

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual  
collections.

---

Collection: Reagan, Ronald: Gubernatorial Papers,  
1966-74: Press Unit

Folder Title: Press Conference Transcripts –  
03/25/1969, 04/09/1969, 04/15/1969

Box: P02

---

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library  
inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at:

[reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/citing>

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD MARCH 25, 1969

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.)

---oOo---

GOVERNOR REAGAN: Well, I see we have some visitors who haven't been identified, but glad to have them here. Such a beautiful day, and before we get into the questions I just have a statement here. You won't run for the phones or stop the presses on it but I think it is something needs saying that I'd like to take the opportunity to again formally and publicly acknowledge the talents and the quality of leadership of those Californians who have served so ably in state government, and who now are serving in the new administration in Washington.

(Whereupon the Governor continued reading from Release #194.)

Q Governor, there's been some lower tax programs introduced upstairs. When are you going to have yours in and what will it contain?

A Well, tax program --

Q With regard to your statement first--

A Let me just answer this question. I think it was a question and we might as well settle it here. There have been some tax programs introduced and we are looking at those as well as other suggestions and proposals along with our own and of course all I can tell you Squire is that we have to -- the 28th is the deadline and whether we will need all of the time between now and then or whether we will be able to beat it by a matter of hours or a day, I don't know, but by that time we will have a tax program, reform program in.

Q Anybody connected with your tax program invited to go to Washington?

3/25/69

A Not that I know of.

Q I opened it up.

A Not that I know of.

Q Governor, do you disagree then with the Assembly assessment of Mr. Johnson's capabilities as director?

A Oh, I never take on the legislature on anything like that. I just felt that these men that were my own <sup>(Union)</sup> appointees and have served so well, I am proud there is quite a California atmosphere back in the federal government, and I think it speaks well for the type of personnel we have tried to have here in government.

Q The Assembly doesn't appear then to agree with you that he performed admirably as head of that department.

A Well, they probably have been so busy with their own affairs and their own districts that they haven't been able to pay much attention to that department.

Q Governor, who did you have in mind in this statement, who is being considered by the national administration and hasn't been appointed yet?

A Well, all I can -- on that one I can't name names and have made it a point not to until we know, because no sense in getting speculation going or embarrassing anyone, but we are aware that others -- as a matter of fact, our whole shop was literally viewed by the administration and we know that there are others who are still in consideration for jobs back there.

Q Governor, is it coincidentally that you left out of your statement the two who hold the highest posts of any of those appointed from California, <sup>Lt.</sup> Governor Finch and Assemblyman Veneman who aren't mentioned?

A Oh, heavens no, no, this was -- and I thought of those both in different categories, neither one of those were a part of our appointed administrators, they were elected officials. One was the Lieutenant Governor and the other an Assemblyman. They've been discussed many times and I made my position very clear on their worth, and their value, particularly the Lieutenant Governor, but I was speaking here of appointees in our administration.

Q Governor, is there any question of propriety involved

in the house purchase?

A I don't think so. As a matter of fact, now that this has been announced, I was aware a few days ago when I told you that I was hopeful that I wouldn't have to pack my bags, the plain truth of the matter is there was no other choice. We hunted exhaustively. Our present landlord, the owner of the house was unwilling to continue a lease, he wanted to sell. This is his own personal business and he wanted to sell the house. We absolutely could not find another place to rent in Sacramento and the only alternative was what happened, and I was informed by my own lawyer that there was such a movement afoot on the basis of an investment and he has been negotiating the continuation of the lease with those investors, but I'm sure those gentlemen did it for no other reason than it was to save us from being evicted and frankly I think once again this is a reflection -- this is a rather ridiculous situation in this state, and considering the fact that more than 35 years ago the state decided that a new residence was needed and nothing has been done since and some of the people who found the proposals that some citizens wanted to make and have thrown roadblocks in the way by charging that popular subscription was not a way to go, no, we -- it is just very simple, we had no choice.

Q Do you think they would have done it if -- invested all that money that is, if they thought you were only going to be in office for the 21 months left in your term?

A Well, I think so because it is a good investment if you know that property. There is -- and the rent on it is a reasonable return on that investment. So there is -- there is no -- no one can figure charity involved in this in any way and the lease as I understand it, the lawyers negotiating, carries us through 1970 with an option to renew.

Q You say your lawyer, is that William French Smith?

A Yes.

Q Governor, are you paying all the rent out of your own pocket?

A We are paying the rent as we did in the past.

Q Assuming there will be some political criticism in 1970 and from a purely political standpoint is it possibly unwise to be so frequently indebted to the same small group of investors. Is this going to be something that -- that may be difficult for you in your re-election campaign?

A Well, I don't see that there is any indebtedness on this basis. I don't even know the complete list of the people that are involved and as I say, there was one other choice, move to a hotel.

Q Governor --

Q Oh, Governor, did you consider purchasing a house yourself or that house and reject that idea or you say there was no other choice.

A That's right, it was very easy to reject, I'm not in a position to be able to buy a house.

Q Governor, I didn't quite understand your question -- your answer to your last question, are you paying for the rent out of your own money?

A We are paying the rent, and have from the first.

Q Is your statement intended to encourage the legislature to renew their efforts toward their plans on building the official residence, part of the Capitol Park plan?

A I'm not very optimistic about that. It seemed -- it seemed that the question about a residence was one of never being able to get agreement as to where and what it should be, it was never a question of lack of funds. Evidently the legislature, as you can review the past, was always willing to appropriate the funds but there was never -- never to be agreement. This was one of the advantages, I thought, would always have come from the private subscription idea, that if the citizens of California contributed and arranged as they had set out to do, and evidently still is in the offing, they have bought some property and offer to give to the state of California, that whole question of where and what would be resolved automatically.

Q Governor, is there any indication that the people who have now purchased your current residence, having done this, will drop the idea for the private subscription residence?

A This is in no way linked to the people or the group that still have in mind the idea of building a residence.

Q You say you don't know all of the individuals involved. Do you know Fritz Burns?

A Oh, I didn't mean as to not being acquainted with them. I'm sure I'm probably acquainted with all of them. What I meant was other than the announcement, I haven't even seen the announcement by Coldwell Banker that I understand is in the paper this morning, I haven't had time to see it -- what I meant was that I am not aware of who all is involved.

Q Governor, one of the people -- one of the purchasers in it is in the oil business or has been in it, others industrialists, others in real estate, I think. Is there any way that you can assure the people of the State of California that these men in business would be getting no special favors from the Executive Branch because they did buy you this house? Is there any statement you could make to that, in that regard?

A Yes, a very easy statement to make, there is no one in the State of California in the two years we've been here and the two years that we hope to continue to be here that has either asked or would be granted for any special favor for any reason. I got into this thing from the beginning because I object to that kind of government and there just would not be. But again I must say no one has ever asked, but again I do not see where there would be any basis for such a consideration any more than there has been between the governor and -- the governor's office and Mr. Domich who has been the past landlord. It is my understanding that the terms of the lease Mr. Smith is negotiating are the same and if anything based on the final outcome of the purchase, if anything might go up, certainly they will not be any less.

Q Assuming this could become a political problem for you, however minor it may be, would -- could this have been avoided if these gentlemen had remained anonymous, would this have been a fairly simple way out?

A Well, how would they remain anonymous, you would all be asking the same questions, who are they, and I think that the -- the very fact that they openly and forthrightly bought the piece

of property as an investment and acknowledged that they bought it because they didn't think the Governor should be evicted, I think speaks for itself. There is nothing underhanded in this any more than there was when we originally negotiated a lease for the property.

Q Governor, were you aware there is a section of the Conflict of Interest Code that says you shouldn't take a gift for simply being or doing your job, and do you think that would apply?

A How am I taking a gift? How am I taking a gift for renting the same house I've rented for the last two years, and renting it at least the same amount of rent that I paid for the last two years? What gift is involved?

Q The house.

A Well, I'm renting it. Why was it not a conflict of interest or a gift in the last two years when Mr. Domich was very happy to rent it to us and considered the rent a fair return on the property?

Q Governor, what is the status of the private subscription drive for a new mansion?

A Well, as I told you, it's lost a certain amount of momentum because of some carping criticism, some partisanship that was involved and I myself have tried to stay at arms length from that. I myself have said to some of the people involved that perhaps the best thing for them to do is to wait until after the next election and then it should be perfectly apparent to anyone that we are still talking about a permanent governor's residence for California and no one can accuse it of being a house for me because I doubt that I would ever be living in it. If you start it -- if I should run again and be re-elected and you should then start a renew the drive to build by popular subscription, which I hope they will, such a residence, I doubt that it would ever be completed in a four-year term.

Q Might there be some carping criticism though of the fact -- the simple fact Mr. Salvatori has been involved in helping to finance your campaign and guiding your campaign and again your Favorite Son campaign and so frequently appearing --

A Well, Mr. Salvatori is one of a group of men in this state that have been prominent in Republican politics and you could

say the same thing about Mr. Salvatori's connection with the President of the United States, with the Controller, with the Lieutenant Governor of California, with the Treasurer of California. He has been equally active in the support of Republican candidates throughout this state and this is true also of a number of others. And I -- I don't see anything strange in it at all, any more than I thought there was anything strange in Mr. Ben Swig and some equally prominent and active Democrats being associated in the drive to raise funds for a governor's mansion that---

Q That became a political liability. I mean in some instances the former Governor's associations did become a political liability and I'm wondering whether this is of a concern to you.

A Well, perhaps I'm going to try to be more careful than the previous governor was.

Q Governor, in going through this did you find any connection or any similarity to the time when ~~the~~ Governor Brown had a swimming pool built at the old mansion, was there any -- by friends, was there any legal questions raised there that you might have wondered about in this connection?

A I don't recall any that were ever raised. As a matter of fact, this was pointed out -- pointed out at the time when the drive started to build a mansion that there was nothing new in this, that private citizens had contributed by subscription to the -- to the governor's residence in the past. At that time it was a swimming pool, but it is also not a new thing in the rest of the country. Reno, Nevada has just finished remodeling a rather decrepid old building at an expense of several hundred thousand dollars by popular subscription and furnishing it as a beautiful residence for the governors of Nevada.

Q Did the gentlemen who are -- have been conducted the subscription drive for the residence for California governors, did they agree with you and decide to call off their subscription drive until after the 1970 election?

A I simply expressed my view and I don't know the status of it other than they did purchase the land. The land has been bought as a part of the drive. Whether they are continuing it or not I wouldn't know.

Q Governor, do you think the Legislature should appropriate money for a new mansion?

A Well, I had thought with the reaction and the same criticism that we thought that perhaps when this is renewed that perhaps a logical situation might be to please more people, those who think that it should be outright government, perhaps a combination of the two, such as in Nevada, where the mansion itself did belong to the state. Its original purchase was by the state and then the refurbishing and remodeling that's just taken place was done by private subscription, but again you'd still have the problem of finally arriving at a decision as to where and what type of building. As I say, this has been the hangup in the past, not the question of funds at all. The question was, somebody takes the plans home and looks at them and everybody comes in with a family vote and no one can ever get together on it.

Q Governor, these assessments -- a personal question, these assessments of your personal wealth, regarding you as a millionaire, are they correct?

A I don't feel like one. No, I think this is a question -- this is a question that violates a principle that I believe in. I believe in any necessary information that insures there is no conflict of interest, but I believe that in public life you are entitled to the same privacy that other people are with regard to many facets of your own personal situation.

Q Governor, just a point of clarification, when you say you are not in any position to buy a home, do you mean from the standpoint of personal preference or financial ability?

A Financial ability.

Q In other words, you couldn't pay your \$150,000, is that what you are trying to say?

A That's right.

Q Another topic. Why do you want U.C. Regents to have the power and the privilege of hiring and firing professors?

A Well, now, that's -- that's not exactly the way to put it. The motion that was made by Regent Pauley and I supported a Regents movement, Regent Pauley has been -- is the longest term Regent. He's been a Regent for some 30 odd years, and Regent Pauley is one who's been familiar with 27 of those years

in which the Regents had a certain authority with regard to the approval of professors and other employees on the campus, and three years ago the Regents voluntarily delegated that authority. Regent Pauley now on the basis of his own personal consideration or comparison of what has taken place in the last three years, I suppose to the previous record of 27 years, has said he believes that it was ill-advised to give up that prerogative and that the Regents should take it back. I support him in that and a number of other Regents do also. The matter will still come up now at the next Regents meeting. There are some Regents who want to go even farther than Regent Pauley's motions.

Q Governor, CRA in San Diego over the week-end adopted a resolution which urged there be another investigation by the Board of Regents of both Dr. McGill and his rehiring of Dr. Marcuse and the resolution calls for this investigation and urges that there not be an inauguration of Dr. McGill as Chancellor -- the formal inauguration April 11. What is your reaction to that? Do you think there ought to be another investigation?

A No, I would be inclined not to. I regret the whole circumstances around the reappointment of Dr. Marcuse, but as I said before, when it reached the Regents we found it was a feat accomplished and nothing the Regents could do about it. So I think that this, though, is probably one of the factors that triggered Regent Pauley.

Q Did you read Chancellor Heyns' criticism of the Regents that he made yesterday, and if so what comment have you?

A I read one version in one paper and if it was accurately recorded, I'm in considerable disagreement with a number of things that Chancellor Heyns had to say. I think the case was misstated and was, frankly, I thought, a kind of opening of a propaganda drive with regard to the matters the Regents have been discussing and it didn't -- I'm a little concerned anymore about this trying to link up an assault on the sovereignty of the university with what's been taking place on the campus. Frankly I have seen no move on the part of the Regents, there has been no move on the part of this administration. As a matter of fact, a number of us have warned the university administrators in Regents meetings over and over again that unless they took some action with regard

to the campus disturbances that they were going to face increasing pressure from the legislature that might begin to invade prerogatives that the university has held all this time. Some of us pointed out even in advance of the last ballot in which the bond issue was voted down, that they were inviting such a vote, a negative vote the first time in the history of the university that they have ever lost such a vote, by their lack of firm action in the campus disturbances, and I don't see that as the imposition of any political interference as he has indicated on the part of the university. Nor would I myself hold still for such political interference. Over and over again, and you have heard me state this on a number of occasions, the government cannot bring to an end the disturbances on the campus, only the administrators of the universities can do this and once they are free of a certain confusion that seems to govern them at the moment about the complexities of this problem, perhaps we can return to peace on the campus.

Q In reference to Professor Marcuse, you explained to us once before that your feelings about him was that he represented an imbalance in the college system. Is this what Trustee Pauley was referring to in the last -- in the last three years?

A Well, you'd have to -- I'm not going to speak for Regent Pauley. I'd suggest you interview him as to his reasons back of this. The thing is the Regents constitutionally are held responsible. Now you may delegate authority but you can't delegate responsibility, and when you feel that the authority has not in all instances been wisely used, as long as you are still held responsible by the people, then I think that it is your responsibility to take back the delegated authority.

Q Governor, in your remarks about the Regents, can you be more specific about what you meant by the open \_\_\_\_\_ or propaganda campaign?

A Well, I don't have the speech. I read it this morning, I don't have the speech here before me, but I think it was very obvious that the greatest concern of the speech was that assaults were now being made to take away the prerogatives of the university and I don't think these are valid charges, and I don't understand

at all what some of the charges are, that a political far right is threatening the university. So far the university has been firebombed, bombed, it has had vandalism committed, it has had literally hundreds if not thousands of windows broken; it has had students murdered; it has had students maimed and injured, and all of this so far has stemmed from the activities of the far left. Or the left, the new left, and I yet have to see any instances of this having been instigated by so-called right wing forces. Not that I would be any less opposed to the right wing forces, but the issue has to do with the leftist force at the moment and I think that the university would do much better, it would behoove Chancellor Heyns in discussing this to honestly face up to where the threat comes from, that the threat has been put into effect -- has been carried out in regard to this vandalism and also to suggest what the university plans to do about it. Now, state government and local government has come to the campus on each occasion with law enforcement officers at the request of university administrators, never voluntarily, and to suggest now if they believe that this is in some way, as they like to imply, is the reason for some of the problems, then all they have to do is not ask for the force. But I would call to your attention that over the last year, a building at Berkeley was bombed, and a few weeks later a building at Stanford was bombed and a short time later they finished the job with the bomb at Berkeley and they finished the job again with the bomb at the same building at Stanford. The President's office was invaded and priceless manuscripts were destroyed and some of the vandals that work in the campuses have charged in response to that, well, they were only paper. And I suppose some art treasures could be described as only canvas. Wheeler Hall has been gutted by fires. Two students have been murdered on a university campus. Other personnel have been beaten and threatened with beatings. Bomb threats to homes, professor's homes. There have been attempted bombings of them. I would suggest that the university has a problem and all that the Regents have done up to this point is keep reminding them that they have the authority to deal with the problem if they will deal with it.

Q Are you suggesting in a way that the university administrators are trying to get out from under the blame for what's happened?

A I don't know. All I know is that outside of a sort of ~~periodic~~ <sup>periodic</sup> flurry of disciplinary measures in the week before a Regents meeting there's been strange inconsistency in the dealing with the problem.

Q Governor, <sup>if</sup> the campus administrators have the authority to deal with the problem, why are more laws needed?

A Because some of the campus administrators have told us that they would like to have those laws because of the pressures on them to not take action; that they would feel much safer if they could point to a law and say they were taking the action because they had no choice. It is as simple as that.

Q At San Francisco State someone painted a huge sign, Reagan won. Do you feel you won the conflict there?

A I don't think Reagan won. I think the people of California apparently have been winning at San Francisco State, thanks to the firm action, the combination, not only of law enforcement when it was needed, but the firm action of the Chief Administrator there, Dr. Hayakawa, and apparently that effort has been losing its momentum and I don't -- I don't know now whether you can claim that the strike has actually come to an end there. There seems to be a little confusion there into some of the statements over there after the first flurry, that some kind of an agreement had been reached.

Q Are you completely satisfied with all aspects of the settlement there?

A I'm -- well, apparently as to the things that Dr. Hayakawa has agreed to, yes, I'm satisfied. Again I want to point out we said from the very beginning that there were a number of the so-called demands that were proposals that were easily acceptable to either the college administration or the trustees, there was no need to strike for them. There were others that were totally unacceptable and that the college could not subscribe to, and apparently Dr. Hayakawa has followed that course. In other words, if there is a settlement now, it is what they could have had without a strike to begin with.

Q Topic?

A O. K.

Q In the light of the growing public worry over the earthquake, do your specialists believe that everything possible is being done to prevent a major earthquake disaster in California?

A Well, now, wait a minute --

Q The reason I ask, scientists have said that because of the weakening in zoning laws and the enforcement of earthquake zoning that there is recurring quite a sizable danger from a point --

A Yes, and this is why when I said just a minute, I'd have to recall that some of our own people, yes, are very concerned and have been uttering warnings and have said that they are concerned that we have -- and of course you can't say state, you have got to say now local governments, that some building has been going on in California apparently on the assumption that it will never happen again and they have said it is just -- you cannot subscribe to such a belief, that earthquakes do recur as long as the faults are there, and they are concerned that we have been careless just as I said sometime ago, perhaps we are going to find with our rapid growth that we have been a little careless with regard to the location in the line of flood danger, to some of the places that we have built up, that we have used for development. Not only hillsides, but canyons and so forth, and if we are going to have a wet cycle and this is going to be a fairly normal kind of winter, we are due for some re-evaluation.

Q Do you think some legislation might be in order with regard to the earthquake zoning?

A Well, I don't know that these experts have suggested any because mostly these warnings have been to local zoning authorities, local communities. I think the mission of this group is to outline the realities and again I'd want to think long and hard before we chose some potential situation to again have the state intervening in what should be local matters.

SQUIRE: Any more questions? Thank you, Governor.

---oOo---



PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD APRIL 9, 1969

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 apidly as possible after the conference, no corrections are made and there is no guaranty of absolute accuracy.)

---oOo---

GOVERNOR REAGAN: Well, some of you fellows are having double sessions just like some of the schools today.

Q What, Governor, are your comments on the statement of Mr. Unruh this morning that the tax bill is a fraud and a few other things, highway robbery?

A Well, you know, when you work this long and hard, and have a couple of task forces working on a tax reform program, your concerns -- you hope that you've come up with the best answer and I wasn't really sure that we had until I heard Mr. Unruh's remarks and when I find someone who's had a great many years of opportunity with the majority party here and in the administration of his own particular political belief, and all they had to show for it was a state that was in almost a complete disaster situation financially, first of all I have to say in checking his remarks that either he has no comprehension whatsoever of what is in the tax reform program, of what constitutes a good equitable tax program or for partisan reasons he resorted to a complete distortion of the facts and he'll have to answer as to which one of those he did because obviously he was not referring to this tax program with his remarks. First of all, it is an outright falsehood to claim that this program will net the state of California any increase over the present tax system. We have made very sure that this will not be used as a substitute for a tax increase and we guarantee

that to the people of California.

Q Your response specifically to his charge that your whole plan is nothing but highway robbery, pure and simple?

A Well, now, you see I've never wanted to fight a fellow on his ground and he must know more about highway robbery than I do.

Q What about the rich get richer?

A Well, the very curious thing is that if he would bother to look at the present tax structure he will find that the total tax structure of California, local and state, is so geared today that we discovered that at the very bottom of the economic scale or earning scale and at the top brackets of the economic scale is where the discrimination comes. Both are paying too much. There is a great increase that runs from about 14 per cent of earnings at the bottom of the scale where people are paying no income tax at all, back up, down, through around 7 per cent in the middle brackets and back up to about 11 and a half per cent in the upper brackets of income. Now, the income tax is geared progressively, the state income tax, to offset the regressive features of the property tax and the sales tax. We found that the sales tax is very slightly regressive, contrary to popular opinion. We found that the property tax is terribly regressive and we have solved this in this proposal. It will still leave us with a certain graduation of tax burden for the upper incomes which actually is not proper. The federal government, yew, they're redistributing income. Local and state taxation is supposed to take the same proportion of earnings from each person regardless of his situation, and we are fairly close to that in California, but still have some inequities. So, to have graduated the special education one per cent that we want to add to the income tax for education, to have made that progressive would have only increased an imbalance that we now have in the present structure.

Q Governor, it was only a short time ago that you announced a proposal that would reduce -- cut income taxes by 10 per cent next year.

A Yeah.

Q And now a scant 10 or so days later you announce a proposal that would in effect raise income taxes as much as 50 per cent for a lot of people. How do you square these apparent contradictions and philosophy?

A Not at all, we are still going to give the money back if the Legislature will give the approval. We have a one-time windfall of \$100 million dollars to give back next year. We are not -- we are, it is true, raising the income tax offset by a comparable reduction in the residential property tax, which will benefit greatly and the most those at the lower end of the scale because as I have pointed out, the regressive feature of the property tax has made the lower income brackets paying an excessive amount. Now, I don't think there is anything to explain there. The idea was to redistribute and make more equitable the tax burden, to spread it more widely. Second, was to give property tax relief because it has become so regressive that it is actually interfering with the housing industry in California, and the third was to find a source of revenue that could be made available to education, public schools that would not be solely the property tax which is a regressive and inelastic tax, and we have done this. Now, we have checked and very shortly we will make available to you examples on the salary scales from about 7500 on up to the -- the top brackets, and on house values and three brackets of assessed valuation of the homes ranging on up into the luxury homes from the average housing, and when this is made available it will show you in the examples that anyone -- and this is comparable at the top brackets as well as the lower, anyone who is living in an area where his property tax is around the five to the 7 dollar -- 7 dollar and a half level, he is actually going to get a reduction in taxes.

The person who will have an increase is the person who happens to have that same income, same value home and lives in some of the districts here in the state where the property tax is down below \$3.

Q What about the renters, Governor?

A Now the renters, the best that we can do -- remember this, that the renter to a certain extent has enjoyed, those with children, a subsidy in public education at the expense of the private home owner, and now what we can do for them is defend and believe something in the laws of free enterprise and we as you know, have included in this message the idea that the landlords will be required to show their renters the reduction in property tax that they have enjoyed and then you've got to assume that the renter is going to begin to exert some pressure and use competition if need be to get an adjustment in which this is reflected for him, too.

Q Governor, if I can quote from your State of the State message, you said "at this time I think it appropriate to repeat to you a pledge I have made many times in the last year. Under no circumstances will I support or sign into law any tax increase." Now that language is pretty clear unless you meant that perhaps tax reform was not one of -- was one of those circumstances under which you would sign a tax increase.

A Gentlemen, I have not signed and I'm not suggesting a tax increase and I would have to question here if some of you aren't very anxious to try and distort this into a tax increase. I have told you that when you add up this tax program it will bring the state and the local governments the same amount of revenue they are now getting from the present structure. It does redistribute this. It does, we believe, make it more fair and take less or take some of the burden off the home owner and attach it to what I think is a fairer and more elastic tax, which is income and sales, the combination of the two, which are more geared to our economy.

Q Governor, isn't this concrete around your feet sort of

cracked if not shattered completely as a result of your voluntary withholding plan?

A Now I -- I'm glad you asked that because I just want to re-emphasize my feet have never been firmer in concrete than they are at this moment about that and here again if you look back on anything I have ever said about this program, this idea of a voluntary system I urged two years ago, that employees and employers get together and on a kind of a same type of plan they used for payroll deductions for United Fund or Community Chest, and so forth, that they could use this. There has never been any question that there is a convenience for the individual in installment buying or installment paying for anything, but I have always pointed out that the drawbacks of compulsory withholding were number one, that it was compulsory; but number two, that it was mainly for the benefit of the state. Now, if there are people with -- particularly this increase now in that form of taxation, if there are people to whom it will be an advantage, we have offered them four various ways, three of which will allow them a form of installment paying and it is voluntary and I see nothing wrong with giving the citizen the right to pay his taxes in the way that is most convenient to him, as long as you don't force him too.

Q Which one are you going to take, Governor?

A What?

Q Which one are you going to take?

A You know, I haven't talked this over with anyone regarding tax advice right now. I could see myself choosing the one, I tell you, that I lean toward the most, that I like is the installment paying. On the other hand, you check and find out whether by hanging onto your tax you can have a better advantage in investing it until time to pay.

Q Governor, your program makes -- requires compulsory withholding for anyone filling out an income tax for the first time. How can you defend that?

A Well, I tell you how I defend it, because it is in the law

now, Bill. All we called attention to is the fact that the tax collector in California of income tax now have the right if they think there is jeopardy that there is a possibility of tax evasion or leaving the state and so forth, the law now says that the employer -- the tax people can ask the employer to withhold the money.

Q Governor, do you want this tax program passed by the Legislature this session?

A You bet I do, and any hint to the contrary is ridiculous. We have been as long as we have been simply because we have been burning the midnight oil and spending more time on this than we have on campus riots and that's kind of a new thing for us and this was the quickest we could come in with it. We -- we want it acted upon. We realize that part of it requires constitutional amendment and that of course can't take place until the 1970 ballot, but we want this acted on as quickly as possible.

Q On this first year mandatory withholding, have you any idea how many people would be involved, what the windfall would be and do you plan any forgiveness?

A If there is any windfall at all we have made it plain if there is a windfall that it will go into a special account earmarked to be given back to the people, much in the same way that we want to give back the \$100 million.

Q Wouldn't this first year mandatory -- to people who are not considered risks like a student getting his first job, someone coming in out of state for his first job in California, people who wouldn't ordinarily be considered risks as under the existing law?

A Well, I don't think so and again as I say, this is not an important part, this was simply to say first of all there's been such confusion about how much money the state might be losing by way of this kind of defrauding and frankly, our figures have never matched some of those figures of those who insist on compulsory withholding, we don't think there's that much lost. If there is a

need to plug a loophole there, we are referring to a fact of a law that already exists.

Q Governor, in one place in your message you refer to desirability of a minimum exemption and elsewhere you talk about the existing inconsistencies and loopholes, they should be terminated. I don't see any proposals to do that. How do you propose to get rid of the loopholes that allow the very rich to take advantage of them and not pay as much income tax proportionately as he should?

A Well, I tell you my own view on this is if you -- when you start checking into -- remember in this, this also we have had spelled out in detail, is how we would like to make this piggyback on the one form, the federal form, and so there are some details of this kind to be worked out. I have never been one who really believes as is being talked at the federal level today, that the answer to some of the so-called loopholes is a kind of punitive tax. If there is something wrong with the present deductions that are allowed, correct the present deductions.

Q You imply there is -- you say here there are loopholes which are inconsistent.

A Well, I think there probably are. I think all of us are agreed to that, any time you have a hodgepodge tax system that's grown up there's no one who will top me in criticism of the federal income tax right now.

Q Governor, does your statement that the mandatory withholding for the first year is not an important part of your program here mean that you are open to negotiation on that particular provision?

A Oh, I don't think it was ever intended in there in the reference to ever indicate that this was a do or die type of thing. We -- if there is a way that we can tighten up and make sure that even ~~no~~ one dollar is cheated, we'd be very happy to do it.

Q Governor, in a city such as San Francisco, where the apartment vacancy is about 1 per cent, is it logical to assume that landlords will pass on their tax savings to the renters?

A Well, we've done the best that we can do in that particular situation. The only alternative would be rent controls. Now, I think this would be an \_\_\_\_\_ to anyone in our philosophy, certainly I would not advocate it and I think there are -- I think there is a great variance among landlords. I think there are many landlords who have been swallowing tax increases down through the years at their own expense and there are others who probably have passed them on immediately to the renter and I think the most that we can do is the publicizing of the fact that they have had a tax reduction and the information given to the renters and then leave it to the renters.

Q Governor, in the past, one of the objections to withholding tax has been complication it creates for employers, particularly small employers. Your Finance Department says that there would be, I think, four separate payroll systems. Now, an employer would have to maintain for the four categories of his employees and the different options --

A No, not involving employers, it would only be two.

Q What about --

A One of them, that the installment, that's up to the individual. The fourth one is to do nothing, to do just what he's doing now, wait and pay at the end of the year.

Q Which is --

A The other two is to set up a payroll withholding voluntarily in which also I would point out that we are -- and this has never been done in this country before -- we are going to compensate the employer for that. The individual is not only going to get a discount for paying cash in advance, but the employer if he does this is going to be compensated. We are not going to get a free tax collector as the federal government now has in the person of the employer. And the other way is again simply reminding them that the present thing that is now done with so many funds, have employees -- having the employer withhold and simply put in an account for the individual money which is at the individual's

disposal if he wants to get it back.

Q You just named four categories.

A Yes, but only two involve the employer. The employee who wants to pay quarterly, his employer isn't involved at all, he does that himself. If he doesn't want to pay until the end of the year, he does that himself. The employer would only be asked by the employee either to withhold and submit to the state, or if they wanted to set up the kind of deal that we are talking about where it is simply put into a bank account for him and at the end of the year the employer gives him his money, this would be -- these are the only two that would involve the employer or any bookkeeping.

Q Plus the mandatory withholding for new people just --

A As I say this is -- we referred to a law that already exists.

Q Governor, the Chairman of the First Committee that your tax reform program is to be heard in, Mr. Bagley, is the author of a rival tax reform program, he's a proponent of conventional withholding, and has already expressed some reservations about your program. Do you really expect it to come out of that committee intact?

A Oh, I don't know, I always feel about Bill, that as long as he gets over reading what you fellows have said about it and reads the program itself, he'll come around, maybe.

Q On the same premise, Governor, how inflexible or how flexible are you on your -- the end result being at least coming out in the philosophy you've presented it, but maybe not in the same wording; how flexible are you on this line of program now for this reform package?

A Well, we have certainly an open mind. The amount of time -- you will find both task forces reflected in this, the amount of study that has gone into this and the amount of time, it would be ridiculous for us to now say that a light suddenly dawned and we have all the answers. If some one could come up with a worthwhile suggestion that goes along with this philosophy, we have

an open mind; we are ready to hear it, but there are certain things we will not retrace on. We will not retreat in the idea that this is not going to be used to increase the taxes for the people of California. It was never started from that standpoint and we are inflexible on the idea that there must be a practical relief for the property taxpayer. Now everybody, including Jesse Unruh, has been talking about this for a long time and here is an opportunity for real property tax relief and the other is everyone has been talking about the need to equalize the school payments to solve the poor and the rich district situation in our public schools and to take or to find some source of revenue other than the property tax. Today there is only one way to increase revenues for the schools. I can increase the property tax rate or come in and tell a fellow his home is worth more money than he paid for it or that he believes it is worth to him.

Q Governor, what is your reaction on the County Supervisors Association criticism of the program that is specifically the lid on their tax --

A <sup>only</sup> I've heard/the complaints of one representative of the county association. I do not know that that reflects the County Supervisors feelings. I have to say here that I see nothing wrong with -- in the area of taxation, with allowing the people a voice on determining the tax increases. This is why we have also proposed that the Legislature -- that we suggest the Legislature, or propose the Legislature have to have a two-thirds vote to increase taxes. I think also I would be sympathetic to the Legislature when they propose a spending program having to at the same time state clearly to the public where the money will come from or whether the money is available for that program or whether they will have to ask for more money and how it would be asked. I'm -- this was never intended to undercut local government and I don't think it does. But I think it does give the people an opportunity to express themselves in the event of an increase above a certain ceiling and thus an explanation needed as to why that increase is

Q One of the questions along that line, you talk about in your program about a 60 per cent vote, favorable vote. Would you be willing to extend that 60 per cent limit to local bond issues, school bond issues?

A Well --

Q If it is all right for the Supervisors and so forth, will it be all right?

A I don't know, I'd certainly -- I'd listen to arguments on that. I'm not wedded to a complete two-thirds thing, but we didn't see any need to put that in there, it had nothing to do with this program, but someone wants to talk about that I'll certainly listen to it. We felt it should be more than just a 50 per cent plus one.

Q In regards to the schools there's already been some complaints heard from school districts that the money that you put into this for turn back to districts will not support many districts at the same level that they now have. One superintendent, for instance, said to me that equalization he had aid in one district in his county, is \$337, supplement aid; some districts get as high as \$397, and yet his understanding of it is you'll take 80 per cent of their property tax away and he doesn't think that that will supply the \$113 to make up the \$113 additional for kindergarten through sixth --

A I don't think he quite understands it. We start out from kindergarten through sixth with \$500 ADA statewide and it goes to \$600, it goes to \$700, and then it drops back to \$450 for the adult education classes.

Q I should have prefaced that, I was talking about just the levels he gave me, kindergarten through sixth.

A This would be at the rate of \$500 so that if they didn't have any other source of revenue we understand that basically this would provide the basic education. Then the property tax that remains, the one with the ceiling on it, and with the permission to go above that ceiling on a 60 per cent vote or for those districts that might want to afford some luxuries as they do today,

over and above the others, that's their privilege, they can do that if they want. But we are providing statewide that there will be no totally impoverished school district unable to maintain a minimum education.

Q Governor, we've asked you this question before, but there have been some subsequent developments, so I want to ask you again, the Senate meeting this afternoon, Senate Republicans are meeting this afternoon to talk about reorganizing. Would you like to see the Senate Republicans elect their own Speaker, a President Pro Tempore and have their own committee chairman, completely reorganize the Senate?

A You know, I've tried to keep my nose out of what's going on up there. Evidently it is no secret to anyone, it seems to be happening in the Senate, is that you have several Republican Senators who would like that position. Each one has a group of Republicans supporting him and they cannot unite behind one candidate but that's a decision that they are going to have to make. I'm quite sure they are getting pressure from home. I think a lot of people have worked very hard to bring about this day of a majority, and are unable to understand why they cannot see the fruits of that majority reflected in a -- in a Republican President Pro Tem and a Republican organizing of the Senate.

Q Incidentally, these Republicans that are in town today and spoke with you, did that subject come up?

A Yes, and they said that they themselves as chairmen of the organizations and of their counties are getting the same pressure from the rank and file Republican.

Q Are they doing anything about it?

A Just relaying the information.

Q Are you dissatisfied with the way Senator Burns has conducted the office of Pro Tem in relation to your program?

A Well, now, Mike, with a fellow who's just introduced a tax reform program that we think is most --

(Laughter)

A -- I love everybody. Even Bill.

Q I want to go back to the tax reform program for one question. Suppose the Legislature just wanted this session to adopt your voluntary withholding plan and apply it to the existing income tax rate, regardless of your -- would you accept that or is it conditional on a higher rate?

A On the voluntary withholding plan?

Q Yeah.

A I never have thought about that before, but you mean if there was no change in tax reform or anything?

Q Yeah.

A I can see no harm in a voluntary -- in the voluntary thing. As a matter of fact, for two years I've been -- I haven't thought of all of this, this idea of going beyond the kind of Christmas Savings Club that I've been proposing is Craig Biddle's and it sounds like a good idea and this is -- as I say, I have no quarrel. A citizen when he voluntarily wants to do, and will be convenient for him, instead of a compulsory system for the benefit of the state, yes, I'd want the same strings tied to it that any windfall would go back to the people.

Q Governor, you mean to say that you are doing nothing to use any power of your office to get a Republican Pro Tem of the Senate which is something that you've -- I think have told these volunteer workers that they would be able to have if they worked hard in these elections?

A Well now, Bill, I learned at the expense of a few scars in the first few months I was here that there are certain doors you don't open upstairs if you are sitting in the corner office downstairs, and I ask and put my hand against the door to see if there is fire on the other side before I open it. And no, I am -- I am not.

Q Does that hands off attitude extend to the possibility of the Republicans seeking a coalition with liberal Democrats to unseat Burns?

A Well, I don't mind saying I would hate to see that happen. I think if you are going to get in bed with someone it ought to be someone who thinks like you do.

(Laughter)

A Print that. Purely platonically.

Q Do you have any -- if you were making any guesses about what's going to happen in that caucus, even if you are taking a -- if you are not getting directly involved with it, do you expect to see a Republican pro tem this session?

A Have I got any guesses as to what's going to happen this afternoon in the caucus?

Q Or this session, do you expect to see a Republican elected to President Pro Tem in the Senate.

A Well, wait a minute, I was thinking about -- I don't think any farther ahead than I understand they are having a meeting this afternoon. I just have a hunch that the situation will be the same tomorrow morning as it is now.

Q In other words, you don't think that they will be able to unite behind anyone this afternoon?

A That's just my -- my opinion based on past performance.

Q Do you hope they unite?

A What?

Q Do you hope they will unite?

A No comments.

Q Governor, I understand on the campus it seems relatively quiet now. Do you think this is a result of the stand taken at San Francisco State and what do you look forward to in the future?

A Oh, I think that what's happening is a -- reflects the firm attitude not only there but that was taken at Berkeley. I don't say that the war is over. This has been made pretty plain recently, stories carried in some of your own publications that some of the things that we suggested sometime ago are true, that this is a rather organized revolutionary type of movement, they are not going to give up. I expect to see if they can some issue

or some incident arise that gives them a chance they will try to get the momentum going again . You may have some sporadic outbursts but if we continue to treat them in the same manner and just as firmly I think we have proven and proven to the nation that this is the answer and this is the only way to handle it.

Q Do you think the Nixon policy statement was strong enough?

A Well, now, I can't claim to have read the entire Nixon policy statement. I only have to go by comments that I've -- that were made in advance of that at the Governor's Conference in Washington, and subsequent remarks that I have -- I know his philosophy and I know his approach and I think it is proper, I agree with it, that the federal government beyond where it is required by its own funding to be involved, that this should not be their particular problem, but as I understand his remarks if they reflected what I'd heard before, he believes in a firm approach and that you cannot tolerate this kind of insurrection on the campus.

Q Do you consider it a national program, do you consider it a national conspiracy to involve the federal government?

A Oh, I think it is nationwide, I think you look at the recent story that just appeared in one of the metropolitan papers from the Bay area, fairly well documented with the travel schedule and the locations over the last year of some of the ring leaders that have caused this trouble and you have to decide that they -- they have the wanderlust. They have been in a lot of campuses and a lot of cities lately.

Q Governor, since we are on campuses, there's been some confused reporting about what you meant by your comments a couple of weeks ago that college professors ought to somehow be screened to reflect more conservative thinking. What exactly was the meat of your comment?

A Well, you are right that the remarks have been somewhat confused about what I said. And let me simply say that basically whether I made this clear or not, what I'm trying to say is frankly

I think political and philosophical considerations have been involved in the hiring of professors and I -- and faculty members, and I think this should come to a halt. The end result is not political <sup>what</sup> screening; / we want is screening that ensures not only the competency of the teacher but the fact that his particular personal bias or philosophy will not be injected into his teaching so as to cause indoctrination along one viewpoint and I have since been upheld I see by a number of educators, including Dr. Hayakawa who said yes, that this is true and he said that there are a number of leftist groups in faculties and that are seeking the same -- those of the same philosophy to join them, but he knows of no rightist groups in any of the faculties.

Q How is this done, Governor, how is this screening, what you suggest is already in effect, executed?

A Well, I think this comes from the system of faculty hiring in which if you have a department and a department head who simply in hiring goes out and seeks those who are sympatico with him and with his views, pretty soon you have a department that is all one way and one which -- not it is not true that I ever suggested political testing. I think this would be certainly the worst thing that could happen to education. What I have tried to imply and not me alone, what I tried to point out is that this has been the subject of discussions not only among Regents but among faculty members and among chancellors to the end that they recognize that there has in all too many of our campuses grown up a sort of one-note philosophy on the part of too many faculties and they want an answer to it.

Q Would this kind of political interference -- alleged political interference be halted if the power of hiring professors was turned over to the trustees and the Regents?

A Well, I don't know whether it is oversimplification to go on past records, but remember this was -- this was an authority the Regents always had until three years ago and voluntarily they

handed this over to the faculty and -- and the chancellors in connection with them, and evidently in years past this situation had not reached the proportions that it has now. Now, whether there is a connection, I would be inclined to believe there is a connection, I think that -- I myself, and I've undergone a change in my great belief in local autonomy, I came to this office and to the Board of Regents believing in more things of this kind and I've had an opportunity in two years to see that in this particular instance it doesn't work. And I believe the Regents who are responsible for this did act precipitantly in giving away that authority. I think they should take it back.

Q Governor, this statement that there are leftist groups already existing in faculty seeking to embellish their own membership left hanging there just like that tass every faculty on every campus in this state. Can't you or anybody be more specific?

A Well, I didn't intend to tar anyone and I was quoting Dr. Hayakawa, but this was his statement.

Q But you give it substance when you repeat it.

A Well, I thought that I contained the qualifying words, too many faculties, I didn't say all. I think it is a matter -- as a matter of fact you can look in our own system and you'll find some of our institutions that have no problems of the kind that have been besetting the others. I could name from personal experience departments in some of our university campuses, in the social sciences that are not subject to this, that are well-balanced and doing a fine job in that regard. So it is not an attempt to blanket-indict or name all faculty, but you will find innumerable instances in print from academicians themselves stating that one of the problems of higher education in recent years has been a tendency toward one philosophical note throughout education.

Q Speaking of Dr. Hayakawa, do you think he might be a formidable Democratic candidate for Senate or for the State Superintendent of Public Instruction or whatever else he might?

A I'll just have to go by his words, he's a semanticist and he said the other day he was just getting through used to being an administrator in the academic world and he wasn't interested.

Q SQUIRE: Any more important questions?

(Laughter)

Q I have one on another subject, I've<sup>been</sup>asked to ask you a lot of reviews now on the first 90 days of President Nixon in office, and from your standpoint as Governor, do you see any change, have there been accomplishments that you can count or --

A Yeah, I can get a lot of fellows on the phone back there now.

(Laughter)

A Well, I think again there is no way to point to any great course that is already evidence, but I only remember back to my own first 90 days also and knowing how many fold his problem is in organizing an administration, the difficulty of getting people in assignments, I think that this has to be looked at as still an organizing period. It is a little different than when President Johnson took over as he did with an administration going of his own philosophy and own party and to have to come in and set up a new shop. But I think there are indications -- I think Secretary Laird has indicated some of these in the Defense Department and as has been evident in the testimony before the committees; we've had callers out here from departments such as Agriculture and Health, Education and Welfare, soliciting advice as they get into this information -- and help -- when I say advice, I don't mean it in that sense, I mean soliciting our suggestions as to problems that we have known in the past and if we have any ideas to help them in resolving these problems. I feel that there will be a change. I think that -- I think it was pretty evidence that he had deliberately chosen an orderly slow process rather than going in and throwing a bomb the first week just to let people know

he was there.

SQUIRE: Governor, there are two questions in the back we ought to get this over with.

Q Governor, the Assembly subcommittee has removed \$650 thousand dollars from the Cal-Expo budget from your budget. Do you agree with that idea?

A I not only disagree with it, but I hope that the Senate in its judgment in the balance of the Legislature will see that this is reinstituted because actually by their action, if that action held up there are no funds to even provide maintenance for the grounds and buildings or guards and we have inherited this problem, and I think over the two years we have been trying to get it on an orderly and a businesslike basis and it has called for some retrenchment and the answer is not to suddenly close down when you realize that there's quite a considerable expense in even maintaining the place closed, to shut off all sources of revenue or use I think was a very ill-advised move that they made.

Q Governor, both leaders of the both houses have indicated a desire to adjourn June 6. Is two months enough time to get your reform taxes through?

A Well, I would -- I wouldn't want to see them adjourn without doing it, but I would hope they could do it. The idea of adjourning in June is sure an improvement over the last two years.

Q I have one question. Governor, if what you say is true, that the Republicans will not be able to unite behind a leader this afternoon, would you be happy to go into the rest of the session and trust your program to a Senate where a Democrat is head of the Finance Committee and a Democrat is head of the Revenue and Taxation Committee?

A Well, if I had my druthers I'd have a house that was unanimously Republican on both sides, but in a two-party system you can't have that. We have always had and I think you gentlemen are more aware of that than I have been, that the Senate has prided itself on approaching problems from less of a partisan standpoint than the Assembly and so we have found if you look over the past record we have found that on matters of responsibility to the people that we have been able to get bipartisan cooperation in the Senate and I would expect that we will get the same.

SQUIRE: Bob has got a question back there.

BOB: No.

SQUIRE: Thank you, Governor.

---oOo---

4/15

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD APRIL 15, 1969

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.)

---oOo---

GOVERNOR REAGAN: Good morning. Good morning all.

Q Governor, there is a tax bill coming down to you perhaps on increasing the gas tax for flood damage. What is your position going to be on that?

A Well, Squire, once again I hate to -- knowing that that particular bill has been added to and subtracted from and has a lot of facets in addition to a possible increase, I'd rather not comment till I see what the finished bill is. I know that the sentiment upstairs is in favor of approaching the flood damage by way of a tax increase, and we're still collecting and assessing damage reports on this. But I'd rather not comment until I see what's in the total bill when it comes down.

Q Would it be possible to find enough money in the pipeline of highway funds to take care of the situation?

A Yes, of course, but the way we are bound in by so many, I still believe on the basis of reports in there is money in what's called the float that could do this, but it requires legislation and if the legislature is fixed on the other approach to it, why this could create some problems.

May I interrupt the questioning just one second, we have some visitors, journalism class under Professor Henley from USC. Glad to have you here. Now everybody be on their good behavior.

Q Governor, what's been the response to your office to the tax reform program, I mean in form of letters and public response?

A Well, as a matter of fact, I think it's been good. We -- of course you get letters pro and con based on their first assumption and their first jump to conclusions of what's in it. The most

impressive thing I think has been the editorial support throughout the state which has been greater and more widespread than we've had on almost any controversial issue, and I would assume in the editorial comment this is based on some pretty in-depth studies of what it is we have proposed.

Q Governor, each time we have had a journalism class you told us to be on our good behavior. Just what do you mean by that?  
(Laughter)

A Well, I feel that the capitol here has a responsibility as do all citizens to if possible aid in the educational process and so I want them to become journalists in the best tradition and therefore I expect you all to behave in the best tradition.

Q Governor, speaking of tax reform, a Democratic Assemblyman has proposed the complete abolition of property taxes. What would be your reaction to this?

A Well, this would have been the very -- the very premise from which we started in ours. We've had some discussions on this I think that basically and philosophically we are in agreement and in disagreement only in the matter of degree. In principle we are in agreement. We discovered in our long-time study of this problem of getting at it that it was impossible mainly because of some of the distribution problems to go all that way. I've referred to the property tax and I'm not sure that philosophically you should completely eliminate it because there is a principal of taxation that involves the rightness of where possible assessing a charge for a service against those receiving the service, and there are services that do go simply with property, in the line of sewers and street maintenance and fire protection and so forth, so you start breaking it down as to what properly belongs back with property. In principle what I think we should be advancing toward and what we have tried to do in this tax reform and I think have succeeded to a large extent, begin to remove from property tax those programs that are not related to property, such as forcing the property tax owner to be the sole supporter of education, and we believe that education and public education should be supported by a broader-based tax that hits more of the population than just the property owner. In this regard let me just say once again I think that we have in our program -- I've had indications already of bi-partisan support in informal discussions that have taken place, I've had some of this volunteered to me, because we have met two of

the greatest problems we set out to meet, one property tax relief and second, to provide a source of income for public education. that was broader based and more elastic than the property tax. Now we have done this by the simple device of <sup>taking</sup> an income tax schedule that starts at zero and goes to 10 per cent and changing that to starting at one per cent and going to 11 per cent, at the same time that we reduced the residential property tax by 50 per cent. Phil, you had your hand up.

Q Yes, Governor. On Friday Regent Pauley will bring a plan before the Board of Regents to give back to the board that right to hire and fire professors.

SQUIRE: Are you done with taxes, Governor?

A No, but I can also say, Flynn on this without interrupting -- or Phil on this, Phil, I'd rather not comment on something that I know in a few days is going to come up at the Regents meeting for discussions and take a position here. I know that they have -- a number of Regents have been continuing to work on that whole subject and whether the same proposal will be presented as he previously presented at the other meeting, I'd rather wait and save it till in the public meeting we get into the discussion. Now, do you want to get back to taxes?

Q Governor, has Senator Burns informally or otherwise offered you his indication of support on this tax bill, tax reform plan of yours?

A No, we've had no discussions at all on that. There have been others and as I say, and I'd rather not name them now, who have indicated their basic agreement with it. Some have suggested as always would be true, that they have certain differences that they want to discuss when it gets into the matter of hearings and in committees. But a -- I'm greatly encouraged that we do have a kind of general approach to this that in principle we found an answer.

Q Governor, Assembly Revenue and Tax Committee is hearing Mr. Bagley's bill on withholding today. Assuming that gets to the floor, would you try to have -- have it killed there or is it your desire that that happen?

A As I said before, I'm still a -- I think that we've solved the matter of the convenience of the individual with regard to installment paying, if you want to call it that, now that we are

increasing or proposing increasing the income tax to get away from that single big payment at the end of the year and I believe that it can be done on a voluntary basis and I don't see any need to use compulsion on the people to achieve something that can be done voluntarily, that will meet their problem and at the same time -- well, that's the main principle, to meet their problem.

Q Governor, have you had any reaction from business at all on that voluntary withholding, I mean despite the fact that you offered -- the plan offers to compensate them for the thing -- has there been any complaint as to the nuisance value of two or three different ways of handling payroll?

A No, because some businessmen have said that if it should ever come to the place that they have told us that the -- particularly in the bigger businesses, that the -- they could handle the bookkeeping, sure, but also you must remember that in our voluntary system we are doing something that's never been done before, we are not making them unsalaried tax collectors for the state, we are offering to compensate for what we are asking them to do.

Q Governor, the State's approximately 7 and a half million employed persons, about one and a half million work for government, how do you propose to pick up that bookkeeping expense? Suppose the federal government says sorry, we just can't be bothered with it.

A Well, you mean our state employees, what would be our problem?

Q First the state and county employees and then the federal employees.

A Well, as far as the state employees are concerned, again this is a -- is a voluntary situation with them, but we're discussing with our own employees right now what manner that they might want and offering a volunteer setup. We already have deduction plans for United Fund contributions and so forth with state employees, and I think the same would be true of other echelons of government.

Q Wouldn't it cost the government a great deal more money to set up these multiple bookkeeping arrangements?

ED MEESE: Governor, the bookkeeping system is already set up to do this under present existing state administrative regulations.

Q Have you ascertained whether or not once an employee makes

a decision how long he's going to have to be frozen into that? Obviously he couldn't be switching back and forth in any major --

A Well, I think there are many details and specifics of that kind that have been left open in this for the legislative process to handle. We admittedly did not submit in exact detail how all of these things would work out. We submitted a plan and this is the purpose of the legislative procedure now that will take place, iron these things out.

Q Governor, do you expect the tax reform program or a great deal of it to be adopted at this session of the legislature?

A I have great hopes that it will be. I don't think there's any reason to delay. I know that there are some who are already talking from a political standpoint that this should be delayed and I think that's ridiculous, because if this is the eve of the '70 election and therefore they should base their decision on what they are going to do for the welfare of the people on the effect in the '70 election, when the '70 election is over the '72 election is hanging over them, and when that one's over, the '74 election. There is never a time when you are not on the eve of an election here in the state, and I think there are some things that should be approached by the legislature on a bi-partisan matter as to what is good for the people and not just what might benefit someone in a coming election, and I think this is very definitely what both parties have talked about tax reform; both parties have talked about property tax relief. Well, we have come up with a proposal now for 50 per cent property tax relief, residential property tax relief, and it is a matter now of degree and detail as to agreement or disagreement, but I -- I doubt that there is any strong faction upstairs that is going to simply say let's shirk our duty on a partisan basis.

Q It took you over two years to prepare this recommendation since you had this in mind right from the very beginning, and I'm wondering whether the legislature can be expected to consider it in say two months.

A Well, there is something in preparation also that you have to say that now there is no need for them to go back over a lot of the spade work that finally led to this. There is access to -- in other words, we can explain -- and in the presenting of this and

in the hearings before the committees, can explain what it was that led -- when there is a question as to why one proposal and not another, without taking two years we can say this is what we found wrong with the other proposal. This is why we have suggested what we have. But also the legislature itself has a great deal of experience and information. They too have been studying tax reform longer than two years, coming up with proposals that they themselves discarded. Well, there is no need in going back over all of those again.

Q Do you have any plans, Governor, to take your case to the people, so to speak, stir up enthusiasm?

A We are going to explain it just as we did the budget, we are planning on going before the people and trying to give as complete an explanation of this as we can. Remember that this -- this tax proposal of ours, whatever they may do with it upstairs, this fits every -- and follows every precept, every idea that we've said for the last -- more than two years that we were going to try and answer, the property tax relief, the no increase, the financing of things like education with more flexible taxes geared to our type of economy and we think we've met them in this tax program. Above all we want to emphasize that some of our differences with some of the other tax proposals are that they in effect under the name of reform result in increase and ours is not a tax increase. It will deliver no more money to government than government is now getting.

Q Governor, you've spoken often of having a tax system that will keep up with -- that will grow with the economy so that you won't have to keep asking for new tax increases every other year, every three years. Will this program do that?

A It comes closer -- no tax program is ideal. There are so many factors involved, particularly we have to tie the local in with the state, but in one instance, for example, to tie more of your income to the combination of sales and income taxes you then are tying to a -- to the exchange of money in such a way that as inflation raises prices and raises salaries the tax geared to those two also goes up without changing the rates. But when you have to meet these same inflationary problems by going back to a home owner and increasing

the assessed value of his home year after year you finally have put a price tag on his home that he can no longer afford, and he would never have bought or built a home in that price range to begin with and the home is not increased in value to him at all, it's the same home that he built in the beginning and yet you are now calling it double or triple in price and taxing accordingly and finally he looks at the tax bill and says, I no longer in my career, in my income, I can no longer afford to live in this value home.

Q Governor, doesn't your answer assume that the boom will go on forever if you -- if you are tying it -- much of your taxes directly to the sales and the income. If there is any recession, why then you have less tax, don't you? And aren't you going to have something frozen maybe here in the constitution that you don't want?

A No, because what happens if you do have a recession, what happens if as in -- well, in the great depression when prices dropped and salaries dropped fantastically, there can be no preception that government can stay up at a level that it now is and the rest of the economy go down. It has to be that flexible, obviously you are not going to go on buying automobiles for the state government at the same price you are paying now if a depression or recession has brought the price of those commodities down, the prices of the supplies we buy. The salaries will remain or will follow and be comparable to the salaries out in the free enterprise sector, so you have to face this,

Q Well, carrying on with that, in my previous question, can you say with this tax program that given a growing economy as we have had that California can go x number of years without another tax increase to finance its state government?

A This is the ideal that you are working toward and this is what we're seeking to do. I think that we're closer with this than we are with the present tax structure. Now, this does not eliminate the possibilities that if a legislator that comes up with a program, that he wants to offer to the people as a government service and is going to add more to the cost of government, then that legislator is duty bound to suggest some way that the people are going to have to pay for it. This, incidentally, is one of the other factors we

tried to produce in this tax reform and that is more visibility, the awareness of the individual as to what his share of the cost of government is, so that he then can make his wants known to a legislator who is suggesting some additional government service at a price.

Q Are we ready for another subject, Governor?

A Well, one back here that says no. What?

Q I was going to ask the same thing, to switch the subject.

Q Well, in that case, the AFL-CIO says your youth employment program that you announced the other day, does great violence to the child labor laws. What is your reaction to that charge?

A Yes, I've read some of Mr. Pitts statement and once again I think Mr. Pitts is trying to create an issue there. He's been -- I doubt if Mr. Pitts would approve a Mother's Day resolution if I introduced it. We have found in our efforts to provide youth employment, particularly the kind of jobs in the summer that will help a young person who is trying to get an education be able to finance that education, we have found some of the obstacles to youth employment, some of the things that have contributed particularly in the minority communities to a great increase in youth unemployment in this type of work, some of the laws and the regulations which with the best of intention were passed, we seek a change. For example, we found there are certain types of work that they were once employed for that no longer are -- this work -- the work has disappeared because it isn't worth the price of the present minimum wage. So for this type of employment we have asked for a reduction. We also have some programs and a very estimable program that was put into effect right here in Sacramento last summer, and this is a combination -- and it goes throughout the year in some instances, a combination of work and going to school and an hour limitation on this has again put a barrier in the way of young people getting jobs because when they add up the hours they put in school, the limitation then and the hours available for work -- we believe that this combination of work and school, that we can loosen that. We've also found that some of the regulations that were put in with regard to driving of trucks, pickups, driving tractors and so forth has been classed dangerous for an age of young person who today in his own life in many instances is running that kind of machinery now and there is no greater risk for him than there is for anyone else, and we think

that there could be a loosening up of that and Mr. Pitts knows very well that he's talking through his hat when he says that this is some kind of a plot to return to child labor and the sweatshop and permit venal employers to now victimize our young people in an effort to eliminate legitimate employment of working people. We are talking about summer jobs, youth employment, a type of thing that's disappeared, and we are also talking about it in the context of a vast increase in juvenile crime and in juvenile delinquency which we think can at least in part be attributed to enforced idleness.

Q Governor, what is your personal appraisal of the Stanford situation where there's been a sit-in for roughly a week, there's been no effort by the university administration either to call police on campus or remove them from that building?

A Well, it is an independent institution, but if you want my personal opinion of it, again I think it is an example of the failure to recognize the nature of the revolt that is going on in this country -- even in the world for that matter, and I think it is this kind of action that leads to further violence on the part of the rebels. I think it is an infringement on the rights of others who are paying a tuition to go to that school. It is an infringement on the right of the researchers and the professors who work in that building and no one has a right to infringe on those basic rights of other individuals, regardless of how noble they think their cause is, and I think the administration at Stanford should do what they did at Harvard, and go in and get them and get them out.

Q Do you think students have a right to question what kind of research the university engages in?

A They have a right to sit down and discuss and to question. They have no right to take it upon themselves as a group, limited in number, to by threats of force and coercion change the policy or dictate the policy of any educational institution.

Q Do you have any quarrel with the University of California, for example, engaging in military research?

A No, as a matter of fact I think if they really looked at it honestly they would find out that -- that the participation by the civilian sector in the defense of the nation is in keeping with our whole tradition of civilian control of the military. If you eliminate, for example, ROTC in all of our schools, you will find

yourself then faced with the necessity on the part of the government to have a professional army all the way. Right now, West Point, Annapolis and the Air Force Academy contribute a minimum percentage, less than half of the officers that are needed for our military institution. And I don't think that it would be in keeping with our past traditions to abolish the citizen approach to defense or the military and to build up the great military professional cleat that you would then have to have to substitute for this. And the very ones who are doing this in the name of peace and the name of non-military, I think are defeating their own ends if they are sincere in their ends.

Q Governor Reagan --

A Wait one second.

Q Another subject, Governor.

Q I have another on the schools. Do you agree with Dr. Hayakawa lifting the emergency restrictions in San Francisco State and by and large do you think we are over the hump with reference to the student disorders on campus?

A Well, Ray, I have to abide by his judgment in that. He's there and on the scene and I would think that this is something that has to come to an end sometime, you have to find out, and yes, I would agree that this -- I don't say that this doesn't mean that someone will try to take advantage of it and he may find that he has to suddenly take an emergency action, but I think he's justified in trying. Far better than to wait just indefinitely and try to justify the continued emergency rules.

Q Along that line, do you think that now is the time to move to find a permanent president for San Francisco State College?

A Well, here again I would -- I'd rather reserve this for the trustees and I haven't talked to Chancellor Dumke or I don't know whether anyone has sounded out Dr. Hayakawa's approach. I don't know that the situation is that far out of the -- out of the woods yet, so I'd reserve this for trustees decision.

Q Governor, last week Howard Way asked you for some help in his efforts to organize the Senate <sup>(Pres. Pro Tem)</sup> and subsequently the Chairman of the Republican party in this state supported Howard Way. Are you in any position now to nudge things a little in the Senate? Have you changed your mind, are you going to try to take an active role?

A Frankly, I'd rather not comment on this because this is still the problem; still goes on in the Republican section of the Senate as to their own division, as to who they might desire for this particular post, and so I'd -- I'm just going to reserve comment.

Q Last week you indicated rather forcefully that you didn't think there should be a coalition. Apparently they are going to go ahead and try it, though. You still hold that opinion they should not seek a coalition?

A Well, now, let me make this plain in the context in which we were talking. I think when the election finally does take place as it has in the past, it usually is a coalition, you find that they cross party lines up there on their voting. The context I think that the question led to last week, when I made my remark, was one of an earlier proposal that had been made quite sometime ago in which little more than half of the Republican delegation would actually sit down with about the same number on the other side of the aisle and it developed that -- that the individuals they were talking about making up these two groups were pretty widely separated as to their philosophy and their beliefs, and frankly I did not -- I didn't look upon that with any great joy and didn't think that any real good could come out of it.

You had your hand up.

Q That was my question.

A That was your question.

Q Senator Way has said that he feels the voters have given a mandate and you have an obligation to help elect some Republican to that seat. Would you comment on his --

A Well, I've -- as has been pointed out here, I have been in discussions with our senators. There is no question about the people of the party, and their wanting to see the fruits of the victories that they have worked for, but again I'd rather not get into any discussion of the particulars because I -- this has to be resolved within the Republican caucus of the Senate. *(Pro. Pro Tem)*

Q Another subject. You have no objection then to the -- to have the coalition they were speaking of last night; they are speaking of as of today?

A I haven't had any report on last night's meeting, so I don't know.

Q Governor, there is a special election to fill the seat of Jack Veneman in Modesto County next week. How important is that election to the Republican party?

A Oh, I think that election is very important to the Republican party. Jack Veneman held a seat that by every political rule should properly have been in the -- in the Democratic camp by registration, and all, and this of course puts the Assembly after the November victory that gave us a margin, puts it back into the tie that we had in the Senate last year. And the name of the game is to get a majority in both houses of the legislature to further the programs we have been trying uphill to get instituted for the last two years, so it is a very vital election.

Q Governor, 10 years ago --

Q Governor, a new subject. A man in Modesto sent you a dollar in the mail. He was taking you up he said on the offer to buy Modesto State Hospital. Question: One, have you received it and will you consider the offer, and two, if not, what are you going to do with the dollar?

A Well, I -- it's evidently been intercepted some place along the line for someone to handle. What have you done with the dollar?

ED MEESE: The agreement was to sell this to a public agency in Modesto for a public use. This was not what the gentleman had in mind. We are now debating whether to send back the dollar or to use it to cover the costs of reviewing his proposal.

(Laughter)

Q Governor, in regard to the university, Dr. Hayakawa lifting that emergency said there appears to be peace back on campus. Accordingly, is there peace back on the University of California, Berkeley campus and will you lift that emergency there?

A Well, I don't think that you could say that the same time period has passed, and that the same results have been achieved at Berkeley that have been achieved at San Francisco State, and so far I know of no request for us to lift the emergency situation. Remember, this was put in at someone else's request and again perhaps this will be a subject come the Regents meeting, but also remember it involves local law enforcement not just the campus administrators. They were the initiators that requested an emergency be declared.

Q Governor, a new subject, a year ago you said the U.S. should have acted decisively within the first 24 hours after the Pueblo incident. Now we have the North Koreans claiming to have shot down one of our reconnaissance planes. What do you think the U.S. should do now?

A Well, I hadn't even seen that report that that had happened. But again this is not a new thing, is it. Our -- our tactics back over the period since World War II of appeasement in so many of these incidents have led to -- if my figure is correct, the exception of this last shooting down, that the Soviet Union has been responsible for about the death of about 135 Airmen who have been shot down in unarmed planes, in some instances simply because they strayed too close to a border and in some instances actually proven by radar that they were nowhere near Russian territory, were out over international waters and so forth. I have felt for sometime that we have not taken the decisive action that should be taken to let them know -- incidentally, in the same period of time since World War II, it is a matter of record that Russian planes have been found over American territory and have simply been escorted by our planes until they crossed the border and left and never has a hostile shot been fired. I would hope that the day would come when the other countries would act the same as we have. A man lost in the fog and perhaps with instruments out up there should not be punishable by death without a trial simply because he's trying to find his way home. I don't know the situation of North Korea as to what provocations are being attempted. We do know that there's been a massive buildup, the government has admitted to that on the North Korean side. So I have no comment on that other than that again I would -- I will express my disagreement with a policy that has been followed for a great many years and my hope that under the new administration and my belief that there is going to be a change in American attitude on these things.

Q Governor, can we change the subject again?

A All right.

Q Yesterday you urged the legislature to pass a law restricting governors to two terms and having the Lieutenant Governor run on the same ticket. Why do you feel these proposals are important?

A Well, I campaigned on the idea that a governor should only be a governor two terms. I think the Constitutional decision with regard to the presidency of the United States will sound inadvisable. You differ in the executive branch from the legislative branch, that there is an opportunity to build up an organization, to build the kind of a machine, there are powers that are there if they wanted to be misused that way, and at the same time I believe that -- that the turnover, the influx of new blood is beneficial and suits our system. The other proposal I think that here again we should copy the national system in having the Lieutenant Governor and the Governor, once the candidates have been selected by their party, then having them run as a team and you vote for the Governor and the Lieutenant Governor as you vote for the President and Vice-President. We've had the situation and there are some states today where the situation prevails and I hear other governors talking about it, where they have elected a Lieutenant Governor of not only the opposite party, but a completely opposite philosophy in our own state. When you cross the state line you are no longer governor, the Lieutenant Governor is Governor until you come back. It is conceivable that you could have a Lieutenant Governor that keeps you home most of the time because you'd be afraid to cross the state line. And I don't think if the people -- I think when the people vote for a governor they must have voted for his philosophy, his views, his programs, and they have a right to expect that the man who is one breath away from that would carry out that same philosophy if he succeeded or even temporarily he's in that position.

Q Do you think then the Governor should be limited to two terms, is this an announcement of your candidacy for the second term?

A No, this is just the reaffirmation of another campaign pledge which I think brings us to about 100 per cent in trying to keep all the pledges that were made during the campaign. I advocated that and I must say I never proposed that to a single audience during the campaign that it was not met with as great enthusiasm as the judicial merit plan.

Q Another subject, Governor. Are you satisfied with the legislative progress on Bay Conservation?

A No, I'm not. I think that if Assemblyman Knox's decision

to bury this in committee -- I'm afraid that this is -- this is a blow at this and I think the Bay Area Conservation Commission should remain in effect because the threat is very real. This is not a complete ban on -- on development of the bay. It is simply a board that is in a position to make decisions on each specific project to preserve that great natural asset, and I would hope that the Chairman of the Committee would think better of it and that this would proceed through the legislative channels.

Q Governor, in this same respect, it is obvious there's been tremendous pressure on the part of lobbyists working in behalf of industries involved in the bay area. Does this disturb you? That suddenly there was this tremendous pressure and then these bills were being taken under submission or action was being delayed in both houses?

A Sure it disturbs me. It is not along on this, it happens now and then on other issues, and again I think that there has to be -- there could be two viewpoints. There are those who want to reserve the right and this is not alone the private sector. Actually a large portion of the bay area bottom has been granted to and belongs to governmental entities and the temptation to enlarge their tax base and to fill this bay becomes irresistible and their position is that nothing should interfere with their right to do this, and there is a large percentage of the bay area or the bay bottom that is only 18 feet below the surface. It is easier to fill than it is to develop some already shoreline properties. On the other extreme you have those people who would not allow any development whatsoever and I think you have to have a commission such as this, a body in the middle who can make the common sense decisions and tread the line between them and yet allow for property development.

PAUL BECK: Just one correction.

Q On that same subject, Governor.

PAUL BECK: Lou, one correction, it is 18 inches, not 18 feet.

GOVERNOR REAGAN: What?

PAUL BECK: The shoreline is 18 inches.

GOVERNOR REAGAN: No, I think what you are talking about is a large area of the bottom that is a 18 foot area that can be filled.

SQUIRE: Can we resolve this another time.

(Laughter)

A I can see the headline now, Cleavage in Governor's family.

(Laughter)

VOICE: Go to your room.

Q I just want to be clear, you are still committed to keeping the BCDC, the present commission, that was the position you took in your State of the State message.

A Yes.

Q And the other question is why do you single out Assemblyman Knox who took a bill under submission last week? Senator Dolwig has been doing this for weeks over in the Senate side.

A Because the one bill that we favored -- remember, this commission goes out of existence 90 days after the close of this session unless action is taken to renew it. And this is the bill that has been -- to renew this commission is the one that has been buried in committee.

Q There is one in the Senate, Senator Marks, his bill that is buried in Senator Dolwig's committee even longer.

A Well, then you can add the same words, those of you who want to write about the Senate, I said the same thing about Senator Dolwig as Assemblyman Knox.

SQUIRE: Thank you, Governor.

---oOo---