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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD APRIL 23, 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. 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 guaranty of absolute accuracy.)

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GOVERNOR REAGAN: Well, I had an announcement of some visitors, but they aren't here yet, and so if they come in I'll tell you who they are.

Q Governor, can we get some political questions out of the way first?

A Squire wants to know if we can get the political questions out of the way first. In fact I'd be happy to cancel them entirely. What?

Q I just wondered if we can get one non-political question out of the way first.

SQUIRE: Sure, go ahead.

Q I wonder if you have any comment on this charge by the State Safety Engineer, Ovid Holmes, that your appointments to the Division of Industrial Safety have been reluctant to crack down on companies that are in violation of safety regulations.

A Yes, I have a very definite answer to that. It is utterly ridiculous and it isn't borne out by the facts. There has been 10,000 more safety inspections in the last year than there were in the previous year. There have been more corrections made as a result of these by a number of thousands, and there have been fewer fatalities in the last year in industrial accidents than ever in the state's history.

Q Governor, the Chief of Industrial Safety is quoted as saying we are less prosecution minded than the previous administration. Do you support that?

A Well, maybe we are getting the job done without prosecuting. Anyway, there are -- I think it is something like 54 less than the previous year in fatal accidents.

Q Did any of your people report to you about the problems preceding the fatality out at the Cal-Expo ground, the death of the steel worker out there?

A No, -- well, I've only heard one mention of this and it was something to the effect that someone there or someone on the job said it had nothing to do with a safety factor, so I don't know.

Q Sir, why are you making a press plane available for your next national speaking tours?

A I don't know why you waited for me, you should have asked all these fellows. I made a trip three or four day speaking trip last year with a -- and it involved some stops in the Carolinas and so forth, and it was absolutely impossible for the press to keep up or catch up by commercial plane. This is a similar type of trip. I'm only gone about three days and it is a trip, however, that it would be -- I don't see how anyone could cover it if they wanted to by commercial plane, and therefore this is in answer to the requests of the press corps that we do this.

Q Governor, I missed your conference last week, but in reading the transcript, I believe you said you noticed new grass roots support for your candidacy and that you were reassessing your position in that regard. You also mentioned you want to see if it is just a few counties or if there are many joined the parade. How many counties are -- do you think are necessary for you to make a decision to announce your availability or interest in it?

A No, now unless the young lady made a mistake, I didn't say reassessing, I think re--

SQUIRE: I don't think she made a mistake.

GOVERNOR REAGAN: I don't think she did either.

VOICE: Beverly never makes a mistake.

A The question happened to be over the statement by Mr. White that there had been this surprising evidence of

spontaneous and grass roots strength and I was asked if I was interested and I said yes I was, and I said certainly I was going to assess this, see what it meant. I had only just learned of it or heard of it myself, and had had no opportunity to know what it meant or what it -- what it amounted to and I am interested in looking at it.

Q What would you need to make a final decision?

A Well, I didn't say that I was going to make any final decision about being a candidate at all. I just said I was interested in it, I'd like to know how deep it is.

Q What have you found out?

A What?

Q What have you found out?

A I haven't had much of an opportunity to do much assessing, that was only last week.

Q In the past your staff has indicated that you didn't provide press planes because you felt this might make you look like a candidate. Do you have that fear now in offering this press plane or is it strictly for mechanical reasons?

A We knew that it would be taken that way. And we -- we weighed that, but it was true, we didn't -- we very obviously on those others, those fund raising trips, we didn't provide that kind of coverage because we knew it would make it look like a campaign trip or something, but then we did run into a great deal of adverse criticism, particularly as a result of that one trip and now we are faced with another one of the same kind, so we just have to take that criticism or that suggestion if that's what comes up.

Q Governor, when you decided to make this trip in the end of May, you thought that the legislature would not be in session. Now that the legislature will be in session, do you have any plans to cancel the trip?

A No, it is too tough, you can't do that when you turn somebody loose in two or three locations for big fund raising events, where they are charging a high price for the tickets, they have made all their arrangements-- you can't just suddenly pull the string on them. So I'm actually only

going to be gone -- I'll be back on Wednesday, I'm only going to be gone two of the working days, and if the legislature holds the same schedule they have been holding, it will be only one because Monday doesn't seem to be very much a busy day.

Q Lieutenant Governor Finch visited for several hours this morning in Reno with former Vice President Nixon; did you know he was going to make this visit?

A Yes, Bob told me he was going over there and he had some business in Reno and he was talking to Lieutenant Governor on some other matters and he told me Dick was going to be there, he was going to see him. I think it is a perfectly natural thing to do.

Q Did you pass along any personal messages for the former Vice President?

A Just said give him my regards.

Q Should he stumble along the line -- he said this in the CBS news, Reagan will become an active candidate. He said this positively. How does he know this?

A He doesn't know it and I think he's -- he's guessing along with the rest. No, I had no -- no conversations with him for quite some --

Q Do you think he's trying to smoke you out, Governor?

A Squire, you may have answered the question.

Q Governor, will you tell us what your position is regarding the White House as of today, April 23?

A Well, it is in better shape than the Governor's Mansion in California.

(Laughter)

Q Governor, we have -- we have all of the country citizen groups that have definite some sort of connections to Tom Reed, formerly of your staff, they're distributing films around the country and in one of the films it shows Mr. Nixon before his famous 1962 press conference as a beaten man and then later on it shows you as the triumphal governor who beat Governor Brown by a million votes. We have your airplane tour of these states with the press plane. How can you say that you are not a candidate for the

presidency?

A Because I'm not an announced candidate for president. And I've said to the contrary on a number of occasions. I heard about that film and I'm sorry. I asked some people to look into this to see if there wasn't something could be done, if there was anything of the kind. I've since been told that it isn't as it's been stated, that the -- there isn't any unfriendly connotation or advantage being taken, but actually all I can do about it anyway would be to ask, I have no control over it.

Q Governor, usually before when that question has been put to you you've said you are not a candidate for president. Now you say you are not an announced candidate. Why the change?

A It is not a change. I just -- the framework of the -- of the statement that was made and the question that was asked me, I just -- the word came to my mind and out of my mouth because I thought here to suddenly say how can a fellow -- how can I, going to do a few fund raisers in a couple of other states, answering a request from the party chairman, that this constituted a candidacy and I said, well today those were being talked about are candidates. Obviously what I meant, they are announced -- they said they are candidates. I have said to the contrary.

Q Governor, yesterday I talked to the Citizens for Reagan in Oregon, and right as of this moment they are hopeful that you are going to make at least one appearance before the primary in Oregon. Has anything changed since last week when you said you wouldn't?

A No, nothing has changed. As a matter of fact, the pressure that has come to me has nothing to do with the campaign. My fellow governors have wanted me to participate in that group of governors that are going around the country holding platform hearings, and one of those meetings is in Portland, Oregon, and I have specifically told them that for the reasons that I've given before, that I don't see first of all how I can get away to joint them on that trip, and second of all, I would feel very self-conscious in

showing up before it in Oregon.

Q One of my questions, though, the same citizens for Reagan are trying to meet in Boise, Idaho, what is it Friday or Saturday -- Friday, I think it is.

A Friday.

Q To try to tell you the enthusiasm that they have met in their state. Are you going to meet with them?

A I don't -- all I know is that I'm scheduled to arrive in Boise and make a speech at a fund raiser there. Obviously if somebody is coming, there is time -- I don't know what the schedule is.

Q Governor, are you available for the presidency?

A I'm too old to be drafted in the army. I don't know what the answer to that is. I think any citizen in the United States is available for that office if his fellow citizens decided that he was the individual they wanted.

Q When you say the job seeks the man for the presidency, you mean someone has to come to you first, you'll never go after it?

A Well, I think once -- if your party selected you as a nominee, then you go after it, of course. You've accepted the responsibility, if they do. But I could not -- could not conceive of myself soliciting that job, standing up and saying, yes, I want --

Q Under any circumstances?

A Well, at the moment, no, I can't.

Q Governor, what is the status of your four-year contract with the people of California? Is that still unbreakable?

A Well, I've always considered that I have such a contract.

Q Is it still the same way?

A I had a moment in Oakland the other night when I thought they might be willing to break it.

(Laughter)

Q Governor, I think you could have avoided all this questioning on this presidency business that's been going on at press conference after press conference, say had you taken

the unpledged route instead of the pledged route. Now, why did you take the pledged delegation route rather than the unpledged route on the California ballot? You see, the Lynch delegation, for instance, is no preference, Lynch chairman, you could have had that kind of delegation.

A Well, I think there is a completely different circumstance there with their party and having the administration -- I'm doing nothing any different than was done by my predecessors before me, Earl Warren; on the Democratic side Governor Brown-- Favorite Son delegations with this idea that you can hold that delegation until you are -- such time as you want to move hopefully for the benefit of the state.

Q I didn't -- I don't know if you finished your answer to a question a while back about going to Oregon. Did you indicate to your fellow governors on the platforms committee that under no circumstances then you would go to that Portland hearing or did you leave that open a little bit?

A No, I didn't really leave it open. I feel firm in my mind they are not happy about it, and not just Oregon, don't get me wrong -- they want me to be in a number of them. I, of course, will be hosting the meeting here in our own state, but I just don't feel I have the time to --

Q In other words, Governor, you'll be at the San Francisco meeting, is that correct?

A That's right.

Q But you won't be at the Portland meeting?

A No.

Q The Governor of Idaho said yesterday he was going to interrogate Mr. Nixon about what Mr. Nixon proposed to do if he were elected president about the welfare of the western states, and he said that he did not have to ask you that because he already knew how you stood on that. Have you given the Governor of Idaho some assurances of what you'd do for the west if you were elected?

A I think this just comes out of our own meeting of the Western Governor's Conferences that we have held, and it

had nothing to do with candidacy or anything else. We have had a great many discussions about the west and I've been quite outspoken about my belief in trying to solve our problems such as the regional problem of the Colorado River states, that I preferred that being solved at our level rather than letting it go to the federal government level. And I'm sure this is what he was referring to, things of that kind. I'm a great believer in the west. I think -- I think we can run our shop pretty well out here.

Q Governor, is it correct to assume then from your previous answers that regarding your assessments of this grass roots support, that Mr. White referred to you about that, even after such assessment there is no possibility you would be a candidate for president?

A I told you that I cannot -- I cannot foresee and I cannot envision myself standing up soliciting this job and saying --

Q What would be the purpose of your assessment then? What would that lead to, possibly?

A Well, no more than I am interested in he was prompted to make such a remark, a man who is quite a respected professional in the field.

Q Your assessment would not lead to any particular --

A Not to announcing a candidacy, no.

Q Governor, over the weeks you appear more and more as a national candidate despite your reluctance to make any statement. For instance, you want to talk about platform proposals in the Miami convention, you want the delegation to be able to wield influence at the national convention, you are the only Republican governor chosen to travel the country in fund raisers and there is great support for you by local organizations in Indiana, Nebraska and now Oregon. Why are you reluctant to take any particular stand on national candidacy?

A I'm not taking a stand, I said it would be difficult for me -- I've always believed that job seeks the man. I could not present myself and say I seek this job, but it isn't true that I'm the only Governor that is traveling

around doing fund raisers. As a matter of fact, in exchange for my doing fund raisers a number of those other governors have been in my own state. We have made a trade or reciprocal arrangement. Jim Rhodes has been here, Ray Shaefer has been here, John Love has been here. Senator Percy has been here. Paul Laxalt has been over here. Claude Kirk has been here from Florida. I perhaps left some out, but all of us in the party, I think there is a greater effort being made this year by Republicans traveling around in this regard than at any time I can remember. There's been a great deal of traveling.

Incidentally, before the next question, our visitors are here with us now, they are 21 journalism students from Piedmont High School. Welcome.

Q Governor, when you said that you were interested in this grass roots movement, obviously, you said you would assess it. After you've assessed it, what do you do?

A I'll answer that then?

Q Have you assessed and are you assessing and what's the assessment to lead to? Why are --

A No.

Q What is the assessment about?

A I'm just -- just say that curiosity has the best of me.

Q Are we ready for another subject?

A I'am. I've been ready for hours.

Q Governor, is the volume of mail remaining consistent on this topic?

A I haven't checked that.

LYN: Heavier.

A Lately. It is? Yes, I hear it has.

Q Governor, this morning at the Senate Finance Committee evidence was introduced there by Mr. Post that even if all of your economies on Medi-Cal and school funds and so forth was put into effect there would still be a \$72 million dollar general fund deficit at the end of the fiscal year. Can you comment on that?

A Yes, I'm hoping that perhaps we can be a little more optimistic than that on the basis of some of our economies, but this again is over the legislative error in AB 272, one that the department of education is going to be about \$70 million dollars. Mr. Post says a little less, but this is the unexpected giving away of money over and above the appropriated amount due to a legislative error. And there is no way we can correct it now. It's been done. We are trying to get it corrected so we won't have the same thing next year, but that's what accounts for \$70 million hanging over us.

Now, when I say I'm a little more optimistic, I'm just hopeful that some of our continuing economies will here and there pick up dribs and drabs of money that we can use against that, but it will leave something hanging over us that we are going to have to -- to make up.

Q Mr. Weinberger said that if the legislature refused to give you all of the economies that you sought in the federal expenditures, requirements are as bad as you think, then you may have to borrow money.

A This is right. We have introduced a budget that requires legislation to enable us to make some \$86 million dollars in reductions, and if the legislature doesn't give us that legislation our budget is -- for next year is automatically \$86 million out of whack plus the \$80 million, give or take whatever the difference of opinion about it is again of AB 272, so that we are completely dependent on the legislature for some fiscal responsibility here.

Q Governor, the superintendents of the California 5 largest school districts met today and explained that the urban -- urban school situation was approaching the crisis level, and that they needed considerable money to bail -- to avert a long hot summer and summers to come. Is there money available for --

A No, and I explained this to them and told them our fiscal situation. There is no question there are a lot of areas where if we had a little leeway and some money we could do some constructive things. The plain fact is -- and we had

a good meeting and a good exchange of information, no question about the priority of education. It is recognized in our state constitution, it is the number one priority. I feel it personally it is the number one priority. It is the greatest investment we can make, but what has happened to use after years of fiscal irresponsibility we have reached a point in which we are at the bottom of the barrel. We are struggling to get ourselves back on a sound footing. There is no leeway left for any moves. The state properly should have -- not an excessive surplus, but it should have in the neighborhood of a hundred million dollars, kind of cushion for variances in the taxes, if business slump lowers the sales tax and so forth. We have nothing, we are right to the dollar line. We have to turn down requests for supplementals of even a few thousand dollars and it is time the people of California recognize this. It is time they recognized that we have got to adopt a system of priorities right now among state services, and the people are going to have to make some hard choices and say to have one augmented they are going to have to be willing to reduce or give up in some other areas, and this I've been trying to say for better than a year. I think that part of the reason for the misunderstanding is because of past practices when times weren't so tough. It is true that governors before me have smuggled money into the budget, put it into various departments, kind of earmarked, you know, with crossed fingers, don't spend it, and thus during the year when problems came along, they could pull a little out and they could meet that problem with it. Well, we don't have that cushion. We haven't had it from the time we took office, and it is -- as I say, the people have got to recognize that.

Q Governor, this \$86 or \$86 million dollars that would be saved by a series of bills of your administration was pointed out also this morning that none of these bills have moved any yet. Does this concern you at this late date in the session?

A Yes, it concerns me very much. There has been too much talk about not doing anything constructive because

it is an election year and I don't think the people of California made the legislature a full time or an annual legislature at the increased salary with the idea that they take vacations for a year because there was an election coming up.

Q Governor, still on the subject of school funds but a more specialized subject, a group of mothers from Marin County, all of them are rubella mothers, that is mothers of children who are deformed by German measles. In most cases death, -- report that on the same day last week when you said that you were opposed to abortion in the case of possible birth defects, they were told that the funds for their pilot program to teach these rubella children was going to be cut off and they think they see in your administration's stand on these two subjects an inconsistency. What would you say to that?

A I'd have to actually look into what you are talking about. I know of no plans for cutting such a program. I'm wondering if we are talking about some federal program, not some state --

Q This is state.

A Well, I didn't no, I shall look into that and find out what it is.

Q Governor, along those lines we are speaking of priorities for in-state spending, do you have -- do you think there's any crisis areas in state severe enough that would cause you to recommend increased expenditures and consequent cuts in other fields? Are you thinking of any further cuts?

A The trouble is with all of our economies we are dealing with a little more than 20 per cent of the budget. Almost 80 per cent of the budget is actually frozen into its present situation by statute, and therefore to make any real in-rise in the cost of government, we must have legislation. We must approach the problems from legislation. For example, 143 of the Task Force reports recommendations cannot be implemented without legislation, and it is going to take cooperation from the legislature and bipartisan cooperation

if we are going to really get at that 80 per cent and find out if there is some way to reduce some of the spending in the great bulk of the budget.

Q Off finances.

Q I have a question. Governor, on your tax conformity plan, analysts report shows that a couple filing a joint return, earning 7 to 8 thousand dollars, which would be a majority of the California taxpayers, would actually have their income taxes under your percentage plan, increased 421 per cent while those with ~~incomes~~ between \$50 thousand and over would actually have their taxes decreased to 49 per cent. Did you take into account any of these problems that might encounter in trying to spread that income tax over those?

A You mean in the changes that we have proposed?

Q Yes.

A I would want to look into those figures and check those very much because that doesn't seem to me -- it is true that we are going to pick up again some taxpayers who in this year's change it was discovered had been previously ~~state~~ taxpayers and who were dropped and weren't paying any at all. In this evening out -- but I would want to check those figures very carefully. I can't believe that that is the situation.

Q Governor, are you serving warning that the special appropriations is probably down the drain unless there is some money?

A What?

Q Special appropriation bills, unlikely to be signed by you?

A I don't know how we could.

Q Governor, if none of your budget balancing bills get through the legislature or many of them fail, and if there is a deficit of say around \$150 or 60 million dollars, how much do you think you could whittle from the budget out of -- against that amount? Do you have any guess based on your experience from last year?

A No, I would hesitate to name a figure because we

have already been making every economy we can find. We just -- we haven't sat around waiting for trouble before we -- before we make these cuts. We are making them as much as we can, but I'm afraid that we would then have to make economies not on the basis of just economies. I'm afraid that we would just have to get into the area of actually eliminating certain programs and services. The law is very explicit on that.

Q Governor, Deputy Director of Finance drafted a bill which Senator Sherman has to put some \$20 million in truck taxes into the general fund.

A In what? I know.

Q Are you behind that bill and will your people support it in committee?

A Actually we have only had one preliminary discussion on this. I would -- I want to look very carefully because I'm -- that's a pretty complicated question. A tax bill that I think has been inequitable, that particular tax, and I think that there is a way without giving it up that there is a way to make it more equitable, but I am also -- I'm also concerned about invading an area, in that whole area of highway building and so forth where we have a tax that is a tax against the users, against those who get the service. So I'd rather not commit myself now until we have had time.

Q Does that represent one means however of making up some of those problem areas?

A Well, except it is taking it away from some place where it is being used now and putting it over here and then you've still got the hole left over here.

Q Governor, if you went to borrowing, what type of borrowing would be available for -- making up that deficit?

A That would have to be within our own funds, borrowing from one fund to another. It couldn't be outside borrowing.

Q Internal borrowing?

A Yes.

Q Governor, what is your reaction to Jess Unruh's

remark that you have perpetrated a cruel hoax on the people of California with your income tax deduction program?

A Well, I think you have to look at anything that the speaker says these days in the light of whether he's wearing his campaign hat or his speaker's hat, and frankly I haven't seen him without the campaign hat very much lately. I don't think any cruel hoax has been perpetrated on anyone. We are trying to cure an inequity that appeared and it wasn't completely anticipated and developed in a certain bracket of taxpayer who right now bears the heaviest lot for the cost of all government, federal, state and local. It doesn't mean broadning the base a little, and I expect you are going to hear all sorts of things like that.

Q What about the allegation that you are socking the poor and giving the rich the break this time around?

A Well, that isn't true either. I don't think it hardly can be called socking the poor, to take several hundred thousand people who have traditionally been paying the state income tax and discover under our formula they for one year didn't have to pay any tax at all, and they now may be taxed anywhere from 1 dollar a year to 14 dollars. I don't think that's exactly a tremendous hardship.

Q Governor, would you sign the Biddle bill that lessens the penalties on marijuana if it passes the state legislature?

A Well, again I kind ~~have~~^{of} had a rule about not talking about it until they get to my desk. I don't know what might be inserted in that bill. I do recognize the problem that Assemblyman Biddle is trying to solve and it is a very real problem. I have no intention and I'm sure he doesn't of indicating that in any way marijuana is any less serious as an offense than we have considered it heretofore, but it is true that there is an inelasticity in the penalty that has now a tendency to let some violators off because the penalty is so severe. That's what it is seeking to correct. I'm sympathetic to that approach, but I'd rather wait until I see the specific legislation and what's been done to it upstairs.

Q Governor, do you propose that you make more difficult to alter tax rates? Would you like this same thing to apply to your own tax proposal that you offered last week?

A Well, I've said and I would stick by it, this I don't think is a tax increase. We are simply trying to stay within the same framework of money and change some structure. I have said and I hold with it, I would like to see it require a two-thirds vote of the legislature to increase taxes. If you are going to increase the rate of tax and get more money for the state, then I think that we are entitled -- the people are entitled to the same protection that we now give the insurance companies and corporations.

Q Governor, in the three areas, in Medi-Cal, in school aid, and in the impact of your tax program of last year on the individual there appear to have been rather large miscalculations of their effect. Is there any attempt of ways being done to give -- enable the state to make more accurate calculations of these bills?

A Well, actually there weren't such inaccurate miscalculations. I know that this has been a pretty good story that comes out from the other side, and they have confused a great many people. And frankly, some of you gentlemen could do a very great service if you straightened this out. There have not been great miscalculations. The original budget for Medi-Cal called for \$151 million spending. Now that budget was made up by the previous administration. It wound up costing \$263 million. Now it is very obvious that there is a -- about \$112 million dollar imbalance there or overestimate of spending, and I explained once before when you make your estimates and this is where the opposition has tried to confuse the picture, when we realize that this program, for example, was spending far more, you have to take a projection as to how it is increasing from here to here, and you have to say if something isn't done at June 30th or whatever period it is going to be up here. That's the line of spending. But in the meantime if down here, once you know this, you take action as we did, and your economies are effected and begin to move,

this line begins to curve and level off. Now, a few months go by and when you once see that you've changed the line of spending, you make another estimate and obviously following this line it is going to come out at a lower point, and this is all that was done. It's been done historically and you could check the -- the state's estimate back through the years, not just our estimates on expenditures as well as tax receipts, and you'll find that the group of people, and it is not the state, these estimates are made by some of the best professional economists on the campus and in business throughout California -- and they have come fantastically close every time to the estimates. We in attempting to explain this did contribute to the confusion because we first started talking and you'll remember I told you I was now going to take a pledge and I took it some months ago, -- we started talking in the total cost of Medi-Cal which was the sum total of the county, the state and the federal spending, and when you got down to -- then, well, what is the state -- what does the state need in the budget, the figures would vary because where we were talking Medi-Cal must be reduced hundreds of millions of dollars, meaning federal, county and state spending, then we'd talk about how much of this was state, it made it look like a great variance. So from now on we just talk on what is the state's share.

But remember, to reduce state's spending in one dollar in Medi-Cal we have to cut the program almost three dollars because it is on a matching basis. So we have to save the federal government a dollar, too, and we have to save the county almost as much, but there is -- we have been remarkably accurate in the figures.

Q Governor, on another subject. Governor, what percentage do you collect from each of your out-of-state speaking engagements?

A I don't think there is any pattern. I don't collect anything. Sometimes we have gone on a basis of trade. Their governor or someone from their state comes out here and does a fund raiser for us. In some instances where no trade is possible or where we are going in for a

party where they have an administration in that state of an opposite party, we don't want them coming out here. We -- the State Central Committee -- but this has all been in their hands, we operate from our state Central Committee through the State Central Committee in other states.

Q Do you have a flat figure?

A No.

Q Governor --

A Wait one second.

Q Now that the University Regents have agreed to a fee increase after all these months are you going to ask the legislature to impose some kind of a fee increase in the state colleges this year, in this legislative session?

A No, I think -- well, it is going to be too late now and we haven't had time now to assess what has been done. And what -- what course we are going to follow. You will recall that in the proposal as was voted in by the Regents was also to continue studying this subject, that this is not the final answer, and to continue studying a couple of tuition proposals including Assemblyman Monagan's. So I haven't had time to meet with them and talk about --

Q Governor, a couple more here.

Q Governor, on another subject, Assemblyman Leo Ryan has called upon you to fire your Veteran Affairs Director Mr. Johnson on the grounds that he's disregarded the State Veteran's board and the state legislature. What is your response to that?

A My response to that is that I found him highly efficient and I think he's been doing a great job and I have no intention of firing him.

Q Governor, would you have any reaction to the memo that Dr. Max Rafferty sent to the Department of Finance on March 30th saying that he does not expect any deficit in the Department of Education budget this year?

A Well, now you are the first one that's told me about that. I didn't know we received such a little old school note. I'll be very happy to find out, but that will be the third figure that's been thrown in. Incidentally, the divergence of figures, none of these figures are ours.

The Department of Education said \$70 million and \$82 for next year. The legislative analyst admitting that it is only a guess, he said he doesn't think it would be that big, he said he thinks more in the neighborhood of maybe 50 odd this year and comparable larger amount next year. Now you tell me the Superintendent of Education says there won't be any. I'll tell you this, if I got to choose one of them I hope he's right, but I'm a little pessimistic about whether he's right.

Q Governor, though not relative to that point there are different sets of figures, wouldn't it be better if somehow or another there could be one accurate set of figures that would be available to everybody?

A Oh, all right, now in that regard yes, I'm sorry, you did ask that before and I never got around to that. I got carried away with explaining the numbers. Yes, we are well aware that the whole situation here in this -- in the setup, the administrative setup does not give us the management tools that we think we should have and that would be comparable to a big corporation, and we are exploring and here again we'd have to have some legislation on this, how we can set up a central finance office that would give us at the push of a button the information that we have to have with regard to our spending.

Q Governor, regardless of the legislature is moving slowly, would you be in favor of the legislature concluding its business and then adjourning or recessing before the primary?

A I'd like to have them stay here and get it done. When I look at some of the bills that I think have been introduced, I think that serious problems could be dealt with and should be dealt with.

Q What percentage of your program do you think you'll be able to get through the legislature this year?

A I don't know. I just tell you this, I would like to look at my desk one day and see on the desk the bills for the \$86 million dollars, the reorganization bill, the judicial selection plan, a couple more in there, but -- but even if those were there, then I would be very pleased and very happy.

SQUIRE: Any more questions? Thank you, Governor.

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD APRIL 30, 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. 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 guaranty of absolute accuracy.)

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GOVERNOR REAGAN: Well, we have some visitors, and they are honor students from McCabe Junior High School at Mendota, California. Welcome, glad to have you here.

SQUIRE: Governor, can we get the politics out of the way?

GOVERNOR REAGAN: I'd like to and I'm sure in view of this morning's early, early show, I'll try to be a topic.

Q What is your comments on the entrance of Governor Rockefeller in the race?

A I don't think that it would cause any great surprise. I think he's made it very plain even with his -- his last appearance prior to this, that he had been discussing tactics and strategy and that he was never adverse to being a candidate. So I thought he made it very plain as to why.

Q What effect will this have on your plans?

A Nothing has occurred that's changed my status or --

Q What is your status today?

A Exactly what it was the last time you asked.

(Laughter)

Q Yet, Governor, you maintain throughout your brief governmental career that party unity is your number one aim. Doesn't that increase the pressure on you to accept the Vice presidential nomination should the rack and thrust come to you?

A No, I've made it very plain that I am not con-

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vinced -- I don't believe that that position would offer the same opportunities for doing some of the things I believe in that this one does.

Q Governor, did you talk to Governor Rockefeller about his imminent announcement of candidacy? Did he call you or did he talk to you within the last few days?

A He called me as I am sure he called a number of other governors, simply to tell us and to explain that that's why he would not be a part of this governor's group that is going around the country on platform hearings.

Q Governor, one of the people you met with while at Boise, one of the people came over from Oregon, said that your statement saying that you would -- you would be available if the people of the country called upon you to serve, was a help to their campaign over in Oregon; what would be your comment on that?

A Well, I don't know, I said to them exactly the same thing that I've said to all of you. There has been an account put out by someone there that is completely inaccurate and has been refuted by others who were present, and I join them in it, I did not say any of the things that one individual attributed to me.

Q Governor Reagan, is Governor Rockefeller's decision an open move now to start a stop Nixon drive within the Republican party?

A I don't think so, I thought he made it very plain this morning with regard to the idea of unity. He stated to me on the phone -- I expressed -- when he called me, I expressed a hope that when the decision had been made at the convention that we would be able to be united as a party and support whoever was the party's choice, and he agreed wholeheartedly and said that was his intention.

Q Has he ever discussed with you the possibility of the number two spot on the ticket should he receive the nomination?

A No one ever has, no one has discussed that with me, only in this room.

Q Do you agree with him that ideological factors will be less important in the coming election than four years ago, in the Republican --

A I think as we have often stated, I think to the effect or to the end that the party is determined now on unity to minimize differences and to get together, I think yes, I think there is.

Q What effect do you think the Rockefeller candidacy will have on Nixon's drive even if it is not a stop Nixon movement?

A Oh, I think it focuses more attention on the campaign. I think it is -- it is going to create interest and going to have views expressed on issues and debated and so forth.

Q How would you rate Rockefeller's chances of winning the nomination, good, poor or what?

A Oh, I'm not going to take a crack at that one. I've got a delegation put together here with a plea for unity, so I'm not going to express any opinion along that line.

Q Governor, yesterday you said something about Governor Rockefeller believes in going to government more frequently than you do. Can you expand on that? What did you exactly mean?

A Some one asked me if there were differences or where I recall the question, something about our beliefs and I said I think it is apparent that if there are, he probably -- there would be a method and approach that he has shown a greater faith in having government step in and solve things where I've believed in turning more to the private sector. And even here I think there are shadings. He's made a number of statements lately about requiring the independent sector to help, particularly in urban problems.

Q Other things aside, would that be an insuperable difficulty between you two serving together on the same ticket?

A The insuperable difficulty about me serving on the

same ticket with anyone is simply my belief that this is a more important job.

Q Governor, last week you said that you, like any citizen would be available for the presidency if you were called. Could you clarify that statement or expand upon it in the context now of the grass roots -- growing grass roots movement in your behalf?

A Well, it is -- there is no difference in what I've said all the time with regard to the people making the final decision. It is the same position I've always had.

Q Governor, you've been quoted as saying after you came back from Colorado, and Idaho, that you found the grass roots sentiment rather inspiring. Exactly what did you mean?

A No, I didn't -- wasn't talking about it in connection with the grass roots at all. I said those kids at Colorado, at the university, it was inspiring. It was inspiring to see their reaction to some of the dissent that's going on in the campuses to see that they don't want it, to see their reaction to statements about the administration of the university providing a framework of rules within which the education was given. They literally gave a standing ovation to that, to an expression of that viewpoint, and this is what I meant was -- was inspiring. I have always believed that the overwhelming majority of the students on our campuses want a law and order and a preservation of the system that they are motivated by and honest desire to get an education and that they -- they have tolerated this little minority that has been disrupting, and their patience is coming to an end and it was inspiring.

Q Governor, you said something earlier in the news conference that for quite a long time it appeared Rockefeller under certain conditions would be a candidate or was not adverse to being a candidate. In what way has his posture in that regard differed from yours, and in what -- has your posture -- has yours been more firm in that regard?

A I don't know, he never at any time -- he frankly

stated it was a matter of tactics and strategy and this morning he announced himself as an active campaigning candidate.

Q Did you watch him on T.V. this morning?

A Not ---I couldn't watch all of it. I had to get in the office, but I saw the bulk of it.

Q I thought I heard him say that you in your telephone conversation, you wished him luck, is that correct?

A I said good luck to him. I said good luck to Dick last year at the Bohemian Grove. I'd say good luck to Harold Stassen only I never met Harold Stassen.

Q Governor, what do you think of the new book just out entitled "The Rise of Ronald Reagan."?

A Well, I haven't had an opportunity -- I don't get much chance for light reading these days.

Q Governor Reagan, yesterday a group of college newspaper editors asked your opinion of Rockefeller's decision and in your answer you said you have long wanted a total change in philosophy of leadership in Washington. Did this indicate you would be less than happy with Governor Rockefeller as the presidential nominee?

A No, I didn't mean it to imply anything about any of the candidates. I simply believe that the philosophy of the two parties, the Democratic and Republican parties has today taken a turn contrary to not too many years ago when both parties did more or less travel within the constitutional limits and the concept of individual freedom and private enterprise, and I think the democratic party is committed today to a policy of a managed economy, a planned economy with more and more regimentation of the individual's life on the basis or on the open theory and belief that we can't afford that much individual freedom. I believe the Republican party on the other hand is polarized around the belief that in the constitutional limits and the power of government, in more emphasis on local and state government, handing government back down to the nearest echelon to the people, and for that reason I think the change must be -- we must have that change. I think that the great division

within our country, the disappearance of our alliances outside the country, the very dangerous economic state of the country with literally a loss of our money and our gold, all of this is a result of this democratic philosophy and I don't think any of the democratic candidates disagree at all with that democratic philosophy. There would be just more of the same and that's why I don't think the country can afford four more years of that.

Q Would you say that Rockefeller's entry into the presidential race clinched the fact, made it definite, that it will in fact be a wide open convention?

A I think it's certainly added to that in the competition for delegates now which is where the fight will go on because he's not entering the primaries. I would think this is another factor that would indicate anyone is going to have difficulty sewing up enough for the nomination.

Q Governor, how much influence will Governor Rockefeller's entrance into the presidential race have on your desire to assess or to reassess your position? In the national candidacy.

A I told you my position is unchanged, nothing has happened to change it.

Q Governor, do you think a candidate in this day can expect his convention to nominate him for the office of president without having been tested in the primary?

A Never given it a thought. I don't know, and again that wouldn't -- that wouldn't change my decision.

Q Well, governor, the last position I recall you took was that you were assessing grass roots sentiment. Did you hear any rustles for Rocky while you were out there?

(Laughter)

A No, as a matter of fact, I didn't hear anyone else mentioned. I just -- I went out and talked the issues and I spoke in one -- one fund raiser in Idaho which was a very successful fund raiser and raised a lot of money for the party, and I took advantage of the opportunity to state what I believe was wrong with the philosophy that I've just been

discussing here of the other party, what's been wrong with the way they are attempting to run this country, and I believe that the times are so serious that every Republican should do this at every opportunity to bring it to the people's attention. I did that. The other appearance on the way home was to go by way of Colorado and speak to the university, the students, and I also took advantage of that to get in a few licks there, too.

Q Apparently you never crossed paths with Senator Morton or any of those others who have been out in the west ----- Rockefeller?

A No.

Q Governor, Vice President Humphrey has announced and Rockefeller has announced. Now, do you see any circumstances between now and the convention which you will become an announced candidate for presidency of the United States?

A My position is unchanged.

Q Governor, did you tell the Oregon Citizens for Reagan group, Bob Hayes or any of the others that you would be available if the people of the country called upon you to serve?

A I said the same thing that I've been saying for weeks and weeks here in your press conferences.

Q Did you use those words in talking with him?

A I don't think that -- that doesn't sound like the way I said it.

Q Was that the gist of what you told the Oregon group?

A You can get last week's press conference transcript and look it up and that would be the words I used.

Q Why did you meet with the Oregon Citizens for Reagan Committee?

A Well, they came over -- made a trip all the way over to Idaho to see me, and brought me a pine tree. I wanted the pine tree, for one thing.

(Laughter)

Q Did your meeting with the Citizens for Reagan group make it a little more difficult for you to maintain the impression that you are not at all interested or not in any way interested in being a candidate at the present time?

A No, nothing's changed.

Q Are we ready for another subject?

A I hope so, you know you fellows are going to lose your audience on that educational network.

Q I just have one quick question on that. Could you restate your position? You are saying your position is unchanged. For our benefit, could you briefly restate it today?

A I think it would be redundant. It is the same as it's always been.

Q What is it, Governor? Is it you are not a candidate?

A The press department will be happy to give you a transcript of last week's press conference. It was fully stated.

Q What is your position with regard to being a candidate for president? It seems like a simple question.

A It is a very simple answer. I've been saying it for weeks. The question is the same. I'm not a candidate. I could not foresee myself announcing myself a candidate or soliciting the job. I've said that to you for a year and a half now.

Q Do you see the possibility that the Republican convention might deadlock between Nixon and Rockefeller and be forced to turn to a third person as a candidate?

A That's happened in history, but I'm not a prophet. I can look at the past and not the future.

Q I am still trying to get to another subject.

A I am, too.

Q Governor, can we finish this one more question?

A All right.

Q On your trip, the response was very enthusiastic,

not just from the students, but in Boise. Wouldn't you consider that part of the grassroots that you said you were assessing and wouldn't you be inspired or feel positive about the response you got?

A The thing that was inspiring about the response and the thing that you'd have to read into it was the response was to the things I said which showed again a great disaffection on the part of the people for the policies of the present administration or for the leadership of the democratic party and I don't think that that's any fair way to judge whether it was a -- I'm quite sure that anyone else saying the same things would have evoked the same response.

Q Now, yesterday the Ways and Means Committee blocked Veneman's withholding bill and sort of served notice that if you would ask for it, why it would get out of there and be on its way. Have you changed your view in any way at all?

A No, I haven't. I'm not going to ask for withholding. I am still as opposed as I have always been. As a matter of fact, I think it is kind of interesting, I just was handed something this morning. I have here in my pocket, and I understand this is going on from a number of institutions, this is an ad over in the Bay area of a bank that has started, "Start saving for your April 15, 1969 tax obligations. Open a commercial national save for tax club account." The banks have taken this up. When people deposit their pay checks, they will automatically deduct whatever amount. You can do it by phone and they will make sure, and they point out here that you can draw interest on your money and it will help you pay your tax next year when it comes due. I understand some of them have been advertising on radio also, this same thing. I think it is wonderful.

Q Have you signed up yet, Governor?
(Laughter)

A Well, I have voluntarily for a number of years,

have done a thing of my own of setting aside a portion for taxes.

Q Governor, you are aware of the various proposals for a so-called negative income tax. What is your opinion of such a tax?

A Well, a man who originally proposed that, Mr. Friedman, an economist of the University of Chicago, and who is not a student of the New Economics -- Mr. Friedman did it almost tongue in cheek, but he did it also to point out that there would be a way to avoid all of the multitude of welfare programs and so forth, if you simply took those people in need and provided for them and then let them, out of the money that was given them, provide for themselves as to medical care and everything else. That has since been distorted to be another kind of just addition to the welfare programs we already have, and therefore I would be opposed. I think -- as I have said on a number of occasions, the answer to welfare is to create a program that is geared at reducing itself by rehabilitating people, fitting them for jobs and getting them out into the private economy and jobs. In contrast today, welfare is growing at a rate that is completely out of step with our prosperity and it reveals that as so many government programs do, it is set out to perpetuate itself, to make itself bigger, not smaller, and that's at the -- and that victimizes the people it is supposed to be helping.

Q And you think that tax might tend to make it even larger?

A I think it would be just another one laid right on top of all the existing welfare programs.

Q Governor, last week I pointed out to you that your proposal on the percentage of conformity with the state and federal income tax would actually increase taxes 421 per cent for an average family between 7 and 8 thousand dollars and decrease it 47 per cent for a family, joint -- couple filing jointly with \$50,000. You said you couldn't believe that that was the situation, but I have here your table as

proposed in the T. V. report to the people, which shows that. Have you been able to look into this since I asked you about that last week to see if that is the situation?

A We have a detailed answer in the Finance Department right now, some recent articles which were rather inaccurate and which did not take into consideration and point out a number of other factors, for example that our change is also going to reduce the tax for the elderly, for the needy elderly citizen and also for the blind. It is true that it is going to add some people at the bottom who previously paid tax but under the change this year found themselves exempt from paying a state income tax, but it is in a small amount and certainly is not contrary to the belief that all should participate some way in their responsibility to government.

Now, there are some of the errors in some of the accounts or news accounts that I've seen of the tax structure, was comparing apples and oranges, taking some people in and automatically having them use the one type of deduction as against their privilege of using the itemized deduction, and they do have that privilege and they can take advantage of whichever is the most helpful to them. But this -- the tax burden had some inequities, it had them both ways. Some people were hit harder than they should be and some were exempt more than they should be and the program is being worked out as an effort to simply reduce that and make it a little fairer.

Q You feel there are some inequities in your program as well at this point?

A No, I'm talking about the inequities that developed with the paying of the tax this year that came to light with regard to the switch, particularly from deductions to credits.

Q Governor, it was pointed out by members of both parties at yesterday's withholding hearing that your voluntary plan -- they suggested your voluntary withholding plan such as that bank is instigating, doesn't do anything for the state, it doesn't solve the cash flow problem, it doesn't catch tax cheats. Do you think your plan does help

the state in any way?

A I'm glad they pointed that out because I've been saying for a long time and it is time that the people of California realize that the proponents of withholding are not advocating it as a service or a convenience for the taxpayer, they are advocating it as a means of getting more money from the people for the state, and solving some of the state's financial problems. And I will repeat once again, the people of this state overwhelmingly want one solution and one only to their tax problems. They want a reduction in the cost of government, and we can only have that if the legislature will get off the dime and forget this is an election year and start passing some of the legislation that we need to reduce the overpowering cost of government to the people of California.

Q Also at that hearing, Governor, Assemblyman Veneman said withholding would be a good alternative to reducing the budget by \$153 million. If his arithmetic turns out to be correct on the budget, which one of the two courses would you like to see followed?

A I don't think his arithmetic would be correct. If withholding means the state getting over the next 20 months or so about a half a billion dollars extra, and I think you know human nature enough, if this state finds a half a billion dollars extra in government there would be enough people to find ways to spend it. The demands are in now. The university wants \$31 million more. The colleges want \$26 million more. Mental Health group wants \$7 and a half million more for mental health. They want \$90 million more for capital construction on the campuses. You can go down the line with every department, there would be no stopper in the bottle if they got it, that money, but 20 months from now, after they got that money and we were back down to a normal income, you would have built government just another half a billion dollars bigger and you would be once again faced with a crisis and I've noticed however upstairs that the action the committee took reveals

that evidently even on the democratic side there is no great ideological belief in withholding because it is still buried in committee and buried there on the basis from democratic votes. Now, as I say, they pointed out perfectly truthful that withholding is of an advantage only to the state, to the government. Not for solving some of the financial problems that they are reluctant to solve, by cutting the cost of government.

Q Governor, in your budget message you said that you would propose legislation enabling you to bring Medical down to this \$366 -- \$363 million figure and also drop welfare \$10 million. That legislation hasn't appeared. What do you propose to do about those two parts of the budget?

A Gentlemen, that legislation is up there in committee and I propose to keep on telling the people of California about it and the necessity for it, and again this is a part of the reluctance of the majority, particularly in the Assembly, to take the action that is necessary to give us a balanced budget and to reduce the cost of government. And they have the votes, they outnumber us. If they are going to stick to a party line, it is my hope that there will be some members of the majority party whose responsibility to the state and to the people will cause them to break away from that and they will place the state and the people above partisan politics.

Q Governor, Assemblyman Veneman said yesterday that when it comes down to the final decision on the budget, you may prefer withholding to either crippling budget cuts or extensive internal borrowing. Is he wrong on that?

A No -- yes, yes, he is wrong. I'm sorry. I was starting to say no again to withholding. Again I see no gain for the people if we meet every crisis simply by finding another way to take more money from the people. That's how we got in this position in the first place. They built the size of government over the last year before we took office, justified their budget by the change in bookkeeping that gave them 15 months revenue for 12 months spending.

We then inherited that government of that size and structure, with only 12 months revenue and we had to have the tax increase and already we find that even that gigantic tax increase cannot meet the built-in spending increases that have been put into the budget by statute and by law. The economies that we have been able to make, and they are extensive, sizeable, they are only in about 22 or 3 per cent of the budget that we can get at administratively. The rest must depend on the legislature.

Q Have you found a way yet to catch the tax cheats that are escaping because there is no withholding?

A No, on the escaping tax cheats, let me point something out. There is a certain amount of tax loss in any governmental structure through error, through cheating, those who do it. You have every provision that you can for catching this, but in government this big and at the national level, you know that it is done on a spot check type of basis, you cannot screen, the expense wouldn't warrant it, every tax return. The California rate is down to 1.8 per cent. This is the total amount they believe is lost by way of both cheating, error, so forth. Now we have a great many provisions in our law for catching the cheats. I doubt -- I don't know the figure, but you could look it up, but I don't think the federal government does much better than we do and they have withholding. Withholding is not a guarantee you are going to catch it because all the cheating isn't caused by people leaving the state and actually the net would be very small, on that basis. Even there we have provisions in our law right now that the Franchise Board can enforce withholding and ask any employer to withhold at any any employee that they believe is planning on leaving the state. The figures that have been used when they let you talk to the public and say 90 to a hundred million dollars. This is ridiculous. This would mean that about a million people were leaving the state of California every year without paying their average income tax, and of course this just isn't true. So the figure gets down to around \$20 million, and

the substitute on the other side, as I have said so often is that under withholding the state looks forward to a little cheating, because under withholding the state estimates that it will get about \$20 million dollars the people don't owe. But they don't know that they are not obligated and they don't apply to get the money back and the state keeps it. So you can take your choice, you can make the state a cheater to try and catch a few people who might be getting away with something, but I think we have gotten the collection rate down to about as low as anybody in the country.

Q Same topic, Governor. If the legislature does not pass the bills you've requested, the welfare and Medi-Cal, what is your alternative plan? How are you going to balance the budget?

A Well, I'll meet that when it comes. I just can't believe that the legislature -- they have got to send down a balanced budget and I can't sign anything but a balanced budget.

Q Can't they simply return the same budget you sent them without the accompanying legislation?

A No, because it is a balance that's out of -- it is a budget that's out of balance.

Q Was it balanced when you sent it to them?

A What?

Q Wasn't it balanced when you sent it to them?

A We went it with the notice that these things had to be made or the budget wouldn't be balanced.

Q They are not under any legal compulsion to pass those bills?

A No. But I'm not under a legal compulsion not to sign an unbalanced budget.

Q Where would you cut?

A Well, I'll face that when it comes down, but it would have to be done.

Q Governor, have you received a letter from the social welfare board which asks you to go slow on this legislation to put a ceiling on certain categories of relief

on these aid to needy families? Have you received that and do you have any comments on it?

A That would be -- probably would have been routed first before I saw it over -- would be in the hands of welfare right now for any information I might need with regard to whatever points they make.

SQUIRE: Any more questions? Thank you.

Q Governor, what is your view on this bill that actually gives the judges discretion to lessen penalty, marijuana convictions?

A Well, I've expressed myself on that before. I understand there is a very real problem there, and yet it is a thin line and legislation gets down here, we will take a look at it, but I think it is based on the idea that if someone is escaping punishment entirely because of reluctance on the part of the court that they are held too inflexibly and they have to level too severe a penalty, well, then I think there is room for some change in that.

SQUIRE: Thank you, Governor.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD MAY 9, 1968

Reported by

Beverly Toms, CSR

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GOVERNOR REAGAN: Good morning. Good morning. I do have an opening statement here, and I'd like to open the press conference with a statement concerning a problem which I think the citizens of California are entitled to know about.

(Whereupon Governor Reagan continued to read from a prepared statement, No. 310.) - Twenty

Q What is one improvement program?

A Well, for the details, because this goes into quite a bit of reorganization to that, I suggest that any of you interested in that talk to Mike Deaver. It had to do with a -- forming the commission, a local commission, a broad-based commission that would oversee in this -- in this area. It had to do with training for the people participating in the program, the administrators and so forth. There were 9 points in all, but I suggest that you see Mike and he can give you an explanation.

Q Governor, can you tell us what the serious problems in conduct of personnel were?

A No, this was just lack of training and so forth, as I understand it, and fitness for the -- or qualifications for the jobs and part of the suggestions were for training of these administrators.

Q Was the key word in here "unilaterally"? In other words, in this case did you instead of returning the proposals to the Federal government with your review, with your recommendations, just go straight to the local agency,

bypass the Federal government?

A We dealt with the local agency on this.

Q That is not the normal procedure, is it?

A Yes, we have done this in a great many programs.

Q Governor, if these are federal funds, doesn't federal government have to in the end have final say over how they are used?

A Federal government may have to have final say but they also vest in the states, and as I said in my statement, the power to oversee these programs and to make these recommendations.

Q Do you think this is an isolated instance or does it represent a new relationship between the federal government and you on all these poverty programs?

A Well, let me say we have been less than happy about the attitude of the federal program or federal government for some time in these programs.

Q Governor, do you know that other governors have the same difficulty?

A I haven't checked this out with any of them. No, I wouldn't be able to say. It's never come up between me and any others.

Q Does this concern you then about your package of bills for job training that you are going to tie the federal and state programs together on?

A Well, the whole subject concerns me about this relationship and this attitude on the part of OEO.

Q Governor, has there been any reaction from the federal government about this bipartisan effort that you are leading in the state to try and tie these things together? Has there been any discussion with them at all about the things that are pending before the legislature?

A I'll prefer that you ask our own OEO people about that. I know they are in constant touch, of course; that's their business, and they can tell you whether there have been incidents of this kind or any talk on that.

Q Governor, don't you think it is a little late in the year to have Congress appropriate money to finance

those programs or even make the necessary changes in regulations?

A Oh, no, this was a grant that was already made for a program that was going and this was changes in the overseeing of the program to make it more effective.
All right.

Q Can we go to another subject?

A All right.

Q Governor, regarding your short-range financing proposal for the state water project, that bill was defeated in the Senate Finance Committee last week by one vote. What efforts are you making to reverse that decision in the Senate Finance Committee?

A Well, as a matter of fact, there is another bill, identical bill coming the other way from the Assembly, and we are going to wait and see what happens with that.

Q Governor, on that, Assemblyman Porter, who is the author of that identical bill, says he won't move unless he has assurances from you that you'll increase your efforts. He was kind of disappointed in the amount of effort that the administration made for the Cologne bill, which was defeated. Are you going to increase your efforts in that direction?

A Well, I don't think -- I don't know that he exactly put it that way. He hasn't approached me on that. But I know that on our own side there are a number of Republicans who are interested in and who look favorably on his bill if it does move.

Q Governor, just one other question on that. Senator Rodda, one of the no votes on that bill, said he would switch his vote if you would come out and support a \$300 million bond issue for higher education construction. This is November. What is your position on such an issue?

A I said, like a lot of other legislation, I'm neutral on whether this gets into ballot or not. I would have to wonder very much whether the people of California would vote such a bond issue.

Q Isn't that against the law to vote trade?

A What?

Q Isn't that against the law, to vote trade or not?

A I think there is something about that kind in the legislature. Of course I don't vote in the legislature, but I've made no trades of any kind.

Q Governor, you said that joint report on Medi-Cal financing was confusing, and Gordon Duffy said he didn't really understand how you could call it confusing. He read the report. He said you may be wrong a little bit or that committee may be off a little bit, maybe \$10 million because they used your own figures, or they would like to see your figures if it is confusing or Medi-Cal is in trouble.

A I said it only added further to the confusion of the people. It had nothing to do with the figures. It is the idea that a program that can be made more efficient and can be made more economical should not be made more economical simply because you have through your own economies effected savings below the point of the budgeted figure. There is nothing magic in a budgeted figure and I don't believe that the people of California should be bound to support a program at the figure that you honestly put in as to your estimate of what it was going to cost. If it develops that you can come back to the people and tell them the program can be run for less money, then I think that you have an obligation to run it for less money. This is how government grew to the size it has grown in California in the first place. And this -- this inference in the committee report and as it was reported out that because we had managed to make some savings, that therefore there was no need to do anything further to try and make the program more efficient, more economical. This I think is confusing to the people. A program should be made as economical and as efficient as it can possibly be made and the fact that several months ago you had to project ahead and say this is what it looks like the program is going to cost -- well, if you can do better than that,

you should do better.

Q From their figures you do agree it really doesn't need any more money for the next two years?

A As to increasing the budget, but even with our savings, the program is increasing faster than the revenues of the state are increasing. It must come -- regardless of what we do now, it must come to a point unless we are able to bring this down within the normal growth of any program should have, we must come to a point, a day of reckoning where again you are going to have to ask the people for more money and we are trying to do away with it. We are trying to get down to where all the programs would be within the expected revenues and the expected revenue increases, and ignored in other effect. It was nothing new that when they told us that we were going to have some money out of this year's program due to our own savings; we told them that. We told them several months ago that we were going to be able to come in under the budgeted figure and have this money to apply against the coming year. Except they overlooked a little thing. Unless they give us the legislative help with regard to that mistake in the school bill, the constitution says if there is any deficit, any monies that you have must go first to the school bill and they can't guarantee that any savings in Medi-Cal can be used against next year's Medi-Cal. If there is a deficit due to the school spending that money must be applied against that. Constitution demands it.

Q Governor, back to the water project.

A Yes.

Q Water project financing for just a moment. Assuming that Carley Porter bill has no more success than the Gordon Cologne bill had, would you be at all amenable to a special appropriation of \$64 million to bail the water project out of the problem?

A Well, somebody would have to show me where the \$64 million would come from, because it isn't there now.

Q You wouldn't do it if it involved a tax increase?

A No, there is going to be no tax increase as far as I'm concerned.

Q If that bill fails then there is no alternative, Governor?

A Why, you are back into the area of where we shouldn't be as yet, of bonding.

Q Is this maybe part of the reason why you didn't take credit for Oroville Dam, just in case it turns out that water doesn't have any place to go?

(Laughter)

A No, I honestly couldn't take any credit for a program that was well under way at the time I took office, I was being as honest as I could. I still think -- don't get me wrong, I think this water project is one of the great feats of all time and something that all Californians should be proud of. It is true that there was not figured in the beginning, getting the original bond issue, no allowance was made for inflation, and some things have cost more than was anticipated at the time. But this also happens with a great many bond issues and the financing of a number of bills, that they go by the going prices and they make no allowance for the fact that prices go up.

Q Governor, Assemblyman Porter said that the Cologne bill could pass -- to get out of Finance Committee -- could pass if you could convince either Senator Grunsky or Senator Dolwig to vote for it. Have you discussed this with the two Republicans who voted against it?

A Well, I think right now the whole position is we are waiting to see the progress of the Carley Porter bill.

Q Governor, last week your appointment of Casper Weinberger as Finance Director was approved by the Senate, two Republicans voting against the confirmation of his appointment. Do you have any reaction to their votes?

A No, and I haven't bothered to ask them why. Actually it passed and that's what was of concern to me,

and in the passage I think it gave the state of California a very fine public servant who's already doing a great job for the state and I'm sure that as time goes on these two will live with coals of fire on their head as they discover that.

Q Governor, in your announcement Monday of the Tax Commission or Advisory Commission with Hugh Fluornoy you listed a dozen areas where this commission study for tax reform. I noticed several omissions. One was in the field of oil tax, severance tax, completion allowance. The other was in the field of liquor taxes, and another in the field of racing taxes, which are all fields covered here in Sacramento over the years. I wonder whether that was an inadvertent omission or a deliberate omission.

A No, nor did we go into the whole, specifically of every item, but they are free to review the whole tax package with no restrictions whatsoever, and the whole approach to taxation. But ^{would} ~~we~~/have gone on endlessly to list and designate every specific area. If I could designate every area of that kind, then we wouldn't need a commission.

Q Do you think Governor Brown is perhaps a glutton for punishment? The other day he said he might think of running against you in 1970.

A No, he can do what he pleases about that. I'm quite sure that the woods are full of them along about 1970.

Q Governor, the Assembly rejected the presumptive limits of the drunken driving bill which you support yesterday. Do you plan to do anything to increase your support of that bill in an effort to get the extra vote it needs?

A Well, no, I'm watching with interest what will happen. It is -- I understand that it has another go at it in a few days. I just expressed my interest that we do whatever was necessary and can be done to help in the problem, meet the problem of the drunken driver, make our highways safer.

Q Governor, on another subject. Leland Kaiser

has been named northern california finance chairman for Max Rafferty. Does this go against any instructions you've given your close business friends?

A I haven't given any instructions other than the fact that they would have to recognize that anything they did of that kind, if it in any way made me look less neutral, why we would have to part company along those lines and Mr. Kaiser knows that.

Q Are you satisfied with the way the 11th commandment is being held by Max Rafferty in this campaign?

A I haven't paid too much attention to what either candidate is saying, or read or heard any of their speeches. I hope it is being observed. I haven't seen any great signs of bitterness on the part of the people in the Republican gatherings that I've attended.

Q There is a story in San Diego the other day in which Dr. Rafferty was quoted as saying that your staff was for him, only indicating that you were kind of secretly for him or at least members of your staff were. Do you have any comment on that?

A I would want to find out from Dr. Rafferty exactly what he said because I'd be very much inclined to doubt that. He has -- he's shown a great understanding of the need to be neutral as has his opponent, and I haven't heard from either any information --

Q Governor, have you paid any attention to Max Rafferty saying your are neutral? Saying -- absolving your staff from getting into this thing? Rafferty makes a lot of wild statements and I wonder if you know what he is saying.

A As I say, I haven't heard any of those and I'd be very much surprised if he said anything that intimated that my people were helping him because there is nothing of that kind going on.

Q Governor, when you say you'd be very much inclined to doubt that, you'd be very much inclined to doubt that he made the statement or your staff is helping him?

A I'd be inclined to doubt the statement because certainly in our own meetings, as I say, both candidates have shown a great understanding and acceptance of my neutrality, but I also would doubt very much that anyone of my staff was helping him in any way.

Q If you were to find out that any member of your staff is helping him, what would you do about it?

A I think there would be a meeting back in the office.

Q Governor, do you think the fact that Mr. Kaiser is working so hard for Mr. Rafferty, he's been a strong supporter of yours -- do you think that it does cast any doubt on your neutrality with other Republicans?

A No, I don't believe so because he's in no position now of any connection with the administration other than our own personal friendship down through the years.

Q What about the mansion drive?

A The mansion drive, as I told you a few weeks ago, I think is in kind of low gear now as long as everybody is being tapped for campaign contributions, until after the election. And that didn't have anything to do with me anyway. There are people who tried to intimate that this was some effort to build me a house, and if they'd done a little arithmetic they'd have figured out you couldn't possibly have conducted the drive and build a house before the term is up anyway.

Q If you beat Governor Brown in 1970.

A What's that?

Q If you beat Governor Brown in 1970 you might have a chance to move in, wouldn't you?

(Laughter)

A Nobody said I'm going to be a candidate in 1970.

Q Are you looking for new quarters now with your lease running out on your present house?

A Oh, no, we have got a year to go. I know we are going to have to face that problem.

Q Do you think the new mansion could be built by

then, Governor?

A Oh, no, of course not.

Q Then --

A Even if you start digging a hole now, I don't think it would be built by then. I've built a couple of houses in my life. I know, that's why I think it should be made very plain, a bi-partisan committee with great democratic representation as well as Republican conceive to the idea of building for all future governors a residence. And I think it is high time and I think it was a very worthy undertaking, and I think anybody that objected to it, even though I'm very tolerant of varying opinions, I think was just simply out of their minds because officially the government of California set out to build a new residence, at least with passing a bill or a resolution to do so back 30 years ago. They never have been able to get off the ground and I think it is another thing in which the people of California were willing to show their patience to get busy and do something about it.

Q Governor, can I change the subject?

A All right.

Q Got three or four written questions here with regard to the FCC Section 315. Regarding equal time for political candidates on television. I wonder if your view, whether Section 315 perhaps ought to be suspended during the remaining primaries in order to permit face-te-face debate between the major announced candidates?

A Well, I wouldn't see anything wrong with that. I don't know all the technicalities involved, but I think an overhaul and a review preceding an overhaul in the whole area of equal time and the rules pertaining to it could well be had. I remember my own experience with having to find substitutes for Death Valley Days before I -- I was even a declared candidate, while at the same time there was no restriction on my opponent continuing to have weekly press conferences. In one ruling they issued that it was his part of his job, but it wasn't part of my job to continue on Death Valley Days. I think that there have been --

there are a great many things at fault in the interpretation of the equal time rule.

Q In general terms, do you think 315 is a good idea in that it gives exposure to minor candidates such as the Vegetarian or Socialist Labor party nominees for the President --

A I would like to see again the results of a review and some thinking applied to this. I can see that there has to be some protection for television and for the television viewer in that area because there is nothing to prevent a lot of people becoming candidates who we know are not meaningful candidates and are not going to acquire any audience, and they could clutter things up pretty well. But I think, as I say, that there should be quite a review, part of the people in the industry, part of the people in public life, government itself, as to what would be a proper answer.

Q Governor, are you making any additional out-of-state trips for one reason or another?

A Just this one -- just this one that was scheduled for the end of the month. I'm back on the 4th day after I go. I leave on a Sunday and I'm back in the middle of the week.

Q Governor, what do you think of the compromise in Congress on the sur charge with the budget cut? The compromise between the President and the Congress?

A Oh, you've got me on something. I've been away from the newspapers for a couple of days. When did this -- I ~~didn't~~ know that they had arrived at something.

Q They achieved it last night, apparently a \$6 billion cut in budgets with a smaller sur tax.

A Well, I have always felt that the principal effort should be in cutting the budget, and that until the government -- while the tax is useful in curbing inflation and removing the power to spend from the people, thus reducing the money -- money flow, my feeling about the present administration has been that there was no apparent intention on their part to reduce spending, that what

they really wanted was simply to take the money and spend it themselves instead of letting people spend it, and I was in disagreement with that. Now, if there is going to be a substantial cut in the budget, then I can see this as a -- and certainly on the world scene it is going to give an indication to others that we are prepared to take some hard steps now to correct our imbalance of payments and our deficit spending policy and perhaps this will reassure some people and lighten the drain on our gold.

Q Governor, have you taken a side in this great train robbery? I mean this -- this battle between the San Francisco and Sacramento over --

(Laughter)

Q -- where the equipment is going to go? It is slated to go in the museum in Old Sacramento, and of course San Francisco thinks we stole it from them. Have you gotten -- Mr. Modd is deeply involved in it. Have you gotten involved?

A No, no, I haven't. I didn't get into that, being an old train traveler.

Q Governor, there have been stories that you appointed Mr. Vandegrift as Mr. Williams' assistant over Mr. William's strong objections, and the objections of Mr. Montgomery. Can you comment on that?

A Well, no great philosophic difference between Spence and myself, but I didn't appoint yes-men to any of these jobs and there's nothing happened that's any different than some of the other discussions and debates and arguments that have gone on with regard to method and how we are going to get at solving some of the problems. This is why we have a cabinet and why we meet regularly, to get at these problems and yes, there was some disagreement on method, but as I say, it is to be expected if you are going to run a good shop.

Q Governor, are you optimistic about the opening of peace talks in Paris tomorrow?

A Well, I'd like to be optimistic and I think all

of us live with some hope and a prayer that they will be effective. I have been impressed and encouraged by the aggressive moves of our own forces to step up their offensive to bring us to the table with pressure being exerted on the enemy. I think there are some signs that the enemy is doing the same thing and is stepping up considerably an offensive, and I just hope that we continue and that we counter that and then as I say, if they really are going to be meaningful talks, I would hope that the first order of business would be a mutual cease fire.

SQUIRE: Any more questions? Thank you,
Governor.

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