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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN ✓

Tuesday, February 13, 1968

(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.)

Governor, do you want to hold up a minute?

What, do you mean that they are not all here.

Let me see if I can find the stenographer.

I was going to say that the other vacant chairs are out on the picket line. Well, while we are waiting here to see if we are going to have it, I can at least introduce our guests. We have Professor Herbert Jacobs, and nine journalism majors from the University of California at Berkeley here today. Welcome. Well, in the meantime, a funny thing happened to me on the way over from the hotel.

Well, why don't you go ahead and we will have a reporter any time now.

Don't ask any thing important for a while. The Squire and I. Let's stay on a subject until it is done.

Q. Why do you think Gordon A. Fleury withdrew his appointment that you made as the chairman of the Little Hoover Commission?

A. Well, I have a letter coming from Gordon Fleury and while I have not received it yet, I know the content and I know the reason why he did it and I think that it is very regrettable. We did it because of the partisanship and the partisan objections that were raised by Assemblyman Shoemaker with regard to this appointment. And I think that when you talk about a conflict of interest, I think that when a legislator allows his partisan objectives to get in the way of the state, having the services of fine and talented people who are willing people to go to work for the state, this is some kind of a conflict of interest also. He is a fine man with a distinguished record. He was willing to serve and it just makes it more difficult to get the kind of personnel we should be getting in state jobs and I think that it is a shame.

Q. Do you have anyone in mind to replace him?

A. No, not yet.

Q. How long will it take you to get a replacement?

A. That I could not tell you.

Q Will Mr. Weinberger remain on the commission until you get another--

A No, he has already left the commission.

Q Governor, when you appointed him, were you aware.....(inaudible)

A Yes.

Q Can we go to another subject?

A Are you through with that one?

Q In your State-to-the-State Message you emphasized that property tax relief was going to the schools sort of, and then in your statement last week, you emphasized the half a cent sales tax going to the county. Now why did you make the shift from that, or did you?

A No, I have a conflict of interest here, too. There are two things. Number one - the property tax relief, but also I have consistently said that I believe in tax reform wherever possible. We should try to subolant state grants or subventions with actually giving the source of taxation where possible to the local taxing area. In the State-of-the State Address, you will notice what I said. I said that at the time we were leaning toward the use of the junior colleges as a way of getting this \$155 million back to the property tax payers. At that time, we were under the impression, for one thing, that the figures were relatively close. The \$155/^{million}and the amount so that it could actually reflect the taking of something off the property tax roles. There was a question there and there was a question on the part of the people of the junior college level about whether/~~xx~~ not ~~xxxx~~ turn over/~~the~~ state more control in this area than this local part of education wanted the state to have. This concerned us also. But also, in looking at all the alternatives, we checked with legislators. We were checking to see what would be acceptable, what had a possibility of passage and finally we began exploring more as objections came in and we saw difficulty with getting passages of even direct tax relief to the individual tax payer. We began to explore this one of simply turning over the source of the tax, half a cent of the tax to the county themselves and thus...(inaudible)..because the county is almost totally supported by property tax. And this should mean a direct relief in that regard to the property tax payer. This is the one that I now favor.

Q Governor, the California Taxpayers Association, and at least one assemblyman who is active in tax affairs, found your plan a complete surprise; who did you actually consult with before you announced it?

A Well, this is possible inasmuch that there is going to be someone who has not been apprised when you make an announcement of this kind. It didn't mean that we were intending to bypass anyone. We have been as I said consulting on all of these. And at times have discussed all of these various measures. I am sorry if we did not get back or touch base with everyone who should be informed, but we were under the impression that we will continue to be working with them on these matters and the actual implementation of it. There are some things to be worked out with regard to certain county by programs financed by the state that will be taken over/the county ~~xxx~~ because the half a cent is much larger than the \$155 million. So we will be in consultation with all of these people on this.

Q I was going to ask if you knew at this time, what grants you were talking about.

A No, this is being worked on right now.

Q Governor, there is concern among some legislators that what you want to give the property tax relief directly to the local tax payer, (inaudible) county board of supervisors that may be diverted, are you completely assured in your own mind that this full amount that will be given to the counties will get to the local tax payers?

A Well, let me point out the difficulty. We ~~xxxx~~ had a plan last year and you know that it was voted down. We could not get to first base with a plan to put directly on the tax payers bills "x" number of dollars to be deducted from his property tax that would be by way of state property tax relief. And we could not get any place with that. Now, at least, in this other way, you have got to have some faith in the people that if in a county the people of the county know that their county government now has "x" number of dollars coming in each year from another/tax source, certainly they have got to exercise a certain amount of influence on their

own representatives and their county supervisors if they believe those supervisors are simply using this to augment county spending and not to have it reflected back in some reduction of their property tax. There is a limit to how far you can go in taking the responsibility off the shoulders of the people.

Q On the matter of the tax reform, the democratic caucus laid down six conditions that would be necessary for any tax reform program. One of them is withholding tax. Now, in connection with what you had said earlier when Mr. Unruh said that...(inaudible) along the same line, do you consider that they will hold your tax reform program for ransom or for withholding?

A Well, you use pretty good terms there. I think that has got to be true of a lot of our legislation this year. We are going to do our best to try and convince them that the welfare of the people should come ahead of partisan politics. How successful we will be, remains to be seen.

Q Governor, since the amount of money that is derived from that one-half cent sales tax is around \$194 million and that is more than the \$155 million that was budgeted to go into property tax relief, if you do not get a bill on property tax relief, isn't ^{it} true that you will loose some \$39 million in general funds revenue?

A Now you are talking about something that if it is not done by July 1. That is right. The difference is you would simply cancel the half a cent tax which would work quite a hardship with regard to the budget. And the plan that we are proposing is that the sales tax remain the same but a half a cent of it go to the county.

Q If no plan is adopted, does that put the budget out of balance?

A Oh, it certainly would. And the budget will be out of balance further if the legislature on partisan grounds does not give us the flexibility we have asked for and which only they can give us to make about \$87 million worth of changes in the administering of some of our programs. This is not unusual to submit a budget with a request for legislation to make it work

Q Governor, are you going to make that report on the task force public?

A Well, I don't know. We are studying this thing now to put together a program of tax reform. That, of course, would be made public. The other is just a work-sheet for our use.

Q Didn't they make certain recommendations in them in a form that would be of interest to the public?

A It was much more of a general tax policy and with certain alternatives of illustrations. But not in the sense of presenting to us a detailed plan that they said here, put this into effect. As a matter of fact, I was a little disappointed because I was hoping for something of that kind and I could not get it.

Q Well, Governor, realizing that there is only a certain amount of money in the budget with this plan you ~~xxx~~ have taken care of \$155 million with this money going back to the county, what money would you be working with on the tax reform?

A Well, there are a number of other areas to check in the tax as to the balance between the types of tax, whether we are utilizing all the places where you can fix a charge for a service, whether you should broaden the bases on taxes.

Q Governor, do you know when you will have the finished tax report plan ready to submit to the legislature?

A No, I do not. We should have that very shortly but I could not tell you exactly. I know that we are working on it ^{to} the best of our ability right now.

Q Governor, Senator Schmidt has issued a statement based on figures from the legislative analyst's office indicating that the budget under your administration will be ^{faster} increasing at a rate than under former Governor Brown and he says that you may turn out to be a bigger spender than Brown.

A Well, Senator Schmidt's - I am just sorry that I do not have access to his news-letter because I think that it is a shame that the recipients of that news-letter are going to be treated and have been treated to some number of inaccuracies. He is inaccurate.

and here again we are going to have to find out how much every one has - the welfare of the people of heart. But it would be quite a blow to loose this other.

Assemblyman

Q Governor, / Briggs has introduced legislation which would repeal your hike in the income tax. What is your reaction to this?

A Well, I have to be in disagreement. I have to be in disagreement because for one thing with tax reform coming up, I do not think that this is a time for piece-meal attempts of this kind. The second thing is if you were to have the overall tax structure that we hope for with tax reform, I think that every student of taxation knows that your greatest amount of tax should come from a combination of sales and income as being fairer and geared more to your economy more flexible than the inelastic tax such as the property tax. I am in disagreement when he suggests that we are taking the money out of one pocket and putting it in the other to use sales or income tax to provide property tax relief. That is not so. The reason and the only way that you can have property tax relief over and above economy which we are striving for, is to have a broader base tax that is more elastic and covers a broader group of people than just the tax that is limited to the property owner. I view this as a step backward.

Q Governor, did your task force on taxes recommend this county rebate plan?

A Well, now, try to remember all the pages in there. Not this specifically. But in talking general tax reform, there was again or the point was made very clear that tax reform to be effective must include the local as well as the state. Because they are tied together and they made the point the advantage of wherever possible giving the source of the tax back to the local taxing area instead of continuing to subsidize them in a sense.

Q Was there any discussion at all, even if they did recommend it specifically?

A No, no specific thing.

He is inaccurate with regard to the increase in spending of the previous governor. He is inaccurate with the rate of increase that he describes to this budget over previous spending. And he did not take into consideration at all, that almost four percent of the increase in this year's budget is taken up by the more than \$200 million that is going to be given back in local tax relief. It is difficult to call that state spending when you are simply collecting and giving back to the local area with the idea of affording some relief to them.

Q Are you about ready to repudiate the John Birch Society?

A You know, the way that I feel about Senator Schmidt's view-point on the taxes and the budget right now, I am wondering if the John Birch Society is not going to repudiate him?

Q Why do you think that Senator Schmidt involves himself with these statements all the time and you say they are inaccurate? Why do you think that he keeps putting them out? He has been putting them out for years.

A I know. Maybe he is just a man in search of a party.

Q Governor, the University Regents will ^{have} a meeting at Riverside and I understand the subject of tuition will be put up for a vote at that time and I believe that at least three of the regents, Mr. Folley,(two names inaudible).....are inclined to vote for you on tuition, but they are a little bit reluctant on the fact that your budget figure might be a little low and they need a higher budget. Would this affect your position down there?

A No, it would not affect my position. I am sorry, particularly, that

/ those three regents saw fit to make statements without consulting or finding out our view-point. We have reason to believe they have a rather ~~inac~~curate picture of our budget proposals at present. But I also can understand. I think that it is ~~xxx~~ true that regents, particularly veteran regents who have been there for a number of years, become attached to the university and as I say this is very understandable. And with a loyalty to the university that tends to make them forget sometimes that they also have a responsibility

to represent the people of California. I have to remember that and so I am going to have to continue to represent the people.

Q May I ask you one more question on that point, Governor. I think that the same three regents also felt that your budget proposals of last year were for one year only and they wonder now if - how many of your cuts will go on.

A No. There have been ~~xxx~~ no cuts in their budgets. There has been a cut in their budget increase that they asked. Last year they asked me if in computing this year's budget, if I could start at the \$264 million figure that they had asked for instead of the \$252 that they finally ended up with. I agreed. I agreed that the \$21 million from regents' funds was for one year only and we would not ask them to contribute to that fund again. We have not asked them. We started from \$264. We added on a work load increase to that. We added on within a half of one percent of their salary increase request---a five percent salary increase and this is over and above their merit increases. This is a cost of living increase that they get and we added on some \$45 million for the university alone for capital construction. It is true that it falls short of the budget that they originally asked for. But it is also true that in a budget that is out of balance, as I say without supplementing legislation, that is out of balance by \$87 million, I have to ask them where do they think that the money is coming from. The university and the state college system were treated as the number one highest priority item in the budget. They have received an increase in budget that is far above the increases for another department. The ~~xxxxxx~~ university system has the highest number and the highest salary scale of any state agency. And this has further been added to with this increase. They - the university, as I say, was given, if we gave them the same average that other departments were getting, the universities would be minus a great many millions of dollars. Now, I have to ask them what other department of the state would they like to have us cut ^{what} in order to give them what they ask for? And failing that, /would they like to then propose in the line of a further tax increase on

the people of California?

Q Governor, have you decided whether or not you will adopt that portion of your task force report which calls for free fees on construction of new campuses for higher education?

A This as well as a great many of the other task force reports are presently under study. I told you the other day that we would look at every report with an open mind. I can not tell you that there is any study that has been completed or any decision made with regard to that.

Q Can you think of any particular direction right now?

A No.

Q There is money in the budget, governor, for the current state college; will you leave that in the budget?

A Well, at the moment, it is in the budget, and I say we have not studied these particular recommendations.

Q What response do you have to the U.C. president, Hitch, who maintains that if the cutbacks continue in the U.C. budget, the university can no longer remain great?

A Well, since you mentioned task force, I would like to mention in return that perhaps President Hitch would like to look at the task force recommendations that suggest \$27 million a year reductions that can be made in the administration of the university.

Q Governor, are you optimistic that the regents will this weekend in their Saturday meeting vote for tuition or for extra charges on whatever you call it?

A Oh, I have not been optimistic about what the regents will do since the first meeting last January.

Q Have you looked upon the committee and discussed with other regents the possibility, or are you going to press for a vote on it?

A Well, I think that we have to go ahead with this and ask for a vote. I am not completely happy about all of the uses that were suggested for the money. But we have to proceed with this. I do not think that anything has changed this and I would be very regretful if I thought that the regents out of sheer spite, because

the university did not get all that it asked for, was now going to change its mind with regard to a policy that they voted last summer.

Q We have one more question on that. That last statement intrigues ^{me} / somewhat. It makes me wonder if you have information that the regents are, out of spite?

A Oh, no. I was simply referring back to the statements that were quoted here earlier that started this questioning.

Now wait a minute. Is this all university?

Q What the university is going to get in this budget, is this subject to any negotiations or are you pretty well fixed on the amount that you have in this budget?

A This is fixed. As a matter of fact, if the present tuition ^{that} plan has been proposed by the committee is voted, there is some \$2 million of that which would be added on to the present budget figure which would bring them within less than two percent of what--not the original 3-11, but within two percent of what they finally themselves came down to and were asking for the university budget. So they are less than two percent off.

Q What was that figure, Governor?

A 287. This would be 282, and this, ^{incidentally,} / sort of answers the argument that some of them have had that any imposition of charge against the students would be used to reduce the general fund and we have told them that this money that would be raised would be added on top of the general fund figure that has been allocated.

Q Governor, in view of the fact that a week ago the auditor general showed that the La Jolla farms land purchase cost the regents a million and a half dollars more than they had expected to pay, would you like to see this land purchase for (inaudible).....as a possible economy for the university?

A Well, this is the expenditure of the regents' funds and this was passed long before I was a regent, so I do not know anything about what caused them to buy it or why they thought it was a good investment, why they thought they should take this property off the tax roles. I must admit, I have a great curiosity about

this particular purchase and why they found it necessary when they have got quite a sizeable tract of land laid out for their campus.

Q Do I understand you to say ... (inaudible) ask for a vote on Saturday on tuition for charges?

A I see ~~xxxx~~ no reason to retreat from it unless there are regents who, like myself the last time, it was delayed, because there were regents who were still concerned over the uses for which the money was going to be put. They were not objecting to the charge. They were objecting to the use. Now if this still prevails, I would certainly not want to force someone to a vote ~~and~~ if they felt they did not have enough information yet on which to vote.

Q Do you think that the joint committee report on the tuition will have any effect on the regents vote--^{the} /committee which had findings against the tuition increase?

A Well, I do not know. They read the majority report; I'll read the minority ~~xxxxxx~~ report.

Q The Los Angeles Times carried a story ^{of a} /highranking Republican in the Northwest who you are supposed to have confided to that you would accept a place on the Rockefeller ticket. That is contrary to what you said last week here, so can you clear that up for us?

A I will clear it up and I might even offer something of a lesson to some of the journalism students in the back there. First of all, it was a total fabrication. And second of all, I cannot help but comment that I am amazed that a newspaper of that stature would base a feature news story on what an unnamed individual who said that he heard another unnamed individual say that he had heard from someone else without at least calling to find out whether the fellow who was supposed to have said it, said it, and I received no such calls. It was a fabrication. I have no intention of taking a spot on the ticket with any one and I never made any such statement and I would not go all the way to Seattle to make ^{it} /if I was going to make it.

Q I think that the same article that he was referring to was a reference to a Mr. Montgomery who you solicited to Tom Reed

to run the campaign there.

A There is no truth to that. I know Mr. Montgomery and I saw him along with Governor Tom McCall up in Oregon when I rode in the parade and spoke at the veteran's group and I ran into him again down here at the airport in San Francisco after I had spoken. He came down as a representative of the legislative convention or conference which was held when I was a speaker that noon. We saw each other briefly at a meeting at the airport. He was going back to Oregon and I was on my way south. There was no truth to that. I have never discussed such a thing with anyone. We have another subject in the back.

Q Governor, today, Lt. Gov. Finch said that he could see circumstances in which you might accept the vice presidency if the convention really prevailed upon you to do so. Do you have any comment on that?

A Just a comment that I am very stubborn with regard to that. I know what he was referring to. I spoke to Robert here a couple of weeks ago. The fact that I said that I was quite sure that a convention, once it feels there is some political advantage for any one, probably does exert a great deal of pressure. But I have no intention of giving in to such pressure. But I do not think that it will be aimed my way any way.

Q Was that in that interview--

A No, No, right here. I happened to make a remark one day, I think a couple of weeks ago, to the fact that I was aware that a convention could be exerting a lot of power in that regard if they ever settled on someone. But I did not mean to infer, and I do not now infer, in fact I state unequivocally the opposite direction, I am not about to succumb to such a pressure, but I do not think that I will get any anyway. Now, there is the next one for changing the subject.

Q In general, the moving away from a specific office, there seem to be both democrats and republicans nation-wide that are now more hawks than doves, do you feel that racism is going to be the main topic in the national elections this year?

A No, they are very persuasive. Their's is an obligation that I can fulfill and still fulfill my responsibilities to the state of California.

Q Governor, I have a long involved question that I have written down here.

A You have a written one? Wait, we may still be on the same subject.

Q In fact, I have a short one. Have you had a chance in your task force report to reflect on their recommendation that all the commute books on all the bridges in California, with the exception of one, be abolished and the commuters pay the regular tolls?

A No, I have not had a chance to look at that. I do not envy those who will be specifically studying it, but I noticed that in reading about that, that they themselves said that there were a couple of loop-holes that they would have to find plugs for if such a thing were adopted. This is the one way ticket, as well as doing away with the commute books. That is another one that would have to take a lot of study and I would prefer that if started, it actually be with those involved and who know the problems better than I.

Q In view of the recent trouble in the cities in Vietnam, has your position on the Vietnam war changed in connection with the Vietcong offensive and if it has, has it changed in the direction of (a) a step-up in military ~~xxxxxxxxxx~~ activities or greater efforts for a negotiated settlement, or have you got some other ideas?

A No. I still think that the answer lies in military power. I think what is happening now may very well be the go-for-broke type of campaign on the part of the enemy. Coincident with a great propaganda campaign for negotiations and possibly what I said earlier two weeks ago, we might suddenly start seeing and that is the idea of a coalition government for Saigon for South Vietnam but I think that it is a kind of desperation measure. It is a funny thing--- their tactics never seem to change even at the local level or the other.

I recall--this you will find very strange, I know, and think that it is far fetched. A motion picture industry was up against what has since been documented as an attempt for the Communist to take over that industry by way of a jurisdictional strike after seven months of striking when it was apparent that they were defeated. It was a curious thing that before, they just walked away and left the industry. There was a last out-burst of violence and thousands of mass pickets outside the studios and heads cracked and cars turned over and all that, and when that failed to make any change, they were gone, and then the whole strike was over.

Q Governor, are you predicting a sudden end to the war?

A No, No. No, don't draw the parallel that far. But I do think that there is something of a - you gentlemen in your own papers have been carrying, and your news broadcasts have been carrying, references to intelligence reports that have in recent months been captured from Vietcong and from North Vietnamese which indicated a great combined propaganda and military drive aiming at victory in '68 for the North Vietnamese. I think now we are seeing the beginnings of that campaign.

Q Governor, do you still think that we are waiting in Vietnam and that President Johnson has been holding that back for political purposes.

A Oh, no. A few months ago when I said that, we were not getting that story. But since that time, I think that it has been confirmed by a number of people and by a number of statements out of Washington that we can be optimistic---much more optimistic in that they themselves confirmed that things were going better.

Q Are things going better now?

A Well, certainly, this was a propaganda victory for the opposition. The only thing is what remains to be seen now is can they stand that kind of loss and can they stand it repeated. Any one could do what they did if they were prepared to pay the price. And they were prepared to pay the price.

Q What was your reaction to the charge by New York Mayor Lindsey that Governor Rockefeller would be getting involved in

local problems regarding(inaudible)

A Oh, I will have to admit to having a passing thought or two when I envisioned myself and Sam Yorty nose to nose over a pile of garbage and I was happy I was here and not there.

Q Do you think that the governor of the state should get involved in the situation such as that before the city can solve its own problems?

A Well, I do not think that I should comment on their particular fight. I have not been standing there knee deep in it, but I do know - I do feel that a governor, unless he is asked or calls a state of emergency and asked to take over and take action, he is treading on some pretty thin ice. When he starts to try and run one of these major cities, and I would hope that situation would never confront me because I would never take over such management voluntarily.

Q You speak frequently of the possibility of ~~xxx~~ some of your programs losing here in the legislature out of pure partisan-ship, what do you mean by that? Do you speak just of Democrats, or do you speak of the entire legislature, and don't they have a responsibility to fulfill ~~xxxxxxx~~ an election to run this year?

A No. I think I am referring to statements that were made by a few leaders of the opposite party at the beginning of this legislative session where they flatly predicted that nothing much would happen in this session simply because it was an election year and they indicated that it would be on a partisan basis---that politics would take over and a firm legislation would not be passed and I think that is regrettable. Because I think that the problems go on and I think that we have a full time legislature and people must have passed that with the idea that their problems would be dealt with at all times, election or no election.

Q If Assemblyman Veneman and Democrats and others attempt to get withholding this year, do you feel that their motives for that are ^{or} partisan? don't you feel that the legislature represents the people?

A I feel that the legislature does represent the people. That is why I hope they will treat each one of these problems to the best of their ability and without regard to their partisan affiliation. It is always true, of course, that no one wants a rubber stamp. And it is always true that ~~xxx~~ you are going to have some one who cannot go along and who legitimately and sincerely disagrees with the position taken by the bulk of your party's representatives upstairs and we all understand that. As a matter of fact, that is how we hope for victory---that somebody on the other side is going to disagree with their leadership and come over and join our team for a while.

Q Governor, in view of the reports recently about the troubles that the other party is having in forming the various slate of delegates, would you like to give a progress report on the formation of the slate of delegates pledged to you in the June primary?

A Yes, there is just a last few little details and then we will be making a statement very shortly and giving our list of delegates and alternates and I can say that from the progress and those last few details to be cleaned up, it is exactly what we promised. It is going to be a slate that really--crossing the spectrum of the Republican party--that every facet and possible division of the party has been represented.

Q Do you think Don Schmidt should be a member of that party?

A Well, unfortunately, we couldn't take all legislature in, so we had to scatter them around.

Q Governor, has the state been asked to have any security forces standing by this week when Stockely Carmichael visits Oakland?

A Well, I know that we have a program that has been ⁱⁿ effect now for several months---a constant communication and liaison with local law enforcement officers. Naturally, the first move comes from them and I am sure that this is functioning now as it has been functioning for the last several months.

Q. I would like to get back to Bill Stall's question regarding the budget. Aren't you sort of passing /something over the legislature's head

by saying to them, "pass this budget or get me what I want or it won't balance and if it doesn't balance, it is your fault"?

A Well, no. Except that we were given - we have by our estimates so much revenue and we know how much money is going to come in. It must be divided up among the things that have to be done. In two particular areas--Medi-Cal and welfare---the increase is so much greater than the increase in revenue that can be expected, so out of line with the normal growth of the state, that we have no choice but to ask for some freedom to administratively make changes and have a flexibility to deal with this or there is no way, as I^{have} said repeatedly, there is no way then to have a balanced budget without every year asking for an increase in taxes. You could ask for an increase this year to meet the projected deficit in those two areas and next year you would have to do the same thing. Well, you come to a breaking point. We feel that the answer is some needed reforms that are not going to take needed care away from the people and are not going to hurt any one but are going to allow us to operate these particular things in a more business like manner.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD FEBRUARY 20, 1968

Reported by

Beverly Toms, CSR

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GOVERNOR REAGAN: Good morning. We have got some guests again, some students from Bishop O'Dowd High School in Oakland; some journalism fellows from Stanford. Welcome and all of you, mind your manners.

Q Governor, will Clifton White do for you what he did for Barry Goldwater, namely secure for you the presidential nomination?

A No, I'm quite sure that he won't and in view of what happened, that wouldn't be much of a favor if he did. No, I think the story -- I think the story has been accurately described. I have checked and was down south over the week-end, find out exactly, and he was retained to do just what has been outlined, to keep finger on the pulse and then subsequently to come meet with our delegation and tell them what the national picture looks like, hopefully to make us better able to make the determinations and decisions.

Q Won't that include an analysis of what your chances are?

A Well, as I have told you in a number of occasions there is no secret about the fact that there is this talk going on. I'm aware of it. I'd have to be living under a rock not to be, and it still doesn't change my position.

Q Governor, Senator Beilenson has written you a letter saying that the California Commission on Manpower Automation and Technology has been allowed to sort of die under your administration and that it works a handicap in

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trying to deal with the federal government through the state department of employment, and I wonder if you have seen the letter and if you have any comment.

A No, I'll wait until I see the letter because I haven't seen the letter or received it as yet. I'm getting kind of used to that. I wonder sometimes why I bother to open letters because I usually read about them in the paper before I see them.

Q Governor, if the leaders of the Republican party were to put together a draft Reagan movement, what would be your response to it?

A There you go again. Hypothetical question. I'm not going to give hypothetical answers. I don't think such a thing is going to happen. I'd wait and see the time.

Q Governor, why don't you think -- why don't you think such a thing is going to happen?

A What?

Q Well --

A Because I suppose when I was growing up my mother never told me that I could be President some day.

(Laughter)

GOVERNOR REAGAN: Bill, did you have your hand up.

Q Yes. Governor, there was an interchange in December, the PUC -- this is on another subject.

Q Could we finish the other one first.

GOVERNOR REAGAN: I thought I had, but go ahead.

Q This morning Mr. Smith, William ^{French} ~~Frank~~ Smith is being quoted as saying that he wouldn't rule out the possibility that Clif White might try to line up support for you in other states. Will you rule that out? Are you in a position to rule it out?

A Well, I don't know but what Mr. Smith -- I saw an item to that effect and as I saw the quote, the actual quote, I thought Mr. Smith was saying that they didn't have any control, that they have not hired him exclusively and they had no control over what he might do in anything of that

kind, but that is not what he had been hired to do by this group, and this --

Q You wouldn't rule that out?

A I think this is a little different meaning than to imply that -- that he might be going ahead under the terms of his arrangement with this group to do that. And I think all Mr. Smith was saying was that he had no authority to rule out anything that he might be doing for anyone else or for any other clients.

Q Would you be distressed if Mr. White were trying to line up support for you in other states?

A Yes, because then that would mean he's harder to turn off than some of those groups that I've turned off. He's a well-respected pro and I don't know just what I could do about that.

Q Governor, I know you are not a national candidate, but would you say that you do not want to be president of the United States?

A I just -- yes, I'd have to say, as I have said before, I think Mr. Rockefeller put it right, he said, "Who would want to be," and that's about as good an answer as any.

Q Is that what you are saying, Governor?

A What?

Q Is that what you are saying?

A Yes, I think anyone would have to agree with Governor Rockefeller on that.

Q Do you think that Governor Rockefeller wants to be President?

(Laughter)

A I take him at his word. And I wish you fellows would take me at mine.

Q Is there likely to be any re-appraisal on your part after the New Hampshire and Wisconsin primaries, regardless of the result?

A Not with regard to my own course. I think everyone is watching that who has anything to do with the delegation because as I have said before, I think this is a

situation where the overwhelming majority of the people in our party are completely wide open without their minds made up and waiting for events and issues to help them determine who they think would be the best candidate.

Q Is it quite conceivable that at Miami a man who doesn't even run in the primaries might get that nomination?

A Oh, I think we have seen examples of that before, in this country. I think -- yes, this is very possible when you have as wide open a situation as it appears to be now. Now, what takes place in the next few months could be determined in the primaries and make that impossible. But as of the moment, I think it is a wide-open race.

Q Governor, would you agree that the retaining of Cliff White makes it a little harder for you to persuade people that you are not a candidate and does this worry you?

A Well, I realize, yes, it adds to my difficulties now because he is so well-known, so competent. On the other hand, I can certainly understand their thinking, as I myself have said, I told you earlier that I myself was doing my best to keep a finger on what was going on, so that I felt a responsibility to hopefully inform our delegation so that we can use our -- our power at a convention to the best advantage. I can understand them doing it and I think they got one of the best. He's a very informed, knowledgeable man in this field and I think there is a responsibility -- I think that it would be a dereliction of duty to the people of California certainly the Republican people of California to take a favorite son delegation in Miami with no thought whatsoever except we were going to sit and listen to the speeches and make up our mind after we got there what was going on.

Q Isn't it your responsibility as a favorite son to decide then in which direction the delegation is going to go once you release them or --

A Oh, I can't give orders. I can advise. I can ask. I can tell them what I think should be done, but you have 86 people who cross the entire spectrum of the Republican party and about a week or so when this delegation

is released, to the surprise of certain individuals, I'm sure you are going to discover that the Republican party of California is represented by a delegation that more truly represents the whole Republican party in California than has ever been taken to a national convention in my memory in California.

Q Governor, isn't it kind of ridiculous for any person to say he wouldn't accept the nomination for -- or be the President of the United States if he had the chance?

A Squire, you're saying in another way what I said last week, when I was quoting Dwight Eisenhower. The Sherman statement is a ridiculous statement.

Q Well, was Clifton White hired to advise you then?

A No. No, he was -- he was hired to come back and appear before the entire delegation which would include me. Remember, I am just a delegate.

Q And what's he to do? This is what I'm trying to get at specifically; he comes back and advises the entire delegation on what? On who they should pick?

A When he advises -- perhaps that is the wrong word. He informs, he tells what he, getting around the country as he has for a number of clients, what he believes is the political situation, what is the various rating, what is the depth of support for people who are being talked to and then on issues what is the temper of the country, what seems to be the issues and what is the thinking of Republican leaders throughout the country on what the party should stand for with regard to issues.

Q Suppose he finds that by all these indices you are the logical choice?

A Here we go again. Well, I'll excuse myself and leave the meeting while they discuss that.

Q In this day and age, can a public figure really refuse a clear cut call to higher office?

A And they shouldn't burn draft cards either.

Q That is not answering it.

A No, but I'm not going to answer it because there is no -- as I have told you before, I'll do my job; you do yours. You write your own lead.

Q Do you support the naming of Governor Rockefeller to head this group of Republican Governors who are going to hold hearings around the country to form a more moderate platform?

A This was decided in Palm Beach at the last Republican Governor's conference for a group of governors to do this and to have these hearings and to -- certainly attract some interest in the approach of the party to these and to publicize hopefully what the party's position is going to be in these issues.

Q Do you think a governor should be co-chairman of the platform committee?

A I approved that when it was -- at Palm Beach, the idea of sharing because I think for the first time the governors -- there are 26 of them now -- at least we are a majority in the party, we are the only majority the party's got, and I thought there was merit in this proposal. I think the governors actually have an advantage in a closer contact perhaps with the people from all the sections of the country than the others, so I thought it made sense.

Q Governor, I noticed in the list yesterday there was no -- they weren't meeting in California. Are you asking them to meet in California? Would you like them to meet in California?

A No, the decision, there was -- that they can't get to every state and they were going to pick a certain number of states and various reasons for why, where they thought they might -- where some of the problems were the greatest, for example, the urban problems and they would pick some states significant of some of the key issues. And I didn't -- there was no effort then made to pick out which states and this was more or less left to the group.

Q There are four that they have picked and there is -- they are going to hold five, which leaves one. What I would like to know is if you would like them to meet in California.

A No, there was some thought that -- one of the factors

taken into consideration might be the election problems in those particular states, also where they might be able to help a few candidates along.

Q Governor, Speaker Unruh said several times in recent weeks he does not expect you to run for a second term in 1970 as Governor. One of the reasons he gives for that, he says you just have shown you are not that interested in government, state government. Can you respond to that? *continues*

A I have never been as interested or as challenged or excited about anything that I've ever done in my life or had such a feeling of satisfaction, as I have had with what we are trying to accomplish here in California. Certainly, I'm not making any decision for more than two years ahead. And when I do make up a decision, Speaker will be the last to know.

(Laughter)

Q Do you or would you support a bill making --
SQUIRE: Wait a minute, are we done with this subject?

Q It is related.
SQUIRE: Same thing.

Q Are you in support of a bill making it easier for the members of the Peace and Freedom Party and the American Independent party to run for legislature? They can run now but it is very difficult and there is a bill in the Senate which would simplify it to a degree and will apply directly to Mario Savio's case?

A I'd rather see that, what it is and what they are proposing, Mike. I haven't seen it and I don't know just exactly what it is. There is a thin line that has to be drawn. You want people to have a right to express themselves; you want everyone to have -- the people to have a right to make these determinations, but at the same time you have to -- there has to be a line someplace that prevents the splintering and the getting on the ballot of splinter groups that don't have a chance of ever becoming a majority

or electing a candidate. And I'd want to see what is proposed that would walk that thin line.

Q Governor, this is on another subject. In December the President of the Southern Pacific testified at a PUC hearing that there was a list submitted to you by the utilities of nominees or possible nominees to the Public Utilities Commission. Do you have any comment on that?

A I have never seen such a list.

Q Well, when your screening committees were picking up names throughout the state, what part did the utilities play in that?

A Well, I wouldn't know. I know that the screening committees, north and south, sought personnel, certain qualifications for jobs and what steps they took or who all they contacted I wouldn't know other than that from all that I can gather they were pretty broad. They really combed the state, but I have never had any such list.

Q Do you see anything wrong with -- if there was such a list as the president testified, do you see anything wrong with the general idea of obtaining names from a utility among others who you obtain names from?

A Well, I certainly would take this into consideration. Obviously the utilities commission is supposed to represent all of the people of California which would include the utilities as well as the customers, but to make sure that the best interest of the state and to the people of the state was served, that would be a consideration. Actually, I had a conversation at one time with one utilities head, oh, many months back, during the primary campaign and I was quite gratified to hear him personally express his belief that the Public Utilities Commission should be made up of people who would have as a top priority they represented the customer, the people of California, and as I say, I was gratified and I thought it was a proper -- a proper approach to this. But this was just simply in a social conversation; it wasn't any meeting of any kind or any discussion or recommendation.

Q Another subject.

Q On the same subject. Do you think that PUC in the hearings on the telephone rate case is conforming to that ideal of putting the customers' interest first?

A I haven't followed those hearings. I've been waiting. I'd rather not comment on the hearings. I don't think it would be proper to comment while they are still in process.

Q Governor, on the same subject, were you aware that Mr. Morrissey, before you appointed him to the PUC, had been screened by a committee of utilities executives, Sherman Chickering of San Francisco, and had been approved by him and submitted to you? Was that true?

A I wouldn't -- as I told you, I wouldn't know. The committee, screening committees who screened employees never gave me a single choice or a recommendation. They screened a group of people and handed a list to me and in every instance they were people that were qualified by knowledge and experience for the positions that were under discussion and I not only used those, but used other feed-in myself in making my decision.

Q Governor, Mr. Tom Woods told me that in Morrissey's case he was his personal recommendation to you.

A Well, if it was a personal recommendation, it came by way of these committees. It is true from time to time there have been people who have expressed individually their favoritism, whether it was for the director of finance or what it might be, but this --

Q Can I ask you, assuming that Mr. Chickering is speaking the truth, do you think it is proper for you to appoint the man put up by the utilities?

A A man what?

Q Assuming that what Mr. Chickering says is true, do you consider it proper to put up -- to appoint a man put up by the utilities?

A I don't know that he was exactly put up. I think it is possible --

Q But he was recommended by them.

A I think it is possible for them to recommend someone after all they have quite a stake in this, too. The commission, as I said before, has to represent their best interests as well as the people of California or it is not a very good commission.

Q But they say they did this regularly, whenever a vacancy was coming up on the PUC, however this is one of the first times one of their choices have been appointed.

A Well, now, that wouldn't be strange in view of the philosophy of the previous administration.

Q Governor, you mentioned the consumer's interest in the PUC. A man regarded as the hero of the consumer, William Bennett, his appointment expires in December. Do you anticipate he'll be re-appointed?

A When does it expire?

(Laughter)

A Midnight on December 31, I believe.

A Next year. Well --

Q This year.

A That's a long way away. Let me say I shall be keeping an eye on that particular appointment.

Q Governor, a new federal regulation on welfare --

Q Can we finish that topic first? I wonder if you would elaborate -- I'm sorry, did I interrupt someone?

A I think if we are going to change the subject, I think we had someone wanted to change it down front here.

Q On the same subject.

GOVERNOR REAGAN: On the same subject.

Q I just wondered if you'd elaborate on your statement that that isn't strange considering the difference in the philosophy between the PUC and the previous administration and yours with regard to the utility administration. What is that difference?

A Well, I think this is a philosophy -- philosophically different that I've discussed in a number of political meetings and speeches in that I believe that the private enterprise system as viewed by the opposition party, both

nationally and I think this was true at the state level, the system was viewed as only possible if it was much more regulated, controlled and regimented by government, and I believe that a little more individual freedom, not only in the free enterprise system for all individuals, and that's been apparent in my philosophy -- I just do not believe in excess government control or planned economy.

Q Would you say it is apparent in your appointments to the PUC?

A I think that so far I'll judge on the record of what they have accomplished so far and I think that they have fulfilled their obligation to the people of California. I think they have been good appointments.

Q Governor, if we are ready for another subject --

A All right.

Q Mr. Post issued a statement today to the Senate Finance Committee in which he criticizes your tax relief program and he said the way it is set up with the counties it will never get to the -- to the home owner, the counties will just increase taxes and nullify it. Also he makes a point that you are using \$35 million dollars in reserve funds to balance this year's budget. Now, that's a point that you were highly critical of the previous administration of doing. Now, could you comment on those two points Mr. Post made.

A Well, I'm at a loss to understand the other one. I didn't think we had any \$35 million in reserve. As a matter of fact, we have to balance this coming year's budget, we have had to inform the Legislature that we must have supplementary legislation to allow us some flexibility to make some further reductions or this budget will be out of balance. That's -- for the last part of your question. Now, the first part of the question was with regard to the counties and the people. Well, here again is the thing that I found it hard to understand. This view has been expressed in the Legislature on a number of occasions, stating out almost unanimously in favor of block grants from the federal government, less restriction, less control on the spending of federal aid, and yet there are too many here in the state who want to turn around and do to the local

government exactly what we charge the federal government is doing to us. And it shows a surprising lack of faith in the people. It would seem to me that if you give the local echelons of government other sources of taxation, then you've got to depend on the people themselves exerting the influence on their supervisors or city councils if it should involve city, to reflect this and control the spending. This government -- oh, there is no way and no echelon in which you can rule out the influence of the people and there is a limit to how far we can go in dictating how this would be used. We will give the counties another source of taxation, and just giving them a half a cent, certainly the people will be well-informed of this and then they have a responsibility to see that this is reflected in their own taxes.

Q Well, Mr. Post made the point that when the Bradley-Burns Act added -- gave the counties a per cent of the sales tax, the people didn't do very well in their efforts to keep taxes down.

A I have one thing in mind with the half a cent that I think could in one way at least focus attention on this and actually force a certain amount of relief. I would not be opposed, in fact I would favor in that half a cent given to the counties, the elimination of the personal property, the household furnishings tax, in return for giving that half a cent. Thus this would be one practical answer right then that would be dictated in the -- in the legislation.

Q Governor, an \$11,500,000 deficit did exist in California under cutback in federal regulations on aid to families with dependent children. Would you like to see this program reviewed, these cutbacks imposed by the federal government, another look taken at them, or would you like to see the program continued; therefore we would have to fund them in California.

A We are reviewing all of these programs and we recognize that there have to be some changes in all of them, and we are working on a plan right now for some pilot

programs with regard to welfare which will require some help from the federal government with regard to giving us flexibility. This is one of the great dangers of basing your economy as every state has for a number of years now on federal grants, tied as they are. You are sucked in by the lure of easy so-called free federal money and it isn't free at all. And certainly not for California, when we put up more than we get back, but then when the federal government runs into some problem or wants to change its mind you are supposedly left stuck with the program and the financing of that program. And this has been one of our reasons why if the federal government will quit being so specific and either return the source of tax as we are talking about doing to the local level, or give us, failing to do that, block grants, I think we can meet the problems of the people of California, the problems of the needy, the people who need health care and so forth, and meet them better than we have been able to do when we are bound down by regulations that cannot possibly from Washington anticipate the needs of each one of the 50 states.

Q Governor, do you have any objection to the federal regulations, would encourage the federal government to change these problems?

A I'm not quite sure that I understand your question. All I'm saying is that we would rather have less regulation and the block grants. We have to have the money from the federal government from the simple fact that they have usurped the source of taxation and as long as they have done that, then we have to depend on them for these grants. But some of the spending forces us into programs that perhaps in some states are not as necessary as others, and yet some there you are poverty stricken in one area, you don't have the money to do a very needed job in one state, but you are forced to do a -- some excessive spending in another area where the problem is not nearly so great and we'd like the flexibility to use the money where it will do the most good.

Q Governor, another subject. If you are going to

collect a half cent sales tax from the people, give it back to the counties, who in turn give it to the people, why not leave it with the people in the first place?

A Well, because in the review this is actually -- you know, is a temporary step because of the excess money that the state got in to get us out of debt last year. Now, how to get this back to the people. You are right, you could say simply cut that tax. But there would be -- here is a chance to take one of the steps that's in line with the whole approach to tax reform and even in this temporary situation, the most inelastic, unfair tax, regressive tax in California today is the property tax. The answer to that is broader based taxes that will more equitably spread the burden that aren't so costly administratively and therefore it makes more sense to take this broad based tax that covers everyone and apply it and allow this then to hopefully give some relief to the property taxpayer, a limited group of people, and this is why we are choosing to do it this way.

Q Governor, do you oppose the bill --

Q Ready for another subject?

Q Same subject. On the sales tax, on property tax relief, do you oppose a bill that would limit tax relief to the home owner rather than spreading it to both the home owner and business community?

A Well, I thought that the thing I just indicated here would insure a certain break for the home owner himself and that would be the -- the ending, as only a few counties have already voluntarily ended -- ending the personal property, is the household furnishings tax. There is a division, on the other hand, again, you have to in your study of tax reform -- you have to look at this, how many business taxes are paid by the business, the same people wind up paying the tax. It is put into the price of the finished product and business is by and large -- is an efficient tax collector, but business is not a payer of taxes. The only people that can pay taxes are people, and it is being paid one way or the other.

Q Well, on the same way, governor, only 30 per cent of total property tax is paid by private home owners, whereas the middle income people pay 70 per cent of the entire sales tax. Is there going to be any provision in this bill that the nearly 52 per cent of property tax relief will go back to the people in lower rents and lower prices in the stores?

A You are asking about a subject now that is dependent again on the county supervisors and they have the authority to do all these things. They have the authority right now to eliminate the household furnishings tax, for example. They don't -- they don't need anything from us to do that. You are asking again for the state to make some dictatinnns which are actually in the hands of the -- of the local assessor or the county supervisors as to how they want to pass this on to the people, once they are given a new source of taxation.

Q Governor, change the subject --

Q No, same subject.

GOVERNOR REAGAN: If you change the subject we have got to start here.

Q In view of what you just said, do you favor a gross margins tax to replace the inventory tax this year?

A We are discussing an answer to the inventory tax in the program of tax reform that we are preparing. I'd rather not get into the details of where we stand right now because I haven't been involved in those discussions.

Q Did your task force recommend a gross margin tax?

A Among all the alternatives, I think there was such a tax in there.

Q Can you tell us how many other alternatives were in there?

A No, I can't right now. I just simply -- from the standpoint that I can't recall and with any accuracy all that's in the report, although I have -- I have read the report.

Q Governor, on that task force report on taxes, did it come up with a number of alternatives that you thought might -- something you knew or did -- were you perhaps a little disappointed in the report of the task force?

A Well, I don't want to seem critical of them because they worked long and hard. My only disappointment as I indicated one day, is I suppose I had thought all that time that they were going to come in with a hard and fast plan they recommended and say, here's a great piece of legislation, put this in. And as I review it now, that -- I realize that that wouldn't have been proper either. They did -- it isn't that cut and dried. When you get into the area of tax reform. They had to present alternatives. They had to present programs depending on what your problems were and what you were aiming to do. There are some states, for example, in their development want a tax program that is aimed at stimulating industry. It isn't geared completely to the -- to the equitable distribution of the tax burden. They want to use the tax system as a device to go out and attract development and so forth, so they presented a number of things of this kind that we could look at as to what was our view. I think California situation is one in which we are looking for an equitable distribution of tax that is fair to all the people and that allows each person to be paying roughly the same proportion or percentage of his earnings for the cost of state government.

Q Well, governor, considering what some of the recommendations that were in that report of gross margin tax and the extension of the sales tax to food, and utilities sales, would you consider their recommendations in line with what you want, fair distribution of the tax?

A Well, as I say, they covered all these subjects and they -- and they came to -- they covered this one also. I suppose I was just wanting -- hoping that someone was going to present us a package that would say, "That's it." That's why we are continuing the study now as to what we do, but my policy is, and the study that we are making is, one based on the idea of equitable distribution of the

burden of government.

Q Governor, could you describe any conversations you might have had with Gordon Smith as a possibility of running for the U. S. Senate?

A As a matter of fact, this played no part whatsoever in his resignation and my last word from him was he had no such thought, and I believe him. I think this -- this is a new development that I've just read about, myself, of a draft group that is set up. Now, you are going to have to ask him as to what his reaction to that is.

Q He's already said publicly --

Q Would you be surprised if he accepted that?

Q Wait a minute. He has already said publicly that he's considering it and would arrive at an answer later this week.

A That's the answer then, and you've got an answer that I haven't heard directly.

Q But he has not discussed it with you?

A No.

Q Are you surprised, Governor, that if he would accept a draft --

A Well, a little, although he would be the best judge of how deep he thinks this movement is and so forth. But, as I say, his word to me was that he was not considering running for any office of any kind, as he told all of you at the time of the announcement.

Q Governor Reagan, your evaluation, if he did decide to run, what would this third factor in the Republican primary do to the party? Dr. Rafferty is definitely going to run and Gordon Smith says so, and what would this do to the Republican primary

A Make it pretty exciting.

(Laughter)

A But I wouldn't change my position. I'm neutral and will be till the primary is over, but I would say this, I could support -- would support any one of those three that would be the winner of the primary, and I would think

that the state would have certainly good representation.

Q There is a poll that was just published this morning showing that Dr. Rafferty's popularity is now exceeding Senator Kuchel's. Would you like to comment on that?

A I haven't seen that poll, but I was interested a week or so ago to notice that there had been a considerable improvement, that he was coming up and again these things happen in a campaign. I suppose it would -- you have to take this into consideration.

Q As the Governor of California, and the state's debt -- a lot of money out of federal government, aren't you interested in having a man up there close to the appropriations, Mr. Kuchel?

A Yes, but I would think that any one of these three would also represent the state with that regard and I think their devotion to the state of California wouldn't change or lessen any just by going to Washington.

Q When Senator Kuchel was here, did he take the pledge on the 11th commandment and when Rafferty comes in to see you Friday, will you ask him to take such a pledge?

A I had already asked Dr. Rafferty and he had assured me that would be the nature of his campaigning and Senator Kuchel assured me of the same thing. Now, if Gordon makes the announcement, I shall puncture his arm and ask him to take the blood oath also.

Q Governor, when Mr. Smith resigned, he said he was a candidate for a good job. Do you know if he still is or was it perhaps the Senate that he had in mind?

A No, he told me that it wasn't any public office at all, and you'll have to ask him now if this joined the list of what he considers a good job.

You had your hand up.

Q Thank you.

GOVERNOR REAGAN: Somebody else asked it?

Q Governor, would you say theoretically at least Mr. Smith could siphon off quite a few votes from Mr. Rafferty? Wouldn't he hurt him the most, theoretically?

A Well, I haven't -- I really haven't analyzed this. It all happened so suddenly. I don't know yet whether he has completely weighed this to make a decision. I could see where you would ask such a question, that it might be possible that he and Dr. Rafferty would be appealing to the same people. I really -- I wouldn't know. I couldn't analyze it, that much.

Q Where would you put him in the spectrum of conservative and liberal, between the other two gentlemen?

A Why, we don't have any such spectrum in the Republican party now, we are all just Republicans without labels and hyphens. I've been saying that all over the country. Don't ask me now to create a credibility gap.

Q Governor, I have a couple of questions on education. Do you intend to re-appoint Donald Hart to the Board of Trustees of the state colleges?

A No decision has been made yet with regard to either the Regents or the trustees. We are expecting to have a meeting this week. There are a number of people excellently qualified, more than there are appointments open, both of these, people who are interested, and we are going to have a meeting on this and this includes of course all of the present holders of the jobs and it will be considered along with the others and hopefully, as I said --

SQUIRE: Any more questions? Thank you, Governor.

GOVERNOR REAGAN: Good try, Squire. I may wish I listened to Squire.

Q On another subject. The Rumford Act, do you support the California real estate association in the proposal introduced by Senator Walsh?

A Well, I'm going to give you the answer that I've given on all legislation. I'm -- I'm going to wait. I'll give you my reaction when I see what the finished bill looks like and what happens to it.

Q Then you won't propose a bill of your own or make an endorsement while the bill is moving?

A No, I'm going to wait and see what's happening to it up there.

Q Governor, I'm not subby, I can sit here all day if they want to ask questions.

MR. NOFZIGER: We had 40 minutes of this.

GOVERNOR REAGAN: He says we haven't -- we can't, we have got to go. Save it.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD FEBRUARY 27, 1968

Reported by

Beverly Toms, CSR

(This rough transcript of the Governor's press conference is furnished to the members of the Capitol press Corps for their convenience only. B^Ecause 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: We have some guests today, Mr. Herb Jacobs and a graduate journalism students from the University of California at Berkeley. Now, everybody be on your good behavior again. Set a good example.

Q Governor, what are you going to do about this deficit caused by the 60 or 70 million dollars I think they found in the school appropriation?

A Well, as I said in the State of the State address, we had an inkling that this may be turning up and this is the bill you remember that we had to call a session and have them correct a \$50 million dollar mistake in it. I have written the Speaker and asked him to get in touch with me so we could have a meeting and it is a legislative matter, it requires correction by the Legislature of the flaws in this, and I'm sure that they will be willing to do this as they were before when they corrected the other error.

Q Governor, when you correct the flaws in this particular bill, that means you are going to reduce the aid to local school districts in several categories, including special education, are you going to do that?

A You are now talking specifics that is going to be up to the Legislature to correct it, but it isn't necessarily so that this is going to reduce anything in the quality of education as a result of any change in our support. This is a subvention of somewhere in the neighborhood of a billion two hundred million dollars for public schools, and it is a very complicated formula that's based on the money being apportioned

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out according to the tax assessment rolls in the school districts. And in some instances this means that under that formula a school can actually get money whether they have demonstrated a need for it or not, just on the -- on the formula. But I'll -- I'm sure that the Legislature will be able to find the answers to this. The truth is that it simply apportioned more money than there was revenue, that's now come to light.

Q Dr. Rafferty said this morning that he's delighted with this development and thinks that it is fine that the state is finally meeting its responsibility toward the local schools and he can't understand what all the fuss is about. I take it you disagree with that.

A Well, I disagree from the standpoint that the fuss is about. It would be delightful if you could give them everything they wanted, but it is -- the fuss is that they spent more money than there was revenue available. The legislature, when it developed last year that there was a \$40 million dollar overage in that fund -- the legislature anticipated that that must be true on a permanent basis, so they took \$60 million dollars out and reduced the revenue bill by \$60 million dollars, and apparently under the complicated formula, when AB 272, the Speaker's bill was added to this, it looks like they went ahead and spent a \$60 million that they had already cancelled.

Q Governor, Allen Post told the Ways and Means Committee yesterday that if something isn't done obviously the current budget and next budget will be unbalanced and he suggested that one way of making up this deficit will be to use the property tax money that would have been spent next year, in order to balance the budget. Do you see any prospect of using that property tax relief money to handle this education problem?

A Well, again you got something that's in the lap of the legislature. I wouldn't want to see it done that way. The \$155 million I think should belong to the people, but this \$155 is tied by law to a half a cent of the sales tax and cannot be used for any other purpose, unless the

legislature wants to change its own law. But again, let me add something to that. One of the reasons I'm in disagreement with that is that an error was made in the bill and this would just be a cause of trying to find some money to pay for the mistake and I think what we should do, statesmanship, would require correcting the mistake.

Q Well, assuming that \$60 million dollars is either being spent or already is gone, where are you going to suggest to the legislature the money be made up?

A Well, it is nearer 70 than 60, and that is the money that's being spent this year. The big problem is if it is -- if there is no overage to pay for it in other programs, no surplus to pay for it, now obviously it goes on -- it must be taken care of with legislation that will correct for next year's budget because this plus the overage for next year totalling around \$150 million would be on the next year's budget. I have said that I believe that by some belt tightening, by further economies in administrative matters, that perhaps we are going to be able to whittle at that just as we whittled at the overage in medi-cal last year and eliminated it with savings we made in other departments.

Q Did Gordon Smith suggest to you today that you might use some of the underage from Medi-Cal this year to make up for this deficit?

A Well, any of the funds of that kind would revert to the general fund and the general fund, whatever is there, would have to be used to pay for whatever else is in deficit, so obviously that would be the way we could whittle it down. I hope we can, but again the problem still remains for next year until they change the legislation.

Q Governor, yesterday Assemblyman Leroy Greene told the Assembly Ways Committee -- Ways and Means that he understood that part of this problem was a certain padding of the program by the school districts such as crippled children, listing some that really weren't getting benefit. Have you heard anything about abuses of that nature?

A No, but you mean Leroy Greene is going to attack the ship for the help for the crippled children? I find that hard to believe. No, I would hate to see any of those programs of that kind or our programs for the mentally retarded in the public school system -- I would hate to see them curtailed. Possibly we should be able to do more. But I don't -- there may be some padding, as I say, under the formula it is possible the school district has handled subvention money they don't need, and as is typical of governmental bodies, when having the money, they look around for a way to spend it.

Q Governor Reagan, have you been asked to act as a mediator in the dispute between Gordon Smith and Max Rafferty --

GOVERNOR REAGAN: Wait till they finish this one. Wait we got -- let me get back to you on that. They don't want to change the subject yet. They want to pursue this one to the end.

Q Governor, yesterday Gordon Smith called this an Unruh blooper and when you signed AB 272 don't you have a recommendation from your Finance Department and also the Department of Education that you base your action on in addition to what the legislature might say to you?

A Well, this is kind of a strange situation. In this particular regard, when the Conference Committee met and made a final decision on 272 for some reason they denied the executive branch and the Finance Department access to that meeting, and we were never permitted to see the figures upon which they based their assumption that the program was in balance and I received a letter early in August from the Speaker assuring me that the figures checked out and that the program was in balance, and was within the funds that were available. And later on, when we first began to realize or think after the original \$50 million dollar mistake that was corrected, when we began to suspect that something was wrong, the Department of Education asked us to continue along the assumed figures until the February

disbursement when we would have an actual computer count and that's Friday afternoon, last Friday afternoon was when we received the official word from the Department of education that our misgivings were well-founded.

Q Governor Reagan --

GOVERNOR REAGAN: Wait just a minute. Is this still same subject?

Q Yes. When you said you may have -- will be able to whittle away at this, is that an indication that the direction you and the legislature would go in would be to reduce some of this unexpected extra aid to schools?

A No, what I was talking about was that without just letting the whole \$70 million pile up and have to come out of next year's budget that if it is possible to continue as we have and through the remainder of this fiscal year in whatever area to reduce costs of government. It will again be a case of instead of giving the money we have saved back to the people as we would like to have done last year and like to do this year, once again it will have to be used to pay for this over-spending in another area. Last year it was Medi-Cal. This year it is going to be this bill. I don't know whether there will be \$70 million or not. We have been shaving things pretty close, but whatever there is, it will be used in that regard.

Q Governor Reagan, do you agree with Mr. Smith that this is a massive Unruh blooper or should Dr. Rafferty and the Department of Education bear some of the blame?

A Well, again I haven't been allowed in the committee, I don't know how they arrived at their figures. There is a piece of legislation, they had access to their own figures. The legislative analyst has verified that the present assessment is right. I think also in fairness to everybody involved you would have to recognize that this is one of the most complicated formulaes, the subvention formula for the schools, of anything, and I don't know whether there are six people in the state who understand it, but it was further complicated by AB 272. This bill did add a

great complication to an already complicated formula and I think that a legitimate mistake was possible.

Q Governor, the California Taxpayers Association reported this blooper last fall. Why did it take the administration so long to find it?

A It didn't take us so long to find it. As I told you, we had the Department of Education couldn't verify it and asked us to go along with the program until the February disbursement.

Q Governor, did you personally approve Mr. Smith's press release and what do you think of the rather strong language that he used concerning Mr. Unruh?

A Well, any of us who have been elected to any office in the word of a distinguished former president, "We can't stand the heat, get out of the kitchen."

Q Did you approve personally?

A Now, our press department down in the governor's office lends a hand to any of the agencies of the executive branch with regard to press releases and press statements, but --

Q Would you have used that language?

A What?

Q Would you have used that language and those descriptions?

A Well, now you've heard me before and I've used language both mild and strong to cover a situation. Don't get me into the hypothetical area here.

Q Are you taking any steps with your own staff to be in a better position to evaluate bills like this in the future? We will probably have an education bill this year, so that you can know more about these before you sign them?

A Yes, on the -- for a long time Gordon Smith has been after us and we are going to continue with trying to get a change and a reorganization in the Finance Department so that we can have the management tools comparable to those in private business so that we can in a sense

push a button and get some facts when we need them. And this state does not have the proper management tools in that regard. There is no central source for example, to find out figures that you may need to let you know before the axe falls what rates of spending are going up, numbers of employees and so forth.

Q Governor, is that --

Q Despite -- let me put it this way. As a result of this are you still optimistic that you'll be able to get \$155 million of property tax relief in this session of the legislature or are you going to give that up?

A I'm hoping that we can -- I still stand by the plan. I would have preferred to do the thing we tried to do last year. It is a strange thing to me, everybody upstairs -- not everybody, but a certain faction upstairs protests that the \$155 million won't be property tax relief because the county supervisors will head it off under the proposed plan. And yet we have asked for and been denied the right to give this money directly back to the property taxpayer by way of a deduction from his own personal bill and the same legislators who don't see actual property tax relief in what we are doing, they have denied us the opportunity to do that. So we will go the next best route to give it back to the counties by way of giving them the tax.

Q Governor, are you -- your previous statement, is that tantamount to endorsing Speaker Unruh's suggestion that there be a common set of figures available to both the executive and the legislature?

A Well, I don't know just what his proposal is -- not keep any secret about the figures. But on a business-like basis we don't have the ability now -- many times before these things happen, to have actually as I say push a button and get a spending trend and get the immediate factors as to where we stand with regard to income and outgo, figures on employees and so forth, and we believe this can be done with some changes in the Finance Department

and that it is a -- the policies that it's followed in the past.

Q What kind of changes, Governor, would you make in the Finance Department to give you this information that you don't have now?

A Well, I would suggest that you have a -- either discuss that with Gordon or with Cap Weinberger when he comes in as to what it is that's been recommended. I don't make any claim to being familiar with that kind of an operation enough that I could tell you the specifics. But I know it can be done and is done in private industry.

Q Governor, ^{what} were you referring to when you said you'd been denied the right to give property tax relief directly to the taxpayers?

A Well, you remember last year and we sounded out some of the legislative leaders again this year on it, our proposal was that you simply apportion that money out to the counties and they in turn pro-rate it by -- to the taxpayers and deduct the equivalent amount from each property taxpayers bill and we reimburse each county for the total amount of those deductions.

Q Governor, are you saying that you would now -- the money that was mis-appropriated or appropriated wrongly in connection with this bill for this year, is going to have to be spent, is apportioned, and you are going to try to cut back this year by \$70 million dollars to make up for it or are you saying that next year you are going to have to go into deficit financing for this year and next year you are going to have to find the money?

A Well, a little of both. Let me say this, that we are not neglecting any economy that we possibly can find to be made. I think we are going to be stimulated a little more, work a little harder at it between now and June 30 with the idea that whatever savings we can make in the overhead of government will help us to reduce this deficit hanging over us. We will use that as we did it last year. Had we not had savings of that kind in other departments

last year we'd have been some \$60 million in the hole by reason of the over-spending of Medi-Cal.

Q Well, as a result of this will the budget for this year now be out of balance or will this put it over?

A At the moment until this is corrected, the budget for next year is out of balance.

Q Do you think you can correct it?

A The legislature can correct it.

Q In a subvention like this of money going to school districts, aren't the opportunities for saving rather limited or it is merely a matter of passing money out to the districts?

A Well, the savings in that particular field are limited, yes. I'm talking about the savings such as the additional \$16 million now that we have reduced in the estimated cost of Medi-Cal for this year.

Q Governor, on the question of money, how do you explain the jockeying back and forth by your administration on cost estimates for Medi-Cal?

A Well, the jockeying back and forth on the cost estimates for Medi-Cal have largely been in the minds of a few legislators upstairs. From the first moment that we saw the increasing trend in the cost of Medi-Cal we started implementing and putting into effect administrative savings. We did have legislative help in at least one instance in that when they gave us permission to shorten the billing period from 6 months to 60 days. It is kind of a numbers game in a political year for opponents to charge every time we come in with a figure that somehow the original figure was wrong. The truth is the original figures were right and we have made those changes by these administrative savings. And the last year was \$151 million dollars, or year before last estimated spending. The month before we took office they had had to alter that, that they were spending at the rate of \$179 million. Shortly after we were in office, a few months after we were in office, we discovered that Medi-Cal had increased

to where it was going to cost not \$179 but \$202 million for the state. It was at that point that we really went to work on these administrative savings and we made the reductions that made us re-estimate the spending for Medi-Cal down. Now we have continued that through this year, and each time that we have discovered that we have reduced it farther, we have come forth with the -- with the figures and it is just a case of wrong inference when somebody sits in this room and tells you that we found another \$16 million dollars. We saved \$16 million dollars by reducing the cost of the program, and we think that it is a kind of -- I'm not going to assess blame to those in advance in this. It was a new program. It was hastily put into effect. They recognized themselves that there were going to be problems that they couldn't anticipate. The program at the end of this year will still in spite of our savings show an over-spending of the original estimated amount when the bill was put into effect for the two-year period. But we are reducing that overage and we are going to continue until we are sure that the program is running as efficiently as it can be and this is without taking away a necessary care of medical attention for the needy. We are talking about administering the program properly. This is a program that has the actuaries who handle the payment of bills handling some 70,000 billings a day and this gets to be a -- there is a lot of leeway in there for padding and for unnecessary expense.

Q Governor, you say the \$16 million was saved by reducing costs of the program. Yesterday Carel Mulder said a good share of that \$16 million was because there had been fewer than expected medically indigent had gone on a new portion of the program since last July.

A Well --

Q And also through less utilization of nursing home care.

A That's right, and because we tightened up. You'll find that that's one way to save. We tightened up

the entrance requirements for nursing homes and for eligibility to them. Let me point out, I wish I had a blackboard, I'd play teacher -- but back here when you've got a rise in curve of expenditures and back here you have to make an estimate of what's going to happen over here, a few months later. You have to make it on this curve, but if in the meantime you at the same time set out to cut that curve now and you do cut it, you can go on another month or two and when it has been cut you now re-evaluate your estimate based on this projected curve, not that one. (Indicating) And so the projections change.

Q Governor, when you say you've endorsed these higher staffing standards in the mental hospitals, particularly those for the mentally ill, in principle what do you mean by that? When are we going to see the money? When is this ratio going to be -- when are you going to start improving the ratio?

A Well, we explained we were going to have to do this on a phase-in basis. We don't have the means to do this at -- all at once, to wave a wand and say it is going to be this way. We are going to try to gradually build toward that. After all, we never achieved the 1952 standards.

Q That question is, when are we going to start?

A Well, we are starting immediately.

Q You will add money to the budget?

A No, we think -- we think here again that we have made certain provisions that we can to a certain extend^d now and then the following year we will hopefully do better within the means that come to us.

Q Governor, I have a couple of questions on the same subject.

GOVERNOR REAGAN: Well, now we changed subjects here, and before we do, I've got somebody waiting who had another question. He wanted to change the subject. Let him change it first.

Q The subject is, will you act as a mediator in the dispute between Gordon Smith and Max Rafferty as to who

runs against Senator Kuchel?

A No, and they all understand that I'm completely neutral in the race, but I don't really think there is a great dispute. Everyone is being a good Republican and abiding by the 11th commandment. There is no need for a mediator nor has any been asked for.

Q When you say you ~~were~~ surprised that he entered the race -- Gordon Smith--last week, would that mean you'd like to see him stay out of the race?

A Doesn't mean anything of the kind. I said I didn't know and he had not discussed it with me beforehand and this was his decision.

Q Have you been kept advised of the situation up to this afternoon?

A Well, now what do you mean advised?

Q Have you talked -- have you discussed the situation recently today with Mr. Smith or Mr. Rafferty?

A No more than just in a general terms of the race. My neutrality is all the way.

Q Governor, do you think Mr. Rafferty's candidacy speech last Thursday -- excuse me, was within your concept of the 11th commandment, to meet these -- what you think the 11th commandment is?

A Well, I didn't -- I didn't get to hear the entire speech. I didn't see anything reported in which he spoke ill of another Republican. He expressed a disagreement with the philosophy and some of the views of his opponent. I think that's logical. I remember back in the primary campaign when some of you fellows asked me specifically if I agreed or disagreed on some specific recommendations by my primary opponent and I said I disagreed, and that was a disagreement between us, but I think we still kept the 11th commandment.

Q Can I get back to the State hospitals?

Q I got one more question.

GOVERNOR REAGAN: Still on this one.

Q Governor, would you care to give us your view on

whether or not you believe Mr. Smith will in fact run for the U. S. Senate?

A No, you'll have to ask Mr. Smith that. I'm -- I wouldn't hazard a guess.

Q Would a three-man race in the Republican primary be a healthy thing for the party?

A Oh, I don't know. That just depends on how they conduct themselves and I have confidence that they would conduct themselves properly.

Q Governor, still on the subject of politics. Governor Rockefeller has now said that he would accept the draft.

(Laughter)

Q Now what I -- my question is, would you agree with Governor Rockefeller that this would be your position if you were drafted by the Republican convention?

A No, I haven't tried to steal any of his lines yet, and I won't start now.

Q Well, has your position on Governor Rockefeller changed at all as to the seriousness of his candidacy as a result of his statement?

A No, let's just say that I greeted his announcement with shocked surprise.

Q I want to make sure I understand that. Are you saying that your position is different from Rockefeller's, that you would not accept a draft or are you saying yours is the same -- his is the same as yours?

A I'm just saying my position is the same as it's always been.

Q Is it different from Rockefeller's?

(Laughter)

A I haven't said what he said, so I guess it is different.

Q ⁱⁿ Governor Reagan, / Los Angeles today, the assessment on your Malibu property was increased by seven times, which jumped your taxes by almost \$5,000. What is your reaction to that?

(Laughter)

A Well, on the basis of the evidence presented, I have to believe there was some other reason that -- that the Board -- that caused the Board to take that action and it is -- I'll make any decisions later as to what happens. I don't think anyone on or off the board including the tax appraiser knows as much about the property in the Malibu Hills as I do. Over the last 15 years I've ridden over about every foot of it and I only have to say that if that is the assessed value of the property, anyone who wants to invest in real estate, see me right outside because I'm in the market to sell and I'll even give a discount.

Q Would you agree with the assessor, Mr. Watson, that the decision was politically motivated?

A As I said, I didn't pin it down. I think -- as I said, I thought there must be another reason than the evidence that had been presented. Actually, this is a problem for the assessor and a very complicated one now because this must mean then that some 200,000 acres of property in the Malibu Hills is under-assessed and it is going to be a great hardship for a great many homeowners if it has to be re-assessed on this present basis because this is a very unrealistic value that's been placed on the land.

Q Governor, what evidence would you have used to justify a lower assessment in your mind? What evidence would you present to justify a lower assessment?

A Well, even though sales figures are not supposed to be the basis for assessment, as I say, you go out with that kind of money in that area as to what it's been assessed at, and I will guarantee you you can come home with an awful lot of land right now, of people that haven't even considered putting it on the market.

Q Governor, in regard to the state hospitals --

Q One more. I have a couple of questions. The first is --

GOVERNOR REAGAN: I'll get to you.

Q In what year do you expect to reach the 1967 standards?

A Oh, I couldn't -- I'd hesitate to give you a guess on that right now. I'd rather have you ask that of the -- Dr. Lowry, the people who are carrying out the planning on that program.

Q And you also said that you ordered immediate establishment of standards requiring 70 square feet of space per patient's bed. Now, Sonoma State Hospital, for example, has a patient for every 50 square feet. Where are you going to put the other 900 patients and how soon would you move them?

A This again is something -- a program that is in the hands of Dr. Lowry. You'd have to check on -- you have named, of course, not one of the mentally ill hospitals; you've named one of the hospitals for mentally retarded, and a great deal of this program that you are talking about has to do with the mentally retarded program and we are late -- as I said, last year unfortunately late because of the lack of funds in doing the things and getting started on the improvements that are needed and that program. should have a great step-up stimulation of the switch to regional and local health care centers and less dependency on the large-sized hospitals that we presently have. It is going to be a long haul and a difficult one to bring about great changes in this. But we do have additional space now in many of our -- in our -- the hospitals for the mentally ill because of the reduction in patient load. But I would rather let someone like Dr. Lowry tell you what the specifics will be on this.

Q Governor, some legislators see in your mental health estimates something of a reversal in your estimate, submitting part at least that you were wrong in your mental health cutback. Is this an accurate assessment?

A No, it is not an accurate assessment. Once again this is the same old game that's being played. We told you last year and from the very first that the care of

the patient came first and that certainly no economies were being effected for the sake of economy at the price of patient care. We didn't think that that program under Short-Doyle had really been implemented as fully as it could, that it had been allowed, and even though it was progressing and there were people that were -- the hospital population was going down, no real effort had been made or encouraged to stimulate this and to make the changeover to where we would eventually come down to just the -- those who required permanent hospitalization and the rest getting the regional and local health care. We think we are in a position now to move ahead having made the moves that we made and this is why we had a task force in and much of this that I've announced has come from our own task force and its recommendations that went in there and looked at the situation and it is in keeping with our present policy. I tried to say this in the face of an awful lot of screaming and wailing that was going on throughout the past year, but nobody seemed to want to listen and now maybe they will find out that the sky wasn't falling after all.

Q Where will the money come from, Governor?

A What?

Q Where will the money come from?

A Part of it has been in because of the increased efficiency and because of the implementation that -- that we gave to this program in the last year. More money is available. We last year and again this year and for next year have added money to up-grade or to stimulate the regional health care centers.

Q But you do not expect to further augment the budget that is now before the legislature in this field?

A No. No, I don't think it is necessary.

Q Can I get back to property for a minute, Governor? First of all, what do you mean by the other reason that might be involved in this extra assessment and secondly will the extra \$45,000 hurt your budget?

A Will it what?

Q The extra \$45,000 hurt your budget?

A Now, wait a minute, where are we now?

Q Property.

A We are back --

Q The property you are talking about. You think there is another reason for the extra assessment.

A On our property. Well, as I said, I know the evidence that was introduced and no one in their right mind could have made this decision on the basis of the evidence. So I must feel they had some reason that was not contained in the evidence. Now, you'll have to ask them what that reason was.

Q Governor, can we get back to Rockefeller a second.

A Must we?

(Laughter)

Q What would you do if there was a presidential draft? Would you accept it or reject it?

A There isn't going to be a presidential draft. I am not a candidate.

Q Governor, Spencer Roberts has been hired to get the petition to place your Favorite Son delegation on the ballot and Mr. Salvatore says they are going to have a low-key campaign so you won't go unnoticed in the June primary. Do you think that their employment like the employment of Mr. White makes it more difficult for you to deny that you would be a candidate and believe it?

A No, when we first came aboard we realized that isn't something you could just let happen. There are certain mechanics of this that have to be carried out and they were -- they were hired to do that, and at the same time I believe there is some -- some advantage in what we are trying to accomplish here in the State to -- with the coming campaign to have this moved a little bit and worked at here within the state.

Q Will their activities be limited to gathering the signatures -- the 18,000 signatures necessary to get

the delegation qualified for the ballot?

A Well, that and I think the handling of this entire -- the entire program. I don't think you can just sit back without calling people's attention to the fact that there is a delegation on the ballot.

Q Governor, on the same topic.

GOVERNOR REAGAN: Well, wait a minute.

Q Governor, is your -- do you favor legislation just passed in the Assembly to provide a larger share of the gasoline tax money --

Q Stay on the same topic.

GOVERNOR REAGAN: Wants to stay on the same topic.

Q Back to that?

A Yes, right.

Q I wonder if you can tell us what are the plans of Jack Lindsey in the Favorite Son Committee to get you qualified for the primary? I understand there is some discussion of getting all the signatures within one 12 or 24-hour period and if you are coordinating with Mr. Lindsey, if you are working with him in this regard.

A I have met with him and met with the chairman who are in charge of getting the deputies to go out and do this and they are very enthusiastic and want to do it and want to do it quickly and I don't blame them. I'm in favor.

Q Is Jack Lindsey --

A You won't want it to take longer than it took for Wallace, would you?

(Laughter)

Q Is Jack Lindsey in charge of that activity, of the Favorite Son Committee?

A Yes, yes. Now, wait a minute. Are we going to change again?

Q I'm on the delegation still.

A On the delegation.

Q You have insisted all along that your delegation would be a cross section of the Republican party. Yet in

the Bay area I believe with the exception of Assemblymans Mulford and Monagan, and Monagan questionable whether he's actually a Bay area Assemblyman -- there are practically no -- I don't think there are any other elected Republican officials on your delegation, nor is Mr. Christopher on your delegation. Now, was George Christopher asked to be on the delegation and why this absence of elected Republicans from the Bay area?

A Oh, now, there is a limit to how many elected officials you can have on the delegation and I think we probably have more than most such delegations have had. Counting delegates and alternates I think we have more than a dozen of the state legislators. We have congressmen who also must be on there. If you get over into the Bay area, you also get into the area of some elected representatives of the other party and I thought it was kind of carrying things too far if I asked one of them to be on. No, I think we have a very fair representation up and down the state, but the -- the selection I think is broad. I don't think anyone could deny this and I must tell you that it is ^a heart-breaking task when we finally got down to really the final selection we were faced with a list of 250 people who were all declared an absolute must, and there just aren't that many spaces. So there are a great many good Republicans of all persuasions who couldn't be accommodated either on the delegation or the alternative.

Q Governor, where is this money coming from to finance your Favorite Son candidacy?

A Well, this is raised in the same way that you raise any campaign funds, by contributions from Californians.

Q Wouldn't it be more realistic then to put this money into getting the Republicans elected to both Congress and the Legislature?

A Well, we are trying to hold this down to as little as can be done, but it is an operation that requires a certain amount of expense and we are not spending lavishly, and we have worked harder and done more to provide for

funds for the legislator's campaigns than has ever been done by the Republican party before in my memory in the state.

Q Speaking of raising funds, Governor, do you plan any more out-of-state trips say in the next two months?

A Just the ones that I told you about, those couple of engagements that I'm going to sandwich in on my Easter vacation to Arizona.

Q I get that gasoline tax that passed the Assembly this morning, it allocates more money to southern California for gasoline tax revenue. I want to know what your reaction is, your philosophy for more money for southern California Highways.

A Obviously on the political or population basis it would seem to be some fairness in it and that must be why the vote was so overwhelming in the Assembly. I can see what happens if the --

Q Have you counted the House to see where those fellows came from, Governor?

A No, but this was the thing that we had to face when they put over this one man one vote and their redistricting. I stand on my record. I was opposed to it in the first place and still am, to that.

Q Have you counted --

A On the other hand, I made good to a campaign pledge when I said because of the possibility of geography being involved in the legislature that for whatever good it would do we would counter this with regard to appointments in any instances, and I think you'll find that the balance is pretty good with regard to key appointments, administrative positions in the government. But I can see in the payment of the gasoline tax, the formula was based on an earlier figure and it still isn't legislation yet. It hasn't reached my desk yet.

Q Would you sign it if it does?

A Yes, I think I would.

Q Governor, when the primary election comes around

and you have enough money for some advertising on television for your slate, will you then advertise yourself as a Favorite Son candidate for President or as a candidate for President or who will you ask the people to vote for or how?

A Maybe this is one you should ask the professionals in the field that we asked about a little while ago. I've never been a Favorite Son candidate before so I couldn't just offhand tell you what is customary, but I do believe that there is a necessity to make sure that people just don't think if it is uncontested there is no reason to mark that spot on the ballot. I think there is some merit politically and for your party in helping to get more momentum going for the campaign in promoting that.

Q Governor, I have a three-part written-out question again.

A Three-part written-out question.

Q I'll give you all three parts at once. As of now, and I quote, "Who do you believe will be the Republican and Democratic Presidential nominees?" That's Number 1. Number two, "Which of them do you believe would win?" And number three, a real easy one, "Why?"

A Well, number one, I think the Democratic candidate is going to be Lyndon Johnson. The Republican candidate I still think, and I'm honestly -- and I'm not evading -- I think it is completely undecided. I think the Republicans more than I've ever seen them, are completely open-minded about who the candidate will be. On the third part of the question is, I think that whoever he is, the Republican will win because I think there is -- we are in one of those periods when the people have demonstrated that they want a change. And I think the change is overdo.

Q On another subject, Governor, a controversy has arisen regarding a bill being supported by your Corporations Commissioner which would narrow the scope of state regulation of securities. The State Attorney General, Thomas Lynch believes the bill has serious defects regarding stock owners' protection and has suggested amendments. Would you

be willing to accept any of these amendments?

A Well, again I'm just going to have to plead I haven't had a chance to see that or what the controversy is about. Let me take a look at it. I know this, I have great confidence in our Corporate Commissioner because he has brought a new efficiency to that department and I've been very proud of the job that he's done.

Q Short budget question.

A Short budget question.

Q President Hitch said in Los Angeles today that the morale on the University of California Campuses has nose-dived because of the budget cuts. The faculty and staff had been led to believe that last year's cuts were a one-time necessity and are beginning to feel that they were misled. And I wonder what your reaction might be to the president Hitch's statement.

A I tell you what my reaction is. If there is a low morale it is the same as last year and it can be attributed to some of the people in the academic community who continue to poor-mouth the university and what's going to happen to it. None of the dire things they predicted last year happened and none of the dire things are going to happen this year. The truth is the university has gotten the biggest increase in proportion to the increase of students that the university has had in 10 years. And they weren't poor-mouthing any time in the last 10 years. And I have to suspect some of their motives in poor-mouthing now. They are receiving an 11.3 per cent increase in the budget for a 6.8 per cent increase in students in enrollment, and the 6.8 per cent increase includes the fourth quarter which was never included in the last 10 years when the increase in students was 9.3 per cent. For the main year, fall through spring, the three-quarter ~~main~~ year, the increase in students is going to be about 3 and a half per cent by their own estimates, and they have an 11.3 per cent increase in budget and for the last 10 years they have only averaged a 12 per cent increase in budget. And the -- I

believe the budget is adequate. And I believe anyone again--this is like the other programs, you'd like to have all the money to be able to do all the things that you'd want to do, but here we have just spent about 20 minutes talking about the fact that the state due to our aid to higher education and a piece of bad legislation is now faced with a possible 70 million dollar deficit this year and they are still crying, believing that from some place we should find some money and I would ask one question again that I've asked them repeatedly, where. Where would they take it from or would they ask the People of California to increase taxes to pay for it? There is one thing that I think the academic community has a responsibility to, and I think they should be paying attention to it and that is a certain responsibility to the People of California. Now, I'd like to just be able to represent the university and make the job a lot easier. But I have to represent all the people and I'm going to continue to represent all the people and I still think they are paying too much for the cost of government.

Q Is Dr. Summerskill then all wet when he said you had no genuine interest in building what he called higher education?

A Dr. Summerskill must be something of a crystal ball gazer because he has never met me personally. So he doesn't know much about my attitude, and Dr. Summerskill with additional statements that he made when he said that the university -- or the college budget was so inflexible that they couldn't operate, you might be interested to know that the state college which has been sweating under this kind of a restriction on its budget, on how it can spend the money for years has been given by this administration the most flexibility that the state college system has ever had, in the use of its own money and how it will apportion it and how it will spend it.

Q Governor, you say you suspect motivations of

academic admissions that are poor-mouthing. What do you think is their motivation?

A I didn't say motivation. I simply said that those -- if there is a low morale, they themselves have caused it, by the findings that they keep predicting and keep telling the students and faculty are going to happen to the university and I can only point to the record that it didn't happen last year and they had the same things to say and it isn't going to happen this year and as a matter of fact with this budget they are still well within their own ratio that they established for students to faculty.

Q Governor, in reaction to Judge Caldecott's leaving --

A Yes, one of great regret. We knew this, there seemed to be a misinterpretation in the news stories about this. We knew that this was the time. He was only here for this limited period. I'm very grateful to him for the help that he's been.

Q Governor, one more question back here, got to knock this off.

Q Governor, on the universities, March 1 being Friday, of two regents, have you decided to -- what you are going to do and who?

A No, we are still studying this one. This one is not an easy decision to make.

SQUIRE: Thank you, Governor.

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