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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD FEBRUARY 21, 1967

Reported by:

Alex C. Kaempfer, CSR

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(This rough transcript of the Governor's press conference is furnished to the members of the Capitol press corps for their convenience only. Because of the need to get it to the press as rapidly as possible after the conference, no corrections are made and there is no guarantee of absolute accuracy.)

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MR. NOFZIGER: Ladies and gentlemen, before we start, I wonder if we could attempt to limit this thing by about half an hour. By the time we get 45 minutes on there it's breaking our office, and it's late getting that out, and it does kind of hamper the Governor's other schedule.

Thank you.

GOVERNOR REAGAN: The whole State grinds to a halt.

Well, I have one brief announcement here. I would like to announce the appointment of what I think is one of the nation's most eminent businessmen as the head of a survey on efficiency and cost control within the State government.

He is <sup>C.</sup> Kenneth Pryor, who recently retired as managing partner of the accounting firm of Price, Waterhouse & Company. Mr. Pryor, who is 63, lives in Hillsborough, near San Francisco. His title will be chairman of the executive committee.

Like so many of those who have shown interest in improving the operations of our State government in recent months, Mr. Pryor is taking a cut to do this job. In fact, he is serving without pay on a full-time basis for the length of the study, which we estimate will take about 32 weeks. We figure that's about as big a cut as a fellow could take.

His chief assistants will be Joseph W. Cochran III of Pebble Beach, who recently sold a firm that

manufactured and installed baggage handling and moving equipment for airports, and Holmes Tuttle, a Los Angeles automobile distributor.

Mr. Cochran will be program consultant and Mr. Tuttle will serve as director of manpower and finance.

Incidentally, I wish to emphasize again that this study, which we hope will result in major streamlining of the State government and major savings to the taxpayers, is being done at no cost to the State.

It will be financed by more than 100 firms which also are interested in good government. We don't have any cost estimates because it's impossible to put a figure on the price you would have to pay if you had to hire the more than 150 high-level executives who will participate in this study. So what cost there is will be on the basis of all of those executives contributing their time for 32 weeks, and it will be virtually full time as this is being organized and set up.

Q Governor, have you decided on an interim house, and, if so, when would you leave the mansion?

A Well, we're still in the negotiating process. So I can't give you any final word on that, other than to say that we think it will be within a few weeks.

Q Are you negotiating on the house that's on Crocker Road here in Sacramento?

A Well, this is one of -- yes, this is a hot prospect.

Q But it's not definite though, Governor?

A Well, there's still, you know -- I'm afraid to say anything in that. I'd rather talk about pending legislation than about negotiating for a house.

Q Well, have you narrowed it down to one house?

A Well, let me say --

Q Are you concentrating or leaning toward one house?

A Well, we're leaning toward the one on Crocker Road.

Q Are you taking this attitude because Mrs. Reagan is going to pick out the house?

A Shall I repeat that question? He says, am I taking

this attitude because Mrs. Reagan is going to pick out the house? No, the funny thing is, I think she's more decided than I am at the moment here. Everyone is waiting on me and I haven't been here.

Q Governor, do you plan to withdraw the name ofm Dr. McCandless for the State Board of Education?

A This is being studied right now, the whole question of the board on this particular appointment, so I'd rather not comment at this time.

Q Governor, what do you think of Unruh's suggestion that a political office holder be taken off the Board of Regents?

A Well, I'm curious as to how long it took to arrive at that decision, and the timing of it. It does seem to have certain political connotations itself. Frankly, I would be in disagreement. Whatever, however, the people decide, it is their decision, and I certainly will abide by it, at present, by virtue of the Constitution which I would think means by virtue of the people's decision, certainly an elected and appointed officials are ex-officio members of the board of regents.

My own disagreement with the move of this kind, however, even though as I say I'll abide by the will of the people, it seems to me that the thinking that must have created the board of regents in its present structure was to see that there were those on the board who brought in the representation of the people.

I just cannot believe that you can have a public institution supported wholly by the people, and then say that the people themselves have absolutely no way for them to express their opinions as to either how their money is being spent or how much is being spent.

Q Are you saying there should be one member elected at large statewide by the people to the board of regents?

A No, no. I'm talking about this plan that was set up to have elected officials as ex-officio members of the board.

Q Is it possible --

A I challenge if there is any implication in the suggestion for this legislation that those elected members now on the board or those ex-officio members are practicing politics in any way. I challenge that. And I say that actually that is not the case. But I will not say that that has not been the case in the past.

Q Governor, do you see your role on the board as somewhat of a watchdog for the people?

A Oh, I think that anyone who is in that position, myself, the Lieutenant Governor, Superintendent of Education, the Speaker of the Assembly, cannot help but realize that he brings to that board hopefully the thinking of the people and the knowledge that when you return from a regents' meeting to your other position, you have to accept the responsibility, your responsibility to the people, for whattakes place.

Q Governor, in view of the decision of the regents last week about tuition, do you plan to ask the Legislature to increase the funds to the state colleges for this year or do you plan to augment the budget in any way for the state colleges?

A This entire matter of the budget with regard to both the University and the state college system was put into print because of the deadline imposed on us by law.

I think at the time I expressed the belief that we were going to continue our meetings with the representatives of both the colleges and Univesity to see if we could not to the best of our ability meet both the problems of the budget and the problems of the University and the college, and we're still in that way of thinking.

I do say there is a budgetary limit on how far we can go with any department or agency in this particular financial period or crisis.

Q But do you intend to increase the amount of support money that was in that original printed budget for the colleges?

A I'm going to wait until I hear back the results of the continued meeting between the department of finance

and the representatives of the school.

Bill, you had your hand up there.

Q Governor, would you comment on the interview you had last week on you being a sort of a regional Favorite Son for the West?

A No, I didn't say that at all. I guess I got tangled up in my own words trying to explain why my name was entered in some of those states where you have no control over it other than to issue a Sherman-like statement, that I just wasn't going to issue a Sherman-like statement. But I wasn't going to lift a finger to bring such a thing about. And, in fact, I am going to discourage in advance anyone who considers doing that in my behalf.

No, I'm meaning as I told you and pretty much committed to the idea that under the circumstances to be a Favorite Son candidate here in California. And the other, I think, was just semantics, and you get tangled up, not making it as clear as I think I made it at this time.

I want to get that lady over there.

Q Governor, could you comment on the action taken at Stanford University yesterday toward the Vice-President?

A Yes. I deplore the action that was taken by that very small group or limited number of students. I think there is a respect due to the office regardless of what someone's opinion may be of the man holding the office, and in addition to this, I think that there's just a normal courtesy and respect that is due in dialog of any kind between people. And I deplore throughout the nation this tendency that we seem to be having today that you demonstrate first and hopefully reason later. Demonstrations once upon a time were a last resort.

I can remember when Samuel Gompers, the founder of the American Federation of Labor, with reference to strikes, said that a strike is a last resort in the admission that some place communications have broken down between the negotiating parties.

As I say, there seems to be this tendency of grab a picket sign, take to the streets immediately, and I



think what happened yesterday was a disgrace, and I'm quite sure there must be many people, both in the student body, in the faculty, and in the administration at Stanford who are quite resentful of that small minority and quite ashamed of what I think is a smear upon their campus.

Q Governor, why do you have reservations about the Sherman-like statement on your candidacy in '68?

A Well, if I tried to explain that, I'll get into trouble again with this one. I said that it's kind of a presumption to me; it's kind of a presumptuous thing. It brings to mind a picture of the citizens of the country knocking on the door and telling you they want you to be president, and you slam the door in their face.

First of all, they're not going to do that. And second of all, it's very presumptuous of anyone to act that way. I think you make your feelings as plain as you can as to what you'll do in advance, and as I said over and over again, I'm Governor. I'm going to try to be Governor. I'm going to discourage and repudiate as I have done any groups or organizations that have any other ideas. And beyond that, that's it.

Q Governor, as a Favorite Son candidate in California, would you be hopeful then that George Romney and perhaps some others would not run?

A Well, I think that's one of the things you as a Favorite Son candidate hope to accomplish in the interest of the party, of party unity.

Usually, in politics, you'll find that when there is a Favorite Son, the other candidates sort of respect that then and stay out of that particular primary.

Q Governor, would you plan, having run as a Favorite Son, to have Senator Kuchel as one of the leaders of the delegation as was suggested by Al Bell?

A You'll have to ask Senator Kuchel what his position is going to be with regard to the coming campaign.

Q Would you ask him to join your group?

A I invite all Republicans to be a party to whatever the Republican Party decides and does in the State, and we

made great strides toward unity. I would hope that all Republicans would be united in whatever the course is that the party decides to follow.

Q Governor, there's a limited number of people on the delegation, so somebody would have to decide who's going to have to be on there?

A Oh, if you're talking about the actual delegates, I'm sorry. Actually, the delegation -- I haven't even given any thought to that. I haven't gotten that far in the thinking yet.

Q I was going to ask, would you offer Senator Kuchel a position of leadership on the delegation as Congressman Bell urged?

A As I say, we haven't reached that point yet.

Q Governor, back on the topic of the demonstrations which you said you despise so much, next Wednesday a group of students will be demonstrating here in Sacramento in support of any tuition policy. Would you care to comment on that?

A Well, I would just venture a guess that since they are coming in a spirit of friendliness, that this would be a well-behaved group, as was one of the two groups that came; the one on Thursday was equally well-behaved in presenting their particular viewpoint.

I must say this, that I still think that this whole approach to things is that there's a better way. We've reached that stage of the people, the dialog though, that was brought upon us, so I'm sure now that people now feel that they have to show publicly their position.

But all of the same thing could have been accomplished by delegations simply coming to discuss and present their viewpoints and hear other viewpoints over a table.

Q The State Public Works Board has held up allocations of moneys for the new State Fair and Exposition pending a study by the Legislature. Could you tell us the status of the state department study?

A No, I can't. I can't make a report on that as yet.

Q Governor, on the demonstration Wednesday, do you



welcome this sort of demonstration now?

A Well, let me say it's going to be a welcome change. I can't say that I'm sorry about seeing someone come up to -- we feel that there is a different viewpoint, that there's still some dialog that we're not up against a concerted opinion the other way.

Q Are you going to meet with them?

A Yes.

Q Senator McCarthy introduced a bill today to phase out the business inventory tax, and the campaign pledge of yours was to eliminate the tax.

First of all, when is your tax program coming on and will it include a phaseout or outright elimination of the business inventory tax?

A Well, unless there are some hitches, we think it will be coming out this week in my program. I'm in favor of Senator McCarthy's proposal. I wish that it could have been done faster. We certainly would have made an effort to do it on a quicker basis if we weren't in the position that we're in. But as long as we are, then I would rather approach it from this gradual phaseout basis than just not --

Q That will be in your program then, the phaseout?

A Yes.

Q Has your thinking crystallized at all on the restoration of funds for the CHP, Governor (inaudible)?

A No. As a matter of fact, I can't say that we've had a chance to get at that.

Q On that same topic, Senator Collier has said that because the money was specifically earmarked for expansion of the California Highway Patrol and because we're still collecting it, it's dishonest to use it for other than expansion. In other words, we're using it for the general support fund. What's your reaction to that, Governor?

A Well, you caught me here a little bit with all of the various things that go on regarding trust funds, such as a gasoline tax. I know that that one, of course, is untouchable.

We're not going to try to take money from any

fund that is specifically earmarked and that legally can not be used for any other. That's not the way to solve our general fund problems, and we won't try to do that.

To comment any more specifically on that, as I say, I haven't looked into that yet and I don't know in the studies that have been going on between our task force and the finance department just what the status is.

Q Does that mean the money that has already been collected will then be used for new recruits?

A I can't comment. I'll have to -- you asked me about one. I'll have to look into it and see what the status is right now.

Q Governor, have you decided yet which legislator will carry your tax program?

A No. As a matter of fact, I don't think we have. We've got some meetings scheduled in the next couple of days. I don't think a decision has been made on that.

Q When will that be introduced, Governor?

A We hope before the end of the week.

Q Governor, do you think the board of regents acted wisely after you left the Santa Barbara meeting to decide to put in an extra five thousand dollars into Clark Kerr's paycheck if he might return as a professor?

A Well, there were several of us that weren't at that meeting. As a matter of fact, we were under the impression that the extra evening meeting following dinner was just to consider some routine matters. And several of us, the Lieutenant Governor and myself, the Superintendent of Education, had already left the meeting.

But there was nothing of any great import coming up. Frankly, I don't think that the action taken has made it any easier with regard to finding a new president. You don't demote the head coach to assistant coach and then bring a head coach over him.

Q Do you think it was done deliberately?

A Oh, no, no.

Q Timed deliberately?

A No, no, no, I don't think anyone would be doing that

just to get us out of there. It wouldn't seem that anyone was trying to get us out of there. Just a misunderstanding as to what was still on the agenda.

Q Governor, in your plans for reorganization of some governmental agencies, an assembly bill was turned in yesterday which calls for the abolishment of general services. The author says this is an economy move. Would you favor this?

A Well, you've got another one I'm going to have to look at.

Q Governor, several bills were introduced last week to end capital punishment. You've already made your position clear. But if such bills were passed, would you veto them?

A Well, you're asking me to comment on legislation and now before the Legislature, and actually I don't think it's proper for me to comment one way or the other while the legislators are studying that.

And then whatever action I would take is going to depend a great deal on the progress of the Legislature and what is brought out by the legislators in coming to a decision.

Q On that same topic, Governor, would you tell us why you decided to abandon the practice of Brown of dealing personally with clemency hearings?

A Yes. Actually I'm -- in abandoning Governor Brown's policy, I am returning to the traditional system of clemency hearings, which was carried on by Governor Warren and by Governor Knight and others whereby the clemency secretary holds such meetings.

Now, I think this is more appropriate. I'm not a lawyer myself, although Governor Warren was; Governor Knight had been a judge. And they felt that this other system was better.

All of those who participate in the clemency hearing -- it's a quasi-judicial type of hearing -- are lawyers. This Governor isn't. However, these actual hearings are only a part of the process that's utilized by

the Governor in making a decision. There are a number of other steps, as a complete investigation, for example, in the matter conducted by special investigators, they report to the Lieutenant Governor's office, the entire transcript of the trial is analyzed, and the opinion of the Supreme Court is taken into consideration, other legal proceedings relative to the case, all the medical and psychiatric reports are thus analyzed, and then the decision is finally made by the Governor after all of this.

And I think it's, well, I just happen to be more sympathetic of what has been ~~xxxx~~ traditional up to the last governor with regard to that one single phase of the clemency process.

Q Governor, when do you expect to make a decision on the case that is to be heard this morning.

A Well, this clemency hearing is being held this morning. We have scheduled a Thursday meeting with Mr. Meese on this, and in the meantime I will, of course, have this other material that I've been mentioning. And shortly thereafter going to arrive at a decision and the decision will be made.

Q Governor, do you find the responsibility for deciding whether a man would live or die an awesome responsibility?

A Do I find it an awesome responsibility? Yes. And I find that certainly one of the most terrible things that go with this job. No one can treat lightly on this. No one can judge these cases or approach these cases on the basis of any personal philosophy.

As a matter of fact, I've instructed Mr. Meese that it wasn't necessary, I'm sure, because he is well aware and assumes full responsibility. But I told him in conducting today's hearing that he was to keep out of his mind any possible consideration of the philosophical difference between myself and the previous governor or anything other than the actual merits of the individual whose life is at stake. And that each case will be judged on that basis, the rights of that individual.

Q Governor, some legislators in both parties have explained that there is very little meaningful communication and consultation between you and them on one basic legislative program. Would you care to comment?

A Well, I don't know of anyone who's done any more or tried any harder in this particular job to stay in contact with the legislators.

Now, it's only a little over a month we've been here. I've just come from a breakfast meeting with a group of senators. Twice each weeks I've breakfast with a group one day from the Assembly and the next day from the Senate. They're chosen a different group each time. We try to choose them on the basis of their particular interest and what might be current, to hear whatever they have to say.

I have a number of meetings, not only with the legislative leadership, but with other legislators on their problems. I have been told by a number of them that this is more of that kind of contact than they had known in quite some long period of time previous to this. And we're doing our best. If here and there there's a breakdown in communications, you can just lay it to a period of getting organized.

But we have out of our office two liaison representatives with Vern Sturgeon and one with the Senate, Jack Lindsay with the Legislature, and this is new--in the previously governors have only had one such liaison.

Q Governor, two or three questions, if I may. Perhaps might reflect on your first eight weeks in office, the job of Governor. Was it what you expected or is it different than you first supposed?

A It's always very challenging and exciting from that standpoint. I can't say I'm not enjoying it. If there is anything, I wasn't quite prepared for a schedule that's more strict and busier than a baby's formula schedule. I look at a piece of paper every day to find out whether there's going to be time to call home or not during the day.

I'm still hopeful that this will not be permanent,



that this will get a little more elasticity as time goes on.

Q What about some of the vocal criticism your programs have received? In the Los Angeles Times, for example, the paper that's supported your campaign now in editorials calls your tuition proposals, for example, misconceived?

A Well, frankly, I think the Los Angeles Times could have found out some of the things they speculate on by simply asking me. Yes, I am in great disagreement with some of their editorials, which I think have been based on false premises and assumptions that are not true. As I say, they could have found out the truth by simply asking.

Q Would you expect a rather vocal outcry of some of these minority groups on tuition budget cuts, etc.? You had said this during the campaign, and you went ahead and did it. But yet the reaction has been somewhat fierce.

A Well, I suppose I did expect this, yes. Perhaps I hadn't expected it from the academic community, again, quite so much heat prior to even making an effort to sit down and find out what the situation was, or where we could find a common meeting ground.

But it's not too tough to take, particularly when it seems that the people do not share in that opinion as being so vocally expressed, and I would say right now if anyone wants to submit this matter to the people, I would abide by the will of the people. As a matter of fact, I'd be willing to speculate right now what the people's decision would be.

Q Is there anything you would have done differently?

A Anything I'd have done differently? Oh, that's an awful question to ask. Because if I say no, it sounds like I think everything has been done perfectly. There might be here and there some different approaches, but there would be no basic difference.

All I've tried to do, evidently I've made a great political mistake, that's come as a shock to some people. I thought that I was bound to try and do what I told the people in the campaign I was going to do. And evidently that's



not part of the game. It caught some people by surprise. But I am going to continue trying to do what I told the people I was going to do.

Q Governor, were you at all surprised, or did they consult with you, the reaction of some of your aides in purchasing a ranch up in Nevada County for one million dollars plus?

A No. As a matter of fact, this whole case of the land up there started with one man who's now a member of the staff five years ago and then two years ago he attempted again to purchase this land. It finally came on the market. Several of the people on our staff are involved with him in this.

I knew about it all the time. They did nothing without making sure that what they were doing was in no way a conflict of interest. And I wish them well.

As a matter of fact, it's beautiful ground, and I wish it could be kept the way it is. And I'd like to join them.

Q Governor, could we pick up on your previous answer for just a minute? Did you tell the people during the campaign that you wanted to impose tuition at the State University, State colleges?

A I said that if and when it became necessary that the choice came down between quality or denying students admission than tuition that then I gave the conditions under which I thought it should be imposed.

Well, the iff and when, I must confess, came faster than I thought, because as I told you before, I think in the last press conference here, we were not prepared for the seriousness of the problem. This has come on as a step by step as we learned more and finally found out that we said could possibly be arising was with us now.

Q Governor, communication is one of the things you've advocated with the people, and I wondered if you might justify or explain why you have appointed a person who has liaison with the cities and counties but with a very tender situation in politics in government today who will not be

there for a very long period of time, going back to his football team in the fall?

A Oh, Mr. Kemp? Well, actually, he is employed to help us in organizing and setting up of that liaison. And in that regard, while it would be fine to have him around, he's a fine man, I think we're very fortunate to have him, but he's been employed for the organizational period.

Q Governor, one of the interpretations put on the Santa Barbara meeting is that this fall for the first time in the 99-year history of the university eligible students may possibly be denied admission. Is that a correct interpretation?

A No, that isn't a correct interpretation. And that is very strange, because that was brought out by some of the chancellors at the Santa Barbara meeting in public and open meeting. There are schools, as the chancellor of the San Francisco campus over there said, they never have been able to take all who apply. And there has been this kind of screening. And it is not a part of the master plan of education because there is one question you have to ask yourself:

The University, under the master plan of education, takes only those students who are able to make the top 12-1/2 percent of their high school class scholastically. Never at any time has that entire 12-1/2 percent tried to go to the state university. Less than half have normally applied. And up till now it has been true that they have been able to handle most of those people except at certain, as I say, like in San Francisco, certain specialized candidates.

They at the same time have had to take people from their first choice on one campus and send them to another campus because there wasn't admission.

Now, the question remains: if the whole 12-1/2 percent in any one year said, "We all want to go to the university," you would have had to make the decision as to turn over half the people who applied away because the facilities aren't available. It is not a part of the master

plan. And so there's no great change in this regard.

Frankly, I'm going to tell you something, with regard to the economies that have been proposed so far, in trying to meet the problems both of the curtailment of the budget and our own state fiscal problems, I question that a real serious attempt has been made on the part of the university to suggest economies that could help in this problem and yet would be economies that wouldn't hurt either quality or quantity of education.

The only approach they seem to have been able to take so far is, well, reduce the number of students and reduce the faculty, and I believe this is not facing up to the fact that there must be certain luxury items that are fine to have, and we wish we could afford all of them. But in a time of stress and strain, you could eliminate here and there. I could think, perhaps, that there might be some fat in a public relations budget that I believe is within a figure of several hundred thousand dollars.

I think there are things of this kind that we could look at, but it reminds me of a state back east that had a similar controversy with regard to a university, and the university countered in trying to win their case public relations-wise by taking some of the very essential supplies out of the washrooms and toilets on the campus, to try and arouse the student body to believe that such economies were the only way they could meet the restricted budget.

Incidentally, while we're on the subject of the campus, we have some more journalism students back here in the room from the University of California at Berkeley, and they're welcome; glad to have them here.

SQUIRE BEHRENS: Anything more, fellows?

Thank you, Governor.

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN.

HELD FEBRUARY 28, 1967

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Reported by:

Alex C. Kaempfer, CSR

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Q Governor, will you clarify your position on the presidential race? We've got a lot of trained seals out there and I wondered what your position was?

A Trained seals?

Q Trained seals, Governor, are representatives of large metropolitan newspapers. (Laughter.)

GOVERNOR REAGAN: We'll start with a statement here. You have copies of this but I would just like to read a portion of it, a generalized portion.

(Whereupon the Governor read a brief statement copies of which were handed out to the press.)

Q Let me renew that question, Governor. Will you clarify your position as to the 1968 presidential race? Are you going to be a Favorite Son candidate and so forth?

A Well, while we have not actually made a hard and fast decision, I can say that we are certainly close to the idea and in all probability, unless something changes, yes, I will be a Favorite Son here in the interests of trying to keep the glue on our recently healed wounds and to avoid any bitter campaign that might result once again in splitting the Party.

Q Governor, do you know of any agreement that might have been reached at Colorado Springs at the last meeting of the governors wherein Republican governors wherever

possible would enter as Favorite Sons? Was there any kind of a tacit agreement reached by you people at that meeting?

A I don't recall anything like that ever being mentioned, certainly not in any meeting that I was present.

Q Last week Congressman Bell was here, and when he returned to the East he quoted you as saying that you would not make any endorsement in the primary race of the Senate but that you would informally discourage other people from getting in the race?

A Oh heavens, Senator Bell evidently came out with a misunderstanding. I said that I would not informally as some had inferred do anything behind the scenes, that both on the surface and underneath the surface I was going to maintain a complete neutrality and hands-off in the primary race in California. Must have changed a verb or two there in what I said.

Q In that same vein, do you feel that Senator Kuchel has disqualified himself for consideration in serving in a Senate seat again due to the fact he did not endorse either Goldwater or you?

A No. I made my position very clear, that while I won't participate in the primary, if he is the choice of the Party in this State to be the candidate, I will support him for election as the candidate of the Party.

Q In the same vein, what about George Romney for the presidency? Did he disqualify himself as far as Goldwater was concerned, for not actively supporting Goldwater?

A I think that's up to the Party to make that decision also at the coming convention.

Q Governor, in the event Senator Kuchel does win the primary, can you visualize yourself on the stump actively speaking in his behalf?

A Well, those are plans that I'll have to make when I see whether it's safe to leave the State House here or not, even in the midst of a campaign with some of the fun and games that are going on upstairs, the Governor has to think twice before he even goes out to lunch.

Q Would you prefer that Governor Romney and other presidential aspirants stay out of the California primary since you are going to be the Favorite Son?

A Well, this would be in the kind of courtesy that exists or professional courtesy in this field. This would be the idea, I'm hoping.

Q Would you ask them to stay out?

A Well, I would just hope that that would be the result of becoming a Favorite Son because otherwise there wouldn't be any point in being a Favorite Son if the primary was going to still result in factionalism and the danger of a split.

Q Governor, have you given any thought about naming Senator Kuchel to the Favorite Son delegation?

A I haven't given any thought to anyone who would be on the delegation. I haven't had time to get around to anything like that.

Q Governor, wouldn't a race between Dr. Rafferty and Senator Kuchel inevitably result in a split in the Party?

A Well, I would hope that everyone would observe and obey the Eleventh Commandment. It worked the last time around.

Q Governor, do you believe that being presidential candidates they could adhere to the Eleventh Commandment?

A Well, I've been trying to and in Colorado Springs I advocated that. I tried to get the Republican Party and will still hope for it that on a national level they will adopt the Eleventh Commandment.

Q Governor, are you attempting to persuade Dr. Rafferty to seek the nomination?

A No, I've done nothing either way. I will neither encourage nor discourage anyone as a possible candidate.

Q Do you think Max Rafferty has kept the Eleventh Commandment in his criticisms of Senator Kuchel?

A Well, why don't you ask Dr. Rafferty that? I'm keeping the Eleventh Commandment by suggesting you ask Dr. Rafferty. (Laughter.)

Q Did you discuss Dr. Rafferty's senatorial campaign



with him at a meeting you had last Tuesday?

A Only to the extent of assuring him of just what I told you, that my neutrality is deep, is deeper.

Q Governor, is the primary a little bit different from the accepted pattern if the candidates speak well of one another in it?

A Well, in our last election here, the observance of the Eleventh Commandment in the last primary resulted in us running against the opposing party. Our criticism was directed at those from the other party and the policies of the other party and not at any other Republican as to whether one or the other of us would be best. And I think this would still hold true.

I think there's an area where you can express a different philosophy with regard to some measure or some approach to the problems. And this is not being critical of the other individual. You're saying my approach to this would be and in contrast to what his might be. But this is as differentiated -- actually and literally the Eleventh Commandment in California meant that you don't give the opposing party anything they can then quote back against a member of your own party in the event that member becomes a candidate.

Q Governor, you'll be in Washington tomorrow. Have you planned any meetings with any members of the Republican leadership to talk about this subject or any other subject relating to national politics?

A No. Tomorrow's trip -- I might as well give you the schedule -- I won't get in there until shower and change of shirt time for the dinner, and I will be on my way back the first thing in the morning, back here. There will be some meetings and meetings with our congressional delegation a week later when I'm back for the Gridiron dinner. But this trip is just in and out for the Republican gallop.

Q On another subject, Governor, A. Alan Post --

SQUIRE BEHRENS: Wait, are you all done with this now before we go on with the next one?

Q Governor, have you met yet with any representatives purported to represent Governor Romney and suggested to them that maybe the Governor would like to stay out of the primary in 1968?

A No, no. You know, the Republican Party is full of non-candidates, so there isn't anyone officially to talk to about such things.

Q Governor, A. Alan Post in his analysis of the budget apparently disagrees with yours considerably. He sees no need for any crucial delay in the spending programs. What is your reaction to this?

A Well, perhaps he's just been shocked by the fact that for the first time in history someone has suggested a budget that calls for less spending than we had in the present year, and I imagine it's pretty upsetting to someone who's been around government for a while. But I haven't actually seen his proposals so I can't comment in detail on how he's arrived at his figure.

Q On such subjects as tuition, for example, he feels that \$280 fee on the University of California will really do no good in terms of helping out the fiscal crisis as you called it in the State of California. He said you'll need more substantial fees than that to really do any good.

A Well, we thought it was going to do good, about \$20 million worth of good, and in a budget that's some \$365 million over the revenues in the State as the present spending is, you have to start some place, and twenty million is a pretty good start.

Q Governor, on the same subject, Mr. Post says that your budget does not include roughly the \$11 million for the highway patrol previously earmarked specifically by the Legislature to double the patrol size. And he says it's a rather serious thing to go against the intent of the Legislature. Have you come to any decision on that yet?

A We're not going against the intent of the Legislature. As a matter of fact, we're on this subject right now and studying it. The thing is, they discovered that

they had underestimated with regard to the backup, to the expansion that had been planned, the doubling of the size.

When I say "the backup," that it's more than just highway patrolmen. There are facilities. There's clerical personnel. There's all sorts of help that had not been properly computed or figured into this. We're not sidetracking any of the funds in that special tax that have been earmarked for these purposes. But we just discovered that the special funds were not up to the rapid expansion that had been planned.

But we're going to proceed with an orderly expansion of the highway patrol.

Q What about Mr. Post's accusation that this is not the time to cut back, as he put it, the investment in education in California youths?

A Well, I don't think we're really cutting back the investment in California's youth. We've made no pretense that in our cuts there won't have to be some belt-tightening and temporarily we'll have to put off or do with some of the things we'd like to have. This is true in every department, every agency that is cutting; just like putting a freeze on automobiles. The old ones you're going to have to drive a little longer and a little farther.

But there's no one in this administration that intends to do anything that will be harmful to education. But we do believe that there are certain intellectual luxuries that perhaps we could do without for a year or two without hurting the cause of education. And we've asked for their cooperation both at the college and university level, in finding those things that can be done without getting into the real meat.

Q Governor, what is an intellectual luxury?

A Well, I would think a course like over at Davis where they teach you to hang the Governor in effigy. That in my mind is an intellectual luxury. Of course, I may be prejudiced.

Q You don't mean they teach that?

A What?

Q You don't mean they teach that?

A Four hours credit for learning how to demonstrate, organized demonstrations. That's now a part of American life. And I figure that carrying a picket sign is sort of like oh, a lot of things you pick up naturally, like learning to swim by falling off the end of the dock.

Q Is that what they call the class?

A What?

Q Is that what they call the class?

A Well, I don't know what the official title of it is but it is the learning of demonstrations and organizing of demonstrations. It was carried here in the press a few weeks ago.

Q Governor, because of your possible subjective involvement in the course of that <sup>sort of thing,</sup> can you think of another example? (Laughter.)

A Well, could I take a school out of this State so that I won't get embroiled any farther than I am in the controversy? In a state back in the midwest where they discovered that a state university was offering a master's degree in the repair of band instruments, and I thought that this was sort of subsidizing intellectual curiosity.

Q What state was that?

A Well, you're going to get me into a fight with ~~another~~ state and because they've got a Republican governor -- it's a midwest state.

Q He might want to fight you and it would be a good story.

Q I know.

Q Is he a Republican?

A You'd enjoy the fight but I wouldn't enjoy the fight.

Q Is he a Republican?

A He's a Republican.

Q Does the Eleventh Commandment apply?

A The Eleventh Commandment applies.

Q Governor, on the same subject, Mr. Post, after making some budget cut recommendations, recommends a budget

of 189.5 million for the state colleges, which is pretty close to what they said they asked you for in their meeting yesterday. Now, they say they have some hiring problems.

Have you reached any decision on how much the state colleges are going to have?

A Well, the state colleges actually originally asked for \$213 million. The budget department, before we were even into the picture, the budget department, as it does with almost all budget requests, have reduced the two hundred thirteen to one hundred ninety-one. Our counter-proposal was for one hundred seventy-two of which eighteen would have been made up by tuition.

Now, with tuition out for this year, we have put back the eighteen; still with one hundred seventy-two. They have reduced a certain amount below the one hundred ninety-one. And yesterday's meeting was simply to the effect that we're going to use all the haste possible in the meetings that are being held with them, with the state college people, to arrive at a figure that we believe we can meet in our budget and that will enable them to take advantage of this hiring period and move on.

I must say this: the state college problem is a little different than the university problem. I'm prepared to say the state colleges have been a little undernourished in comparison to the universities for some several years, and I don't believe there is the same measure of fat there to be trimmed away that you might find in some other areas of State government.

Q Lieutenant Governor Finch was quoted in the L.A. Times that he opposes the across-the-board 10 percent cut at the state college level. Are you saying now that you agree with him that that was a mistake?

A No, I'm not saying that, and neither am I disagreeing with what Mr. Finch really said. I would suggest that you question Mr. Finch to see whether Mr. Trombley accurately quoted him in the Los Angeles Times.

Q Would you say he was misquoted?

A I had a conversation with Mr. Finch, and it's my



understanding that this does not accurately reflect his views.

Q Governor, you say you put back the eighteen million for the state college tuition. Do you plan to put back the twenty million for the University of California tuition?

A Well, there's no question but what we have to do that for this year. As we passed a certain time -- I thought this was apparent after the last regents' meeting -- it was recognized and I had to admit that there's a time element involved in instituting such a changed program, and I think that we've reached a point where we could not impose it now.

Q What if the regents reject tuition for the following year, would you still put back the twenty million for this year?

A Oh, the twenty million, there's no question about that. But I'll tell you this. We're going to have to review our entire approach to the financing of the university based on the funds that are available if they reject this as a permanent program.

Q For future years you're talking about?

A Yes.

Q Governor, the state colleges started out with \$213 million. Your offer or counteroffer was one seventy-two. They've not come down to less than one hundred ninety. Now, Jesse Unruh has taken the position that it's now your turn to compromise. They've come down that far. How far must they come down before you'll be willing to say, "Okay, go ahead and sign it?"

A Well, let me say this. We're studying this. And I only talked about what they had done because the question dealt with what they had done. I didn't get around to what we had done. And having negotiated too many years for the union, I'm not about to talk here about what we're going to do.

Q Governor, you mentioned a figure a little while ago of (inaudible) 365 million. Is that the firm figure now and when will your tax program come out?



A           The tax program will come out early next week. I'm sorry, I really with full confidence, last week said it was going to come out by the end of the week and then I discovered that we ran into a few hitches, and we're working on these and I hesitate, so I won't say an exact day. I got burned last week in saying that. I'll just tell you that I'm pretty solidly convinced we will have it out the first part of next week.

Q           Is that the figure, 365 million?

A           No. Three hundred sixty-five is the amount roughly that we are spending this current year more than we are taking in, more than our revenues. This as brought about by the four million six budget that then exceeded that budget, its rate of spending, by that amount, in spending more than \$180 million in cash that was on hand and borrowing 180 million from other funds over and above the tax revenues we'll be able to pay back.

            This is where I got the figure that we were on a spending rate in this fiscal year one million dollars a day more than we're taking in.

            Now, we're going to try to reduce that in these few months between here and the end of the year June 30th, and I think we are going to be able to affect some economies to reduce that. But ~~that~~ that is the present -- that is the rate of spending that we inherited.

Q           Your finance director said that your tax program will top 600 million, and this is without any property tax relief?

A           That's correct. But we are going to include in this figure--that I can't call a tax increase because it is a tax substitute -- we're going to undoubtedly have a figure in there that will be designed for property tax relief.

Q           Governor, on your first answer in the state colleges, the compromising figure and the recruiting problem the state colleges are referring to, did you mean to imply or are you inferring that you may possibly compromise to guarantee them the amount of money to recruit and maybe take away their moneys away from them elsewhere?

A           No; oh, no. You can't -- no, we're trying sincerely and honestly to arrive at a figure that will help us with the problems we have to meet and that will at the same time put them within a bracket where they can meet their problems, their immediate problems, of recruiting. They have to have an answer now without waiting until next September or even until June 30th.

          And, remember, the state college has a little different situation than the university also. Its budget is a line item budget which must be approved by the Legislature. The university has a more programmed type of budget in which they have a leeway within their budget as to how they will spend the money. But the state college system has to spend it as it is outlined in their budget.

Q           Would you explain what you mean, Governor, when you say you can't tell us what you're going to do, or your experience in negotiating, to tell us what you're going to do with the state colleges?

A           Well, I shouldn't have been facetious about that. It's a case actually -- and I didn't say we're bargaining in what we will or won't do. It's a case of sitting down with the finance department and with the tax program as we're outlining it to find out what we can do.

Q           Is that anything like bargaining between a union and a company?

A           No, I was being facetious there because that would imply -- the bargaining thing would imply that we have some leeway "will or won't" and the only leeway we have is "can or can't".

Q           Governor, in this meeting yesterday did they give you any deadline after which the damage or their ability to get teachers will be irreparably damaged?

A           Well, the teacher recruiting season is on right now. They're all just ripe and ready to be picked. And they say that this is the height of the season, although there will still be some on the vines as late as May.

Q           I'm still a little confused on this bargaining issue, Governor; can you or can you not say that you are

firmly committed on it?

A Firmly committed on what?

Q With the budget for the colleges? Are you going to negotiate with them or can you negotiate with them?

A Well, we're using the term "negotiation," and it isn't proper. We never intended to get to that. That's what seemed to develop with some of those who became a little incensed on the whole subject on the other side.

What we're actually trying to do is we have from the first, is continue to meet with them to review with them their own personnel where there are still areas we we could affect economies in their budget without hurting the operation, the actual scholastic operation, and at the same time we ourselves are seeking what leeway we have within the economies we're trying to affect to meet their problems and find a line where they can proceed without any harm to the scholastic quality or quantity.

Q Then you still do have some leeway?

A Yes. As I say, it's a leeway of what we can or can't do, not what we will or won't do, because no one wants to arbitrarily say we're just not going to do this or that.

Q Gordon Smith told a group of state workers this week that he would press for a state workers' salary increase. Will that be your position?

A We think that there has to be some recognition of this and the effecting of economies have to be pretty equally shared with the citizens of the State whether they work for the government or don't work for the government, and you can't ask the state employee where he is legitimately and legally entitled to a raise, you can't ask him to bear the full burden of helping the State economize by giving up what he is legitimately entitled to.

Q Would you suggest a 4 percent across-the-board increase in the next fiscal year then?

A I can't tell you where we are on that, but we're certainly trying to meet that problem.

Q Governor, what is this tax substitute you may have

for properly tax relief? What is the source of revenue you may go to that?

A           You know something? Right now in drawing this up we originally started out, as I told you in another press conference, with the idea that the most logical source was in sales tax, but I must tell you, I would have to see where we are now in the final stages of drawing up this tax program as to what is -- (inaudible).

Q           But are you talking about a State imposed tax that would be subvented or are you talking about allowing local areas to propose certain other taxes of their own?

A           No, we're talking about a State tax.

Q           Governor, when you go to the convention leading a Favorite Son delegation, do you have any hope that you'll come out as the nominee? Is there any hope that lightning will strike you?

A           Nope. I figure I've been through a few thunderstorms here already. I don't want to be struck by anything.

            No, this is purely what I told you and what I've said over and over again: I just think that California is entitled as befits its position to have a voice in determining the Party policy. And that's what we're going to try to do.

Q           Governor, can we change the subject now?

            I've got a couple of questions to ask the Governor about sex.

            Senator Beilenson has introduced a bill calling for the revision of the abortion laws, and he calls it therapeutic abortion bill to permit abortions in the case of necessity. Today another bill was dropped in by Senator Schmitz who requests that welfare money be cut off to women who produce a second illegitimate child.

            I'd like to know if you are in favor of both of these bills?

A           Well, I haven't seen the second one -- well, I haven't seen either one of them, and until I do and until I hear the results of the hearings that will undoubtedly take place on those, I'd rather not comment on it at this

stage. I think the bill with regard to abortion involves so many facets: first of all, spiritual and religious side; second, the legal rights. And what are the legal rights of the unborn, as being a life with legal rights, that I would rather wait and comment. Like the rest of you, I'm going to be very interested in seeing what takes place in the hearings.

On the other one, I guess Senator Schmitz perhaps has patterned his bill after what has been called the Louisiana Plan. They have one there in the aid to dependent children program in which after you go on the program if a mother then goes ahead and has an illegitimate child she is taken off that program and the children are institutionalized or put in foster homes. But this, too, I'd rather see what's called for. I know it's a problem, and it's a problem that we must find an answer for unless we are to accept in some instances subsidizing immorality.

Q Governor, did you find anything helpful in the open letter Governor Brown sent to you?

A Well, he left off the most important part: the writer's name. That I'd like to know.

Q Governor, will Tom Reed be resigning from your staff shortly?

A Yes. I think Tom has been talking to me about this. He never intended to be on it permanently. And Tom has some problems and he's neglected his own business for a lot more than a year. So he has been talking, although we haven't set the date as to when he feels that he will leave.

Q Governor, how do you feel about this 10 day Easter recess that the Legislature has voted themselves here?

Q Will it be soon, Governor, that he'll be leaving, within a week or two?

A Well, I don't know the exact number of days but it's soon.

Q And on Governor Brown's letter which you seem to think was ghost-written, have you received a copy of it yet?

A NO. I only know what I read in the papers.  
And I found it very entertaining reading.

Q Governor, on a different subject.

Q Governor, I'd like to get your answer on the  
Easter recess that the Legislature voted themselves?

A Well, I am certainly not going to be critical  
of the hard-working Legislature. I myself would look  
forward to some time off. I stopped campaigning, if you  
recall, during Easter week. Frankly, I just didn't think  
it was proper to do that.

Now, I don't suppose you can stop all the wheels  
of State service or operations in that interest. But I  
have no quarrel with that.

Q Governor, getting back to the taxes, about how  
much property tax relief will be proposed in your tax  
program?

A I haven't seen the latest figures that we're  
working with right now. I know it won't be as much as  
we can look forward to next year because part of it has  
been eaten up by the necessity of paying back that borrowed  
money from State funds.

Q You earlier talked about the possibility of two  
hundred million, I believe?

A This was in an earlier figure, and this was before  
the tuition decision was made with regard to next year,  
which further cut into the proposed revenues. And it was  
before some later figures that came in on the Med-Cal  
program and its deficiency.

Q Governor, the State Justice Department plans  
to file a brief with the U. S. Supreme Court against  
Proposition 14 even though the proposition was approved  
by the voters. Does that conflict with your position on  
that issue?

A What is this? Who's filing?

Q Lynch, State Justice Department.

A Oh.

Q Have they informed you of this?

A I don't know whether any final decision has been



made on that or not. They have talked about this, their own position; it would not reflect the views of my administration or of my own office. My own view is quite contrary to that.

Q Would you do anything before the Supreme Court to give them the opinion of the Governor's office, if such was the case?

A I don't know of anything. I haven't planned anything.

Q Governor, I got a hint there that you're talking about something other than a State sales tax for your property tax subvention. Are you?

A No, no. I was just going to say I don't know whether of the several areas which we're talking increased taxes, whether now as it's being drawn up, I just haven't been in on this in the last few days. I'm looking forward to negotiation on it.

Q Governor, also we have heard various figures now on your tax program: 600 million; you said upwards of 750 million; there have been other figures which put you in excess of one billion. Will your tax program this year exceed, including property tax reform, one billion dollars?

A I don't think so; no. I don't think we've gone that high.

Q Governor, on your salary increase for State workers are you committed to some type of across-the-board increase? You said you weren't committed to the 4 percent, but are you committed to some across-the-board increase?

A There have been several alternatives ranging from very sizable and presented by the State Personnel Board on down to about two other alternatives, and I actually don't know where we stand now. I'm inclined to believe that we stand at about the third of the alternatives.

Q But not a merit across-the-board? That's what I was referring to?

A I honestly can't answer you.

SQUIRE REHRENS: Thank you, Governor.

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN.

HELD MARCH 7, 1967

Reported by:

Alex C. Kaempfer, CSR

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(This rough transcript of the Governor's press conference is furnished to the members of the Capitol press corps for their convenience only. Because of the need to get it to the press as rapidly as possible after the conference, no corrections are made and there is no guarantee of absolute accuracy.)

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GOVERNOR REAGAN: Well, good morning; no prepared statement.

Q Governor, why were you unable to restrain Attorney General Tom Lynch from filing a brief on Proposition 13 in opposition to your own view?

A Well, the Attorney General is elected by the people. He's an elected officer, constitutional officer, and he and I did have a talk about this. He understands that I am in disagreement with that view. But this he felt was a commitment that he had made with regard to his own feelings, so he is filing that amicus curiae on behalf of the State Supreme Court decision. I'm on the other side.

Q Are you going to be filing a separate brief?

A No. This would involve the Governor going out and getting private counsel, and I am not going to do that. There are a number of briefs being filed on the other side. And I have expressed myself, where I stand on it. I don't think there's any secret about that.

Q Governor, how much would your actual tax program be? What would be the amount of it in percentage?

A Well, now, I don't know how much detail I want to get into with regard to the program because you will be given the program in detail later today for Wednesday release. I'd hesitate to get into that also because I'm also having a briefing today with the legislative leadership of both parties. Let me just -- I'll go this far: let me say

it's in excess of \$800 million.

Q Governor, do you conceive of any circumstances where you would sign a withholding tax bill?

A Could I conceive of any circumstances where I would sign a withholding tax bill? Oh, I suppose, if they held a hot iron to my feet and I was bound hand and foot. No, every man has a breaking point.

Q Governor, on that very same subject, you were quoted yesterday as saying that the many savings we found by accident, that you're pleased with this. Would you name some of these savings that you have found by accident that you're very pleased with?

A Oh well, yes, we estimate that -- you know, we have told you that the spending rate we've discovered would have totaled at the end of the fiscal year better than \$365 million deficit -- we were spending a million dollars a day more than we were taking in.

We did not sit back and say, "Well, we will begin our economies when it's our turn beginning with the new fiscal year July 1st." We started to effect whatever economies we could find in this limited period between now and the end of the year June 30th to minimize this. And we believe our estimate is that we will reduce that deficit spending by some \$20 million.

And some of this we found in putting into effect the freeze on the buying of new automobiles for the State. And this is what I mean by "accident." We discovered at the time that nobody in the State government knows how many cars we own. There is no state plan for buying on the basis of turning in at a certain mileage or age figure. It's just a bad business practice that we're taking steps to correct. And, as I say, we're putting the freeze in.

We've discovered the possibility of quite extensive savings in the shutting off of some of the interdepartmental reports that circulate around in government that were put out on slick paper in four colors -- very expensive printing jobs -- and we decided we'd get the same effect with mimeograph.

Th. freeze on travel: There were a number of things of this kind that we found, but we believe that when we actually can get into the cost of operations with trained experts looking at it, that we'll come up with some sizable savings.

Q Governor, one of your big power bases is considered to be Southern California. If your tax increase goes to \$800 million in taxes, according to Senator John Schmitz, you will be breaking faith with the people who elected you. Senator Schmitz had a release yesterday suggesting that this was the case. Do you feel this was the case?

A Why, I haven't seen his release and I don't know why it's breaking faith. I said all during the campaign that we were going to make every effort we could to solve the financial problem without a tax increase.

But at that time there was no way of knowing that we were going to come up against a figure in which the present year's spending over which we have no control has put the State in a great deficit position, and money must be found to pay that back and balance up this year's spending.

Now, the law prescribes you must do that. I also on the other hand promised property tax relief, and a part of the present tax bill is devoted for the first time in more than 30 years direct property tax relief to the individual.

So I don't think we've broken faith at all. I would have hoped -- and say it again -- I would have given anything if we could have met this problem with the economies alone. But the problem was more than we anticipated.

Q Governor, you say you had no way of knowing that you were going to face this problem, and yet everybody here in the Capitol last year, the Legislature, Republicans and Democrats and the former Governor all knew and said we were coming up against this this year?

A Well, when I say I didn't know -- no, don't -- let me amplify that. We knew of a problem. We didn't know the total extent. There was one time during the campaign

when if you check back you'll find on both sides of the campaign fence there was a hope at one stage from figures that had been put out that the anticipated revenues might be greater, that the war boom and so forth had brought anticipated revenues that might be greater than we had previously counted on. And I did express a hope, and I wasn't alone in this, that it was possible that we thought that there was a fighting chance.

Now, that was on information directly from State personnel -- that there was a fighting chance we might be able with stringent economies to meet this problem without a tax increase.

Actually and technically, you see, I've never considered the property tax really a tax increase. It's a tax substitute. We're substituting a broader base tax for that particular narrow base property tax. And I'm sure that everyone must realize, if you're promising property tax relief, that you had to find a substitute for that.

But as time went on, with the dimensions of the problem, the hole we were in grew and the supposed accelerated revenues did not live up to what had previously been hoped. And we realized we were going to be up against a greater problem than we thought.

Q Senator Schmitz contends in his statement that there are those within your administration who have no sympathy for economy, for your attempts to economize, for the people who supported you in your economy move. Do you have any idea who the Senator is referring to? Have you any people in your administration like that?

A Not that I know of. I haven't come across any of them. I know there are certain areas and departments in government in which it's understandable that the people connected with those resist any effort to reduce their budget.

But, no, our administration, everyone that has been involved in any of the councils on this, has been fighting very hard and resisting every penny of additional tax that has to go on. We're holding the tax burden down to

actually the minimum to meet the problem.

Q Governor, will Gordon Smith be leaving your administration in the next short while?

A I hope not. I have no plans for that. I hope he hasn't.

Q Have either of you discussed it, either you or Smith?

A It's never even come up; no, never mentioned.

Q Governor, what Senator Schmitz is saying, he didn't feel there was a comparable enough tax relief with the high increase in taxes that you're proposing. Do you feel in your own mind that you are proposing enough tax relief for the entire tax load?

A We're proposing as much as we can for the first year with regard to the debt that has to be paid off. You will find that next year there will be a tremendous increase in the property tax relief because the money directed to paying the deficit will be redirected then into property tax relief.

Q Governor, have you come at all to any decision on what you're going to do about the highway patrol and just exactly where you're going to spend that \$11 million that was allotted by the budget?

A Actually what we're discussing with regard to the increase there is the increase but not at the swift rate that had first been proposed, because in proposing the doubling of the highway patrol they had not made a proper estimate of the backup that was needed, administrative positions, facilities, and so forth, and these turned out to be more costly and more sizable in proportion to the number of actual patrolmen. So this has had to be accounted for.

Q You said last week that there would be some sort of decision that would be made, exactly what you're going to do?

A Well, as I say, we're continuing to meet as to what the rate of expansion can be.

Q Governor, a very simple question: Are you going to make a personal appearance before the Legislature tomorrow



on your tax program or are you just going to send them a message?

A No. As a matter of fact, I won't be here tomorrow. I'll be on my way. You know, that's what I thought was pretty good timing on the schedule. I'll drop the tax message --

Q Governor, to get back to withholding, are you saying you will not sign a bill since both hands and your feet are tied? If one comes to you, how are you going to do it? What I'm trying to get clear is whether or not you make it very clear you will not sign a withholding tax bill?

A I'm just unalterably apposed to withholding tax.

Q Governor, Speaker Unruh says the State is losing around \$75 million since newcomers escape paying taxes. Since you oppose withholding what steps will you take to close the gaping hole in the State treasury collecting system?

A Actually I haven't had a chance while we've been getting this out, this has been in my mind to find out, to explore what we could do. I'm not so sure that it's that sizable. I have heard estimates that vary down from that. I imagine it depends on who is estimating as to what the loss might be.

This is supposed to be the loss from people coming into the State and not being able to be caught yet as they might be by withholding.

But it is in my mind to discuss then what we can to do close any loopholes of that kind; certainly, no one should avoid their fair share of the tax.

Q Governor, could you give us some brief idea of the points you'd like to make in your Gridiron speech in Washington?

A Oh heavens, you know, that's an off-the-record speech, so I can't put it on the record here. Actually, you know, the Gridiron is supposed to be a little lighter touch than making any speech in which you try to save the world or anything. I'm supposed to speak as a representative of the Republican Party. I understand Senator Kennedy is the

representative of the Democratic Party. And unfortunately the party out of power has to go first. So I'm just going to cross my fingers and fire away.

Q Does that confrontation with Senator Kennedy concern you at all? Have you ever met the Senator?

A No.

Q Governor, what reaction do you anticipate from the Legislature and from the people to your tax program, and what are you going to do about it?

A Well, I think the people -- we try to keep them informed -- are pretty well aware of the seriousness of the problem that something has to be done. From what I have seen and suggested other tax bills, this is going to be kind of an unusual situation up there. They're going to have to do 180 degree turns. This is going to be the first time, if there is controversy, is going to be on their part trying to raise the Governor's tax bill instead of reducing it.

Q Back to the CHP, Governor, for a moment. Do you have any idea -- or first of all, do you intend to reach the figure, the same goal, of doubling the highway patrol over a long period of time, or do you want to cut it off some place before reaching that?

A I haven't talked to Sullivan about that to get his evaluation of whether that was a realistic goal or not, whether there should be any changes in it one way or another.

Q This tax program to be released to the press, will that be for publication tomorrow morning or tomorrow afternoon?

A Wednesday p.m. Sorry about the morning papers.

Q When a tax program is finally enacted along towards summer, do you feel you'll be able to convince the people that this was an inherited necessity and escape some of the blame for it?

A Well, I think anyone that's paying any attention knows that it's an inherited problem. We didn't have anything to do with the creation of the budget upon which we're operating nor did we have anything to do with the fact that that budget was not adhered to, that during the present year we are spending, as I say, several hundred million dollars more than

the prescribed four billion six budget that was approved by the Legislature.

Q On the same subject, do you think that letter of Senator Schmitz and similar comments signals any break between you and fiscal conservatives on tax policy or financial policy?

A I don't see how it can. I'm the stingiest fiscal conservative you ever saw. And, as I say, most tax bills that have been proposed by others are considerably larger than the one we're going to introduce. And if there's an argument or debate as there will be, I have a hunch that most of the debate will be concerned with those who want to increase the taxes more.

Q Governor, there's a move in the Legislature now to increase the Southern California share of the State highway funds from the present 55 percent to 60 percent or more. How do you stand on this?

A Oh, you got one I haven't been into yet. All I know is just dimly that I know there's been this discussion and I haven't even looked at it. I don't have an opinion as yet.

Q Governor, there were some indications last week that members of your finance department might hold back on this money that the Legislature made available for the pollution problem at Lake Tahoe. Were you aware of that, and is that your feeling too?

A My understanding of this is that one project that the south is ready to go and the one that the north isn't ready to go. And it wasn't a case of delaying something purely for lack of money. But it was simply diverting funds until the one is needed. And I'll tell you this. I am heart and soul in favor of moving as fast as we can in correcting this.

I do not agree with my predecessor who made a trip up there during the campaign to say there wasn't any threat to the Lake. Once the water turns green, the ball game's over.

Q Have you discovered something about the new State Fair that has caused you to examine it?

A No, I haven't discovered anything about it.

I just want to look at anything that's going to cost that much money.

Q Governor, would you be in favor of a move to institute the so-called Oregon Plan in primaries in the State of California?

A No. As a matter of fact, I understand that Oregon has considered changing their plan. At least I've heard there are rumors to that effect. There are people who want to -- no, I don't think -- I've never been particularly enthused about their plan.

Q You would not -- ?

A No, I wouldn't introduce it here.

Q Governor, back to Gordon Smith. Last week he announced there would be no 10 percent budget cut, and the next day Phil Battaglia said that wasn't the case. Is this a basic disagreement or a failure of communication or exactly what is the situation?

A No, I don't think so. I think that what happened was that perhaps a wrong impression was gained from Gordon's testimony before the committee that might have given the impression that we were abandoning certain goals when in reality he was discussing the fact that certain elements have been introduced that make it impossible to meet them as much as we wanted to.

For example, as I told you here last week, when we discovered we had to put back in \$38 million that we had hoped might come for tuition in the general fund, obviously this was \$38 million of economies that we couldn't affect. The same thing was true when Medi-Cal was dropped on us, not only Medi-Cal for the coming year because of an underestimate but a Medi-Cal fund that must be put back, money that must be put back for last year -- not this year -- a deficiency from last year's spending in this program.

So whether we achieve our goal or not does not mean that we're not still striving, still trying. We have a number of departments that have reduced their operating costs more than 10 percent, but you have to recognize that not all departments have an equal total in spending. So some department

that can reduce its operating cost by 20 percent but its total budget is a fifth of what some other department is, that can not just balance up or average out with this other department.

Q Speaking of Mr. Battaglia, is he permitted to drive State cars?

A No, I don't think he's driving a State car. You know, it's an awful suspicion here that I'm moonlighting, isn't it? I'm glad one of the papers printed a picture so they knew it was a different Ronald Reagan.

Q Governor, two questions back on the withholding: Would you or would you not sign a bill passed by both houses of the Legislature for a withholding tax?

A Well, it's always dangerous to predict prior to the debate, the discussions, and so forth, and the expression of the will of the people. Let me just say my inclination now would be to say I would veto it.

Q If we can go on to another subject?

Q I had one more. Are you going to put in a bill for repealing of the accrual system?

A Oh, I haven't even got around to that yet. I think there are certain corrections to be needed in it. There's nothing wrong with the accrual bookkeeping system if it's properly installed, and is installed not as a gimmick to hide a financial deficiency.

Q Are you going to be meeting with Barry Goldwater in Arizona later this month and, if so, are you expected to discuss Republican Party politics?

A I have no plans about any such meeting. I don't even know whether he's going to be in Arizona.

Q You will be, though, won't you?

A Well, I know that our children and Nancy will go over there as we annually do to visit her folks for Easter vacation. Now the Legislature has voted to take an Easter vacation. I don't know whether that includes me or not. But I'm going to hope that it does.

Q Governor, does the warmth of your reception in Washington perhaps make you look a little more realistically toward your availability for the presidency?

A           No. I was just very lucky the other night at the dinner and had a wonderful time. And everyone was very gracious and hospitable. And I was very grateful for it. No, I don't think political decisions of that kind are determined by whether you said the right thing at the dinner or not.

Q           Assemblyman Pauline Davis has proposed a bill and legislation to abolish the department of general services calling it a paper-shuffling organization, putting it back in the Department of Finance where there are experts to handle the problems. Do you favor this particular situation?

A           I haven't seen her bill but as you know we're talking our own program of reorganization and so I have no way of knowing where it might coincide or disagree.

Q           Governor, to what extent does your tax program represent an agreement between you and some of the leading Republican legislators on taxes?

A           Well, they've been in on the conferences that we avowed this tax program. We've done it in consultation with them. So I would think there's a certain amount of agreement.

Q           Can we get back to a little more clarification on this 10 percent or not 10 percent? Gordon Smith told the ways and means committee that you'd be restoring 55 million at least of the 216 million in cuts which represented your 10 percent. Doesn't that mean on the face of it that you're not going to meet the 10 percent cut?

A           Well, you'll get that all in detail today. Obviously we had to put back some funds where we did not achieve what we wanted to achieve, and I don't think there's anything unusual in that. You start out with a goal and --

Q           Both yourself and Mr. Battaglia have repeatedly denied that you've given up the 10 percent figure, and if you are replacing a portion of that, almost a third of that money, it seems rather obvious that you are giving it up?

A           No. Let me say that it was our feeling that the impression given was of a voluntary falling away from or changing our mind about the attempts at economy, and this is



what Mr. Battaglia sought to correct, that there was no falling back from that.

As a matter of fact, the economies that we've been able to effect so far in this limited period do not represent our full goals at all, because in the months ahead with these committees of experts and industrialists and businessmen who have volunteered to go into the State operations, we believe that we're going to come up with considerable economies. But these will be reflected in a following budget and not in this one.

This was all we sought to correct. Obviously, and as we repeatedly said, you start with a goal. We knew there were going to be some departments who could not achieve that, just as we knew there were some, like the Attorney General's office, who is working on his second 10 percent cut, that were going to be able to do more.

But, as I said before, these departments have budgets that can vary from a few hundred thousand dollars to a great many millions of dollars. Now, you can't balance a sizable cut in a small budget department and balance it against a lesser percentage cut in a big department and say, "These now average out, one for one." They just don't do it.

This young lady over here.

Q I wanted to ask you, a few minutes ago you said something about efforts by some departments to resist economizing. Which departments are you referring to, Governor?

A Oh, I just think that's a kind of built in natural thing. I think everyone sincerely believes in the importance of their particular program, and they always feel that the economies maybe should be effected in some other program, not theirs. And you have to overcome that.

Q Governor, can you tell us what field the new taxes will go into at all?

A No. You're tempting me into details. You'll get that all this afternoon. I'd rather wait on that.

Q Governor, on the matter of the crippled children's controversy, have you considered trying to find the \$274 thousand in some emergency fund to remove the need for

Assemblyman Crown's bill?

A           No.    I okayed the supplemental appropriation to meet this particular problem.  Incidentally, in that regard I'd like to say also, I wish all of us, including the communications media and everyone who has a voice that can be heard, would re-emphasize to the people of the State and the nation the importance of the Easter Seal drive that's on right now.

          There seems to be a feeling on some people's part that this is a program that because the State or government is involved in this, this lessens the need of that other voluntary program.  They do not.  They complement each other.  And I hope that the Easter Seal drive will be tremendously successful and go over the top because it's one of the great worth-while causes in the country.

          The gentleman way behind you there.

Q           Other than the Gridiron appearance, are you going to plan any other major speeches outside of the State?

A           Well no -- actually, the Gridiron trip, it isn't just for the Gridiron banquet.  We've long put off a number of things.  And so on this trip in I am meeting with the entire congressional delegation in Washington and at the same time this is also the annual meeting of the California State Association in Washington.  And we're going to attend that.

Q           Are there any other governors that are going to appear before the congressional delegation?

A           Well, when I say our -- well, I'm meeting with the entire Republican congressional delegation, but I'm also meeting with the California delegation.  Now, I don't know whether there are others that are going to meet before the entire Republican delegation.

Q           (Inaudible.)

A           The question was, am I aware that the home we've leased is in an all-white neighborhood.  I didn't think there was anything like that legal in California.  There isn't any such thing any more.

Q           Governor, I'd like to clear up one thing.

Question was asked about the accrual system earlier and some Republicans have called it a fiscal failure. And yet this morning you just mentioned here there's nothing wrong with the accrual system in some instance. What do you really mean?

A Well, the accrual system is a pretty respectful bookkeeping system. A number of states have it. A number of business organizations operate on this basis. But it's a bookkeeping system that has to be put into effect with provisions for a cash reserve when you start it, and it must be put in completely, the transfer to this, and it should not be put in as this one was put in partially and without a reserve, and put in really to get the one-time windfall that comes with the first putting of it into effect.

The one-time windfall is created by getting more months revenue than the months of spending that it's to cover.

Q Governor, on February the 27th the A.F.T. sent you a telegram requesting a meeting to discuss state college problems. They now say that your office has never answered the request and that there are no further meetings planned. Why is that?

A Well, I'd have to check on that because I don't recall ever getting a telegram from the A.F.T.

Q The telegram was sent by John Stull.

A Well, I'd better check on that because I don't recall ever getting a telegram --

MR. BECK: I don't remember seeing it, as far as I know.

A I never received such a telegram. I love some of the communications that appear in the press and say that they were directed to me. All I know is what I read in the papers.

Q Governor, you're meeting Thursday with the editors of Time-Life Magazine in New York. If they ask you about your availability for next year on the Republican ticket, what would you tell them?

A Tell them the same thing I said here. I'm the Governor of California and I hope the next four years.

Q Governor, I hope you'll excuse me for asking one more question on the 10 percent cut, but the point I wanted to get across is this. It hasn't been very long since you said the State's financial resources had been drained and looted by the previous administration. Now you're saying that you really haven't been able to find even 10 percent from that previous administration's budget that you could logically cut. What kind of draining and what kind of looting is that?

A Well, I'll use the first word "draining" now.

Q All right.

A We've already settled the issue on the other word, whether it should be used or not. The draining was exactly the situation that we're confronted with, that a budget, a record budget, the biggest budget of any of the fifty states was passed, and then the State went ahead spending not only that budget but a million dollars a day more than the revenues would provide for that budget. And I think this is draining the resources.

We started the fiscal year what they started the fiscal year with \$193 million in cash and have spent that. They have borrowed \$180 million from other state funds over and above what the expected tax revenues will enable them to pay back, that when the revenues come in from the future under this accrual bookkeeping system, they will not at the present level of revenue pay back this \$180 million that was borrowed from other state funds.

We are left with the problem of raising additional revenue to make up that \$180 million.

Q Shouldn't you have been able to make some very massive cuts in there then? Ten percent seems less than (inaudible).

A Well, what would you suggest doing without?

Q It's not my budget, Governor.

A I tried to cut the universities and colleges and suggested tuition. Got the regents to spend 19-1/2 million dollars. You must recognize that in the couple of months we've been here there is a limit in a corporation this big as to how effective you can be, how far you can go in

learning the cuts that can be made without comparing or removing essential services to the people.

As I said before, I'm very hopeful that as we have time and with experts in the field, that in the year ahead we will be able to make very sizable cuts and improve the efficiency of the State operation.

SQUIRE BEHRENS: Thank you, Governor.

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