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5/17

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

SENATORS JOHN HARMER, FRED MARLER and ROBERT LAGOMARSINO

and ASSEMBLYMEN WILLIAM BAGLEY, ROBERT MONAGAN and JOHN STULL

HELD MAY 17, 1972

Reported by

Beverly D. 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: We are all here in connection with the announcement that I am going to make, the legislative leadership and those who are going to handle the piece of legislation that I am here to announce.

(Whereupon Governor Reagan read release No. 300)

GOVERNOR REAGAN: Now, I think you gentlemen wanted to add anything to this before we have Ken go into the details of the tax --

SENATOR LAGOMARSINO: No, Governor, only to add that I think -- I think this is a measure that is -- as you say, worth of consideration, and the support by the legislature. It meets two of the biggest problems we face, the issue of school finance and of course the issue that we have had for many years, as you pointed out, of property tax reform. And the thing that is very appealing to me about it is that this is able to be done without increasing the income tax.

ASSEMBLYMAN BAGLEY: I might point out procedurally that since we have AB 1000 which is a familiar number, the Moretti package, in the Assembly, we want to start this bill on its course in the Senate. So that Senator Bob Lagomarsino -- and he and I were together a couple of years ago, and I have Leroy again with me -- Senator Lagomarsino will be the main author of the bill to be introduced very shortly, within days, in the Senate. I'll be the Assembly co-author. If necessary, I got a couple of spot bills, too, but the whole point is we will start in the Senate with this bill. Just by way of conclusion, I have been on a Serrano kick now for a year or so urging that we meet the mandate of Serrano, because it is perhaps the most important finance -- government finance issue of the century, and all I want to do, I really mean this, is commend Governor Reagan for facing the reality of Serrano, facing the realities of the unequal educational opportunity that is built into our system now, and repairing that inequality, and I do commend

Governor Reagan for that, and I thank him for his leadership.

GOVERNOR REAGAN: Gentlemen, anyone else? Well, you will all have a chance at all of us here in just a few moments for questioning, but first, and this might anticipate some of your questions, I'll ask Ken Hall and Bill -- I appreciate those words, except I have to turn and give the credit to my staff and the -- Verne Orr and Ken and all of the people over in finance who have been working so hard on this with legislative leadership help.

ASSEMBLYMAN BAGLEY: You want me to move, Kenny?

MR. HALL: I just want to try and run through a couple quick concepts and then maybe cover the general questions with the Governor and the principles, and then if you have detailed questions I'll be happy to come back to those. The proposal is a major property tax reform proposal balanced upon two different issues. One attempting to try and provide guaranteed and lasting property tax relief to Californians beleaguered homeowners and others. And at the same time to provide an equal educational opportunity program to California school children. The educational portion is approximately 860 million dollars of additional money, State support, for schools, of which 210 is a program increase for the poorest school districts. The balance, 650 million dollars, is a roll back in the property tax rate currently supporting local education. This will take the State support to 50-50 sharing in terms of the basic educational program. The details as to how it works is to take -- build upon the existing foundation program and expand the support for -- expand the State support from a present level of a guaranteed of 480 dollars per student for the elementary school to \$687. For a high school student, to increase the support from the current level of \$560 to a \$900 level. The typical school district in California would receive approximately 85 per cent additional state support. 95 per cent of California's school children would receive additional State support.

The property tax relief portions are as we mentioned, \$650 million rollback in the school property tax rate. Plus increasing the homeowner's exemption to first \$1250 effective with this December's tax bills, and increasing \$100 incrementally for a period of four years to a total of \$1550. Also for the property taxpayer to limit property tax increases for the future to a vote of the local electorate, unlike Watson which gives a limitation in terms of the property tax that the voter has no option of going above this proposal, would give the option of the local electorate to go above that level for cities, counties and

schools. A total of property tax relief, \$650 the roll back of the rate, \$242 for additional homeowners' exemptions, a total of \$829 million dollars worth of property tax relief within the proposal.

Income tax relief in three different parts. \$84 million for renters in order to try and balance the sales tax increases that would be imposed upon them. Also increasing the singles exemption. Singles credit from the current \$25 to \$35 and give those who have had household returns the potential -- the advantage of using and claiming a credit for their first dependent. Replacement revenues are dedicating \$100 million dollars of State surplus that will be announced tomorrow. A, dedicating that state surplus for property tax relief rather than for additional spending for state services. Secondly, the funding is from federal revenue sharing to the extent of \$240 million dollars. When the question is raised as to the potential of federal revenue sharing passing this legislative session, we think the potential is excellent, but just in case there is a difficulty in terms of adopting federal revenue sharing, there is a reserve fund established of other surpluses in the state budget which would offset the \$240 million dollars worth of increase -- of revenues coming from federal revenue sharing. If this reserve fund is not needed, because of the advent of federal revenue sharing, then any reserves in this surplus would be returned to the taxpayer in terms of an income tax reduction.

The revenues in terms of tax increases do not include any type of an income tax increase. They are a sales tax going up one per cent effective next May; luxury tax increases on cigarettes and liquors, 5 cents per pack, 50 cents per gallon, and a bank and corporation tax increase, 1.4 per cent.

Local government. As we mentioned, property taxes are limited for cities, counties and school districts to a vote -- vote of electorate. We are providing cities, counties and school districts with an increase on additional revenue from the VLF. The Vehicle in Lieu Fee. The Vehicle In Lieu Fee would be increased .85 per cent and would be shared equally between the three jurisdictions, counties, cities and schools. This would be the first time that schools will have participated in the VLF program. It is a tax on automobiles in lieu of property tax, automobiles and trucks. At the same time it would require the State of California to fully fund any new mandated or increased programs that are mandated by the State of California, to

try and round out the package, the constitutional amendments, some of which the Governor has mentioned, are three. One is to authorize a carbon copy for the State income tax returns on -- of the federal tax. The issue has been in front of the electorate in the past. There are two -- two new features that we think are important in terms of that electorate decision. One is the advent of withholding. We feel that in part maybe the local electorate's changed their mind, and secondly in the Mills revenue sharing bill the federal government is proposing to check state income taxes with no administrative charge. Secondly, that as you will note in your handouts, since the Governor mentioned an option for the electorate to choose either a two-thirds or majority vote for all tax increases, and third, we'd eliminate basic aid for the highest school districts in compliance with Serrano. Maybe -- that kind of rounds out the package, Governor, maybe someone has some general questions that they can _____ to you and the legislature and then I'll be happy to come back and respond to specific questions at the conclusion of that.

Q. Governor, are we now talking about -- do you have -- are you able to do this because you now have something like \$350 million in surplus? Is that what enables you to set aside \$100 million in surplus for -- one phase of this and then a reserve fund to make up for --

GOVERNOR REAGAN: Well, now, I'm not going to jump the gun on the Finance Department, which Tom will be reporting to the legislature. As nearly as we can estimate what our situation is -- but I can only tell you that I've been happier than I've been in a long time. You know, we have been fighting desperately for years to get government's expenditures to within the framework of our present revenues. We have occasionally had single time surpluses, single time savings. Two instances in which we have rebated them by way of the income tax, the last one this April because of the additional revenues from the overlap of withholding. For the first time we now are reasonably optimistic. Optimistic enough to see that -- two things have happened. One is the -- evidently the President's programs are working. In recent months the stimulation of the economy has gone beyond our estimates of such things that reflect citizen confidence such as the sales tax. But more important, if you will remember, last year when we were being told over and over again that we needed \$750 million dollars to balance the budget and we insisted we didn't, and

you will remember that we were constantly told that our estimates of savings from welfare and Medi-Cal were exaggerated, and that we were phonying them up simply to get the reforms passed, and we insisted that not only were they not phony but that we honestly believed that we were being modest, that we were being conservative because if we were going to be surprised we wanted to be surprised on the happy side. Well, we were right in everything we said. We not only didn't need the \$750 million but our welfare and Medi-Cal reforms are producing as we ourselves thought they would, far more in savings. We now believe that we have enough of a view to know that some of those savings are going to be ongoing. So, for the first time, not just suggesting a single temporary rebate, we are able to commit \$100 million dollars that we know will be ongoing and we believe that there will be additional ongoing relief or surplus. And therefore if the federal revenue sharing plan should go through the State's share over and above the local and county and cities share -- the State's share would be around \$240 million. We are willing to commit that \$240 million to this program of tax relief. To guard against the possibility of Congress' unpredictability and that they might not pass the revenue sharing we will hold in trust the additional surplus funds that we are going to have and use those in place of the -- the federal sharing if that should not take place. If that does take place, we believe that we are going to be in the position then to propose for the first time an across-the-board reduction in the state income tax.

Q. Governor, why did you change your position, though, as far as you took the money from income taxpayers, but you are giving it back to property taxpayers? Who may make up only 55 per cent of the income taxpayers.

GOVERNOR REAGAN: Right.

Q. 40 per cent of renters, you know, you are not giving the renters the same property tax, ongoing program.

GOVERNOR REAGAN:

A. One of the outgrowths of all of our studies has been the fact that the prorated share of the renter in paying property tax is only about 30 per cent of what it is for the person who is providing his own home, and therefore they don't have the same property tax inequity, the renter does not that the homeowner has. So the need there is not as great.

Q. Governor, why did you wait so late in the session to present this? They are supposed to wind up by June 30 or thereabouts.

GOVERNOR REAGAN: Let me tell you, it wasn't a case of waiting. It was a case that, as I told you, I guess, last week in the press conference, that as we have gone on through these several years of attempts and -- we started out with, as you know, quite complicated programs, trying to cure every problem across the way that we could. We have learned a lot, and what we learned revealed that the problem was more complicated and the more we knew the harder the problem became. We also faced this year the fact that very much a major part of any tax reform had to be the solution to the school financing. It was ridiculous to talk about altering the tax structure and ignore Serrano hanging over you. So this has been the result of an awful lot of work and a lot of different proposals that we have debated and -- and burned the midnight oil on and turned down. And so finally I just have to tell you this, this was as quick as we could come up with something.

I would point out that the only other alternative to Watson that the legislature has is really only being introduced -- well, tomorrow, as a matter of fact.

Q. Governor, this freezing of the tax rates, the '72-73 level, isn't that more in the spirit of Watson than Serrano?

GOVERNOR REAGAN: Well, no, we feel that if we are going to -- and we recognize that this is going to be -- not received joyously by local government, it never has been, the idea of controls -- but we are not keeping the controls in the hands of the state ourselves, we are putting them in the hands of the people. But we believe that by freezing for a brief period that it is only fair to the people who from then on are going to have the responsibility and the right to raise those property taxes, that they should have time to see those bills come in and reflect this difference in the property tax. See if the structure is working before someone should start trying to induce them to go ahead and raise their own property tax.

ASSEMBLYMAN BAGLEY: The Watson initiative doesn't allow -- takes the right of the voter away. Cannot raise the local rate even if he wants to enrich the program.

GOVERNOR REAGAN: Fixed in the constitution.

ASSEMBLYMAN BAGLEY: That's the difference.

Q. Governor, how do you accomplish this rollback of local property taxes and which taxes will be done and who will decide that?

GOVERNOR REAGAN: Ken or somebody.

ASSEMBLYMAN BAGLEY: Let me try to indicate --

GOVERNOR REAGAN: Bill.

ASSEMBLYMAN BAGLEY: -- let me try to indicate, we are talking about a rollback only in the school tax rates. We are talking about a rollback in this -- in this sense. As the chart showed the present -- and let's take an elementary district. The present elementary district guarantee is a program of only \$355. That goes up to \$687. Let's take a district that is now spending \$1,000 but has an assessed valuation that's low enough to -- to benefit from the increased state monies, and let's assume that it gets a couple of hundred dollars of new state monies out of the -- almost -- well, \$210 million that we have got per child. So what you do is to the extent that the present district is above the foundation program, i.e. 687, and to the extent of new money, they are forced to roll back their rates, let's say, of \$3.50 to \$2.50 by the amount, if that's how it works out, of the new state money. Those districts that are below the foundation level now will not have to roll back. So we are rolling back those districts that are -- have a high tax rate and have a program which is above the foundation basis. However, you are not forcing program rollback because you get an exact commensurate amount of money for the rollback that is caused.

Q. Well, now, just to pursue that a little bit further, if you have an impoverished school district, as far as assessed value is concerned, and they are taxing high to reach the minimum level, now, so the state increases that guarantee of the minimum level, but that school district still has to -- to stay up there, still has to maintain its high property tax --

ASSEMBLYMAN BAGLEY: No, sir. No, sir, because the lower the assessed valuation the more on those charts -- the more new state money you are going to get and therefore the -- the more tax rate reduction. But they will still stay at their -- at their high rate because that's what the people have voted. Not their high tax rate, but their high expenditure rate.

Q. How far will this go to equalizing school property tax rates between districts which now vary from \$1.00 to \$7.00?

ASSEMBLYMAN BAGLEY: The other way to answer it is that more than 95 or 97 --

KEN HALL: 95.

ASSEMBLYMAN BAGLEY: 95 per cent of the districts of California will be equalized. There will still be those few districts that have the unique very high assessed valuation, which will be able to rely upon that assessed valuation without any state monies. And that, we maintain, is quote, unquote, substantial compliance with Serrano. And we would say that if that's what the legislature enacts and when the legislature finds a specific series of facts which will add up to a basic foundation education and we make a finding that that is basic education, then we go back to the courts. Then the court is on the hook. Are they going to say, you didn't do enough, the whole system is still unconstitutional, and risk the system blowing up in the State's face? I don't think so.

Q. Can you identify those few districts?

ASSEMBLYMAN BAGLEY: Oh, I can't by name.

Q. Is San Francisco one that has an urban factor in the program?

ASSEMBLYMAN BAGLEY: In addition to the monies we are talking about the elementary district, for example, at 687, high school at 900, all of the present categorical programs, compensatory ed, special ed., continue and are in addition to these monies because they are specially budgeted programs.

Q. These 90 per cent -- 95 per cent that are equalized, is this absolute equalization or is it --

ASSEMBLYMAN BAGLEY: Not in terms of dollars, because the public in those various districts has voted a varying enrichment of their own programs. But 95 per cent of the districts will have the basic foundation program or more. All of the basic foundation program.

Q. What about tax overrides?

ASSEMBLYMAN BAGLEY: Well, we will eliminate all of the permissive overrides that presently skew education financing and provide only for -- only for overrides permissive without a vote of the people on property financing and earthquake safety. The rest of the present override will be eliminated and everything above the rate of spending, not the tax rate, but the rate of spending, i.e. \$1,000 a month, if that's the present rate, from this point in the future will be subject to a voter override with the exception that the State guarantees cost of living which is not now the case.

Q. Governor, the school district is but one of the local governmental agencies which use the property tax. Do you have any concern that as the school property tax is rolled back that, say, county

supervisors may feel freer to raise their property tax?

GOVERNOR REAGAN: They are covered by this same voting provision. All property tax will require a vote of the people to increase it. This was the only way finally, after years of trying, that we felt we could come down to a -- a system of control that would keep the State's nose out of -- of actually dictating local policy. We couldn't -- we couldn't find the control that applied to local government without it being state dictating, so we gave the power to the people and we figured that that was as democratic as you possibly could get, democratic, small d.

Q. Have you considered next year, instead of cutting back the -- cutting the income taxes, of rolling back the sales tax?

GOVERNOR REAGAN: That what?

Q. If you are able to cut some tax next year, had you considered instead of -- you said you might -- you would cut the income taxes, but did you consider instead rolling back the sales tax?

GOVERNOR REAGAN: I didn't close my mind to anything. But we have found that with the people -- the one is, believe me, much less popular than the other. All of our -- we haven't done this blindly without trying to find out the feelings of the people, and we have found out that there has been -- in just the last year or so an increasing feeling about the income tax as compared to the property tax.

Q. Governor, what does Senator Bradley think about your program this year?

GOVERNOR REAGAN: What's that?

Q. Senator Bradley.

ASSEMBLYMAN BAGLEY: He likes sales tax.

GOVERNOR REAGAN: I don't know, I haven't had a chance to interview him.

Q. Governor Reagan, you indicated Mr. Moretti's bill is coming up tomorrow in the Assembly. Now, you have some similarities here between his bill and yours. What are the fundamental differences as you see them?

GOVERNOR REAGAN: Fundamental differences from that -- that he has no control. There is no way to keep property taxes after the one time reduction or the first reduction from going right back on up. The second basic difference is that he has about two-thirds of a billion dollars in tax increase in that bill, and where we are reducing net income taxes by these changes in exemptions about \$14 million dollars his bill increases the state income tax \$800 million.

ASSEMBLYMAN BAGLEY:

And lastly, no Serrano solution proposed.

GOVERNOR REAGAN: That's right, no Serrano solution proposed.

VOICE: Thank you, Governor.

Q. As one of the previous questions indicated, a number of local agencies depend on the property tax for revenue. Isn't this asking for a -- a morass of ballot proposals every time some agency wants -- asks to raise the property tax?

GOVERNOR REAGAN: Well, as I say, we are giving them an additional source of income that they haven't had with the Vehicle in Lieu Tax. We have taken away once and for all that big sore spot that has -- that has soured relations between state and local government and that is the state mandating things on local government, without providing the revenues. We have now -- we will now fix by law that the state can't mandate anything additional on local government without providing the revenue itself. So it would be us who would be faced with the problem of funding revenues more than they are. I don't think that -- you see, they still have, of course, the growth that comes from increased assessment. There is no effort to try and say that property has to stay the same value and that is -- that is an appreciable growth for local government in its property tax revenues every year. The building development and simply the added value of these things. If any of you do have any special or specific or technical questions, Ken will be very happy to stay after we return to our duties here and answer yours on the details of the program. Other than that, no one else has anything to offer for the good of the community, thank you very much.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD MAY 31, 1972

Reported by

Beverly Toms, CSR

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GOVERNOR REAGAN: I thought maybe I might anticipate a question in view of a recent happening here, and also because there still seems to be a certain amount of confusion in people's minds about just what happened.

(Whereupon Governor Reagan read Release Number 334)

Q. Have you signed it, Governor?

A. What?

Q. Have you signed it?

A. Nancy wouldn't let me in the house until I signed it.

Q. Governor, do you think by simply failing to sign this and saying in effect they accept the Supreme Court's decision, they are speaking -- we are speaking in a loud, clear voice?

A. Oh, I'm sure that this is true. Although this is such an amateur operation that there are -- I don't know how many thousands of people -- hundreds of thousands of people who don't even know that even yet that the petitions are being circulated or where to sign them. I know Nancy has been getting calls and the unusual thing is that she has people with no hesitation who tell her they are opposed to capital punishment, agree completely that it should be on the ballot and they sign the petitions to get it on the ballot. But this is -- she hasn't run into any refusals -- well, one, she told one incident, and incidentally she has gotten a great many petitions signed, but -- this is -- I think that the big problem has been that without any commercial public relations firm handling this as handled so many of initiative propositions, it's just there's been no advertisements, there is no widespread knowledge of this.

Q. Governor, have you been asked to sign the coastline initiative or if you are asked will you sign it?

A. The coastline initiative. Well, now, you have me in that -- in that position here of my saying the right of the people to vote on something. I would be inclined not to on the basis that we do have a legislative solution that is being advanced. I've always recognized the petition or the initiative as something that when the legislature fails to act this is the people's recourse. There is a bill moving in the legislature, we ourselves have sent the Coap (phonetics) report up. And I would think that the time for the initiative on the coastline would be if the legislature took no action.

Q. Well, hasn't the legislature still got a proposal on capital punishment, it isn't dead yet, it is still alive.

A. Well, unfortunately we ran into a deadline date there on this. For the November ballot. I don't -- the author himself has joined this initiative, in fact is in charge of this initiative move, because he does believe it is right.

Q. Governor, on the cutbacks -- welfare cutbacks for April were announced, they showed that 300 blind people were cut off the rolls. What happened to these people?

A. Now you are talking about the -- the decline of 11,000 in the welfare rolls for this last month. I haven't gotten into the details of -- of what these people have been. But I would assume, knowing the department, that they were -- then probably these -- possibly these could be people who did not meet that qualification. Or these could be people who have been rehabilitated and -- because our rehabilitation program has been operating at a level about ten times as high as the level several years ago.

Q. How do you rehabilitate a blind person?

A. Oh, --

Q. What's that mean?

A. Oh, there are a great many who are totally self-sustaining and you see some of them are working right here in this building, who have never let this interfere with their ability to earn a living and be independent. I would also suspect that -- you have interested me now, I think I'll try to find out what this is, but I don't think anyone who is helplessly blind and couldn't provide for themselves was thrown off the rolls.

Q. Governor Reagan, before we meet you again there will be a primary election in the state. I wonder if you'd like to try the role of political forecaster and tell us what you think we will see in the -- in our own races and perhaps in the presidential race as well.

A. Well, I don't know. The June ballot -- of course I'm quite sure that the Republican nominee for President is going to be the incumbent president. And that doesn't exactly take a crystal ball to figure out. On the Democratic side I wouldn't guess between Humphrey and McGovern. I think they are very close, and they are staging their run down the stretch now. I think there again it is easy, going to say it is going to be one of the two of them. The great chorus of the candidates we have had, it seems to have narrowed down, at least in California, to those two. If I were at the track and had to choose between two of them, I'd bet both of them to place.

(Laughter)

Q. What is your reaction, Governor, to the debates between Senator Humphrey and McGovern?

A. Well, I don't think any earth-shattering facts came out. I watched last night and there was disagreement, but you had to take your choice on which fellow you thought was the more pronounced in his disagreement because neither one of them seemed to prove his point with any facts or figures on the disagreement as to whether it had to do with defense or whether it had to do with taxes. I was interested when Mr. Novack tried to pin down the tax potential contained in some of Senator McGovern's proposals, and he came up about a hundred billion dollars short of having enough money to do it. Now maybe he's counting on making bum dimes in the basement of the capital if he gets in, I don't know. But there was never any answer that spelled out and said yes, this is how we will fund all these grandiose plans. But if it was a pilot, I don't think it will have a long run.

Q. Governor, there's one ballot measure that affects you directly and I haven't heard you comment on it yet, that is Proposition 5, which would give the Senate the right of review over appointment of Regents.

A. Bless you. That's true, with everything that's been going on. I think the people should reject it. I think the system has worked for about 90 years under governors, Democrat and Republican. It has worked to create what all of us agree is the greatest university system in the country, if not the world. And actually I could see injecting politics into education, not removing it. The terms are long enough that no governor, or very seldom does a governor and perhaps through tragedy or a set of circumstances, manages to get an unusual number of appointees. But right now with the politics that are being played upstairs in the Senate with regard to some

appointees reveals what would happen with the university itself.

Q. Well, by the same token, governor, would you then support a move to have the trustees -- the method of appointing trustees the same as the method of appointing Regents?

A. Yes, I doubt that the legislature will ever give that up, but I think we would be better if we had that. Let me just propose one thing that could take place in the last couple of years of a Governor's regime. Since the people can serve on the board by the Governor's appointment without being confirmed by the Senate, it would be possible for an opposition party to refuse confirmation. In those last few years, knowing then that at the end of a Governor's term the incoming government, if it should be of their party -- well, whichever party, would have virtually a clean slate to make appointments because then all of those who had been riding on the Governor's appointment without confirmation would lose their positions.

Q. Governor, looking beyond next week's primary, do you anticipate campaigning for any GOP legislative candidate for the November election in order to boost the GOP's margin in the election?

A. Oh, sure. As a matter of fact, there is a fund-raising dinner tonight in Los Angeles that I'm going down and speak to. Yes, I'd like -- I had just one brief taste once, and I liked it, having a legislature of my own party up here, and I didn't know when they -- when I got elected governor that it was an obstacle race. And I enjoyed it so much that I'd just like another crack at it before I get out of here.

Q. Governor, what do you think of the State Social Welfare's board decision that a third child be taken away from a welfare mother?

A. Oh, that goes back a long time ago, and I remember when that was proposed. I know what they were trying to point out, and I think it is of great concern to a lot of people, is government subsidizing just the promiscuity and the careless having of illegitimate child after illegitimate child and yet you always run into the other problem of do you punish the children. I think that the laws that we have regarding the fitness of a household, the ability to take a child away from a household on the basis of moral unfitness, is sufficient if it is properly enforced.

Q. Governor Reagan, on your major tax reform plan, does 70 per cent of the property tax relief go for business and commercial relief?

A. No, that's some more of that new math we keep hearing upstairs. No, it is true that a portion of our property tax relief is a rollback of the school tax on all property. Now, this was because part of our problem in all the efforts of tax reform has been trying to avoid dividing of the tax rolls. It sounds simple at first to say, well, let's have a different rate of taxation for homes than we have on other property. And then you find yourself with a situation like Minnesota, I think they have 44 different classifications of property for taxation purposes. So we have tried to avoid that. But then we have in addition the increase of the -- of the exemption on the homeowner, which increases his property very much. This figure was taken just as a careless and a very inaccurate statement that on the rollback that a majority of the property is -- is business or commercial property. I think that figure is exaggerated but it also ignored the fact that the -- that business pays between 30 and 40 per cent of the sales tax that we are going to increase. It ignored the fact that we are increasing the bank and corporation tax at the same time that they would be getting some rollback and it also ignores the fact that much of business -- great fleet operators of trucks and automobiles and so forth, and we are increasing the in-lieu tax which would affect them.

Q. Could you explain the rollback, I'm not sure I understand. You mean rolling it back to the same level that the house owner pays or to a previous level?

A. Well, there is -- on the education portion of the property tax there will be a rollback in the level that schools -- that school districts can apply and the state then makes up with these other taxes the money, so that we can equalize the school districts and guarantee \$745 every student in elementary school, and \$930 for every high school student. And then on top of that our tax relief is going to increase from \$750 to \$1250, the exemption -- property tax exemption, and each year as our revenues grow that's going to be on up, so in five years the exemption will be \$1550.

Q. What proportion does go to business and commercial property tax relief?

A. Well, the only proportion which -- would be that percentage of property tax relief that comes from the -- just the rollback to a kind of equalizing tax for schools. That will cover all property,

farms, apartments, business as well as homes. Now, it is true that more than half of property is owned by business. But then the exemption thing would only apply to homes. So the figure of 70 per cent is way off, when you figure in the other increase in taxes. Business is probably going to get some minor break out of this, but it would be very minor.

Q. Governor, your Finance Department experts project that the impact of your tax reform program would be to deprive San Francisco schools of \$9 million dollars. If the local taxpayers have to make that up, that would be a boost of 37 cents on the tax rate. How do you propose to modify or do you, in order to give San Francisco taxpayers a break?

A. Well, we know that there are certain urban areas and certain problems that we are looking at because we don't want to penalize anything, but let me point out something about San Francisco also. San Francisco has one of the richest property bases for taxation of any place in California. And San Francisco with a fairly low school tax rate on all of that is spending more than \$1400 per student in their school system. Now, for point of comparison, Los Angeles only spends \$860. It is possible that San Francisco could find some of the answers to their problems within their own school system, and the way they are operating it. But we are -- we are not just saying we are going to throw them to the wolves, we want to look at this problem, we don't want to penalize anyone, as I said before.

Q. Do you definitely plan to put in an urban factor for such school districts in San Francisco?

A. All I can tell you is that we are studying this and studying all elements. We'd like to be able to give everybody a tax -- a property tax relief.

Q. Governor, on another subject --

Q. Same subject. Same subject. Governor, yesterday a large group of about 50 legislators, because of a study in surplus, suggested putting -- I think the figure was a hundred -- \$250,000,000 in the budget to aid school districts. Could you live with that figure? Is it too high?

A. No, I think that we are apart on the figure. We ourselves are talking in the neighborhood of a hundred million dollars earmarked for the school districts that are disadvantaged, that are in trouble.

But then we also, as we pointed out to these legislators -- the answer to their problem is the type of thing that we have included in our tax reform program upstairs, which will go a long way toward meeting the Serrano decision and equalizing schools. If we are just going to dump another couple of hundred million dollars into the present archaic and outmoded formula. We already have, no guarantee that we are going to improve the quality of education, no attempt to equalize, that is not a solution to the problem. Now, part of the big problem over and above the hundred million dollars new money that we can see for schools for this purpose, Los Angeles which has a very real problem has within their hands a possible solution that would bridge any time gap until we could get this equalization in because Los Angeles teachers will join the State Retirement program which will be advantageous to them as individuals. There is anywhere between 100 and 140 million dollars in Los Angeles that some teachers are insisting is theirs, but it should not be. It is taxpayer's money that was paid in excess of their needs. And we have been talking to the Superintendent of Schools in Los Angeles and he's very much in agreement about the idea of yes, giving some of that money to buy into the State system for the teachers over about a five year period, using some of that money to return to the taxpayers and then using the balance to meet the school problems of Los Angeles until we can get this new system operating.

Q. Governor, with the disagreement over this tax package and other major issues, are you and the legislature heading for the same partisan impasse that you reached last year to prevent any accomplishments this year?

A. I hope not. I have talked to all of them. We briefed them completely on our plan. We told them the things that we still feel in our shop adamant about, which is that the guarantee that the tax reduction will remain, that it won't be a usury and just disappear the first time somebody wants to raise their taxes. That is the biggest single item. There are some differences with regard to the substitute taxes, what we use to -- to get the money to afford the property tax reduction. But I told the Speaker the other day in a meeting that as far as I was concerned they were now two proposals. We didn't attack his proposals, we provided the votes, the Republicans did, to get his proposal before the Senate as we introduced our own to the Senate, and it would seem to me in the normal legislative process

now that the legislators ought to get together and find out how close we can come to solving this problem.

Q. Governor, the program didn't include any open space money this year. What was the reason for that?

A. No, we simplified it, we just decided that much of what we have been trying to do in the past was trying to cure too many problems. And to solve every program into one package. This is not the end of the line with a thing of this kind, we can treat with other problems as we go on, but the principal problem -- well, is double. It is school financing and the equalization and it is the relief of the homeowner.

Q. Governor --

Q. Governor, is the hundred million dollars you are talking about over and above the 65 that you had in the budget?

A. No.

Q. Originally.

A. No, that includes -- that's the 65 and now --

Q. 35 more?

A. -- we see our way clear, yes, we believe that we can do that.

Q. Governor, did the Assembly Republicans vote for Moretti's tax proposal at your request, did you ask them to vote for it?

A. No, except that in -- in meeting with them and talking with them made it plain that -- that we had no intention, we did not believe that we were entering our bill or introducing our bill in some way to kill his, because that would just be a fruitless exercise, and then they'd kill ours, that we thought it should move.

Q. Governor, the Riverside City Council yesterday passed a resolution at a special meeting asking you to declare a state of emergency because of smog in the greater Los Angeles air basin and order the conversion of all vehicles in the basin to non-polluting fuel, such as propane and natural gas over the next two and a half years. And they are coming up to especially see you on that in a couple of weeks. What is your response to that, do you have the power to do that and would you do it?

A. Well, I'd have to check very -- all the things out that you have asked me. Yes, I'll see them, of course. I'm very happy to see them. I don't know, first of all, that what they have proposed is practical. I remember when the first experiment came up with natural gas in automobiles, I was informed by the gas company that if everybody did it there isn't that much gas. They just couldn't provide it. And I'd have to check on the -- my legal ability to

declare this.

Q. The Mayor said he doesn't think that Governor Reagan realizes the plight we are in. They are sort of charging you with not being too excited about the smog situation down there.

A. Well, you know, I don't know -- I could go out and I suppose beat the side of the capital building every day to prove that I am concerned. The best thing I can tell you is that I own some property in Riverside County and so I know something about the problem. I know that Los Angeles is probably the most climatically and geographically the worst spot in California regarding the control of smog. When you get a certain weather condition it doesn't make any difference that we have made gains, and we have made gains in reducing the emissions from automobiles and standing sources. You are going to have bad smog and it is going to go through that pass out there. The answer to it is, of course, and they have pointed a finger at it with their proposals, whether it is a valid proposal or not, and that is you have got to continue with everything we can do to reduce it at the source, to see that the automobiles and the plants that are upwind of them do not release the same amount of pollutants they are releasing.

Q. Governor, to return briefly to the elections, do you see any surprises in our own state legislative races, perhaps incumbents who may not be among us?

A. Oh, I wouldn't want to talk about that. I think that -- I think these are confusing times. I don't know, I think there's been some animus toward the legislature as a whole on the basis of some things like tax reform. However, that's going to be carried into the polling booth. I don't know, and of course we have got a great many races that are up for grabs with no incumbents, so it is confusing the air.

Q. Governor, I'm curious about the comments you made earlier about the two leading candidates, your comments and criticisms seem to be a lot more subtle than the term "extremist" you are reported as having used for Senator McGovern. Did you use that term?

A. Yes, I -- as a matter of fact, I was quoting several other Democratic candidates who said that of him, but I said to the -- the other night to the Republican State Central Committee, "If I

sounded more gentle today it's because I learned never murder anyone who is committing suicide."

Q. Were you quoting someone else or were you using your own term when you called him an extremist?

A. What?

Q. Were you using some of your own words or were you quoting --

A. Well, they have been used by other candidates, and I -- and I have to say, I think his views are, and Mr. Humphrey is making it rather plain, our Senator Mumphrey right now, that Senator Humphrey believes that he is far more extreme, McGovern, in his views than the Senator believes the party will follow. And I think that when you -- when you start advocating some of the drastic resharing of revenues -- income at a \$12,000 line, you are going beyond something that anyone has ever proposed in the Democratic party before.

Q. And, too, I'm curious, it seems a bit ironic, since when you first ran for public offices five years ago, the term "extremist" was a -- a smear term used for you. Do you feel a bit uncomfortable using the same term?

A. No, because you see, I wasn't an extremist.

(Laughter)

Q. Governor, what percentage of the vote -- Republican vote will Congressman Ashbrook have to get to indicate or sound a note of warning to the party regulars that there was great dissatisfaction with Mr. Nixon in California among California Republicans?

A. I think a lot larger than he's going to get. I would think that if he got up there in a sizable -- around a third of the vote or something, this would be of concern. Now, I don't know what -- what might happen now in the changes -- well, I guess it is too late for anyone to reregister from, say, the Wallace side, if they would decide to turn their intention to him -- I guess it is too late for them to do that in the primary. The polls have indicated, and I assume they are somewhere reasonably close, some place less than ten per cent, and I think that -- that's just normal. You expect in any election -- history shows that about ten per cent of any party always goes another way.

JACK: Thank you, Governor.

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6/8

PRELIMINARY CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 8, 1972

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 read Press Release No. 351.)

Q. End of statement and you are on your own.

Q. Governor, aren't these people going to compete with the 60 -- more than 600,000 people who are out of work? Shouldn't they get first priority?

A. Now, you see, you haven't read the latest news items here because it isn't 600,000, it is down to around 440,000 because as of this week we have announced a reduction in unemployment in California down to 5.9, when one year ago it was 7.4. But also none of these jobs, remember, in this particular program, are to compete with the regulatory market. We wanted to work closely with organized labor and to -- with our own government employees to make sure that this is not some kind of a cheap substitute for regular jobs. These are things that are not now being done because of lack of funds and manpower, and they would not -- they aren't jobs that you could possibly afford at the present time, they just -- they wouldn't call for that kind of payment that people would go out seeking these jobs. We have a long list of ^(wait for) community projects that could be made available to you, as I think already were, but you can get again if you have mislaid it, of the type of projects; playground monitors, crossing guards, that sort of thing.

Q. Will this require a structure of administrators to put them in work and see that they keep working?

A. No, no, the only additional cost to this program is one that's going to be borne by the federal government, which is an evaluation of it, because this is a demonstration project. And so they are going to bear the cost of evaluating to see whether this is a successful way of getting people back to work.

Q. Governor, how can you start this program in Ventura County until you have gotten some sort of court ruling in Los Angeles that --

on this waiver that you are asking for.

A. No, no, you see, it's been blocked by court actions and we have won in those court actions, and it is not -- it has now been declared that we can go forward, but we just -- we have been harassed by these -- these actions so much that now that it is declared valid and we can go forward, we are asking for this declaratory judgment to keep someone from simply holding it up while they test this again with some other case.

Q. What are these people going to be doing in Ventura County? Can you outline a little bit the jobs that are --

A. As I say, they are -- the list is almost endless, and we do have information and you can get it from the Press Department on the long list of the jobs that have been -- that have been proposed for this. And I wouldn't be able to tell you right now how they break down or just what the nature of the jobs would be, but this -- a great many of them are in the category of what would be called aide jobs. Like in other words, a regular worker that is presently employed -- this person would become a helper to that individual. Now, wait a minute, you.

Q. Governor, is this similar to the program that was initiated in New York, the WIN Program?

A. No, we have the WIN program and the same as they have, and an experiment was started in certain areas in New York based on our idea sometime ago, but the difference in that case was that New York and HEW had agreed upon a plan of this -- of a similar type of employment but with additional funding provided by the federal government to simply take them from welfare and put them on a -- on a salary. And this is a case of the person actually working in return for his welfare grant.

Q. Governor, wasn't there a provision in the Welfare Reform Act last year that said there could be no new programs until the WIN program and the New Career Programs were filled?

A. No, this was a part of the Welfare Reform that was passed, and scheduled for implementation and -- before it could be done the state and the national welfare rights organizations started legal actions and kept interfering.

Q. But didn't the other two programs have priority?

A. Well, yes, but there's been no slowdown or this does not in any way interfere with those -- those programs continue.

MR. HALL: This complies completely with that requirement of

the welfare reform act which means that you have to refer the recipient first to a WIN slot if it is available. That's the provision in the law.

Q. Another subject, Governor. Next Saturday is the first meeting of the California delegation in the -- the Nixon delegation in Los Angeles. Is there any actual business to be performed there, election of --

A. Yes, there will be the election of the officers of the delegation.

Q. And what about national committeeman and committeewoman?

A. Well, those are part of the officers that are elected at this time.

Q. Is there any kind of competition for these positions or are in fact these -- are the recommendations of the party going to be accepted?

A. I don't -- I actually don't know. All I know is --

Q. I understand the name of Ed. Mills and Janet Johnson has already been proposed for committeeman and committeewoman respectively.

A. Yes, there are a number of names have been suggested for all the officers, but I haven't heard of any -- anyone that has suggested any other names, but -- the meeting will be open for nominations.

Q. Governor, another subject. In view of the outcome of the Southern Crossing proposition vote, do you think that plebiscite was really necessary?

S. What?

Q. Do you think that plebiscite was really necessary?

A. Was it really necessary? I think -- yes, this thing has been so controversial for so many years, that as you recall this was the legislation that I asked for, and I said I would be willing to sign, to let the people in the Bay area make the decision, and they have evidently made their decision.

Q. But, Governor, didn't the legislators in the Bay area tell you that that would be the outcome if it were put to a --

A. Well, they predicted this and yet, as I say, the issue was one in which the entire state by way of the legislature was trying to make the decision. It seemed to me that this was one that certainly wasn't of too much interest to the people of Los Angeles or San Diego and that the people around the Bay should make up their own

minds and decide whether they wanted this bridge across the bay.

Q. Governor, getting back to the delegation, you do expect to be the Chairman of the delegation?

A. Well, not if somebody should decide I shouldn't. It is -- I would think that it is somewhat customary, yes.

Q. You expect then to be -- you are campaigning mostly in California for the President?

A. Well, I'm the Chairman of his campaign out here.

Q. I realize that, but you think your efforts will be concentrated in California as opposed to some other region of the United States?

A. Well, yes, this will be number one priority. I have no doubt but that along with a lot of other governors I will -- when I can make a foray out of the state for fund raisers and that sort of thing in other areas, but this is -- this is the priority target.

Q. Governor, can you clarify your remark of yesterday to the foreign newsmen that you are ready to retire to a ranch in two and a half years? Does that rule out any other public office again?

A. No, I've told you -- I've told you many times that I keep all my options open, but when they were getting down to specific plans as to probably taking some position in the administration following this election, is what I interpreted, and I told them now that I'd be looking for a ranch. But I -- I haven't ruled out anything or made any decision as to what I'm going to do two and a half years from now. Incidentally, I couldn't help but wonder, that is a non sequitur, I don't mean to pick on you fellows, but when that whole battery from all of those various countries conducted a press conference in the language of our host country here, our own language, I couldn't help but wonder of the similar American press delegation how many countries they could go in and conduct press conferences in the language of the country. Now, I expect all of you to enroll in the nearest Berlitz school in case that's going to --

Q. Governor, do you read the California Republican's rejection of John Ashbrook and John Schmitz as any swing away from the conservative position the party's appeared to have had in the recent years?

A. Oh, I had -- no, the only analysis I've had on the national level, the Ashbrook candidacy, and he has now withdrawn, I say I think this was -- it was obvious to all Republicans that Ashbrook was carrying a message and was really not seriously contesting for the office. He's made that plain today by his withdrawal from the race,

and I think that it showed the solid support that the President has in the party, a great party unity. What has happened in the several races in California and both parties wherein incumbents -- in our case the only one who lost in a primary was Congressman Schmitz; Democrats lost the senior member of the delegation, and one that does give you some cause to think is the chairman of the Space Committee there which is very important to California. They also lost the primary with regard to one of the legislative incumbents. I don't know, I think -- I don't think there is any way to read those unless you go into the area and do a survey and find out what was the reason.

Q. There has been a struggle, has there not, among California Republicans, sort of a moderate wing vs. a conservative wing, or adherence to either _____, do you believe the rejection of Schmitz and Ashbrook indicates a move toward center on the part of the Republican party?

A. No, I think it is a continuation of the unity that -- well, I can't include Schmitz in this because I don't know what happened there in a local congressional district race. There have been changes in that district, the shape of the district. It was the plan that I vetoed, but it was in force or put into operation, reapportionment, by the court. And whether that was a factor or not, the -- the changed lines in the district, I don't know. But on the national scene, I just think, as I say, that it is an evidence -- divergence in the party prior to 1966, we had a Republican party so split you couldn't get them in the same building, let alone the same room. And we have ^{healed} healed that, and I think this is evidence that the healing has taken.

Q. With the convention having moved to Miami do you anticipate any of the delegates will not be able to afford the trip there and any efforts by the party to help them pay their way out to Miami?

A. Yes, most delegates are expected to -- and do pay their own way. But our delegation this time, we went out of our way, as you know, to try and make it more youthful, to get participation in the actual delegation by young people. That is who -- in other words, are not just the normal beneficiaries or rewards for long party service. And we recognize that we now may have imposed -- well, even going to San Diego would have imposed a burden on some of these people, so yes, we are -- as a matter of fact, the honorary delegation and regular delegates who can are themselves contributing to help

and provide the -- he means for some of these people.

Q. Governor, why do you think Senator McGovern defeated Senator Humphrey?

A. Well, here again, how to analyze -- I think he had -- he had more money, he had a -- as a result a great organization, quite an organization. I think it was significant that what was estimated to be a very wide lead began to diminish and I think that reflects Senator Humphrey's pointing attention to some of the fallacies in the -- in the McGovern proposals. And people were beginning to find out that some of the rhetoric that sounded so impressive was ignoring the details of the -- of the promises for the bright new America. And I think that this is -- they should be -- this is going to be, I think, much more prevalent come convention time, that the many people in the Democratic party are going to want to really pin down some of these ideas. I myself have been pricing some of them out, and that it comes out that he'd been adding upwards of 150 billion dollars a year to the cost of government, to the cost of the federal government.

Q. Sir, where do you get that figure?

A. What?

Q. Where do you get that figure?

A. From his figures. You see not contained in his advertisements or in many of his speeches, he has position papers. For example, he has spelled out, as you know, in about a 36 page paper his defense plan. And he claims that for this great reduction in the cost of defense that he can provide a defense that is adequate for this nation and he spells it out, how many ships, how many men in the army, how many airplanes, how many missiles and so forth. The Pentagon has already priced this out and found he made a ten billion dollar error there. It will cost more than ten billion dollars extra to have what he claims he can have for his amount of money.

Q. Governor, does your 1968 Sherman-like statement on the Vice Presidency still stand?

A. Uh-huh.

Q. Governor, which candidate of the two do you think would be more difficult for President Nixon to defeat?

A. I just knew that question would come up. That's the question I never want -- if I knew the answer I wouldn't want to give the answer. I don't want to help the other side. I hope they will

choose the wrong man, the easiest man to beat.

Q. Which one is that?

A. As I say, no, I won't -- I won't give the answer. I could, you know, play games, and -- and name the strongest man hoping then that this might influence someone, but I won't do that. I'll just -- it is going to be a tough election. We are a minority party, it is going to be touch, whichever way they go.

Q. Do you think there is that much difference between the candidates it really would make a difference which one ran?

A. Oh, yes, I think -- there is a wide factionalism in the Democratic party, I think it was evidenced right here in the state in this primary and I think we are going to see a little blood letting at their convention, which I eagerly look forward to, not because I like blood, but because I just like to see the enemy in a shambles.

Q. How would you assess Senator McGovern's chances of carrying California against President Nixon based on his performance in the primary election?

A. Well, again California is a tough state for the Republicans. We are outnumbered better than three to two. But we are going -- going to stage a fight and I'm confident that we will carry California.

Q. Governor, what are your -- what, as his campaign chairman in California -- what do you think the President will hit McGovern on? The same issues that Humphrey did?

A. Oh, I don't know whether the President will hit on those. I have a hunch that the President will campaign mainly by being present. I think that -- and this is usually true of an incumbent, I think you'll find the President largely doing what has to be done as he's been doing so well so far. But a number of the rest of us will be -- will be doing ^{the} campaigning and I know one of the things I'm going to do is what I've already started going, is point out whoever the candidate is on the Democratic side, point out the mythology that all of this pretense that these are brand new people who just rode out of Sherwood Forest to save the poor from the rich -- they have been around for a long time, and if they had all these miraculous cures, why didn't they do them for 38 out of the last 40 years? They have had a majority in the Congress. There wasn't anything they couldn't have done if they wanted to do it. And now they have suddenly discovered all the ills of the world. In the

meantime I think the President in these three and a half years has gone a long way toward curing some of those ills. I do not know in my entire adult lifetime a period when unemployment was going down as we went from a war to a peacetime economy. The only time that -- under Democratic rule that we have been able to have full employment or an increase in employment has been by the -- by virtue of revving up for a war and we have unemployment going down at this very moment that we have also cut inflation more than half. We are winding down the war. And I think the people have the common sense to see this sort of thing.

Q. Governor, do you want Nixon to keep Agnew as his running mate?

A. Yes.

Q. That was my question.

A. Oh.

Q. Governor, you frequently said that opposing parties need all its members. What appeal, as Chairman, will you make to reclaim the Ashbrook kinds of Republicans in your party? How will you get them back into the fold?

A. Oh, I told those gentlemen here from those -- ladies and gentlemen from the foreign press yesterday that I've got the front door wide open, a lamp in the window, and I've got a pig on the fire roasting. I'm --

(Laughter)

A. Should it be a fatted calf, whatever it is, he's welcome. And we will make every effort. As a matter of fact, I know that a number of us will probably be talking to -- not only the Congressman, but people who have been in his camp, and we not only want them just to join the parade and march in our parade, we want them to actually take positions of importance in the campaign.

Q. Governor, if Mr. Agnew is retained on the ticket, figure then he would be in the best position to be the Republican's standard bearer in 1976. Do you think he has the qualities to be President of the United States?

A. Well, I have said from the very beginning, as a Vice President that, God forbid, any tragedy should occur, knowing him as a governor as I did, I have full confidence in his capacity to handle that job.

Q. Governor, Evans ^{and} Novack had a call earlier this week in which they indicated that national Republican officials were hopeful that you would do most of your campaigning for Nixon outside California, in areas where, as they put it, you are considered a Republican folk

hero, and the inference being that you are not as popular in California now as you might be. Would you comment on that?

A. Well, yea, I sort of -- I sort of thought that maybe Mr. Novack who was responsible for that, I thought, maybe he was doing penance for that kind of conservative sounding speech he made at a college back east a few weeks ago, he had to do something to get back on his normal side, because I was not shocked when he approached me with that matter as he said I was. As a matter of fact, I was amused. I don't think there is any foundation for it and there's never been any evidence of it and it is as simple as this. If they felt that way, I don't know why they came out here and asked me to be the State chairman for the President's campaign.

Q. Governor, two legislative committees have already decided to investigate the San Francisco vote foul-up. Do you think the legislature is the proper agency to investigate that? Would you like to see the Secretary of State or the Attorney General investigate it?

A. Well, I think -- as far as I can read in the separation of powers, that's a legislative function and proper for them to do it if they -- if they want to. Sometimes looking at it, I don't know whether it should be investigated or that we ought to just shake our heads and try to forget it and walk away. Certainly there must have been evidence to those responsible, including the Secretary of State, that such a foul-up was possible, that there was a potential for it. And they with a little leadership had plenty of time to do something about it in advance, until waiting till election night.

Q. Governor, it was announced this week that the number of abortions in the state have now reached 116,000 a year under the bill you signed in 1967. I wonder if you are satisfied with the way that law has worked out or would you favor any restrictions to be made in it?

A. Well, I haven't thought about specific restrictions. No, I am disturbed by the way the law has worked out because the law was based on policing by the profession itself, committees, medical and psychiatric, to determine whether the individual wanting the abortion met the requirements of endangered health, life, mental health and so forth. And I think it is very apparent that people are literally getting abortions on demand. And since about a third of these are being paid for by the taxpayers on Medicaid, and since more than a third

of them are under the age 19 -- as a matter of fact, we have quite a sizable number last year that were between the ages of 10 and 14 in this state, I would -- I had confidence that we could depend on the profession itself policing this bill. They failed in that responsibility.

Q. Governor, last week Speaker Morotti accused you of not following up on your environmental policy address of last April. He said the Democrats don't really know, for instance, what you want in the way of coastline protection, is that correct?

A. No, that is not correct, and every once in a while the Speaker plays fiddler on the roof, off key.

(Laughter)

A. No, this administration, and the record is very plain -- it seems that the constant repetition of the failure of certain bills, and therefore the resultant disappointment of the author of that bill to either pass -- or those bills to pass, and then be vetoed by me, has been taken as apathy on the part of the legislature and the administration -- or not even apathy, but opposition to environmental programs. That's not true. To veto or vote down in the legislature a bill that does not do the job, because you have in mind a better way to do it should not be interpreted as being opposed to the goal. And this is true of coastline protection. The voting down of this I don't think reflected on anybody's part a resistance to coastline protection, but somebody had proposed -- made a proposal that was -- was similar to Proposition 9, that it wouldn't do the job and it would probably cause more harm than good. But this -- the legislature and this administration, I think, has gone forward without question. The record speaks for itself. There isn't any state in the union that can match the actual programs that we have in operation. Two years ago there was a great score taken of the failure of -- oh, about 100 or more environmental bills in the legislature, and that was meant to imply to the people that the legislature had refused to treat with the matter of environment. Now these were bills that had been introduced by various pressure and special interest groups from without the state, I'm sure they were sincere and they believed in their bills, and their bills did go down to defeat because they were not well thought out bills, but no one paid any attention to the fact that 77 bills introduced by the Department of Natural Resources, by the administration, by government

here in Sacramento aimed at the very same problems did pass. And were signed into law. Our standards are tremendously high. Our programs are going forward. We still have reorganization proposals. There is still a coastline protection bill before the legislature, and one that incorporates many things that our own findings agree with. And we want coastline legislation. But we don't want some of the -- the bad bills that have been proposed.

Q. Same subject, Governor.

A. All right.

Q. Does that mean that you are putting your name behind the bill by Senator Carpenter on coastline legislation?

A. Well, that's a bill that is going forward and let me just say we are watching that bill very closely with regard to some of the amendments as they come along in that. So don't pin me down.

Q. Thank you, Governor.

A. You had two people in the back row with their hands up. I've got to abide by him, it is your party.

Q. All right, let's have them.

A. Just the two.

Q. Last month you referred to certain demagogues in the legislature, who were blocking your program. Specifically who were you talking about and what were the programs?

A. Oh, I wish you could give me more surrounding things.

Q. Was it Cal Expo talking to state workers, we will say?

ED MEESE: Maybe if you will see Ed he will give him a detailed list.

A. Maybe you look it up and --

Q. You mean Democrats?

(Laughter)

A. Why, in all my life I'd never met a Republican demagogue.

Q. Governor, what is your reaction to the recommendation yesterday that the Ecology Corps should be called something else, it should be raised to federal minimum wage and conditions changed? And also calling it the Ecology Corps was misleading.

A. I don't think it is misleading. I think that, as I have said before, that sometimes an individual with his hands getting blistered doing a job has a hard time reconciling this with probably what was his dream of preserving butterflies. And he doesn't see the big picture. But I don't know where any name would -- name would be better than that or not. We have upgraded it ourselves with regard to salary and

other provisions. It was a brand new effort by us. And it had to be -- it was done, as you know, as a replacement for types of things that previously had been carried on by young juvenile offenders in our honor camps, and now with probation system working so well those camps are non-manned. But we have upgraded a number of things, including salary. I would have to -- to look at specifically what the proposals are and what we could afford and what we could do.

VOICE: Thanks, Governor.

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6/29

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 29, 1972

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: I don't have any press release on the one subject that I'm quite sure would be one of the first ones that would come to your mind this morning, so let me just tell you this is with regard to the U. S. Supreme Court decision on three cases before it, three particular cases. We haven't had time to go into the whole matter of the decision, so perhaps there are points on which I would not be able to comment. But apparently two members of the -- or three members of the Supreme Court -- U. S. Supreme Court ruled basically against the constitutionality of the death sentence or penalty. Four justices ruled in favor of the constitutionality. And the two additional justices ruled that the death penalty was constitutional apparently under certain -- within a certain framework to be decided by legislatures. Now, since these were decisions involving three specific cases and the penalty with regard to those particular cases, we happen to believe that this makes the initiative on the ballot more important than it was even before, and we believe that the people of California once and for all should make their feelings known on this particular issue by their votes on that issue, and then I would say that from there on it is a matter of us finding out within what framework we would believe here as a state -- and our legislature would determine that the death penalty should be invoked. Now, that's as far as we have been able to interpret it. Apparently, as I understand, there were about 11, even though there are only 9 justices -- different statements that were made because of the fact that it involved three -- more than one case.

Q. So you will still urge a yes vote on that initiative then?

A. Yes, I think even more so. More than ever now.

Q. And have you heard from Mrs. Reagan on the subject?

(Laughter)

A. No, but I have a hunch that when I see her she will be asking me for an explanation of what it means.

Q. Governor, your interpretation then of the Supreme Court decision is that it has not struck down the death penalty?

A. That is my interpretation now. You have, as I say, four who voted on -- who said it was constitutional in the cases they were discussing. And three others who said that they believed that the death penalty as such was constitutional within certain -- framework to be set by legislatures. It means there must be some crimes that -- in which it could still be invoked.

Q. You feel then it makes a possibility that the death penalty could be outlawed rather brighter?

A. I -- now we are getting into the area that I haven't seen a full analysis of the -- of the whole matter. But again I reiterate, I think that what we -- we had here was a decision that was based on the the crimes committed by these different individuals and the assigning of the death penalty for those crimes.

Q. Another subject, Governor. Are we through with this?

Q. Governor, if the initiative passes, what would be the next legal step to be taken?

A. I think the next legal step then would be for the legislature of California to determine as these other justices have pointed out the framework within which it would be invoked. In other words, what crimes would be liable to the death sentence. Because this seemed to be basically the issue -- the determination, not of whether you could or could not in any circumstance have the death penalty, but the determination in these cases seemed to be on the basis of the crimes to which it was assigned, that it was cruel and unusual punishment for those particular crimes.

Q. Wouldn't this await some kind of guidelines from the Congress, federal guidelines?

A. No, because this still lies in the -- at the discretion of the states.

Q. Governor, do you have any thoughts along those lines about what types of crimes perhaps should have the death penalty?

A. Oh, I think they should be very definitely limited, and I think we do have limitations in California, always have had on them. But I'm not a member of the legal profession on this and I think that the -- I think it should be very careful. I've always felt that there

should be a definite limitation. Certainly in the area of cold blooded premeditated murder, this is one of the things we talk about. But one of these cases, for example, was a crime committed against another person in which -- in which death was not involved. There was no murder committed. And I think this is where there has to be some very definite and well thought out provisions that would recognize that this is the ultimate penalty and therefore the crimes for which it should be exacted should be very limited.

Q. Are you saying then, Governor, that the people of California should put the death penalty back in the constitution and the legislature could decide --

A. Yes, the thing that we are determining in the ballot here is not the U. S. constitutionality. We are determining the State constitutionality and therefore what this -- on the basis of these three decisions at the federal level, I think we should determine once and for all how does California feel with regard to its own constitution. Remember, our ballot has nothing to do -- this case was not based on the federal constitution, it was based on is the death penalty ~~within~~ or without the state constitution and I think that decision should be made by the people.

Q. Governor, if you should remove murder, however, from the death penalty, then what crimes could you see under the death penalty?

A. Oh, I said --

Q. Wasn't one of these cases involving a death, a murder.

A. One of these cases did not involve a death.

Q. One of them did.

A. What I'm talking about is, I said no, that I would think that one of the basic crimes would be the one that has always been considered for this, would be the cold blooded premeditated, planned murder, would be one of the issues, but I don't want to get into -- go into that too far. I think this is one that calls for people with legal training as to when you would invoke the ultimate penalty.

Q. Governor, do you also think the death penalty should be administered more swiftly and if so how would you do it?

A. Well, here again, this has been one of the things that the Council on criminal justice has been studying for a long time. It doesn't -- it is not alone to do with the death penalty. But with all of it, -- over the recent years the time has increased enormously between arrest and conviction and the carrying out of the sentence. There was a little misunderstanding in some remark of mine recently

with regard to tha' and with regard to the are of hijacking, and I used the word "execution" and evidently someone misunderstood and took that to mean that I was suggesting a capital penalty. What I had said was that along this same line was that there must be swift execution of the sentence brought. Brought to trial as quickly as possible and the carrying out of this. Swift and certain justice is the greatest preventive of crime. We once had it to a far greater extent than we have it now.

Q. Is it your understanding that if it should by any chance be restored legally in California that it would not be retroactive in the sense that those who have already been placed in --

A. I'm looking at my -- my legal adviser over here with his head nodding. It's been my understanding that whatever we do now does not apply and cannot apply retroactively to the people now on death row, that that decision has been made by the court.

Q. Governor, with regard to skijacking, do you think that that should be one of the crimes that should have the ultimate penalty?

A. Oh, I'm not in a position to -- as I said, I don't have legal training. I would leave that to legal minds.

Q. Governor, you have to sign a bill if that were to be the case.

A. Yup. And I'd be surrounded by legal advisers when I did it.

Q. You have suggested in the past you thought skijacking O-

A. What's that?

Q. I believe you have suggested in the past, have you not, that skijacking should perhaps be a capital punishment?

A. No, this was the misunderstanding that I just mentioned, that I was a little disturbed when I saw in the press -- and then I realized that I was partly to blame for using the word "execution." I used it as a verb after saying that what was needed was swifter -- not only apprehension, but then swifter trial and swifter -- I should have said -- used that word, I guess, of carrying out of the penalty. And because I said, "and execution of the penalty", I can see where someone got confused and interpreted execution to mean execution, and said that I had recommended it. No, I've never made a decision as to what the penalty should be. I don't feel qualified to do that.

Q. How do you get swifter execution of the sentence? Could you reduce the number of appeals -- but how would you do that since we have a problem --

A. This is why we have got the criminal justice -- council on criminal justice studying this matter, to see how it can be done and yet we have got to have full protection of the rights of the accused, no

question about that. That's been the basis of American judicial system since our beginning and it was because in the earlier days, prior to the American Revolution, the accused was virtually -- in most areas was guilty until proven innocent. It was not given all of the safeguards that we now have. But it's just been in recent years that increasing amount of legal technicalities have been invoked to prolong and get additional trials. Some countries have managed to overcome this and yet with apparent protection for the accused, and I think we can, too. But don't ask me for the answer or I wouldn't -- I wouldn't have to have counsel studying it.

Q. Are you blaming the lawyers then or the courts for these legal technicalities that come across?

A. Well, again the study will probably reveal that although I do think that -- that there has been a tendency in recent years to -- to make this kind of like a game of -- a matching of wits, not aimed at arriving at guilt or innocence, but seeing can you save someone on a technicality regardless of guilt or innocence.

Q. Governor, if I can kind of sum up what your opinion is so far on the basis of what you know of today's decision, is in effect that the proposed initiative is broadly worded enough so that it apparently would not be automatically nullified by today's Supreme Court decision. Is that in effect what you feel?

A. That's right. My interpretation, as far as we have gone, is that you have got three justices who ruled yes without question the death penalty is unconstitutional. You have four judges -- justices who have ruled that it is constitutional. And you have the additional two justices who have said it was not constitutional in those three cases, but that they do believe that within framework set by state legislatures in certain circumstances the death penalty can be carried out.

Q. Governor, can we switch from death to taxes?

Q. One more question.
(Laughter)

A. Both inevitable.

Q. Those are the opinions that come ^{to} the votes -- the vote itself amounts to a simplified form of --

A. Yes, but it was with regard to three specific cases as to whether the death penalty in those three cases was constitutional.

Q. Governor, if the initiative passes and the legislature fails to act we would have a dormant death penalty, is that right?

A. Well, now, wait a minute. Now, let me try one and see if I can win legal approval on this. I'll give a layman's opinion. It

seems to me that if the people of California reaffirmed that the -- that under the California constitution the death penalty is valid and we do have presently statutes by the legislature as to -- in what cases it can be applied, it would seem to me that the death penalty would be valid in California until the U. S. -- and unless the U. S. Supreme Court on some appeals ruled with regard to each one of those particular cases when it came before them. They would rule, in other words, on this same basis, that if -- if convicted criminal "x" sentenced to death, was the death sentence proper in his particular case. And then if they ruled no, then they -- we would know that they have ruled unconstitutional at the federal level one of our state statutes and that would have to be disappeared from the books.

Q. Didn't you say that the legislature has to prescribe the crime subsequent to the initiative passing?

A. Well, I wouldn't --

ED MEESE: They said it could be set by state legislation, but certainly the people acting themselves would have the same force and effect.

Q. But how does the initiative read, would it reinstate all state statutes?

ED MEESE: It reinstates statutes and it would be my guess only that they would find probably that those where there was no death, such as we have of kidnapping statute -- it is a death penalty, they might in a subsequent decision rule that unconstitutional, but rule the penalty against murder constitutional.

Q. State court or the U. S. Court?

ED MEESE: U. S. Supreme Court.

A. Couldn't we foresee from here on anyone sentenced under California statutes to the death penalty would undoubtedly on the basis of these three cases appeal his case all the way, if he could, to the U. S. Supreme Court on the basis that -- that the particular statute under which his client had been sentenced was outside the provisions, that he would test that before the court.

Q. As a practical matter, however, with the way things have been going in this state and the country and around the world, can you actually foresee anyone being executed in California again, ever?

A. Yes.

Q. No matter what happens in the election?

A. Well yes, I could. Because you -- if you analyze the opinions

you have a majority of the U. S. Supreme Court that said that they do believe in the constitutionality of this under certain circumstances. And I would think that -- I don't think they have given any indication they have changed their mind on that. So, yes, I could -- I could see where they might rule some of our statutes invalid, that the penalty was too severe for that particular crime.

Q. Governor, if it should turn out that the court ultimately does rule against the death penalty in a blanket fashion, would you support a move to amend the U. S. Constitution to reinstate --

A. Well, you are asking a hypothetical question here. It would involve whether -- what the changes were or whether it was hopeless or not. Let me just say that I believe that the majority of the people in this country do support the death penalty.

Q. Governor, I'm curious. Your comments so far at this press conference on the court have been very -- very subdued compared to the comments you had this morning on the court. I believe you referred to them as acting kind of irresponsible. You used terms such as that. You suggest the court had overstepped its bounds.

A. What, this court? No, I made no statement about this decision at all. I didn't know about it until I -- until I arrived here this morning and one member asked me, and at that point knowing I'd be meeting with all of you later, I said that I hadn't had a chance to -- to know more than that they made a decision. I didn't even know what the count had been or anything else. So I -- I had no answer. No, I haven't commented on them. I would say that from what I -- little bit I have seen now of the decisions of some of the justices, they have been pretty critical of their own court. There have been some opinions by some of the justices themselves that the -- the court overstepped its bounds.

Q. Can we get back to that question on the taxes now?

A. Taxes.

Q. Can you tell us the nature of your agreement with Speaker Moretti on school finance and tax reform and whether it is really an agreement or a consensus or what?

A. Well, there seems -- there's been a great deal of misinformation and I suppose it's grown out of the kind of rumors and gossip that go up and down the halls of the -- of a capitol. Let me say that what is taking place is what -- I suggested would take place, when we introduced our own tax reform and school financing bill and I said there was one already introduced by the Speaker. We had introduced

ours and we believe that the normal legislative process -- our hope was that these two would come to some acceptable meeting ground where we could finally resolve this issue. But what has been taking place is that normal legislative process at the staff level, and our own staff people, have been involved because of our own legislation, and just recently our staffs reported back that as staff members they believe they had worked out something which they on both sides could recommend to their principals, as an answer to the problem. And this was presented to the Speaker, was presented to me. There was one meeting then in which a few little points were explained in detail and a few little things ironed out as to what it was, and then it was simply a case of the -- no agreement. This is up to the legislature. The Speaker said that he could recommend this staff plan to his side, and I said that I certainly found the staff plan acceptable and would do my utmost to see that -- whatever I could do to see that it would be accepted by our -- our side of the legislature. But there has been no negotiations or meetings or flat agreements of the kind that we sought in the 16 days of negotiations last year. Quite to the contrary, this was a staff plan, two staffs; one representing the legislature and our own people involved that recommended this plan back to us and it is my understanding that from the single meeting we have had that the Speaker has found it acceptable and -- and I certainly can accept it.

Q. Does your statement that you find it acceptable mean that you would sign it into law?

A. If the thing -- if it came down to us from the staffs, yes. If this is passed by the legislature I would sign it into law, I think it would be to the great benefit to the people of California and certainly it would be -- it would resolve to a great extent -- in fact should cure the school financing problem.

Q. I think this is still on the subject of taxes, Governor. The other day you gave a speech on the subject of what are called loopholes. You said that the public receives benefits from these loopholes. I'm wondering specifically on the Reagan Cattle Corporation and the Oppenheimer Industries what benefit does the public derive from that.

A. Well, the benefit that the public derived from that, from what you call cattle holdings, are a few bulls that I own that are leased out and which were not any part of a loophole at all, because I actually made a few bucks on the cattle. And so I had to report it as income. Now, I don't know of any loophole that involves that.

What I was speaking about the other day, and I'm going to continue to speak about it, is the cheap demagoguery that has been so prevalent in recent months from a number of sources regarding what are termed loopholes that are legitimate deductions that the Congress of the United States down through the years has seen fit to pass simply because they were necessary and they were vital to the economy, are not loopholes, when we are trying to stimulate the buying and the building of homes by the working men and women of this country, to allow a citizen to deduct the interest on his mortgage and to deduct the property tax payments that he makes; to suggest that that is a loophole as some political candidates have been suggesting, is ridiculous. It is also ridiculous to suggest that citizens who want to contribute, as they do, \$14,000,000,000 a year to hospitals, to schools, to libraries, to educational and charitable foundations, that this should be taken away from them. The end result is inevitable. If you take that deductibility away from the individual contributor you are going to wind up with total federal financing of all charitable institutions, of all medical research, of all medical institutions, of all schools, because the individual will no longer be able to support those things or afford to support them. And the figures I used indicate that it is not at some level of rich who are getting some benefit by giving their money away. That the greatest amount of those contributions and those deductions are taken by the working men and women of America.

Q. But specifically even under the Reagan Cattle Corporation and the Oppenheimer Industries, it is advertised in their brochures as being a tax shelter, you said a moment ago in this answer that you ~~didn't know~~ it was a loophole. If it is called a tax shelter and it is advertised and it is offered for that for people who have incomes of \$500,000 or more, 75 per cent tax bracket, what is it?

A. No, no incomes -- it was 50 per cent tax bracket or more.

Q. O. K.

A. And let me just point out something, as a technicality in that this is not advertised as a tax shelter. The Securities Exchange Commission orders and forces certain investment opportunities in the country to specify the amount of risk involved. And cattle breeding is enough of a risk that the Securities Exchange Commission has to -- orders any corporation of the kind -- I don't have a corporation. I bought through a corporation bulls and they lease out these bulls for breeding purposes. But this is such a risky business that they

are ordered by law to warn anyone that unless they are in a 50 per cent bracket this might not be the safest investment for them. But if they are in a 50 per cent bracket and they lose, as you can easily lose, it only takes one blizzard and you can be out of business out there in the prairie -- states that if you are in that tax bracket, you had a loss, if you had one, it would of course be ameliorated because as a business loss it would be deductible. Now, that is forced on them by law, that is not some venal corporation advertising oh goody, we have a tax shelter and I am not in a position to go out buying tax shelters. I am in a position where I kind of like farming. As I said, when I couldn't run them myself I wanted to have a few cattle.

Q. You have never seen your cattle.

A. What?

Q. Have you ever seen your cattle?

A. That's right, but it makes me feel good to get the reports, and I get them. I get the weekly reports and it makes me feel like I'm still a farmer. Now, can't I indulge myself that much?

Q. Are tax shelters the same thing as loopholes?

A. These terms -- let's get those terms straight. Well, the nickname tax shelter has -- has grown out of this same thing. There are risky investments and if a person is faced with giving -- well, where they really came into being was back when the tax ceiling -- the highest tax rate was as much as 94 per cent and people, athletes, entertainment figures, whatever, people with that high an earning had a choice of paying 94 per cent of the additional dollars they could earn to the government, now it is 70 cents that they can pay to the government, or they can say here are some investment opportunities that have a high risk rate, but maybe I could take the gamble and I could invest some money in this over here, and if I lost, since it is a tax deduction at that high a bracket, I'm only losing a fraction of the amount of money, but they don't go into it to lose the money, because they still lose, some of their own money. They go into it with the hope that it is going to become a worthwhile asset, a valuable possession. And that is the so-called tax shelter.

Let me give one last figure, then get some other hands here.

This whole demagogic thing all over the country we have heard the last year that a hundred people with \$200,000 incomes didn't pay any income tax. Now, number one, I'm not one of those with \$200,000 incomes. So I'm not -- there is no personal conflict of interest here. Actually, there were 106 people in the country last year. The last year of the Johnson administration there were 300. Now, if

this means that there is some flaw in the tax structure at the upper income level, then you have to ask yourself what about the other 15,200 people because there were 15,300 people last year in this country who earned \$200,000 a year or better. And 15,200 of them averaged paying \$177,000 apiece in income tax. So if there was some great flaw in the tax structure you could expect the 15,300 people would have taken advantage of it. The Treasury Department has made perfectly plain without releasing the names, the 106 cases. They are available for all of you in a Treasury Department report. And they explain that the 106, there were legitimate reasons. Some of them had suffered great losses through lawsuits and litigation. Some of them had paid 77 per cent of their income because -- to foreign governments because their earnings were from outside the country and that's why they didn't own any tax in this country. There was a legitimate explanation for that little handful of 106 people. Everybody else paid their tax.

Q. I still have some questions.

Q. Governor, the Democratic National Convention Credentials Committee voted this morning to split up Senator McGovern's California delegation, and to award proportional shares of the delegates to Senator Humphrey and the other candidates. Realizing this is a different party's problem from your own, do you have any comment and can you see a situation under which the Republican party might go against the winner-take-all concept in California?

A. Well, that would be up to the party to make that decision. Of course in the Democratic party I'm surprised how much we have in common because we are counting on splitting up a lot of his votes. But the party would have to make the decision to do that. I think the primary as it has been run in the past here in California makes a lot of sense. Each candidate sets out to -- to win the convention delegates of the state on a majority rule basis, and he goes to the convention with those to -- I don't -- I don't see very much the -- what you do other than just simply postpone the decision until the convention and then the delegates and the same proportional numbers continue to fight it out at the convention, after you have once made that decision on the basis of all the voters at the state level.

Q. Well, under -- under Democratic reform procedures they say -- they intend in any event to end the winner-take-all situation four years from now. Do you think the Republicans should do the same?

A. I don't know, I'd have to -- I'd have to be shown some very good evidence that this was an improvement. First of all, the whole primary thing has become somewhat ridiculous with the variety of rules and all. For example, here is Senator McGovern profiting from a great number of delegates from the State of New York and his vote was less than 6 and a half per cent of the Democratic party of New York. You know, this is not -- that's not exactly a landslide.

Q. Governor, we have a man all the way from New York here who would like to ask you a question. I said I'd get your attention for him.

Q. That's very gracious of you.

A. I hope you are an immigrant and not a visitor.

Q. Thank you, sir. Have you any comment to make on your -- your European itinerary? I've seen no details released as yet.

A. No, I've left all those announcements to Washington because it is at their request. There are several countries to be visited, and I will be having this week-end before departure for rather extensive briefing. So I don't have very many answers. I know that it is -- it is going to be an arduous trip and I know that there are going to be a number of specific assignments for me. I look forward to that.

Q. Is it largely western Europe?

A. Pardon?

Q. Will it be limited largely to western Europe?

A. Yes, all Western Europe.

Q. Governor, since the President has dropped the import quotas on beef, what do you think the effect will be on the California cattle industry?

A. Well, I expect the cattle industry is going to be unhappy and they have got a reason to be unhappy. Generally, with the whole situation and not just with this decision. I can understand what the President is trying to do. Food prices recently, and a number of things from drought to bad weather to floods to infestations and the old outlaw, supply and demand, this is what has always affected the food market. Some other things are affecting it right now. The plain truth is that the -- that the man growing cattle today is selling his cattle at the farm level for less money than he received in 1958. And the difference in the price of meat is from leaving the farm -- between the farm and the kitchen and what happens in between there is what has accounted for the great increase in prices.

We do have an emergency situation in which inflation must be brought under control, and I think that there are going to be some hardships in this. There are going to be probably, when you look back in retrospect after it is all over -- there will be some things that will be unfair to some individuals. But the over-all problem must be solved, and I think the President has been -- his plans have been solving it and the inflation rate has been reduced -- is being reduced. And food seems to be one of the things that is -- is interfering with that right now, slowing that reduction of inflation. But the -- I just wanted to get in a lick for the cattle raiser and the people would know that he doesn't get a dime of subsidy, he's never been a part of the government agricultural problems, he gambles every year on -- on his business, and he's one of the few fellows in the United States that's not getting any more money. He's getting less than he used to get.

Q. Governor, are you going to call a special legislative session on reapportionment this year?

A. I don't know, no decision has been made on that or no decision apparently has been made upstairs as to what they are going to do.

Q. Governor, on this tax plan, you said it was acceptable to you. What is it anyway? What is in the tax plan?

A. Well, now since --

Q. Just four or five --

A. I don't think it would be proper for me here to give you details since we are still on both sides briefing our own legislature -- legislators on what's in the tax plan and I think that we'd better wait until they have been informed before they pick it up and read it in the paper.

Q. Governor, there is one more question in the back.

Q. There's only one more automobile no-fault bill barely alive in the legislature. Would you like to see that pushed on through?

A. The Fenton bill?

Q. Yes.

A. Yes, I would. This bill certainly meets most of the criteria that we ourselves felt should be included in such a bill and I think it should be passed.

Q. Did you talk to Mr. Marler or Senator Marler about it?

A. No, but I'm going to do what I can to -- to help it along the way.

Q. Will you be talking to him?

A. I probably will.

SQUIRE: Thank you, Governor.