will be interested in New  
23 Hampshire before very long. New Hampshire now gets, on the  
24 subject of welfare you would propose to return all welfare  
25 obligations back to the states. Well, the federal government

1 pays 62 percent of the New Hampshire's total welfare expendi-  
2 tures. That means New Hampshire has to either assume that or  
3 cut it down.

4 MR. REAGAN: This is true, and I made the point this  
5 would not be a net gain, but if these programs were turned  
6 back -- let me say, also, not an instantaneous  
7 cancellation of Federal government, and hopefully somebody  
8 picks it up. I think you would have to have an orderly phas-  
9 ing of these programs to local government or state government.  
10 I think state governments at the same time when this happens  
11 should be reviewing whether they should indeed pass the  
12 program on to their local communities. Then I think that  
13 you would have to have taxes increased at state and local  
14 levels to offset this, or to maintain some of these programs.  
15 Some programs undoubtedly would be dropped, because the federal  
16 government has many programs. You know there is nothing that  
17 is closer to eternal life than a government program once started  
18 at the federal level. But the thing is, what we learned in  
19 California with our own welfare reforms is, not only can they  
20 be better administered, they can be more economically adminis-  
21 tered. Now, if the federal government stopped preempting so  
22 much of the tax dollar, taking all the sources of taxation  
23 at the federal level, leaving local and state governments  
24 strapped as to where they are to get the money they need,  
25 if this was reduced at the federal level there would be leeway

1 for the states and local governments to take these over.

2 They would also be run at a much lower cost. The administra-  
3 tive overhead of running any program at the federal level is  
4 much greater than it is at any other level of government.

5 MR. CLARK: Governor Reagan, as I am sure you are aware,  
6 New Hampshire is quite proud of the fact it is the only state  
7 in the country that has neither state sales nor state income  
8 taxes. Campaigning in New Hampshire on a program to turn  
9 back responsibility for numerous federal programs to the  
10 state, in candor wouldn't you have to tell the people of New  
11 Hampshire that you are going to have to increase your tax bur-  
12 den and that probably means either a sales tax or a state  
13 income tax?

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1 MR. REAGAN: But isn't this a proper decision for the  
2 people of the state to make?

3 MR. CLARK: But isn't this going to be forced on them if  
4 they are forced to take back these federal responsibilities?

5 MR. REAGAN: Yes, how they were to administer them, whether  
6 they would administer them is properly a decision to be made  
7 at the state level in these particular programs.

8 Let's emphasize I made it very plain in the same address  
9 in which I outlined this overall plan, I made it very plain  
10 that there are functions that are properly federal, properly  
11 belong to the national government and should stay there. This  
12 doesn't mean they can't be improved. It doesn't mean they can't  
13 be made more efficient. I am sure they can be.

14 But, as you have just said, the federal government is --  
15 your situation with regard to states -- now, in California we  
16 have an income tax too, but we realize we are limited in that  
17 income tax because the federal government is in there first  
18 and that is the most elastic tax, that is the one that  
19 grows with the economy the most, and the federal government has  
20 pre-empted it to such an extent that local and state governments  
21 are hard put to find legitimate sources for taxation.

22 MR. CLARK: Governor, that raises an interesting point.  
23 You have lost a celebrated item here in California, proposition  
24 one where you attempted to put a limit on the amount of state  
25 taxes that should be collected and paid the taxes to the total



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1 personal income in the state.

2 If you become President, would you try to do the same  
3 thing with federal taxes? Would you think of some outer  
4 limit that might be placed on federal income taxes?

5 MR. REAGAN: As a matter of fact, it is not just income  
6 taxes; it is all taxes. The percentage of the earned dollar  
7 that government takes is too high. That all governments take  
8 is too high.

9 It is one of the things that is holding down our economy.

10 We lost in California on that. We would take more than a  
11 half hour if I tried to explain it in full. Frankly, we were  
12 just out-muscled. The big lie defeated us and we didn't have  
13 the muscle to overcome it, but 69 per cent of the people who  
14 voted against that program had been deceived into believing  
15 they were voting against a tax increase.

16 MR. CLARK: If you become President, might you think in  
17 terms of a proposition one on the federal level?

18 MR. REAGAN: Well, you take your problem to Congress  
19 but that is already there. There is legislation that has been  
20 introduced in Congress by a group of congressmen who saw this  
21 California experiment and believed --

22 MR. CLARK: Would you support it, though?

23  
24 MR. REAGAN: I certainly would.

25 MR. REYNOLDS: Governor, before we leave this whole area,

1 what would your program, if fully implemented, do to the  
2 poorer states?

3 All states are not equal. California seems to be in pretty  
4 good shape, but what about Arkansas and Mississippi and some  
5 of these other states who don't have --

6 MR. REAGAN: It is true, there are states that get more  
7 from the federal government than they return to the federal  
8 government. They are low-taxed states. They are not burdened  
9 with heavy taxation, but let me ask you something: One of  
10 those high tax-paying states, so-called wealthy states, is New  
11 York.

12 Is New York, today, in a position to solve its own prob-  
13 lems and at the same time send money to some other states?

14 MR. REYNOLDS: Is New York in a position to assume all  
15 of the programs that you would give back to New York, all  
16 Welfare costs, all aid to education and everything else?

17 MR. REAGAN: Yes, because many of these programs, you see,  
18 are -- the manner in which the federal government insists on  
19 their implementation is excessive, and the rules and regula-  
20 tions force upon states and cities like New York things that  
21 administratively they would not do if they had the leeway to  
22 do it.

23 Now, let's point out another thing. If Welfare were  
24 returned to the state level, a state could have a limitation,  
25 or a residency requirement in order to get welfare, which they

1 always had, until the federal government was involved to such  
2 an extent that the Supreme Court ruled that, no, you could  
3 move anywhere in the United States you wanted and instantly be  
4 eligible for Welfare in whatever state you chose.

5 Now, states like New York and California that have tried  
6 to do more than other states, that had higher Welfare payments,  
7 found themselves with an in-migration from these other states.  
8 But if you returned this to the states and the federal govern-  
9 ment was not involved, a state like New York that was burdened  
10 with this great in-migration could have had a rule that said  
11 "Oh, no, you have to live here a year before you are eligible  
12 for Welfare."

13 MR. REYNOLDS: Now that you have raised the topic, suppose  
14 we ask you, what do you think of the way the President has  
15 handled the New York situation? Are you in agreement with him  
16 as far as New York's finances are concerned?

17 MR. REAGAN: I am worried about a precedent being establish-  
18 ed that might be passed on, or that might lead to other cities  
19 saying, "Well, we can be careless with our bonding and we can  
20 float more bonds than our credit requires and count on the  
21 federal government to bail us out."

22 I do recognize that the President has placed this on  
23 New York, reversing the trend that led to their problem.  
24 There is no question but that the victims in New York are the  
25 three million working tax-paying citizens, working in the private  
sector who must put up all the money that pays for everything

1 else; who for some 20-odd years have had their political  
2 leaders deceive them as to the practices they were following to  
3 the place that New York now has a per capita cost for basic  
4 services that is more than twice that of all the other big  
5 cities in the United States.

6 MR. CLARK: We would like to get a specific answer on  
7 New York. If you were President do you think you would have  
8 made the offer that President Ford has made to make direct  
9 federal loans to New York City to help get it out of its  
10 financial crisis?

11 MR. REAGAN: I wish I could give you an answer to that.  
12 As I say, I am worried about the precedent.

13 On the other hand, I don't want to see those three million  
14 working citizens I have mentioned victimized with creditors  
15 holding the bag and with bondholders in the same position.

16 I haven't had an opportunity to study all the ramifica-  
17 tions. I heard the President make his statement. It sounded  
18 like a practical plan. I have the concern that I have  
19 mentioned. I frankly want to give this more study before I  
20 tell you that is the solution that I would pick.

21 \* \* \* \* \*

22 MR. CLARK: Governor, as you know, Vice President  
23 Rockefeller hasn't quite taken himself out of the 1976 picture.  
24 He has declined to say flatly that he will not be a candidate  
25 for the Republican nomination.

1 Do you view him as a rival for the nomination?

2 MR. REAGAN: No. I am aware of his position and it is  
3 similar to a position he has taken in previous national  
4 elections and that is a decision for him to make.

5 I have said that I will not be surprised if, now that I  
6 have declared, if others do not follow suit and get into the  
7 race.

8 MR. REYNOLDS: Do you expect John Connally to come in?

9 MR. REAGAN: I don't know. I think that John Connally  
10 certainly is available and would not refuse if there was an  
11 indication from enough people that they thought he should make  
12 a run for it.

13 MR. REYNOLDS: Governor, what is your strategy, to knock  
14 the President out in the early primaries, force him to withdraw?

15 MR. REAGAN: My strategy is a little more  
16 naive than that. My strategy is to take my case to the people  
17 as to what I believe should be done with regard to the problems  
18 and what I think the solutions are, what the policy should be,  
19 and let the people decide.  
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1 MR. REYNOLDS: The President has indicated no great wil-  
2 lingness to debate you. Would you like to debate Mr. Ford,  
3 say up there in Manchester?

4 MR. REAGAN: Well, I have to say this. I know that  
5 the challenge and the rejection of debate is kind of a campaign  
6 tactic that is used both ways, in politics. I have to say  
7 that I believe the people can find out what you believe, what  
8 your principles are, without the two of you appearing simul-  
9 taneously.

10 MR. REYNOLDS: You don't think it is easier to choose  
11 between the two of you, if they could see you side by side  
12 discussing these issues, having a free and frank exchange of  
13 views?

14 MR. REAGAN: Well, is it any different than seeing each  
15 candidate frankly express his views and then someone else --  
16 and you gentlemen of the press make no -- you leave no stone  
17 unturned to pin each one of us down on what the other one  
18 has done and what you would do likewise. I am not sure  
19 that it is beneficial.

20 MR. CLARK: Governor, one more question about Vice Presi-  
21 dent Rockefeller. He has refused to say that if you win the  
22 nomination he would support you. If by some chance he be-  
23 came the Republican nominee, would you support him?

24 MR. REAGAN: Well, he is not even a candidate yet.  
25 I will wait and answer that when he becomes a candidate.

1 I think I would be surprised and disappointed if Vice President  
2 Rockefeller took that attitude with regard to a Republican  
3 nominee. I would be surprised, myself. I believe in the  
4 philosophy of the Republican Party. I know that the Vice  
5 President and I differ philosophically on a number of points.  
6 At the same time, we have a most friendly and cordial rela-  
7 tionship.

8 MR. CLARK: Governor, would you say -- this is a way out  
9 of the dilemma we put politicians in on this -- would you simply  
10 say you would support the nominee  
11 of the Republican Convention, whoever he may be?

12 MR. REAGAN: Well, now, that is a hypothetical question.

13 MR. CLARK: Is that hypothetical? There aren't very many  
14 candidates.

15 MR. REAGAN: Wait a minute. You can get into all sorts  
16 of things. Would I, when I was a Democrat, would I have  
17 stayed with my party in '72 when they chose a man who I thought  
18 was so far afield from what the American people wanted, then  
19 the answer would be no. So you can't rule that that can't  
20 happen to any party as it did to that one. I don't think it  
21 could happen to the Republican Party, but you can't make  
22 a flat assertion that it won't.

23 MR. REYNOLDS: You are well on your way right now to  
24 reviving talk about a third party with you heading a  
25 third party possibly?

1 MR. REAGAN: No, I rule that out.

2 MR. CLARK: Neither you nor Vice President Rockefeller  
3 will say they will support the nominee of the party. Doesn't  
4 this inspire the sort of divisiveness that Republican leaders  
5 in both the left and right wings, the liberal and conservative  
6 wings, are trying to avoid?

7 MR. REAGAN: No. There are two candidates at the moment  
8 for the nomination of the Republican Party - myself and Presi-  
9 dent Ford. If President Ford wins, I will support him.

10 MR. CLARK: There have been reports when you telephoned  
11 President Ford to tell him you were going to challenge him  
12 for the nomination he told you, as the report read, that this  
13 would cause bitterness and divisiveness within the party and  
14 weaken its chances of defeating the Democrats next year. Did  
15 the President say this to you?

16 MR. REAGAN: The President expressed a concern. I made  
17 my pledge to him about doing nothing divisive. He made the  
18 same pledge to me. He did express a concern that in spite  
19 of this, the other people who are involved in campaigns, that  
20 the danger was there. Well, I have the experience of a '66  
21 campaign in California in which we all did observe the 11th  
22 Commandment, and we put the Republican Party back together in  
23 this state for the first time in 50 years, that it had been  
24 a united party.  
25



1 MR. REYNOLDS: Governor, do you believe the President's  
2 current trip to China -- he is on his way there today -- is  
3 worthwhile?

4 MR. REAGAN: Well, he expressed the hope it was to improve  
5 chances for peace. In that regard I hope it is successful.  
6 Frankly, I have to wonder if it isn't time for China to come  
7 visit us.

8 MR. CLARK: Governor, one of the questions that is still  
9 hanging over our relations with China is whether we should  
10 upgrade our diplomatic relations with China and establish an  
11 embassy in Peking. Now, the one could be that this would mean  
12 abandoning Taiwan. If you were President, would you take that fur  
13 ther step toward closer relationships to China?

14 MR. REAGAN: Not if it in any way reduced our relation-  
15 ships with Taiwan. Taiwan is an ally. We have a treaty  
16 with Taiwan. I believe Taiwan as a trade partner is an  
17 economic force in the world far in excess of Mainland China. But  
18 while I want better relations on an honest basis with Red  
19 China, as I am sure everyone else does, that this country  
20 not, if it means sacrificing our relationship with Taiwan.

21 MR. CLARK: Would you, as President, place conditions  
22 over further moves toward detente  
23 with the Russians? Would you want specific  
24 for instance, on the subject of further talks toward mutual  
25 reductions of nuclear arms?

MR. REAGAN: I have criticized detente because I don't

1 think detente is as much of a two-way street as it was set  
2 out to be, and as it is supposed to be. I believe Russia is  
3 violating certainly the <sup>spirit, the</sup> intent of detente, with its help to  
4 the rebels in Angola and its involvement in the civil war in  
5 Angola. I think that the Soviet Union with its out-spending  
6 us in both nuclear and conventional weapons, its rapid build-  
7 up trying to attain a superiority, none of this is in the spirit  
8 of detente, and I think detente, a worthy idea -- none of  
9 us wants confrontation, we want a world that can find areas  
10 where we can discuss our problems and talk about them -- I  
11 believe the United States, however, should insist that we not  
12 give more than we are getting.

13 MR. REYNOLDS: Is that what has happened, Governor? Have  
14 we given more than we have been getting?

15 MR. REAGAN: I think we have. As I say, we are not in-  
16 volved in Angola, we are not involved in Portugal as the Soviet  
17 Union is. We have just had the Congress of the United States  
18 I think dangerously reduce our defense budget, but we know  
19 that the Russians are outspending us, 60 percent in nuclear  
20 weapons, 25 percent in conventional weapons. They have added  
21 2,000 pieces of artillery and 1,000 tanks to the forces in  
22 Eastern Europe that are opposed to the NATO line. We have added  
23 none. I think this is not detente, as I view it.

24

25

1 MR. REYNOLDS: You have said that you believed the  
2 Vladivostok Agreement should be renegotiated. How would you  
3 persuade the Russians to do this?

4 MR. REAGAN: I think we gave away too much in Vladivostok.  
5 SALT I started out on a basis of equality. This is all actually  
6 former Secretary Schlesinger was aiming at with the budget he  
7 submitted. It was not a superiority but an equality of arms.  
8 To maintain a status quo. What was left out in Vladivostok  
9 was throw weight. We counted numbers of missiles. Well, if  
10 we are going to have "x" number of little rocks and you are  
11 going to have "x" number of great big rocks, it is not going  
12 to be an even contest if we have to start throwing them at each  
13 other.

14 MR. CLARK: Governor, we wanted to ask you a couple of  
15 specific questions.

16 President Ford is under pressure from conservatives and  
17 the oil industry to veto the compromise oil energy package  
18 finally being worked out by Congress. If you were President,  
19 would you veto this compromise bill?

20 MR. REAGAN: Yes. In two ways it violates to me everything  
21 that we need to do. First of all, it wtakes away any stimulant  
22 for the production of new sources of energy in this country,  
23 and, second of all, it does away with one important factor in  
24 attempting conservation.

25 Now, there is a need for conservation on the part of the

2  
1 people, but, reducing the price of gasoline, happy as it would  
2 make all of us that have to drive into the gas station  
3 and fill up the tank, at the same time we have to recognize it  
4 is going to encourage further use of petroleum sources.

5 MR. CLARK: And, Governor, another specific question:

6 Do you favor a constitutional amendment to prohibit courts  
7 from ordering school busing to achieve racial balance or inte-  
8 gration?

9 MR. REAGAN: Well, before we turn to a constitutional  
10 amendment -- I know it is awful easy to look at that as a  
11 simple answer to many things, and I don't think the Constitu-  
12 tion should deteriorate into involving itself in what should  
13 be done by statute and legislation. If that is a last resort,  
14 yes, because I am unalterably opposed to forced busing. I  
15 don't think it has solved the problem. It has added to the  
16 bitterness we were trying to alleviate.

17 I believe here, in what we talked about earlier,  
18 education is one of the areas where I think the federal govern-  
19 ment should get its nose out. Again, if control of schools  
20 was turned back to the local level, then those decisions would  
21 be made by the people at the local level in the local school  
22 districts and forced busing usually has come from decisions  
23 at the federal level.

24 MR. REYNOLDS: What is your alternative to busing,  
25 Governor?

1 MR. REAGAN: I think there are a number of alternatives.  
 2 I think, for one thing, you start out, if there are schools of  
 3 unequal quality, if you have schools in a metropolitan area  
 4 like New York and Los Angeles, where in certain areas they are  
 5 inferior in facilities and teaching quality to others, you  
 6 upgrade that. But I think there are things that you can do --

7 MR. CLARK: Governor, I hate to interrupt you in the  
 8 middle of an answer as complicated as this one, but we are out  
 9 of time. Thank you very much for being with us on ISSUES AND  
 10 ANSWERS.

11 MR. REAGAN: Thank you.

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17 find out that their fears are groundless.

18 MR. REYNOLDS: Governor, one of the reasons, I suppose  
19 the major reason why liberals express misgivings about you  
20 is because of some of the things that you have said  
21 and the programs you have offered.

22 For example, your proposal to cut federal spending by  
23 \$90 billion, with a / consequent reduction in federal income taxes  
24 of about 23 percent, that you propose to give so many of  
25 these programs now funded in part or in whole by the



1 federal government back to the states. Is there anybody  
2 else that you can think of in the Republican Party that really  
3 believes that kind of a program?

4 MR. REAGAN: Well, yes, as a matter of fact, it has been  
5 Republican philosophy for quite some years, and many times in  
6 the platform, that there was an overcentralization of govern-  
7 ment under Democratic regimes and over these last 40 years  
8 of Democratic control of the House and Senate, and that the  
9 Republican Party was pledged to government at the levels near-  
10 est the people. I think that is standard Republican philosophy.

11 Now, my so-called cut of \$90 billion with the total based  
12 on the '76 budget projection, it was based on the amount of  
13 money that is invested in programs that properly, regardless  
14 of the money, properly belong at the state and local level.  
15 And my own experience in California indicates that this is  
16 so, and I think that most people today believe that. I think  
17 many of our ills would disappear if some program such as welfare  
18 and education were turned back to the states where they properly  
19 belong.

20 MR. REYNOLDS: What would that do to the states them-  
21 selves in terms of their own financing? For example, take  
22 the state of New Hampshire. You will be interested in New  
23 Hampshire before very long. New Hampshire now gets, on the  
24 subject of welfare you would propose to return all welfare  
25 obligations back to the states. Well, the federal government

1 pays 62 percent of the New Hampshire's total welfare expendi-  
2 tures. That means New Hampshire has to either assume that or  
3 cut it down.

4 MR. REAGAN: This is true, and I made the point this  
5 would not be a net gain, but if these programs were turned  
6 back -- let me say, also, not an instantaneous  
7 cancellation of Federal government, and hopefully somebody  
8 picks it up. I think you would have to have an orderly phas-  
9 ing of these programs to local government or state government.  
10 I think state governments at the same time when this happens  
11 should be reviewing whether they should indeed pass the  
12 program on to their local communities. Then I think that  
13 you would have to have taxes increased at state and local  
14 levels to offset this, or to maintain some of these programs.  
15 Some programs undoubtedly would be dropped, because the federal  
16 government has many programs. You know there is nothing that  
17 is closer to eternal life than a government program once started  
18 at the federal level. But the thing is, what we learned in  
19 California with our own welfare reforms is, not only can they  
20 be better administered, they can be more economically adminis-  
21 tered. Now, if the federal government stopped preempting so  
22 much of the tax dollar, taking all the sources of taxation  
23 at the federal level, leaving local and state governments  
24 strapped as to where they are to get the money they need,  
25 if this was reduced at the federal level there would be leeway

1 for the states and local governments to take these over.  
2 They would also be run at a much lower cost. The administra-  
3 tive overhead of running any program at the federal level is  
4 much greater than it is at any other level of government.

5 MR. CLARK: Governor Reagan, as I am sure you are aware,  
6 New Hampshire is quite proud of the fact it is the only state  
7 in the country that has neither state sales nor state income  
8 taxes. Campaigning in New Hampshire on a program to turn  
9 back responsibility for numerous federal programs to the  
10 state, in candor wouldn't you have to tell the people of New  
11 Hampshire that you are going to have to increase your tax bur-  
12 den and that probably means either a sales tax or a state  
13 income tax?

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1 MR. REAGAN: But isn't this a proper decision for the  
2 people of the state to make?

3 MR. CLARK: But isn't this going to be forced on them if  
4 they are forced to take back these federal responsibilities?

5 MR. REAGAN: Yes, how they were to administer them, whether  
6 they would administer them is properly a decision to be made  
7 at the state level in these particular programs.

8 Let's emphasize I made it very plain in the same address  
9 in which I outlined this overall plan, I made it very plain  
10 that there are functions that are properly federal, properly  
11 belong to the national government and should stay there. This  
12 doesn't mean they can't be improved. It doesn't mean they can't  
13 be made more efficient. I am sure they can be.

14 But, as you have just said, the federal government is --  
15 your situation with regard to states -- now, in California we  
16 have an income tax too, but we realize we are limited in that  
17 income tax because the federal government is in there first  
18 and that is the most elastic tax, that is the one that  
19 grows with the economy the most, and the federal government has  
20 pre-empted it to such an extent that local and state governments  
21 are hard put to find legitimate sources for taxation.

22 MR. CLARK: Governor, that raises an interesting point.  
23 You have lost a celebrated item here in California, proposition  
24 one where you attempted to put a limit on the amount of state  
25 taxes that should be collected and paid the taxes to the total

2 1 personal income in the state.

2 If you become President, would you try to do the same  
3 thing with federal taxes? Would you think of some outer  
4 limit that might be placed on federal income taxes?

5 MR. REAGAN: As a matter of fact, it is not just income  
6 taxes; it is all taxes. The percentage of the earned dollar  
7 that government takes is too high. That all governments take  
8 is too high.

9 It is one of the things that is holding down our economy.  
10 We lost in California on that. We would take more than a  
11 half hour if I tried to explain it in full. Frankly, we were  
12 just out-muscled. The big lie defeated us and we didn't have  
13 the muscle to overcome it, but 69 per cent of the people who  
14 voted against that program had been deceived into believing  
15 they were voting against a tax increase.

16 MR. CLARK: If you become President, might you think in  
17 terms of a proposition one on the federal level?

18 MR. REAGAN: Well, you take your problem to Congress  
19 but that is already there. There is legislation that has been  
20 introduced in Congress by a group of congressmen who saw this  
21 California experiment and believed --

22 MR. CLARK: Would you support it, though?

23  
24 MR. REAGAN: I certainly would.

25 MR. REYNOLDS: Governor, before we leave this whole area,

1 what would your program, if fully implemented, do to the  
2 poorer states?

3 All states are not equal. California seems to be in pretty  
4 good shape, but what about Arkansas and Mississippi and some  
5 of these other states who don't have --

6 MR. REAGAN: It is true, there are states that get more  
7 from the federal government than they return to the federal  
8 government. They are low-taxed states. They are not burdened  
9 with heavy taxation, but let me ask you something: One of  
10 those high tax-paying states, so-called wealthy states, is New  
11 York.

12 Is New York, today, in a position to solve its own prob-  
13 lems and at the same time send money to some other states?

14 MR. REYNOLDS: Is New York in a position to assume all  
15 of the programs that you would give back to New York, all  
16 Welfare costs, all aid to education and everything else?

17 MR. REAGAN: Yes, because many of these programs, you see,  
18 are -- the manner in which the federal government insists on  
19 their implementation is excessive, and the rules and regula-  
20 tions force upon states and cities like New York things that  
21 administratively they would not do if they had the leeway to  
22 do it.

23 Now, let's point out another thing. If Welfare were  
24 returned to the state level, a state could have a limitation,  
25 or a residency requirement in order to get welfare, which they

1 always had, until the federal government was involved to such  
2 an extent that the Supreme Court ruled that, no, you could  
3 move anywhere in the United States you wanted and instantly be  
4 eligible for Welfare in whatever state you chose.

5 Now, states like New York and California that have tried  
6 to do more than other states, that had higher Welfare payments,  
7 found themselves with an in-migration from these other states.  
8 But if you returned this to the states and the federal govern-  
9 ment was not involved, a state like New York that was burdened  
10 with this great in-migration could have had a rule that said  
11 "Oh, no, you have to live here a year before you are eligible  
12 for Welfare."

13 MR. REYNOLDS: Now that you have raised the topic, suppose  
14 we ask you, what do you think of the way the President has  
15 handled the New York situation? Are you in agreement with him  
16 as far as New York's finances are concerned?

17 MR. REAGAN: I am worried about a precedent being establish-  
18 ed that might be passed on, or that might lead to other cities  
19 saying, "Well, we can be careless with our bonding and we can  
20 float more bonds than our credit requires and count on the  
21 federal government to bail us out."

22 I do recognize that the President has placed this on  
23 New York, reversing the trend that led to their problem.  
24 There is no question but that the victims in New York are the  
25 three million working tax-paying citizens, working in the private  
sector who must put up all the money that pays for everything

1 else; who for some 20-odd years have had their political  
2 leaders deceive them as to the practices they were following to  
3 the place that New York now has a per capita cost for basic  
4 services that is more than twice that of all the other big  
5 cities in the United States.

6 MR. CLARK: We would like to get a specific answer on  
7 New York. If you were President do you think you would have  
8 made the offer that President Ford has made to make direct  
9 federal loans to New York City to help get it out of its  
10 financial crisis?

11 MR. REAGAN: I wish I could give you an answer to that.  
12 As I say, I am worried about the precedent.

13 On the other hand, I don't want to see those three million  
14 working citizens I have mentioned victimized with creditors  
15 holding the bag and with bondholders in the same position.

16 I haven't had an opportunity to study all the ramifica-  
17 tions. I heard the President make his statement. It sounded  
18 like a practical plan. I have the concern that I have  
19 mentioned. I frankly want to give this more study before I  
20 tell you that is the solution that I would pick.

21 \* \* \* \* \*

22 MR. CLARK: Governor, as you know, Vice President  
23 Rockefeller hasn't quite taken himself out of the 1976 picture.  
24 He has declined to say flatly that he will not be a candidate  
25 for the Republican nomination.



1 Do you view him as a rival for the nomination?

2 MR. REAGAN: No. I am aware of his position and it is  
3 similar to a position he has taken in previous national  
4 elections and that is a decision for him to make.

5 I have said that I will not be surprised if, now that I  
6 have declared, if others do not follow suit and get into the  
7 race.

8 MR. REYNOLDS: Do you expect John Connally to come in?

9 MR. REAGAN: I don't know. I think that John Connally  
10 certainly is available and would not refuse if there was an  
11 indication from enough people that they thought he should make  
12 a run for it.

13 MR. REYNOLDS: Governor, what is your strategy, to knock  
14 the President out in the early primaries, force him to withdraw?

15 MR. REAGAN: My strategy is a little more  
16 naive than that. My strategy is to take my case to the people  
17 as to what I believe should be done with regard to the problems  
18 and what I think the solutions are, what the policy should be,  
19 and let the people decide.  
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1 MR. REYNOLDS: The President has indicated no great wil-  
2 lingness to debate you. Would you like to debate Mr. Ford,  
3 say up there in Manchester?

4 MR. REAGAN: Well, I have to say this. I know that  
5 the challenge and the rejection of debate is kind of a campaign  
6 tactic that is used both ways, in politics. I have to say  
7 that I believe the people can find out what you believe, what  
8 your principles are, without the two of you appearing simul-  
9 taneously.

10 MR. REYNOLDS: You don't think it is easier to choose  
11 between the two of you, if they could see you side by side  
12 discussing these issues, having a free and frank exchange of  
13 views?

14 MR. REAGAN: Well, is it any different than seeing each  
15 candidate frankly express his views and then someone else --  
16 and you gentlemen of the press make no -- you leave no stone  
17 unturned to pin each one of us down on what the other one  
18 has done and what you would do likewise. I am not sure  
19 that it is beneficial.

20 MR. CLARK: Governor, one more question about Vice Presi-  
21 dent Rockefeller. He has refused to say that if you win the  
22 nomination he would support you. If by some chance he be-  
23 came the Republican nominee, would you support him?

24 MR. REAGAN: Well, he is not even a candidate yet.  
25 I will wait and answer that when he becomes a candidate.

1 I think I would be surprised and disappointed if Vice President  
2 Rockefeller took that attitude with regard to a Republican  
3 nominee. I would be surprised, myself. I believe in the  
4 philosophy of the Republican Party. I know that the Vice  
5 President and I differ philosophically on a number of points.  
6 At the same time, we have a most friendly and cordial rela-  
7 tionship.

8 MR. CLARK: Governor, would you say -- this is a way out  
9 of the dilemma we put politicians in on this -- would you simply  
10 say you would support the nominee  
11 of the Republican Convention, whoever he may be?

12 MR. REAGAN: Well, now, that is a hypothetical question.

13 MR. CLARK: Is that hypothetical? There aren't very many  
14 candidates.

15 MR. REAGAN: Wait a minute. You can get into all sorts  
16 of things. Would I, when I was a Democrat, would I have  
17 stayed with my party in '72 when they chose a man who I thought  
18 was so far afield from what the American people wanted, then  
19 the answer would be no. So you can't rule that that can't  
20 happen to any party as it did to that one. I don't think it  
21 could happen to the Republican Party, but you can't make  
22 a flat assertion that it won't.

23 MR. REYNOLDS: You are well on your way right now to  
24 reviving talk about a third party with you heading a  
25 third party possibly?

1 MR. REAGAN: No, I rule that out.

2 MR. CLARK: Neither you nor Vice President Rockefeller  
3 will say they will support the nominee of the party. Doesn't  
4 this inspire the sort of divisiveness that Republican leaders  
5 in both the left and right wings, the liberal and conservative  
6 wings, are trying to avoid?

7 MR. REAGAN: No. There are two candidates at the moment  
8 for the nomination of the Republican Party - myself and Presi-  
9 dent Ford. If President Ford wins, I will support him.

10 MR. CLARK: There have been reports when you telephoned  
11 President Ford to tell him you were going to challenge him  
12 for the nomination he told you, as the report read, that this  
13 would cause bitterness and divisiveness within the party and  
14 weaken its chances of defeating the Democrats next year. Did  
15 the President say this to you?

16 MR. REAGAN: The President expressed a concern. I made  
17 my pledge to him about doing nothing divisive. He made the  
18 same pledge to me. He did express a concern that in spite  
19 of this, the other people who are involved in campaigns, that  
20 the danger was there. Well, I have the experience of a '66  
21 campaign in California in which we all did observe the 11th  
22 Commandment, and we put the Republican Party back together in  
23 this state for the first time in 50 years, that it had been  
24 a united party.

1 MR. REYNOLDS: Governor, do you believe the President's  
2 current trip to China -- he is on his way there today -- is  
3 worthwhile?

4 MR. REAGAN: Well, he expressed the hope it was to improve  
5 chances for peace. In that regard I hope it is successful.  
6 Frankly, I have to wonder if it isn't time for China to come  
7 visit us.

8 MR. CLARK: Governor, one of the questions that is still  
9 hanging over our relations with China is whether we should  
10 upgrade our diplomatic relations with China and establish an  
11 embassy in Peking. Now, the one could be that this would mean  
12 abandoning Taiwan. If you were President, would you take that fur  
13 ther step toward closer relationships to China?

14 MR. REAGAN: Not if it in any way reduced our relation-  
15 ships with Taiwan. Taiwan is an ally. We have a treaty  
16 with Taiwan. I believe Taiwan as a trade partner is an  
17 economic force in the world far in excess of Mainland China. But  
18 while I want better relations on an honest basis with Red  
19 China, as I am sure everyone else does, that this country  
20 not, if it means sacrificing our relationship with Taiwan.

21 MR. CLARK: Would you, as President, place conditions  
22 over further moves toward detente  
23 with the Russians? Would you want specific  
24 for instance, on the subject of further talks toward mutual  
25 reductions of nuclear arms?

MR. REAGAN: I have criticized detente because I don't

1 think detente is as much of a two-way street as it was set  
2 out to be, and as it is supposed to be. I believe Russia is  
3 violating certainly the/intent of detente, with its help to  
4 the rebels in Angola and its involvement in the civil war in  
5 Angola. I think that the Soviet Union with its out-spending  
6 us in both nuclear and conventional weapons, its rapid build-  
7 up trying to attain a superiority, none of this is in the spirit  
8 of detente, and I think detente, a worthy idea -- none of  
9 us wants confrontation, we want a world that can find areas  
10 where we can discuss our problems and talk about them -- I  
11 believe the United States, however, should insist that we not  
12 give more than we are getting.

13 MR. REYNOLDS: Is that what has happened, Governor? Have  
14 we given more than we have been getting?

15 MR. REAGAN: I think we have. As I say, we are not in-  
16 volved in Angola, we are not involved in Portugal as the Soviet  
17 Union is. We have just had the Congress of the United States  
18 I think dangerously reduce our defense budget, but we know  
19 that the Russians are outspending us, 60 percent in nuclear  
20 weapons, 25 percent in conventional weapons. They have added  
21 2,000 pieces of artillery and 1,000 tanks to the forces in  
22 Eastern Europe that are opposed to the NATO line. We have added  
23 none. I think this is not detente, as I view it.  
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1 MR. REYNOLDS: You have said that you believed the  
2 Vladivostok Agreement should be renegotiated. How would you  
3 persuade the Russians to do this?

4 MR. REAGAN: I think we gave away too much in Vladivostok.  
5 SALT I started out on a basis of equality. This is all actually  
6 former Secretary Schlesinger was aiming at with the budget he  
7 submitted. It was not a superiority but an equality of arms.  
8 To maintain a status quo. What was left out in Vladivostok  
9 was throw weight. We counted numbers of missiles. Well, if  
10 we are going to have "x" number of little rocks and you are  
11 going to have "x" number of great big rocks, it is not going  
12 to be an even contest if we have to start throwing them at each  
13 other.

14 MR. CLARK: Governor, we wanted to ask you a couple of  
15 specific questions.

16 President Ford is under pressure from conservatives and  
17 the oil industry to veto the compromise oil energy package  
18 finally being worked out by Congress. If you were President,  
19 would you veto this compromise bill?

20 MR. REAGAN: Yes. In two ways it violates to me everything  
21 that we need to do. First of all, it wtakes away any stimulant  
22 for the production of new sources of energy in this country,  
23 and, second of all, it does away with one important factor in  
24 attempting conservation.

25 Now, there is a need for conservation on the part of the

2  
1 people, but, reducing the price of gasoline, happy as it would  
2 make all of us that have to drive into the gas station  
3 and fill up the tank, at the same time we have to recognize it  
4 is going to encourage further use of petroleum sources.

5 MR. CLARK: And, Governor, another specific question:

6 Do you favor a constitutional amendment to prohibit courts  
7 from ordering school busing to achieve racial balance or inte-  
8 gration?

9 MR. REAGAN: Well, before we turn to a constitutional  
10 amendment -- I know it is awful easy to look at that as a  
11 simple answer to many things, and I don't think the Constitu-  
12 tion should deteriorate into involving itself in what should  
13 be done by statute and legislation. If that is a last resort,  
14 yes, because I am unalterably opposed to forced busing. I  
15 don't think it has solved the problem. It has added to the  
16 bitterness we were trying to alleviate.

17 I believe here, in what we talked about earlier,  
18 education is one of the areas where I think the federal govern-  
19 ment should get its nose out. Again, if control of schools  
20 was turned back to the local level, then those decisions would  
21 be made by the people at the local level in the local school  
22 districts and forced busing usually has come from decisions  
23 at the federal level.

24 MR. REYNOLDS: What is your alternative to busing,  
25 Governor?



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1 MR. REAGAN: I think there are a number of alternatives.  
2 I think, for one thing, you start out, if there are schools of  
3 unequal quality, if you have schools in a metropolitan area  
4 like New York and Los Angeles, where in certain areas they are  
5 inferior in facilities and teaching quality to others, you  
6 upgrade that. But I think there are things that you can do --

7 MR. CLARK: Governor, I hate to interrupt you in the  
8 middle of an answer as complicated as this one, but we are out  
9 of time. Thank you very much for being with us on ISSUES AND  
10 ANSWERS.

11 MR. REAGAN: Thank you.

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