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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 10, 1969

Reporter by

John A. Theakston, 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 out the press as rapidly as possible after the conference, no corrections are made and there is no guaranty of absolute accuracy.)

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Q We have had some conferences upstairs about a new tax program. It has been handed to you, I think. What are your comments on the proposals to have a consensus program to embody some of your ideas and embody withholding and a few other things?

A Well, gentlemen, I've said from the beginning that we are open in this, and anyone that has any suggestions that will add to the program that we have proposed, I would be happy to hear them and consider them. But we want to make sure, however, that when we finish that we come up with a tax program that meets several objections: One, the property tax relief; two, a better source of income for at least part of the cost of public education, and a method of distributing this on such a basis that we erase the great disparity that exists now between the wealthy and the poor school districts; and, the other, that tax reform be not an excuse for a tax increase, that it be strictly a more fair distribution, a better use of the elastic taxes rather than the fixed and inelastic and regressive taxes; but that we wind up getting no more money for government than we are presently taking away from the people.

Now, there are a number of proposals upstairs. They are false in a number of them. Some of them do result in what would be a tax increase. And I say that this is a pledge we have made to the people and we must not go back on that pledge. On some of them I am not sure. Some of the proposals would not result in any streamlining or any simplifying. They might even add to the kind of hodgepodge aspect. But I am sure that also there are things for us to look at.

The matter of withholding, withholding isn't really tax reform. This is a method of collecting taxes. I think we offered a proposal that meets the needs of the taxpayer, that taxpayer who does feel it would be a convenience if he could avoid the lump sum payment. The dispute between some of the proposals and ours is not one of withholding. It is one of the descriptive adjective: Is it to be compulsory or voluntary. I believe voluntary withholding meets all of the requirements of the taxpayer. The only arguments that can be found for compulsory are arguments that in reality are for the convenience of the State regardless of how it imposes on the individual taxpayer. Now, I am for whatever consensus they can work out. I am very optimistic. I think upstairs some of the people are beginning to understand some of these proposals that we have made to see the advantages of voluntary withholding. I think this could result in a tax reform.

Q At a presentation of the special subcommittee, the point was put out that it is politically practical now to consider withholding and to use the analogy of the chicken or the egg, and in this case the Legislature comes first over the Executive Branch.

A You mean, saying that the Legislature is chicken?

Well, no. I don't hold with that. As a matter of fact, I can point out now one of the principal areas in which this criteria of compulsory as opposed to voluntary fails in the objectives of the criteria that we set out. It is impossible to have compulsory withholding without winding up and getting some additional revenue that the people are not now paying. This in effect constitutes a tax increase whether you change the rates or not. Therefore I find this a violation of a pledge all of us, I think made to the people.

As to the political wisdom of this, I would like to suggest something else about the voluntary. I once told you that if the people obviously and in overwhelming numbers decided that they preferred withholding, that no individual regardless of his office could stand in their way.

Now, there are various ways you can find this out. You can put it in the ballot and vote on it, you can take polls. But I suggest that voluntary withholding is about a good way to find

whether the people want it or not, or how much they want it, by simply offering it to the people. Those who want it will take it. Now, if they take it one hundred per cent, that would answer the question. But I would also like to say something else. There seems to be a lack of understanding on the part of my people and no matter how many times we have said it that under our proposal for the first time in this country we are following a private enterprise rule in offering the people who would go for voluntary withholding a cash discount, a two per cent reduction of their taxes. This would lessen our need for interdepartmental borrowing and thus we would have a savings of that interest and we could give this discount.

The second thing is that the first time it has ever been offered we are proposing to compensate the employer for the added bookkeeping expense for computing and withholding on this voluntary basis. I think these are features that most people aren't aware of. I keep finding people that don't know that.

Q Aside from withholding, how does the tax reform plans suggested yesterday meet the three criteria you mentioned before?

A As I said, there are some parts of it that would not necessarily simplify and would add an increase, an actual increase, that that tax package as designed results in more money coming into government than we are now obtaining from the people.

Q Assemblyman Bagley said that a tax package cannot get through the Legislature without withholding. If this is the case, would you feel inclined to sign that bill?

A I told you the argument isn't withholding. I find no reason why voluntary withholding would not meet all the requirements. I am not as pessimistic as Assemblyman Bagley. You know, I am sort of in that optimistic spirit of Custer at the Little Big Horn when he said, "Take no prisoners."

Q Governor () said today that withholding is not the price for democratic support of meaningful tax support, rather your price is merely meaningful tax reform without withholding or with withholding. Is that some indication a change in --.

A No. Assemblyman Senovich this morning has made a statement that was greatly encouraging I thought where he challenged that

some of those on the Republican side who are engaged in this discussion and dispute about the method of tax reform are trying to lay it over on the democrats as opposition, and he said that they are willing to join in any meaningful tax reform program. I didn't see that he added any conditions to that. Simply meaningful tax reform.

Q Would you support the idea of a statewide referendum on mandatory withholding that might be established, say, next year?

A Yes. But why would such an expensive ~~balled~~ measure be any more effective than simply putting into effect a voluntary plan and finding out that way? If everybody went for it, it doesn't matter whether it is compulsory or voluntary, you got withholding.

Q Also except for withholding, the over-all package that you know is up for discussion, do you think it is encouraging enough that it might come out before the session ends this time?

A Well, I know there is a great determination on the part of many up there, and certainly there is on the part of myself, to bring out tax reform in this Session.

Q Aside from withholding, could you specifically tell us what portions of the Bagley Committee Plan did you think were good and which portions did you think were bad?

A Bill, I would have to tell you that I didn't make that thorough a study of it. Our people are looking at it, and I haven't had time to simply sit down with them as to an analysis of the differences and all the points that are involved. This has not been with us for that long a period back.

Q Governor, Senator Way sounds like he is more favorable to withholding. Have you sat down with Senator Way and discussed tax reform and the withholding question? If you have, what kind of an agreement did you reach?

A We have had a number of meetings with the Legislature leadership and with the legislators in general on the subject. Prior to making that statement, he expressed the belief and I expressed back to him, that again the issue is not the term "withholding", the issue is, what manner of withholding, compulsory or voluntary.

Q Do you feel that Senator Way is favorable toward the

tax reform package that you have suggested to the Legislature?

A I can't say that I heard anything one way or the other on that. I can tell you that Senator May is a very reasonable man and that he is desirous as much as any of us with coming out with a fair and complete tax reform program. So, I don't think there will be any problem, any trouble in us getting together on something that we can all agree on.

Q Did you speak with the Democratic leadership?

A No. So far all of my talk has been with the Republican leadership.

Q Last night the Los Angeles Board of Education passed a budget with a \$5 million dollar deficit, hoping to pressure the State into additional money. What is your opinion of this step, and do you think it can be effective in getting more money from the State?

A Well, no. There are many school districts that are just as beset by problems as the Los Angeles School District. This could become a kind of pressure tactic or almost blackmail if the districts set out to do this. We have made available all the money we believe it is possible to make available in the budget for education. If there were any more, we would give more. I just don't think how such a tactic can succeed. I still say that I believe there are unexplored areas for economies in the whole educational field, and someone has got to deal with those realistically and get down to seeing where they can do something to help reduce the cost as well as trying to find other sources of revenue.

Q Do you have any comment on the highly critical report that was released yesterday on Sonoma State Hospital?

A Well, this has been publicized as a 12-page appendix to a more than 200 page report. I have noted already there are some of the criticisms in that that obviously were prepared quite some time ago and are just now being made public. Some of the criticisms are of things that are already in the process of being corrected or have been corrected because we were aware of them and have gone along that line. The Sonoma Institution is in the field of mental retardation. It has a much higher percentage of the more seriously handicapped in mental retardation. Those who once

were able as a part of their rehabilitative treatment to aid in the work that had to be done and in the care of other patients, have been transferred for their own rehabilitation in this new concept of smaller units in some of the hospitals for the mentally ill where we can separate them into smaller groups. As a matter of fact, in some of those hospitals, I may point out to you -- at Napa for example, and at ^{Camarillo} Camperio -- there are experiments going on that are attracting nationwide attention in the treatment of the mentally retarded. Let me also say here that it seems to be a confusion in some people's minds about the controversy that ranged a year or so ago over our changes and reforms in the treatment of the mentally ill. Many people have simply linked the two and are trying to establish some relationship that perhaps there were economies attempted in the area of mental retardation. Mental retardation was never involved in the reorganization of the mental health program. This is separate. We have known for some time that the oldfashioned concept of the mentally retarded, storing them in these large institutions, several thousand of them in each institution, is wrong, perhaps even moreso than it was for the mentally ill. We have started on a program of getting them out in to foster homes, in to local health care centers, mental health care centers where they can be trained for normal lives, in to the smaller units, in the hospitals for the mentally ill. There is space opened up there. We are making progress, but never as fast as we would like to make it.

Q One of the specific complaints that Sonoma State was that patients, retarded patients, retarded patients, were being treated like animals in the zoo. Do you think that has been corrected?

A Well, frankly, I have to challenge whether that is true or not. This is why I pointed this out specifically. It is a delicate subject to talk about. But this one institution does have a higher level of those who range from being totally unable to care for themselves at all, totally bedridden, to those who literally are at a level of a small baby mentally, even though they have grown to adulthood in years. We are adding personnel as fast as we can find them to offset the taking away of some of the patients of a lesser retardation who formerly were employed in caretaking

chores there.

Q Governor, yesterday, as I read the morning papers, you told the students over in Davis that you are not getting a fair report out of these press conferences right here in Sacramento. Can you be more specific?

A No. I think I told that to the students, as much as I told that to some of you who were there and covered me afterwards. I said that out of these 30 or 40-minute long sessions that we have, that you, with the space requirements and the air waves with their time requirements, chose sometimes what in my view is the wrong 30 seconds to put on the air or to put in print. I said that it was revealed from the students in their questions that a number of things which you have heard me say. The result was, as I tried to explain to those who were there, that we found ourselves in much more agreement. One of them even expressed that he was surprised at how many areas of agreement there were. They were not aware, for example, of how many times I have stated that I recognized there are legitimate grievances and complaints from the student body over all and not just from the dissidents that cause the rioting.

Now, gentlemen, you all know you do have space requirements and they have time requirements. And sometimes I could kick myself or bite my tongue when I say something that just happens to ring a bell. And we all forget about 25 minutes of legitimate discussion of some of the vital issues of the State.

Q There is some talk of having grayhound racing out at Cal Expo to help to try to get it out of its troubles. I think there is even a bill by Senator N~~egedley~~ to do this. What is your opinion?

A I am in no position and I would rather not comment on that at present because it has just come to my attention. In fact, I this morning met for the first time with two gentlemen who are interested in that. They were from Florida. They came in to see me to explain what it is they have in mind. I had no chance for any discussion or even thinking about this, so I would rather save my comments until we have a little more time to consider this.

Q Governor, yesterday in your six criteria that are

necessary to conservation, it is still a little vague as to exactly what your position is regarding the Leslie Salt Flats. Do you not feel the B.C.D.C. has jurisdiction over those flats?

A Well, the point that I made was that the B.C.D.C. should have the jurisdiction it has had so far, that the B.C.D.C. should not have its plan frozen into law but should retain a flexibility in which they can exert the judgment on each individual application as to whether or not it should be approved or disapproved. One of the principal points was the respect for private property rights, that when they have made a decision that denies someone the use or the development of their property, I feel that some way we are obligated to compensate or buy publicly that property. But you cannot insist on someone retaining useless property and paying taxes on it if you said to them that by zoning rules they can never develop or use their property.

Q Does that mean that you oppose legislation to extend the B.C.D.C. jurisdiction to salt ponds or shoreline use?

A I have not actually been in any discussion on that. If you want to know, I wouldn't be able to tell you now where in that area their jurisdiction presently ends or begins. I don't honestly know.

Q The six criteria that you laid down were interpreted in some reports as indicating that you would sign any of the four bills that are now pending in the Legislature if they came to your desk. Is that so? Would you sign any of the Bay bills if they came to you?

A Well, again, this is a question that I always get asked. I am going to wait until they get down there until I see them on the desk, because what may meet the criteria now may not when it gets here. I would like to make sure that I have a chance to read all the fine print.

Q Well, the reason that I asked that question is that I thought it was raised by the criteria. Even Assemblyman Knox made a complimentary statement that your criteria apparently didn't exclude his bill. I'm just trying to find out, was that intentionally not to exclude any of the bills that are now pending in the Legislature?

A No. Just the same as the criteria that I thought applied to tax reform. This is criteria that must be met. As I explained in the remarks when I uttered those six principals you can't have it all the way over the way the purists would want it and you can't have it all the way over the way the more avaricious or greedy might want it in regard to wholesale freedom. This is why I think the B.C.D.C. must be kept alive in a position where they treat each individual application and make a decision on each one instead of freezing some plan that says that from here on this is the way the Bay will operate.

Q You are aware that one of the major aspects is the question of expanding the jurisdiction over a shoreline strip of one mile or more -- excuse me -- a hundred feet or more. You have no position on that?

A Well, in this whole complicated package, again, I will want to see what they are talking about, whether this indeed meets the criteria or what it does.

Q On another subject, you received an open letter from 62 marine scientists asking you to get behind a bill to prohibit the use of DDT in the State. They contend that the pesticide causes irreparable damage to fish and birds. What is your position on that?

A Well, our Agricultural Department here in the State has been working on the subject and has been aware of the ~~the~~ potential for harm for several years. Over the last five years the State Agriculture Department has reduced the use of DDT in California by 80 per cent. They are considering now further regulations and further controls that will wind up in virtually the total control of DDT. This does not mean the total elimination. There are some areas right now, such as in cotton, where you don't have this potential threat to the wildlife or fish and where it is still the most efficient method and practically the only sure method of treating the Boll Weevil. But I can only point to that record so far. I don't think anyone in the United States has made the progress that the California Agriculture Department has made in this regard. And they are continuing and they are looking towards controls of DDT in any amount. As you know, right now, there are

no controls of the household use of DDT or the family use, the spray can type of thing. What they are approaching and recommending is that the total control of the use of DDT be made in the household or the place where they can say yes or no on selective basis.

Q Do you think there is merit in the plan or in an idea which would increase by 20 or 22 per cent service charges on retail installment contracts?

A The only installments I have been thinking about lately has been installment on taxes. I haven't really had a chance to get in to that.

Q To get back to the pesticide question for a second, Senator ~~Negedley~~, while proposing an outright ban on DDT, has indicated he also is interested in the Michigan plan which would remove the application regulations from the County Agricultural commissioners who now, as I understand, have a large say over it, and make it the specific personal responsibility of the state director of agriculture so that the entire State's electorate instead of those of a single county could make themselves felt in those decisions. Would you look with favor on that?

A I wish Earl ~~Coke~~ were here because it is possible we already have that. As I say, our State has effected an 80 per cent reduction in the use of it.

Q It is the County Agricultural Commissioner that licenses an application or --

A The State Agriculture Department right now is working on further controls and further restrictions because they are well aware of the potential for harm in this. One of those is a complete control over all of it regardless of the quantity used.

Q The choice between that an outright ban as ~~Negedley~~ opposed, which would you find preferable?

A We have a great difficulty in this State in an outright ban because, for example, cotton. Just the other day I saw in the paper also that a lot of people who have been working for all these years to try and save the Elm trees from the Dutch Elm Blight have discovered that DDT is the only thing effective on that. So with a total ban of DDT we may find that we are going to have to plant something else besides Elms.

Q Speaking of the Agriculture Department, is the Public Health Department supplying you with any advice on this?

A No. I imagine that any areas where they would have an interest would be in cooperation with the Agriculture Department.

SQUIRE: Any more questions? Thank you.

6/24

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 24, 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.)

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GOVERNOR REAGAN: How do you do. Good afternoon.

Q You got an opening statement of some kind

A No, no opening statement, made it this morning and the bill signed.

Q Governor, this morning --

Q A couple of --

Q This morning former Speaker Unruh assailed you for not taking an interest in the tidelands bill which was preventing drilling on state tidelands off Santa Barbara. Any comment on that?

A Well, I haven't seen his bill. As I understand it, though, he's asking for a complete blanket, permanent blanket order against any future drilling and I'm not sure that the problem is that simple in view of some of the findings that have already come back from the President's scientific committee headed by Dr. DuBridge. All I can say is that if --if he was trying to imply that there is any lack of interest on the part of this administration, the facts belie that. I think all the way to the White House and certainly within the state administration here we are ^{very} concerned about this continuing problem in that channel. But I think there is a need for more scientific information than we presently acquired and this is what was inherent in the President's appointing of the DuBridge Commission and our own people are dealing with geologists and specialists in this field also, and I think this makes more sense than to just have a mystical simplest move of issue a blanket order.

Q Would you express that concern before the oils spillage bill was killed in G.E. or is under the direct assertion that you

didn't do anything to get the liability act --

A Well, I've been expressing concern about this problem long before there was even a -- even an oil spill off Santa Barbara. As a matter of fact, I introduced a resolution at the Western Governor's Conference more than a year ago with regard to the federal government's leasing and the possibility of liability to states. We didn't get very far because obviously only the -- the only states that were interested in anything but getting money were those states like Oregon that have offshore oil drilling, so the interior states didn't show an awful lot of concern with this.

Q Did you support the concept of the oil companies being held strictly liable for damage?

A Well, the resolution that I asked for at that time was that if the federal government was going to allow these leases, that before anyone took any mprofit either the federal government through its royalties or the oil companies, that provision should be made for the protection of the states with the coastline where the drilling was taking place.

Q Governor, there seems to be a mixup in my mind. Speaker Unruh's presentation was an amendment to grant the authority to the Lands Commission to ban further oil drilling in ultrahazardous condition when it was polled or determined that way. This didn't seem to be a blanket interpretation.

A Well, then as I say, this again is one of those things, commenting on legislation I haven't seen. I understood the bill was -- that the implication was a blanket thing. I would think that the Lands Commission already has that authority with regard to granting leases. Unless he's talking about extending it to the -- to outside the three mile limit to the federal area.

Q Governor, did Mr. Unruh make any attempt to solicit your support, to inform you about what he wanted to do and ask for your support?

A No, he hasn't coordinated his campaign efforts with me at all.

Q Another subject, Governor?

Q No. Yesterday at a press conference Senator Harmer said that your administration showed amazing lack of concern for failing to put educational opportunity funds for the state colleges in the

state budget. What would be your comment on that?

A Well, I don't think that the Senator understands that we put into the budget for the state colleges a million six hundred thousand dollars for new programs, and they at that time had EOP, educational opportunity programs down a tenth on the list of their priorities. Since that time, however, they have revised their priorities and they have moved this -- this program up to, I think it is their number one priority. So the money is there and is simply a case -- it is in the budget and it is simply a case of their making their own decision as to how to allocate it. Now, we have also, as you know, virtually doubled the scholarship program, a large portion of which is an aid to that same thing and we have also put into the budget money for the university, they call theirs an urban program. We funded that one for about \$600,000. There is no question about the worthiness of this program. There are some questions, one of them was brought up by Dr. Hayakawa, and he brought up the problem was not so much one of money as perhaps more knowledge and more study needed as to the capacity of a college or a university to handle more people. And he pointed out that he had been given more people and the more students in this program than they could find the manpower to handle. Now, this wasn't a case not even the money for the manpower, there just was not that manpower on the campus available for the tutorial process and so forth.

Q Do you think that the EOP programs then should be continued by reducing their --

A I don't know whether it should. I think we should find out a little more about it, but in the meantime, no, no question of the worthiness of this program and that's why it is in the budget right now. We put in for the state colleges, as I say, a fund and allowed them to set their priorities. They have now changed their priorities and have shown their own interest in this by making it, I think, their number one.

Q Senator Collier agreed to put in \$3 million dollars on each separate item for the EOP in free conference. Will you support that or will you blue pencil it when it comes to you?

A Well, I want to -- what is going to take place in conference I'd want to know more than that and I'd want to have some consulta-

tions on it. Again, as I say, I want to make sure that the money can be effectively used that we won't have the report the same as Dr. Hayakawa's, that money was not the answer.

Q Senator Harmer said this morning that after talking with you he was convinced that -- that you were in agreement -- that he and you were in agreement and that he didn't believe you would blue pencil that item. Is that understanding correct or --

A Well, I think he must be speaking on just what I've said to you here.

Q No, he had --

A My assurance of my interest in that -- in that program.

Q Governor, how much money is in the budget now in the EOP program, available?

A Well, now, if you -- counting -- \$600,000 in the university, \$1 million six in the state college system, I can't give you the exact figure of the increase in the state scholarship program, which also applies to this -- you recognize, don't you, that the bulk of the money for this program comes from the federal government. In total in the state rate now there's about \$23 million dollars, almost \$23 million dollars being spent in these -- in these programs.

Q Governor, what is your philosophical thinking of this type of a program, allowing people into college that otherwise are not eligible, but go through a tutorial system to be able to go into and receive a degree?

A Well, this goes back ~~#~~ long before I even held this job. I have been critical in the past of setting the requirements and the entrance requirements for university and college purely on a grade level and have used some of the examples of some of the men, tremendously successful men today who would not have been able to go to college on that basis, and I know that other schools, for example, Williams College in the east, was so concerned about this several years ago, not with any EOP thing in mind, that they set aside a certain percentage of their freshman class and took students upon the recommendation of their high school and prep school principals and instructors as to their intelligence and their capability -- their potential, I should say, for entrance even though they did not meet the minimum grade requirements. I think

up to a few years ago there was a tendency -- there was so many students wanting to get in, more than that they could handle, that there was a tendency to simply limit entrance purely on a grade basis and this left out a number of students whose grades perhaps were down, but whose many accomplishments and extracurricular fields and activities indicated that they were college material. And I think this has been recognized throughout the country. Philosophically I'm on that side. I think you have to treat with these young people as individuals.

Q Would you encourage or support an idea of changing much of the entrance principals and requirements in higher education?

A No, I think you've got to have some entrance requirements, but I think you've got to have the flexibility. As I say, take a student who technically doesn't meet those grades, but whose principal could tell you this was an outstanding individual with a great potential for achievement, and I think a college should recognize that.

Q Governor, can we have a clarification on this oil thing. The G.E. committee killed Unruh's bill that would make oil companies liable for spillage, not Unruh's bill to ban drilling. Now he was attacking you for not helping him get his bill out of the Republican controlled G.E. committee, that was his criticism. Did you help him at all, and why did you?

A Well, I'm not -- np, I didn't help him any, but that would be true of many others of the thousands of his bills up there. I think in the legislative process you'll find that the only time we have intervened is in behalf of our own program and our own bills and we make no effort to stick our nose into every bill that's up there and to try to promote bills that are just entered up there. There is some 4,000 of them.

Q Do you have an interest -- would you want to make the oil companies liable for spillage in the channel?

A Well, I think that at the moment the oil companies have evidenced that they are to a great extent liable; in the disaster down at Santa Barbara I saw no evidence that any force had to be exerted to get the oil company to accept its liability.

A Well, the people there might have to go to court and this bill would knock that out and the oil companies would automatically become liable for any spillage. That's the difference.

A Well, as I have told you, I urged before that the government in negotiating these leases should make an arrangement in negotiation of the lease where funds were set aside to guarantee the protection for the states for the coastline, and so whether that bill met my requirements as to how I think it should be done, that's a different thing. I couldn't even tell you what was in the bill in detail.

Q New subject.

Q Governor, do you think that your Insurance Commissioner acted properly in making rulings and granting permits which could add about \$185 million to the personal wealth of Senator Dolwig? \$185 thousand, pardon me.

(Laughter)

A Well, I don't know that any such rulings were made. As a matter of fact, I would be very doubtful that anyone was made -- if it was made, that it was purely coincidental if someone profited as a result of a ruling. I have complete confidence in our Insurance Commissioner and I know that any ruling that he would make would be in his mind the one -- the proper one and the right one that should be made.

Q Did you discuss this with the Commissioner this morning when you met him?

A No, you are -- I'm hearing this for the first time. No, I had a meeting with him this morning and a number of other people. This was a discussion of the state's part in legislation in connection with Hud's re-insurance program for riot damage, and what the state's position should be.

Q You think there is any kind of conflict of interest for a major stockholder in an insurance company to write legislation in the insurance field?

A Here we go with a hypothetical one again. Again, don't you think this is a case that you have to actually know the facts and know what the -- the individual legislator was doing and isn't this also then a matter for the ethics committee of the legislature in view of their own recent legislation to handle?

Q Would you suggest the ethics committee take it up then?

A What?

Q Would you suggest then that the ethics committee take it

up?

A If there is any indication that something was done that's wrong, then I'm sure they should.

Q Governor --

A And I think they will.

Q Well, more specifically and not so hypothetically, Senator Dolwig says he owns stock in an insurance company in Los Angeles. and he also sits on the committee which regulates -- handles legislation involving insurance companies. Now, is this a conflict of interest?

A Well, gentlemen, why don't you ask Senator Dolwig.

Q We did.

A You are talking to me about something that I'm hearing for the first time, and I'm not going to stand up here and start throwing out hypothetical answers of what I might think upon your word in questioning as to what has taken place. I'm hearing this for the first time. I have not discussed this with Senator Barger -- with Commissioner Barger, because I didn't know anything about it. Now, I'm quite sure I'm going to go out of here and ask some questions and ask what it is that you are talking about, but evidently I missed this if this has been in the news.

Q Governor, on another subject. Last week you signed a bill to give four legislative employees extra pension benefits amounting to \$434 thousand dollars. Now, why did you sign the bill and more specifically why did you sign the bill as soon as it reached your desk personally delivered by Senator Burns and Schrade instead of waiting up to 12 days, as you can do by the constitution?

PAUL BECK: That's not a correct question.

MR. MEESE: That's not true.

MR. PAUL BECK: If I may interject.

Q What is incorrect?

PAUL BECK: You are based on a false premise, the question is based on the -- a false premise.

Q What is the false premise?

PAUL BECK: It was not personally delivered.

Q Why did you sign the bill on the same day it reached your desk, no matter who delivered it?

A Last year you recall I vetoed a bill with regard to pension

programs for employees of the legislature. At that time the legislature came back to me and said that there were some employees who were elected, not hired, in the normal sense as are other state employees, were subject to re-election each year just as the legislators themselves are subject to this, and they made a case for those people being more entitled to the retirement programs of the legislators themselves rather than of the same that apply to the regular employees. And I told them last year at that time that I could look favorably upon legislation of that kind at the same time that I had to veto the bill that they had sent down to me calling for this -- this kind of retirement for all legislative employees. They sent the bill down and I told them that I would look favorably on it before they even wrote the legislation. I signed the bill. But I'm signing bills every day and frankly I sign them when they bring them to my desk. They -- sometimes it is a stack of 40, sometimes it is one or two. We signed one this morning and I don't ask how long has this bill been passed or anything when it gets to my desk, I look at it and if it's one that I'm -- have been -- I'm in favor of signing it, I sign it.

Q The one you signed this morning was part of your program, it took 8 days to sign it.

A Well, it was the first time it got to my desk because I've been in and out of the state for a long time, it wasn't lying on my desk, they brought it to me today for a ceremonial signature with the author present and I signed it.

Q Governor Reagan, what was your reaction to the story Chancellor ^{Skyns} ~~Hinz~~ may resign?

Q Excuse me, I'd like to ask another question on this matter.

Q I'm sorry.

A We will get back to you.

Q Governor, in view of the public controversy that surrounded that pension bill, was there any reason why either you or your press office couldn't have notified somebody that you were about to sign it and was there any reason why you couldn't have made the statement that you just made on the occasion of your signing it, since it was a little different than many of the smaller bills that you signed?

A I didn't think of it as that much different. It was a

bill, as I have told you before, that for a year I have said the way it was presented to me by the legislation that I could look favorably upon that legislation. You tell me there was controversy about it. The main controversy as I know, I saw one editorial in a paper, one paper I subscribe to, it was opposing such a thing, but then that same paper editorializes against salary increases for public employees and a number of other things.

Q Well, Governor, you say that these people are elected, but they are not elected in the same sense the legislators are. They have been chosen year after year as a mere formality. Doesn't this pave the way for the Assembly or the Senate to let whole gobs of employees in simply by having the house pass on them which was what you were -- were worrying about last year when you vetoed that.

A I would think that that would be an act of bad faith on their part if they did resort to such a thing now and I think we'd sit down and discuss it.

Q Is that -- would you -- was it the cost of the program for these four people as opposed to the one point 8 million? You are saying it isn't the principle, if they put more people in it would be the additional cost that would be the act of bad faith?

A No, I'm talking -- I think the question that was directed to me implied that now they might take all the regular employees staff and try to -- on a technicality put them over on the elected basis when they didn't really mean this, they'd simply rubber stamp them each year and this was not the way it was presented to me last year and after I vetoed the other bill.

Q What exactly -- what part of their argument do you support? I mean when they -- when they said that these other people deserved it, what reason do you feel that the other people -- why the other people deserved it, the four that -- the four that got it?

A The manner in which it was presented to me was that they considered them without the security from year to year that the other employees have and that they were elected as they were elected and they thought that they should properly come -- or have some of the -- the compensation and the benefits that are given to the legislature, that they wanted to even include them as being more a part of the legislature than the other employees, that they agreed themselves

after I vetoed the legislation should more properly come within the same pension programs as the regular state employees.

Q Do you feel that other persons up there who are appointed on a year-to-year basis, whether by the whole legislature or not, should have this protection because they lack job security? The budget analyst is appointed theoretically on a year-to-year basis, too; so is the legislative counsel.

A Again, why don't you talk to the legislature about their problems. They gave me a convincing argument which I accepted, and thought made sense. And I signed their legislation. Now, there was nothing ~~ulterior~~^{ulterior} regardless of your questions in signing it. There was nothing ulterior in my decision. If you'd asked me any time in the past year since they talked to me, I would have told you that I had expressed to them a willingness to sign this kind of bill. Now, what they are doing with the rest of their multitudeness staff up there, I don't know. But if they try playing any tricks with it, then I'm apt to have a different attitude. But so far there's been no evidence that they are playing any tricks with it.

Q But all the people you talked about last year that would have been covered could also lack the same job security or have the same lack of job security that these four people have.

A Not the way they explained it to me, after I vetoed the legislation. I vetoed one and I signed one.

Q Governor, do they have to pay anything into the system or do they get this scott free?

A Yes, I can't tell you the details of it, but yes, they make a contribution. I'm sure I'm right on this; am I not?

CAP. WEINBERGER: Yes, sir.

Q Now, Governor Reagan, what was your reaction to the story Chancellor ~~Hinz~~^{Heys} may resign? Have you been in contact with Chancellor ~~Hinz~~^{Heys} since the Regents meeting or President Hitch?

A No, I've had no contact with either one of them. If he's -- I don't know whether these are just rumors or whether he is contemplating a resignation, I wouldn't know what his reasons are. I certainly don't think that the Regents meeting of last Friday would have been sufficient cause for anyone to resign such a position. I don't think there was any repudiation of the administration of

the university to that extent. Now, if he's considering other offers or something else, you'd have to ask him about that. I've heard no -- no talk of resignation.

Q Would you be sorry to see him go?

A Yes.

(Laughter.)

Q Why?

Q Why?

A Well, why not. I disagreed with him on some of the uses that would then be made of the People's Park on Friday. We have disagreed on other issues and we have agreed on many issues. We have gone through -- through quite an experience over there. I thought he made every effort, more efforts than I would have made, to conciliate and negotiate with these people before the final erecting of the fence on May 15th. And I just see it differently, with regard to how it would be accepted now if there was a seeming victory for some of these people after they failed to take the property by force. And I don't think this is sufficient reason for an administrator to leave the university.

Q Could we have a couple of questions on farm workers? Or are you still on the same question?

Q Pretty much a similar topic and that is, Governor, in recent weeks you've charged various people concerned with People's Park dispute were not knowing the facts. Can you tell us in your opinion if you think the Commonwealth Club speech you delivered was an example of the facts?

A Yes, the Commonwealth speech -- Commonwealth Club speech that I made a week or so ago was based on a report that we are putting together and that one of these days we will make available to all of you. Everything in it was completely documented and those young people who took to the air on the equal time basis in an attempt to refute some of these points can themselves be refuted by the documented facts. As a matter of fact, everything in that speech that was taken from eye-witness observations, from reports of official observations here and there a few of them from our own press coverage, and from enough of your press coverage seeing it the same way, but the fact that I for example did not name a name or a specific campus in some of those incidents

does not mean that we don't have those. Let me just say one thing. I recall that the -- one of the young people in charging me with falsehood said in the incident of a man, a volunteer policeman being stoned as he lay on the ground up against a building till he finally drew his gun, that this was a complete fabrication, well on Friday at the Regents meeting a businessman from Berkeley came up to me voluntarily and said, "I don't understand how you could have described that incident as you did so accurately unless you'd been standing there seeing it," because he said, "you described it accurately in every detail." He said, "I own the building and it was my employees who opened the door and dragged the injured man in," and he said " you had it exactly as it took place."

No, I think we have to face that some of the leaders of the People's Park movement have been practicing the big lie technique for a long, long time.

Q Will your report that will come out on this, will this include where the sources were, the documentation you are talking about?

A Yes.

Q Governor, on numerous occasions recently you've said that you thought many of the grievances expressed by the students were legitimate and you implied a criticism of campus administration for **not** responding to some of these grievances. I didn't see in the Commonwealth speech or any other public utterance you've made any kind of attempt to put any kind of pressure at all on administrators to respond to these grievances. Do you intend to do something about -- to put some muscle behind your words that the grievances are legitimate?

A Yes, but we also have been -- this has been -- this one subject alone has probably -- and the campus disturbances has occupied 90 per cent of the time of Regents and trustees throughout this year, a large part of last year, and in meetings and in talking with administrators, yes, this point is made over and over again. The difficulty, of course, has been for many of us throughout this last year, to have communication with the students, to reach beyond this dissident group and have a contact with the other students. One move in this line was the one that you know about a few weeks ago at Davis, the hour and a half spent on the

radio station there being questioned not only within the studio but by phone questions coming in. But also we are in communication here, my office, with groups of students and faculty members on a number of campuses, who very frankly communicate and admit that they cannot take public stands on these campuses because they fear retaliation, but they are the ones who have given us an insight into these legitimate problems, and some of those problems as I have expressed before, the students who feel that there is no recognition of them as individuals on the campus; an inability to -- to communicate with anyone in the establishment; one of their complaints is that 90 per cent of the administrator's time is taken constantly conciliating and dealing with the militant leaders, but without any comparable move made to try and sit down and find an answer to the problems besetting the rest of the student body.

The other ones that we have mentioned, the turned over long periods of time to teaching assistants instead of the distinguished scholars the university hired as teachers, but who then spent all of their time in research and writing a number of complaints of this kind.

Q What can be done if those situations are not corrected, and the grievances continue?

A Well, I'm just going to be optimistic enough to assume with the attitude of the regents and the trustees they are going to be -- they are going to be resolved.

Q Last month, Governor, you said that you wanted a -- to get a report on those alleged incidents of mistreatment at Santa Rita. Have you got a report on that and what does it show?

A No, we don't have the report as yet, that or the -- any inquest report on the death of ^{James} Jack Rector. These were the items, two items that I said I couldn't comment on because they were under investigation. So far we have had no information as yet, so I just assume that the investigations haven't been completed.

Q Would they be part of this over-all document you say you are going to give to us?

A I would think that it would be proper for them to be included.

Q What is the scope of this document, Governor, and what's its purpose?

A Well, we just thought that with the great assault that has

been made on the local authorities, state government, the action that was taken to restore order and on the university and the almost complete false description that has been accepted by so many people that this calls for a documenting of the true situation, so we are going to document it.

Q Will it be in what, booklet form with pictures?

A No, I don't know -- I don't know whether we have gotten that far yet. We have been putting together rough drafts -- whether it will simply come up rough draft or not --

Q Dr. Sheriffs doing that?

A What?

Q Is Dr. Sheriffs doing that?

A Our whole staff, a number are involved in this.

Q Is there any reason in compiling this report you didn't ask a ^{panel} ~~panel~~ of distinguished citizens from many walks of life, some of whom you might not be associated with, either your administration or yourself, to conduct an investigation or make this type of report?

A No, I don't think there would be any reason for this. The official reports, the eye-witness accounts were available.

Q Well, not to be critical, but since your staff members work for you, wouldn't -- might not the public assume that they would accept your point of view on this, that there might not be discussion of it?

A My point of view came from the reports that came to me from the people involved. From the first moment on, as in all of these instances, I had staff members over there to bring me factual accounts of what was going on. Now, why would I want anything other than a factual account? Why would I -- I don't have a view in advance. I'm not out to endorse -- if the administration or local law enforcement in some incident is wrong, I'm not out to defend and endorse them. I go by the facts that are brought back to me and I have to make my decisions of the action to take -- that I take on the basis of those reports. Now, these reports are not only coming from my own eye-witness accounts or observers' accounts, but come from the official reports of people engaged in this and we were involved from an observer's standpoint even in the planning -- the decisions that were made just because

of the rumbles that were coming that we knew that once again a situation was -- was coming up that could break out into a boil.

Q Well, the reason I asked was that in -- Governor Brown in the Watts riots appointed a distinguished Republican, John McCone, and President Johnson appointed a national commission on riots, supposed to be headed by Milton Eisenhower, who was a member of the opposite party, although party wasn't the criteria here, I guess, but they were -- encompassed all walks of life. I wondered why you don't follow those two walks of example.

A My predecessor had to appoint a commission to find out what happened, he was in Greece.

(Laughter)

Q I was thinking also the President appointing the National Riot Commission.

A I think there is a little different thing, too, it taken place in a couple hundred cities throughout the country, obviously he couldn't have treated with this as easily as we can treat with one community here in our own state. Now, the idea of a commission on a longer range investigation and in-depth investigation of a number of things, including student legitimate grievances, this is a subject that has come to my mind very often. And let me say that I don't have a decision in my mind yet on that. But I think there is -- I think in what you are naming here, all joking aside, I think there are -- there were two completely different situations.

Q Governor, there is a man wants to get some farm questions in the back there.

Q You got a press conference down in Palm Springs the last day or so, and I believe they asked you about the farm workers negotiations between the farm workers and the 10 growers, but it wasn't clear to me from the story that came out whether, are you supporting the negotiations or not supporting them or do you feel that it is time to sit down and negotiate now or not?

A No, the only thing I expressed was that my hope that there again -- that we would recognize that if you are going to have collective bargaining in any field, right now particularly in this farm field, that the -- it must be based on the willingness of the workers themselves to accept a bargaining agent and to voluntarily chose their bargaining agent and I don't believe that if these

attempts -- and let me get one thing plain, I don't know that this is being done, but I would -- I would be cautious about any attempts that simply involve an employer and a self-designated union leader signing a contract which could then be imposed on the workers regardless of their own desires. The beginning of collective bargaining has to do with the workers themselves voluntarily choosing or establishing a bargaining agent and there is every reason to believe that overwhelming numbers of farm workers in California have refused to accept Cesar Chavez and his union as their bargaining agent.

Q Governor Reagan, back to this subject of disorders. A rock concert in Los Angeles was one of a series in which ended in violence. What is your reaction to this and what in your opinion should or could be done to curtail this type of thing?

A Well, I think it is a -- the violence itself, what's taking place, it is a part of the whole climate that has been built over these last several years, getting worse, not better, of the right to violence. It is almost as if we have been conditioned by warming the water up to accept this kind of conduct any time a crowd gets together and has any type of complaint; in this instance the complaint was that they didn't have the price of admission. He wanted to come in any way. From the accounts that I was able to read in the paper this morning, while I was not reading that other story, not seeing it, there seems to be some confusion as to whether those staging the incidents had been careless with regard to arrangements in advance, that might have contributed in some way to the confusion that led to the violence. That's up to someone to find out about and virtually there are local authorities and ordinances regarding the staging of anything which would come into play there. But I think the other is just a climate and an atmosphere that has spread to a great many of our young people that of taking the law in their own hands, taking what they want and -- instead of following the normal rules of procedure.

SQUIRE: There is another question in the back row there, trying to get in.

Q Governor, according to ^{Alan} Allen Post, the state is utilizing 13 million of the 21 million federal allocation for work incentive

programs, the analyst said because of restrictions in your budget.

Why is that?

A I don't know.

CAP WEINBERGER: Among other things, it is not correct.

A Oh, well, that's pretty good answer.

SQUIRE: Any more questions?

Q Would you -- all right.

GOVERNOR REAGAN: Wait a minute, there are two that I have acknowledged that I'd recognize, if I could, Squire.

Q What is correct, how much of it are you going to utilize?

CAP WEINBERGER: We will utilize all of the available federally produced WIN funds in the current year and we have made arrangements to utilize all of the presently proposed federal funds that are to be available for WIN in the budget.

A No, I'd recognized him and then -- you and then you.

Q Well, just back to the People's Park dispute. To rephrase the previous question and that is that you've provided a story on the People's Park dispute in your Commonwealth Club speech. You've said that you are going to prepare a paper. Can you tell us whether in your view you've been objective? I mean would you call it an objective -- what is the difference between the facts you've offered and the facts other people have offered?

A Well the main difference is that mine were facts, and theirs weren't, and theirs were self-serving because they had an end to gain from it. The other side has come with word from those who have been participants for the most part in the riots back over a period of several years, who have been arrested in connection with a number of those. They had an axe to grind. The only axe that I had to grind was the same one that the Mayor and the Chief of Police and the Sheriff and the Chancellor of the University and others had, the fact that the university was entitled to use the land that it had bought in behalf of the People of California and the fact that they were the victim of a direct property grab backed and aided by violence when the university attempted to use its own land, and this has been threatened in advance, they have been very explicit with what they would do if the university sought to use its property and I don't know where I could fail to be objective. I wouldn't have any other motive than fulfilling the responsibilities of my office.

SQUIRE: Any more questions? Thank you, Governor?

A Wait.

Q Governor, I just wanted to ask --

A I'd recognized him.

Q -- Senator Murphy seems to be making some steps to build his campaign for next year. I was wondering when you were going to announce your plans?

A He's already announced he's a candidate and I haven't. And that's the plain difference. I haven't -- I have no idea in mind as to when to make such a decision or to say whether yes or no.

SQUIRE: O. K.

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JULY 8, 1969

Reported by

John A. Theakston, 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.)

GOVERNOR REAGAN: (Statement read by the Governor.) *Press Release # 379*

Q Governor, if the Legislature instead of approving this would send you a bill for more school money over and above what was approved in the conference report of last week, would you veto the Legislature?

A I would be forced to. This is a one-time windfall. There would be no purpose in using this in that way.

Q If this rebate bill should not pass, what will you do with the hundred million dollar surplus?

A Well, we would try again. Perhaps in not passing it maybe they will make some other suggestion with regard to getting it back to the people. But we made one we believe that would be the simplest with the least administrative overhead to it.

Q In that eventuality, what if the Legislature suggested that you use it for increased school aid? Would you look favorable on that?

A No. We couldn't do that. I think that matter has been resolved. They themselves agree this would not be a part of the considered surplus for school spending.

Q By "they", you mean whom? The Legislature?

A Yes, the Legislature. They themselves agree that this would not be considered as part of the surplus.

Q Could you explain why you feel it is necessary to give this money back rather than use it in the current bond indebtedness for capital outlay and therefore save the taxpayers the expense of paying increased interest rates on capital outlay?

A Well, yes. Let me just say that one of the things in that regard was that a part of the capital outlay situation was created by the taxpayers themselves refusing to vote bonds for this

purpose. And we were guided somewhat by their own refusal to do this. This would in a sense have been overruling them and saying that we would use their money in spite of the fact they had evidence to their unwillingness to go that route.

Q Does that apply to the water project too, Governor? Aren't we in the process of trying to boost interest rates on water project bonds?

A Yes.

Q You couldn't use this hundred million to retire part of that problem?

A No, I don't think so.

Q Any reason why?

A Well, no. That program, bond program for water, has already been approved. This isn't a case of asking for new bonds at the moment. It is a case of where we have a problem of selling the bonds, but that is true of all bonds.

Q -- warned there are going to be some real pinches in the water project very soon in the fall, and for that reason your own administration has proposed confiscatory --. Wouldn't it be possible to avoid that situation, perhaps at least part of it by using this hundred million against the water project?

A Well, I suppose that you could alleviate part of it if you did, but I doubt if you could get the Legislature's approval if you went into capitol construction using it totally for that program and not opening it up for its use for any other programs.

Q When will the exact amount of the surplus be determined?

A With the new accrual system, we don't believe you will safely know the total answer as to outgoing and incoming for the past year. That's why we set the date November 1st. Earlier if we have it, but at least we have until then. But it will be in the fall.

Q The Ways and Means Committee has 138 bills before it which totaled together is \$236 million dollars. What are you going to do if they send down the bills for a larger amount and you appear to have a surplus?

A I have no choice. While I normally do not predict vetoes, I would have no choice in the matter.

Q Is it fair to assume that most of those bills above

and beyond AB606 stands a good chance of being --.

A 606 is the educational bill?

Q Yes.

A Where the bill may come down with a figure in it, the bill essentially is an appropriation bill that sets out how we will use the 120 million plus the unspecified surplus that is in the budget now, and that bill is so constructed that I can make the money part of the bill fit what our budget is and still pass and approve the formula for spending, and that is what we will do.

Q Governor, on your tax reform bill legislative people have produced figures which they say shows the bill would result in some five hundred override elections throughout the State when the bill was signed into law because of the tax limit. They also produced figures that showed it would mean a loss in \$3 million dollars for the Castro Valley District, \$2 million dollars for Oakland, a large loss for the Richmond District, losses to even the Enterprise District in Los Angeles which is bankrupt. What answer do you have to people who say that?

A I think you are talking about the list that has been circulated by Assemblyman Bagley this morning. We are aware of those figures. We are also aware of better and more complete figures. But this is part of the legislative process that I mentioned last week in the budget discussions about the tax reform bill, why it couldn't be passed in one day. We ourselves are collecting figures to see what exceptional problems might be created by a reform as drastic as the one we are proposing.

We and the legislators are now considering what steps can be taken to alleviate any unexpected problems that might be created, or individual problems I should say, here and there. The trouble is, I think, Assemblyman Bagley has been so concerned with promoting his own tax reform program that unfortunately he just isn't aware of many of the facets of ours or what is going on. I am sure as soon as he gets familiar with what we are talking about, he will discover that there aren't the great risks and dangers he now sees.

Q Why aren't those better and more complete figures available to the chairman of the Revenue and Taxation Committee which must consider this?

A This is what is going on right now, and we are working and providing them with these figures.

Q Then, governor, he is wrong in that Richmond wouldn't lose a couple of million and Castro Valley --.

A There are some individuals that would lose on the basis of that straight ceiling. Now we are meeting to try and solve some problems on this. What he did not add in are other figures as to how much total tax reform they could have in those districts and still not lose any money. In other words, a very minor override here and there in the residential property tax to those districts would still leave them with a substantial -- not a 50 per cent, but a substantial tax savings, and at the same time they would have the same amount of money they now have.

Q There is one point that might be helpful right here and that is that Berkeley is the district that is mentioned more frequently. The figures have all been available to the entire Revenue and Taxation Committee for several days, over two weeks, and those figures show that in Berkeley if they exceeded the \$1.10 limit by going up to a figure of about \$3.00, they would be able to produce the full amount of revenue they now have and that three-dollar figure would in turn be a three-dollar reduction in the residential property tax rate that they are now paying.

Q Could I ask one more question?

A Yes.

Q They also say that the rates that do get these small overrides which I assume Mr. ^{Wine}berger was also talking about, they under your bill would have to get a 60 per cent vote which is higher than required, and they say it will be difficult to do.

A Yes. These are the things that crop up when you start a reform this big. But we right now are having meetings on how we can meet that problem without just simply sticking with that flat rule. In other words, make exceptions that will meet this particular kind of problem. And I am not prepared at the moment to say what the outcome of these are, but our legislators and our own people in finance and our staff are working together on this to see if we can find answers to that to eliminate the need for some of these elections.

Q Even if you haven't entirely reached a solution, would

it be fair to say you reached the conclusion that some revisions are necessary in your own tax reform proposal?

A I told you that when we were talking about it last week, that this is one reason why it was specious to talk about it. In fact, it was foolish for anyone to suggest last week that we could have brought the tax reform program out of committee and pass it in one day before we passed the budget. We knew there were things of this kind, bugs that had to be ironed out.

Q Because of these bugs at this late in the Session, do you think there is any reasonable possibility the reforms should be held over for still another year?

A No, no. I don't see any reason to hold it over. I think this can all be done in this Session. As might be indicated by the amount of time we are spending talking about it, there are less bugs and less problems in a program this drastic than one might think.

Q Do you feel that the Legislature will approve any major tax reform?

A Well, I have the assurance from the leaders of the democratic side, they were prepared to give us 22 votes from the democratic side, which would make this kind of a bi-partisan approach to the bill, and no one ever told me that they are not going to give me those.

Q Do you trust that source?

A Well, they were talking about their own side. I have to believe they know what they were talking about.

Q Two things mentioned by the Democrats before the budget ~~is~~ ^{was} signed, school aid, which has been resolved to some extent, and tax reform. What promises or assurances came from your office which may not have been announced with reference to the tax reform?

A Not a one. The only thing that was ever promised was that it come out on the floor before we treated with the budget. And I gave them every assurance that I could, that we were going to push for that tax reform program and that I wanted it as a package to get it out. And there are some miscellaneous bills which go along with it which could be passed by themselves, and while they are a part of the over-all tax reform, they would be good bills if it was decided to continue with the present tax policy. Those could

be treated separately. The major parts that have to actually do with reform and that hinge on the constitutional provisions; also, I would like to see all of those passed contingent upon the passing of the constitutional amendments on the election. In other words, I wouldn't want to see an increase in one form of taxation go into effect by statute. If the constitutional revisions were turned down by the people -- I would rather wait on that until the people evidence their support by their votes.

Q Governor, are you saying that even though you acknowledge there are some problems still cropping up with your tax reform package that you think sufficient study has been given to the problem so that you urge passing the bills out of the Legislature right now?

A Yes, because this is something we just started to do after the budget was passed. Ever since basically the bills were introduced, we have been continuing to gather figures and to meet problems. As I've told you, we were never satisfied, for example, completely with what we had been able to do for the farmers, and we have continued to talk with farm legislators on the provisions that might be added to this or amendments that might be made that could meet that problem and alleviate some of their tax problems. So that none of these things, and none of this that Bill asked about here today on the school districts, are new to us.

We have been continuing to work on them. I think we will be able to make recommendations for solving these problems.

Q Governor, there is a journalist from Tokyo that wants to ask you one question.

A Welcome to California.

Q Some questions regarding the Negro problem (question not heard by the reporter).

A Well, I couldn't quite catch all of the question, but I think if I understood correctly -- and you correct me if I am wrong -- you are asking about the fact that basically the Negro minority in America is behind in earning capacity, in percentage of jobs that they hold at upper management levels and so forth, not having their full share in higher education; and what is our policy and what do we favor concerning that?

Well, as some of the rest here in the room know already, this administration, my administration, has appointed in state

government more minority community members to policy making positions, management positions, than any other administration in the history of this State. Now, this isn't the answer totally to their problem because the State can't hire enough to make up for the others. But in addition to this, we are wholeheartedly in support of every kind of program that will hasten this equalizing.

Now, we have dwelled so much on the unevenness that we haven't made -- haven't paid enough attention to what has happened in just the last several years in that field in our whole country. We have doubled the median income of our minority people, particularly the Negro community. While they are still behind in income level to the whites, they are much closer and have come up further than at anytime in the past. This is true also with regard to education figures.

As of now the only country in the world where the white majority sends a greater percentage of young people to college and universities than the Negroes who can attend college and universities in America is France. We actually send a higher percentage of Negroes to colleges and universities in America today than any other country in the world sends white people to those schools. We still have a long way to go but there are a number of programs, many of them starting from the Federal Government, which we cooperate on in training programs and so forth for employment here in the State Government.

We have also asked for a review of our civil service requirements to open up more jobs for minority employment in government where today artificial restrictions on academic level and so forth keep them from doing jobs that actually they are able to do but technicalities keep them out. We are proceeding with that and we have made great progress with it.

We will welcome other suggestions for doing any more that we can because we will be a better country when that inequality doesn't exist.

Q You were presented with some petitions by the Bay Action Committee on Thursday their Senate Finance Committee is going to be holding hearings on at least four bills regarding San Francisco Bay. Have you made any communication to the committee or to the Republican members on that committee asking that they act on any bills?

A Well, this is an ongoing thing, yes, because I feel that I started that, started those petitions with the State of The State message. We expressed this administration's support of this save the day idea and the perpetuation of the Commission. As a matter of fact, these people outside who very kindly handed me the petitions just now, they have about 2,000 names from all over the State. They acknowledge that this all started from the State of The State message. Yes, our side upstairs knows how we feel about that.

Q You are still urging the passing of the Marks' Bill?

A I am going to ask Vern.

VERN: It is a committee bill or committee bills that we put together, but our department is still working with all of those authors who are communicating with them on amendments.

Q Do you think, Governor, today's problem might be solved like you are solving Pyramid Lake, reducing it down 30,000 acre-feet?

A No. I think you got a different problem there. The Bay has enough water. The indication is that the people around the Bay don't feel they have enough land.

The Pyramid Lake situation is one in which there isn't enough water to preserve the lake at its present size. The complaint mainly of the INdians regarding their Pyramid Lake, what they want is an assurance. Do they just go on and on until there is no lake? In the meantime they cannot develop the shoreline of the lake because each year as the water falls there is left a mud bank between them and there is no permanent lakeshore. You see, a portion of that lake is deep enough to hold back and lessen evaporation. There is a large area of the lake or a part of the lake that is quite shallow. This is where the great evaporation is throiughout the dry season.

Now, if a figure can be determined as to water available for the lake, and if engineering-wise it proves practical and feasible to determine the size -- and right now on the basis of water available, they are talking of a 110,000 acre lake. A great part of which is this extremely shallow water -- and they are talking about a lake that perhaps could be stabalized at about 70,000 acres. Well, that is still a very large and practical lake that once stabalized they then have assurance of a shoreline

development.

Q Can we go to another subject?

A Yes.

Q Thomas Farrell who has resigned as trustee at Sonoma State Hospital because of what he calls disgust and frustration over the administration, claims that the system no longer is in response to the voice of the people and is without representation. Would you be in favor of trustee control over that hospital?

A Well, I don't know whether that is the answer or not. We are looking into this to find out his story. I must say that the whole area of mental retardation is one, as we ^a have tried to point out, that must have reform. More than two years ago I pointed out that we were aware that the storing of these particular children in these large hospitals, just simply putting them in their custody, was not the answer and we wanted to move, as we did in mental health, toward the idea of more out-patient clinic type of local centers. This is why this budget has more than doubled the amount. And we will go from two to nine such centers with the budget that was just passed in that area.

We have reduced the hospital population slightly, but nowhere near the rate of reduction that we have achieved in the mental hospitals. We have done this not only with the service centers, but with the ability now to move into smaller units utilizing the newly vacated space in the mental health hospitals where some experimentation is going on. There is no question that many of his criticisms are valid--we ourselves are aware of them. It is also true that we are trying to do something about it.

Q What about the criticism that James Lowrey, the head of the department, was a dictator?

A I wouldn't be able to comment on why he said that. As I said, progress was being made and there was evidence that we were making it before the criticism of this kind. But we ourselves are the ones who asked for the Task Force that has just given us a great many criticisms and a great many suggestions which we will proceed to implement in this regard.

Now, the other criticism that you have more administrators and less actual workers than would be desirable, isn't this the thing I have been complaining about in all areas of government

ever since I have been here and even before I came here? This is a ^{problem} ~~problem~~ that goes with government. And you have to fight your way through the solid structure of government ^{ment} to rectify situations of this kind.

Q Well, more specifically he said he is a parent of a 15-year-old retarded child and also a member of the Board of Trustees, and he said the Board of Trustees no longer meets or is no longer consulted under Dr. Lowrey's administration. He said Dr. Lowrey ignores the trustees who are local parents?

A I intend to look into that.

Q On another topic, Dr. Hayakawa evidently would like to clarify his own position at San Francisco State. Do you favor his being named permanent president?

A Yes. I will be at the trustees meeting tomorrow. I don't know whether that matter will be taken up or anything done before I get there in the meetings that are being held today, but I myself would vote and I intend to vote if I have the opportunity for Dr. Hayakawa as president. I think the number of administrators in colleges and universities who will take the stand that they should take and that he did take, they are so few that I don't think you would let one go when you get one.

Q Do you think he should be permanent president?

A Yes.

Q Including beyond 1970?

A Well, I don't think that college presidencies hinge on elections. That is what I meant. My vote would be that he be made permanent president and not his present capacity as temporary or acting president.

Q You are not concerned about spoiling his opportunity to run as a Democratic candidate for senator or some other office?

A Oh, no. That's up to him. I look upon him as an educator, and at the moment a very successful administrator.

Q What is your comment on the reshuffling of the Rules Committee in the Senate?

A I just heard about that. You will have to ask them about that. I stay away from all those things.

Q Do you know anything about the controversy surrounding

the administration of another college president, Robert Johns?

Are you concerned about that controversy?

A Well, this is one that has to do with the investigation into the charge of alleged misuse of funds out there. This is being investigated and I wouldn't comment now while that investigation is going on. Obviously if it reveals there was such misuse of funds then something should be done about it.

Q Do you have any comment or position on the Southern California Rapid Transit bill that is going through?

A No. I have not caught up with that one yet.

Q On another subject, this morning in Ways and Means Assemblyman Stoll's campus disturbance bill was passed to the floor. A portion of that provides for State sharing of costs with the local districts such as San Francisco for policing and other expenses that go with disturbances. Roy Bell from the Finance Department said that the administration would have to oppose that portion of the bill. Would you veto anything that came in like that?

A Other than that one exception I made a little while ago. I don't like to talk about whether I will or will not until the legislation gets down. But I would have to say that I think it is a very dangerous precedent to establish that simply because there is a state institution involved in the disturbances that the State gets into paying the cost of local law enforcement.

Q On the budget, when you ran in 1966, you pledged quite a few times I believe to reduce the rate of State Government spending, the rate of increase. Now, with your third budget passed, the rate seems to be still about 10 per cent a year increase, as it was under the prior administration, or about a half-billion dollars a year. Do you feel perhaps you are over-optimistic in your original pledge, or do you expect the rate can be reduced?

A No. And I never was optimistic in the original pledge. I said and I still say that I think government costs too much, is too big, too powerful and must be reduced. I think we have made some rather sizeable gains in a State that is growing. You recognize that there is a certain addition, for example, in higher education and in our subvention to lower education. The increase in the rate of students calls for increases in staff and buildings and so forth

to provide for them so that you know that there is going to be a necessary increase.

The idea is to not have an increase that is far in excess of that. This has been complicated by the ever-increasing inflation rate.

I just sat down with some figures this morning and did some rough work on the back of an envelope on what inflation alone has done to us. If there had been no growth, if we had simply taken the first budget that we had when we came here and simply passed that budget and then added the money that had to be added to maintain that same budget and same size government, and compensate for inflation, the budget this year would have to be \$6 billion dollars more. There has been that much inflation alone in this three-year period.

Right now in this present year inflation is running at a rate of seven and a half per cent, or more than seven and a half per cent. Now, when you figure this, what you have to figure then is, had we not made gains and had we not reduced expenditures as much as we have, curtailed spending, curtailed the size and almost entirely eliminated the growth and the size of government, add the inflation and the growth rate, I think you would find us with a much larger budget than we presently have.

But it is a little bit like smog with the automobiles increasing in numbers. It is very much of an uphill fight, particularly in this inflationary period.

We haven't given up at all in what we are trying to do, and we think we have reduced the size of government.

Q Don't those arguments resemble some arguments made by your predecessor when he was faced with the same factors?

A That's right. And I know what you are getting at. But there is a great big difference. The big difference is that you could add up during the eight years he was in, considering the inflation and the growth factor of California, and his budget was increasing better than double the growth and the inflation factor combined.

Inflation in the last few years has begun to move from, roughly, around one and a half to two per cent a year up to, as I said, the present seven and a half per cent.

He didn't have that particular problem. The growth rate is the same for us as it was for him. What we are trying to do is hold a budget down to where it is at least within the growth and inflation, at a point that it does not represent an actual increase in the rate or size of government. And I think we have done it.

Q On another subject that you have never failed to respond to, as you know, 416 people were arrested May 22nd during the people's park demonstration and most of those charges have been dismissed due to the fact the booking officers could not testify as arresting officers. Do you agree with the Court's decision of you giving local officers any advice about the future?

A No. I have never given any local officers any advice. These disturbances are in the hands of local law officials even when State aid is requested. The State Aid comes under their control and jurisdiction when it is applied there.

Q Do you have any idea about how to make arrests stick more?

A No. I think in this last disturbance in Berkeley, you have to face the fact that a number of arrests were made admittedly on a kind of a roundup and mass basis, not necessarily so much on the basis of an actual identifiable breaker of the law at the moment, but in order to break up hostile crowds and mobs that were causing damage and violence.

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7/15

HELD JULY 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.)

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GOVERNOR REAGAN: You all look like you've recovered.

Q Governor, what do you read into the latest Berkeley flap as of yesterday?

A What I read into it, the same thing that I predicted some time ago. I don't think they have ever given up their attempts to create a disturbance or violence, speaking now of the real leaders of the so-called street people. I told you sometime ago that we have been aware of meetings in which they have been discussing their strategy and how far they should go and what they should do to keep this alive and so I think this was just another outburst. There were some familiar faces, I understand, according to the police, present, some of the same leaders involved in this.

Q What about the National Guard, are they alerted or on standby?

A No, no one's asked. So far this has been handled by local authorities and if at any time they can't be and they make the request, that's the manner in which the Guard is appointed.

Q Another subject. Governor, the Los Angeles Chamber of Commerce last week formally endorsed a principle of mandatory withholding and do you wonder sometimes whether you are out of step or everybody is out of step with you on this subject?

A No, because so far the polls indicate that I'm not alone. There is still a majority of people -- as a matter of fact, polls have been taken on the basis now of mandatory versus voluntary, versus the status quo and the funny thing is the status quo in the polls that we have seen comes out ahead of either voluntary and mandatory, and the combination of status quo and voluntary withholding is better than two to one over those who would approve mandatory. Frankly, I

have to say that I think the Los Angeles Chamber of Commerce, and normally I find them reasoned people and well-informed -- they are evidently victims of the same confusion in all of the discussions about what is contained in our tax reform proposals. They base their idea of mandatory withholding on only one reason and that was the some hundred and 35 million was the figure they used, that they believed would be new income from people not now paying taxes, that they would get under withholding, and this is a completely false figure. This is this usual thing of talking first about those who might be cheating, or evading their taxes, then talking about all the other money that withholding would bring in and then winding up with the kind of impression given without actually saying it, that there is that much money being lost through cheating. There is, as nearly as we can determine, between 15 and 20 million dollars that is the state's loss through all kinds of cheating or evasion and again I say this is a lower percentage than almost any tax collecting body, including the United States Government, which does have withholding. The hundred -- more than hundred million dollars they were adding in is without a change of rates an actual tax increase which we have pledged the people we will not have. This is money that all of you would be having taken from your pockets earlier than you would have to pay it on the present system, because ~~of~~ the instant that there is any increase due to inflation in your earnings or your own position, the state starts getting its share right then instead of a year later and thus; in other words, you get an increase in your taxes even though the rate remains the same. And since we meet here every week I've pledged myself, looking at your faces, not to let that happen.

Q Well, Governor, what would be the increase under your -- under your first year mandatory withholding?

A What's that?

Q What would be the increase under your plan which is a mandatory withholding for the first year?

A Actually, Cap, have we figured -- worked that out as to figures?

CAP WEINBERGER: Not as to actual dollars. It would pick up, we believe, all of the -- all of the 18 odd million that is -- comes from cheating because in the normal course this comes from people who have not previously filed a tax return. That's the way in which they are able to make the evasion. It would pick up

very little of the growth of the -- what growth there is that first year would be picked up, but it would also be returned under your plan in a tax return fund. So that there would be no accretion to the state except from the people who are now evading.

Q There is another angle to withholding, and that is an increasing number of people who are delinquent in their state taxes, they delay paying, they file a return, but they don't pay right away and there is some recent figures the rate is going, people never pay and they never catch up with them. ^WWouldn't withholding catch those people?

A This might be true. We have been aware and there's been talk even at the federal level, there's been talk ~~of~~ the increasing interest rates are such that people are tempted because the money they can earn on their holding their own is so great that they can afford to pay the penalty and still make a profit. But on the other hand, isn't this another argument against withholding, doesn't an individual have a right to hang onto his own money if he wants to until it is due, legally due, instead of paying it in advance and thus at a time such as this when there are such returns on investment be able to use that money and benefit himself.

Q Governor, if you have forgiveness or if you pay your taxes till your death and finally settle up, there is no increase in the rate. There might be increase in the interest you earn on your money and so forth or a loss of it, but you keep saying there is an increased tax rate. I don't see that.

A Not an increased tax rate. I'm talking about -- I agree with you. I'm talking about all of these loose figures of anywhere of a hundred 35 to 150 million dollars that the proponents of mandatory withholding are saying that the state will get. It is true, if you follow someone all the way through his life eventually it doesn't happen, but their basis for those figures have nothing to do with cheating. They claim that the state by instantly getting its share of tax on any increase you have in your income does advance the collection by a year, reflecting increased earnings, the growth of the economy instead of waiting a year to get it. I myself have always said, yes, this is not additional money, it is additional money out of your pocket right now. Now, if you want to take some comfort from the fact that you get even with them when you die and

quit earning, well, that's all right, but right now it is true they would get that much more money out of the growth of the economy by getting this money from you when normally you would not be paying it and until the following year.

Q But is it now the economy is growing? Is it now the state is going to need that additional money which comes from the greater tax on your income, because the state has to pay its bills now based on the economy now.

A And so does the individual have to pay his bills. This comes back down again to every argument for mandatory withholding is for the convenience of the state, and I just think -- still think that it is time that the state had more in mind than it exists solely for the convenience of the people. We didn't go into business just because somebody thought being in government was a good idea. Government is here because the people need the services of government and again this is a little like that fellow in the Army that the Sergeant gave him the machine gun and set him up in business for himself.

Q Governor, speaking of higher interest rates, is there any way you could have any assurance now that the state will be able to market its bonds in the foreseeable future so that the State Water Project won't grind to a halt?

A Well, there is no question but that there is a nationwide inflation, as I predicted several years ago, is increasing and is approaching the runaway point; must be solved. Everyone is in trouble on this -- on this basis, the interest rates and the bonds. We are still reasonably optimistic about some of the efforts we are making and negotiations we are engaged in right now with regard to these, meeting this problem. Until there is a turn for the worse, hoping there won't be, we will pursue our present course.

Q Do you think President Nixon is doing enough to stop inflation now?

A Well, I certainly think he's made it plain he's aware of the problem, he's trying his best. I happen to believe, of course, that the biggest single cause of inflation, the only cause, is government spending, deficit spending. We have been told that this present year will show a surplus. I hope that's correct, because

it is through deficit spending that we increase the money supply.

You had your hand up?

Q You answered it with --

A All right.

Q Governor, on the tax rebate, the change has been made in the legislature where it would be the 1968 income that you would deduct. Do you favor that?

A Now, wait a minute.

Q Change has been made in the bill where you would -- your idea is to return the money to the people who overpaid, right?

A Yes.

Q So that would have to be your 1968 income, not what you are going to pay this next year, and they made that change. Do you favor that?

A I haven't kept up with all of these things. Cap, I'm going to ask you to answer this.

CAP WEINBERGER: It really doesn't make any difference, Governor, except it makes it a much more -- somewhat more difficult administrative problem. Under your plan they would simply deduct the 10 per cent from the amount they were going to send in in 1969. Under this plan you would have to show on your return the computation of what your tax return was the previous year; take 10 per cent of that. It makes a little more administrative verification. It doesn't really make any difference what year the income is based on.

Q What if the fellow didn't pay anything last year? The man might not have paid anything last year and he gets a rebate for not paying anything.

A Squire has brought up the case of someone who didn't pay last year and would be getting a rebate on something he didn't pay.

CAP WEINBERGER: There's always a few.

A This is a little bit like 1-A and the property tax return. We tried, as you know, for more than a year to get a simplified version for which no one had to write any checks and no administrative problem. Somehow there always seem to be those who want to complicate it and create business for the state and activity for the state. I wish they could do it the simple way.

Q Governor, is the fact that the top Republicans in the

legislature, Mr. Monagan and Senator Way, thinks that the hundred million dollars earmarked for your tax rebate might possibly be better used for capital outlay, including water project, make you look any favorably on that use of that money?

A No, and I think that they -- they suggested these as reasonable alternatives, and alternatives which they could perhaps even favor. I have to say this, that this is the people's money. They paid it in, it was not needed. I think they are entitled to get it back. This does not preclude the thing that if suddenly there was a catastrophe that actually interfered with the state's operation, the state's business you wouldn't have to perhaps turn to the people in their -- their own willingness to help. But so far there's no evidence that we have reached such a --

Q Is the bond crisis interfering with the state's business?

A Not to the point at the present that things grind to a halt.

Q If work stopped in the water project this fall, would you think that would be a catastrophic situation of that order?

A Well, yes, as a matter of fact I have to say that this is one thing that we obviously could not permit happening, the grinding -- if there was any human way to stop it, to prevent the grinding to a halt of the water program, because we know that this would be terribly costly, a shutdown of that operation.

Q Governor Reagan, yesterday in the Assembly they passed a measure which calls for tuition, also loans which would be repayable. Are you generally in agreement with this concept?

A Yes, this is -- this -- as a matter of fact, the first tuition plan I ever proposed was based on the same idea of the privilege of paying back on the loan basis and I'm completely in favor of that and have believed for a long time that there must be some new form of student sharing in the cost of education that would not prevent him from getting an education now, but would be paid back out of his earnings and reflecting the value that he received from his education. I think it is fine. I think that the Assemblyman Collier in pursuing this and staying with it, being willing to modify it, meet objections that others brought up, this is just fine, and I'd -- I'm watching his progress. Obviously I'm not going to comment on all particulars because again, as I say, you have to wait

to see what somebody does to it.

Q Do you think the Regents will implement this plan? They didn't implement a similar plan when he presented it to them a year and a half ago.

A I know. Well, this is one of the provisions of this bill, that it must be implemented by the Regents and then of course I certainly would do my utmost as a regent to see that it was given every serious consideration.

Q Governor, the Democrats are saying that you did a lot of arm-twisting to change the 17 Republicans from voting for Assemblyman Bee and voting against him yesterday. Do you have any comment on that?

A Yes, I have a comment. I read that and I want to tell you I just have to tell you this is sheer fiction. I happened to be in Los Angeles at the time that was going on, and I didn't know anything about it until I was called and informed that this action had taken place, that it was completely spontaneous on the part of the -- of the Republican caucus in reviewing their own position, and I wasn't even aware after the original action had been taken that there was a provision whereby they could do this. So there was no arm-twisting. There wasn't a single call from me in Los Angeles to Sacramento. A terrible risk, I tell you, I was out in the country during that day.

Q Governor, on the same subject, that bill passed 73 in favor of the Assembly. It comes out of the Senate with this larger proportion of a supporting vote for around 190 million dollars in school finance, would that incline -- make you inclined to think more deeply before blue-penciling it down?

A Well, I don't think I have any choice in the blue-penciling it down because the budget was settled on the basis that the amount would be the 120 million that we know about now, plus the unknown amount that will be determined on November 1. So until this amount is determined it is anyone's guess as to what the final figure will be. Now, the bill itself, however, is a good bill with regard to the formula for disbursing that money once we have it. So any vetoing down or blue-penciling down to the 120 million figure everyone knows does not mean 120 million. It means 120 million plus whatever the surplus turns out to be and I have no choice in that matter because -- just as the author of the bill himself said the

"Who would like to propose a new tax to make up the money that we are talking about?"

Q Governor, back on the subject of tuition for a moment. The Chairman of the University of California Regents says he expects that there would be -- will be some form of tuition passed by the Regents this fall. Do you share that view?

A Yes, I do. This is one of the differences I could have added in the answer a moment ago to the question on tuition, one of the differences now between the Regents and the University administration and a year or so ago when we were talking about this and debating it, there has been agreements, and you find that the President of the University/^{himself} has recognized that tuition is inevitable and is necessary. This calls me back even to my predecessor who a couple of years before I got here made the statement that some day the university and the state college system would have to turn to tuition.

Q Well, Governor, I thought you already acknowledged that we have tuition.

A We do. They haven't called it that. It is a kind of a token thing, something -- what is it, 87 million or 87 dollars or something, but this was again borne out of a time when there was still a widespread feeling even on the part of the university and that's why they refused to use the word "tuition" in connection with that charge they did not refer to it as a fee, a student fee. They referred to it as an admission charge, but they still were reluctant to go all the way and abandon the tradition of no tuition. This has been changed.

Q Well, then what will be the action taken this fall? Will it be a matter of calling fees tuition or will the fees be raised?

A Well, no, the university itself has told you that they themselves are studying now a new approach and a system of tuition, and expect to come in with a recommendation for the same. Well, now they may be receiving a recommendation from the legislature.

Q Governor, were you surprised by the defection from your position by the 17 Republicans and how would you explain it?

A Well, I have stopped being surprised by the legislature. I got over that very early, so I can't say I was surprised. And how to explain it, I don't know. They themselves had a second thought about it almost immediately and by the next day we are back changing

it, so whatever had led them to go for that on the first day, they changed their minds themselves. I'm grateful to them. I think right now the way the legislators have passed this present bill and the way they rejected the amendments that were proposed second time around speaks very well. I thought they -- I thought it was just fine the way they responsibly faced this problem and recognized the problems we have with regard to making revenue and expense meet.

Q Governor, I'd like to go back for a second to your position on using the hundred million dollars for capital construction. If the legislature sends you the bill to do that, would you veto it as you said you would veto a bill that would use that money for school aid?

A Well, you know, I made a kind of exception the other day because we were talking there about an on-going expense. I just don't -- you know that I don't talk about whether I will or I will not until I see what comes down to my desk. At the moment I must tell you that I still favor and believe this money can be and should be given back to the people.

Q Well, you made an exception today, too, when you said you had no choice but blue-penciling the school bill. That's a maximum figure under the bill, it can be less depending on the surplus.

A That's right.

Q You don't have to blue-pencil it.

A No, that's right. However, if this comes down as an appropriation bill and I don't blue-pencil down then we are committed to a figure whether there is a surplus to bring it up or not.

Q Governor, isn't there language in the bill that provides for the estimating and revision dependent on the amount of the surplus?

A Well, now, Jack, you may know something I don't know with the changes that have been going on, I haven't kept up. If there is that -- that could be a different matter.

Q Governor, a change of subject, the thing that seems to be hanging up an agreement on BCDC at the moment is a desire by some agencies to give local governments, local government entities around the bay a veto power over how the land, shoreline land can or cannot be used. Now, would you like to see in a BCDC bill local government agencies have this veto power or do you think the BCDC should have this

power solely?

A This is -- I think I've made myself plain on the bill and I know that this is being worked out upstairs. There are many complicated things. I have said that the bill in my estimation should provide for a review and a protection against just the unlimited fill by all who have some claim to shoreline or bay bottom. It is complex. However, by the same token I would not -- I do not think that a bill should be so inflexible that it says there is no provision whatsoever that everything -- blanket denial as of this moment because there are communities -- there are cities around the bay with airports, needs and harbor needs and so forth, and who have claim and rights to the bay and the bay bottom. I just think that a strong bill should come down which would make provision for the review and the -- so that whatever takes place or whatever has to take place there can be a proper reconciliation between necessary progress and the preservation -- to the greatest extent possible to the bay. And I recognize the communities, the cities have some problems of their own and these problems should be recognized. Now, how the legislature will work this out, I don't know.

Q You are talking about the shore, are you not? You are not talking about the tidelands?

A I'm talking about the shore and the tidelands.

Q You mean you'd want to weaken the present powers of the BCDC?

A No, no, he was talking about whether the cities around the bay should have a voice -- you put it as a veto power. I would -- I didn't say that. I think that they should have an ability to consult with BDC -- BCDC and how this is worked out upstairs I'll trust them to do this. I think there is a serious effort going forward to bring forth that kind of bill.

Q Governor, you mentioned airports. All the airport proposals involve filling the bay, not using the shoreline. You say that Oakland or San Francisco should have the power to override the ~~BCDC~~ if they determined --

A No, I didn't say that. I'm not going to get into this while we are still trying to work out these delicate problems out upstairs. I gave you my philosophy and theory of what I think the bill should include. It should not be adamant one way or another.

Neither that there is a halt of all kinds and nothing can be done at all nor should it be the unlicensed going ahead. The BCDC has always had the power to make decisions as to where progress did outweigh the total preservation of the bay, and I still think that this should be retained. I recognize, as I have said before, however, that there are cities with problems in there. This is one of the elements they are trying to work out upstairs, is ^{the} to protection of those rights and I'm going to wait and see how they do it.

Q Senator Marks said that the administration asked him to offer amendments that were in line with the League of California Cities' amendments that would give the cities sort of a veto power over commission decisions. He described these as administration amendments. He said he rejected them because they would weaken the bill.

A Well, I don't know anything about that. I have never spoken to Senator Marks or told him anything of that kind.

Q Governor, may I go back on the hundred million dollar rebate just once, quickly. Have you considered alternatives if the legislature does not give you a bill to give the money directly back to the people? What would you do if they don't?

A You mean there are no alternatives, that we have a hundred million dollars?

Q Well, on the direct rebate as planned, either this fall or next spring, what if you get it back, the only one you get down there is a hundred million dollars to be used for something else?

A Well, I'll look at what they suggest as something else. But I'd rather see it held as surplus than used simply because it is there. This is -- this, as I have said before, is one of the greatest problems and hazards in trying to reduce the cost of government and save money. Public money seems to belong to no one and the result is there is an irresistible impulse to bestow it on someone and --

Q Governor, on another subject. There was violence in Southeast San Diego Sunday evening. Police have some indication that it was organized on walkie-talkies and this sort of thing. Has your office been asked to assist in any way or do you have any direct knowledge as to what went on?

A No, under our plan of communication I haven't had a report as yet, but I'm sure that our people have been kept advised of the fact that there was this -- this kind of a rumble down there. But I haven't had any report other than the fact that it has been capably handled by local authorities with no need to call in the state.

Q Back to the first topic raised this morning, several Berkeley radicals said or suggested that their actions yesterday and the events leading to those actions are parallel to the actions of Paris radicals who on the same day in 1789 stormed the --

(Laughter)

Q Do you see such a parallel?

A No, I just see some people that haven't outworn or outgrown their pink booties.

SQUIRE: Any more questions?

Q Now about Paris radicals, same thing?

A Well, yes, it all seems to be part and parcel of the same thing. Are you talking about the modern-day Paris radicals or the ones back there in the French Revolution?

Q Back there in the French Revolution.

A Well, the whole picture of Berkeley radicals, so they can knit while the guillotine falls is kind of intriguing.

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