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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JANUARY 9, 1973

Transcribed by: Governor's Press Office (FEB)

(This rough transcript of the Governor's Press Conference is furnished to the members of the Capitol press corps for their convenience only. Because of the need to get it to the press as rapidly as possible after the conference, no corrections are made and there is no guarantee of absolute accuracy.)

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Q. Governor, as we move through the year people increasingly are asking you about your political future. I hesitate to do so again but Henry Salvatori said yesterday he is counselling you not to run for any office in 1974 and you ought to keep your powder dry for 1976. Have you any comments on his remarks?

A. No. No. I don't know that Henry Salvatori said anything of that kind so obviously that is a subject that has come up so often so no comment.

Q. On Bill Clark did you put him through the procedure you say you have been using where different review committees review his credentials?

A. No, that procedure is not used in that case. I followed the same procedure I used in the only other appointment I had to the court and this was not just occasioned by the tragic death of Justice Peters, he had written me that he was going to resign so we have been reviewing a great many names, a great many individuals, discussing them with people in the legal profession just as we did with regard to the chief justice's appointment so it simply moved up the time of appointment, the tragedy.

Q. INAUDIBLE

A. It is one of not only reviewing all of the names but seeking out those people that we think can give information. Of course, in the case of Bill Clark I had a greater personal knowledge than I had of most others. He was an appointment by me to the Superior bench but after he had served here in this administration where I had the closest possible contact with him and, therefore, have the greatest confidence in his integrity because I have seen him in action and his ability.

Q. If Justice Peters had written you that he intended to resign when did that communication transpire?

A. Last year. It was quite some time ago.

Q. Is it a fact you have a state qualifications committee to pass on this?

A. That is right. It is a state qualifications panel that passes on these contrary to just the regular judicial appointment.

Q. What about his only having four years on the bench, is that sufficient?

A. I think he has actually had a legal career that has been pretty outstanding for about 15 years. He served on the bench with 150 decisions, none of which was ever overturned. It was a rather unusual record. After he had been appointed to the Superior Court he then had to stand for election and after he had served there in that area people reelected him by a 3-1 margin. He has handled and participated in some 250 cases as an Appellate Justice and I think I knew all about him. I have complete confidence that he is going to become one of the outstanding Supreme Court justices in the history of the State of California.

Q. Did you communicate with Judge Clark prior to the death of Associate Justice Peters regarding the appointment?

A. No. He was just one of the names.

Q. How many other names were there?

A. I can't give you an actual number but there was a great number of names not only of other appointments in mind but other individuals, people who from time to time are suggested even when there is no apparent vacancy, they are suggested for future reference. There was quite a list of names. I never have actually added up the total.

Q. You don't think it was a case of personal favoritism toward someone working on your staff?

A. No. I think it was a plain case of having an opportunity of knowing him and seeing him there. If he had not impressed me as having those qualifications on the staff then he would not have been appointed. I have to add this, and I think I would be speaking for anyone who has ever been in this job or will be, I think that it is too serious. I don't think you ever are tempted to that in a position of that kind. Too much hangs on it and you have too much of a feeling of responsibility to the people of the state to be guided by friendship or personal favoritism.

Q. In the past you have said you wished the makeup of the court were somewhat different. Is this going to create a court more like what you think it should be?

A. Obviously the philosophy of the man is taken into consideration--- and again I am aware of his philosophy as well as his integrity---that was a factor. As I look at particularly his work in the Court of Appeals I have to say that I think he has demonstrated not only an understanding but a great respect for the law and for the Constitutional principles.

Q. You said the same thing about Donald Wright?

A. Yes. The record proved it. Maybe sometimes it also proves that people change their views or outlook as time goes on.

Q. Has he been a disappointment to you?

A. No. I am not going to criticize the Chief Justice. I have spoken out very openly on particular decisions and continue to do that, but I think it is my right and responsibility to do that. No I have no criticism of any of the members of the court.

Q. I thought I heard Dan Rather say that President Nixon consulted with you before he decided to renew the bombing of Hanoi and Haiphong. Is this right or wrong?

A. You thought you heard Dan Rather say that? No. The President did that without bothering to consult with me. I approve of his decision even though he didn't consult me.

Q. According to the subdivision map it indicates you are putting up for sale your 700 acre property in Riverside County. What is the situation?

A. On that property I am not sure. I have followed the practice that some of the other owners have done, having it zoned so that it can be sold in smaller parcels if it comes to that. I have a problem, wondering whether I have got the time to start from scratch as I hoped to do but I bought the property with the idea in mind that I had enough so that if I wanted to dispose of some of it I would still have a ranch ample for my needs but this makes good sense to have this engineering work done to have this zoned for smaller parcels in case you want to sell off.

Q. What is your present plan? Do you expect to establish a ranch and eventually or is it uncertain, or what?

A. I am just wondering. I am getting a little impatient about having a ranch and the thought has entered my mind that I might have to look for one already established instead of starting from scratch.

Q. Too many problems in building?

A. The power hasn't come in and so forth.

Q. How do you feel about the reorganization of the legislature and the fact that they can proceed with appropriation bills before the budget is signed?

A. We are speaking of something now with regard to this new two-year idea. Any appropriation bill that is passed I have to then review it on the basis of whether it will fit within the revenues because that is a responsibility I have that there can be no deficit. I think they are taking a chance, a risk it may be a program, no matter how worthy, that we can't fund.

Q. Governor Rockefeller proposed life sentences for offenders who are pushers of hard narcotics. What is your attitude toward that kind of approach, do you favor that?

A. I feel with regard to pushers that almost any penalty is justified, I think it is one of the worst and most evil of all crimes. The only reason I hesitate and don't give you a flat statement is that we ourselves are working on our whole comprehensive drug program and I haven't yet sat down with the people we have had on that as to what their views might be and what they might be contemplating, so I would rather not comment but I certainly don't disapprove of what he said. I think the battle against the drug culture which has swept over our land is one that is going to take the best that's in us.

Q. Do you contemplate stiffening penalties?

A. I can't comment. With all the things that have been going on I haven't sat down with our people on this entire subject.

SQUIRE: Thank you governor.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELM JANUARY 16, 1973

Reported by  
Beverly D. Toms, CSR

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GOVERNOR REAGAN: Anybody got any suggestions for moving the rain from the north to the south down there? We need it. That is my opening statement for this morning. In lieu of anything else we talk about the weather.

Q. Governor, is there any chance you may withdraw your nomination of Mr. Clark because of the things that have been disclosed about his educational background?

A. As far as I'm concerned, nothing has been disclosed that I didn't know already. It's been part of the consideration that -- in the appointments that have taken place so far. No, there is not a chance in the world that I would withdraw that. I think that what is -- let me just put it simply as this, what kind of a fuss someone is trying to raise about it, I think that Bill Clark is an example of something that's in the finest American tradition. Millions of people have had distinguished careers in this land of ours and who had to work their way through school and get an education and work at the same time as he did supporting his family. It's made their getting an education more difficult. His appointment is based on -- not on how he performed as a student, but the results of his studying which have been indicated by a 15-year brilliant law career and the fact that two judicial appointments that I made of him prior to this he was screened in the regular process and by his contemporaries in the law was found unanimously and overwhelmingly qualified for those positions. And I would just like to point out to those individuals that are trying to say that an appointment should be based on the diploma that a man received back in his days as a student; I can think offhand of at least a half a dozen individuals who on that basis would be eminently qualified for the appointment but we'd have to wait for them to get out of jail.

Q. Who?



(Laughter)

A. I'll protect their privacy.

Q. Governor, I've been doing a little figuring with your -- the 850 million dollars --

Q. I've got another question on Clark. Did you know that when he applied to take his bar exam that he said he graduated from Stanford? Actually --

A. He did not, he never did.

Q. Never did what?

A. He never said that he graduated. No, as a matter of fact it has now been revealed that he himself had forgotten that when he-- the card which only said "graduate of what law school," and when he had written the schools down there that he himself had crossed out the word "graduate" and that has since been brought to light by the State Bar.

Q. Governor, you said on your two prior appointments to Clark he was screened by committees, I don't think that's true. I think you -- you eliminated these committees when you named him to the Superior Court because you knew him personally and you remember that one was objected to by the local bench?

A. No, we still went ahead and put him through the entire process and everyone has been put through that process. And I'd like to -- I'd like to just add, as long as you brought this subject up, if there is one thing that even some of the most die-hard opponents of my philosophy or my administration have admitted is that our some 400 judicial appointments, all of which have been within the scope of the promise I made of taking the appointments of judges out of politics. Let me just rehash and remind you that I tried very hard to get the legislature to make that an official policy, and when the legislature refused to do this I voluntarily for six years now have followed the policy that I tried to get put into law, into statute. And these opponents themselves have admitted that the judicial appointments under that process of this administration has surpassed anything in the history of the State of California and have raised the level of the judiciary higher than it has ever been raised by any administration and Bill Clark was put through that process and came back rated as high or higher than almost anyone that has been appointed. The same was followed with regard to the

Appellate appointment. His record stands for itself, he never had a decision reversed as a Superior Court Judge, and now it seems to me strange that anyone could believe that having for six years given up my prerogative to name judges on my own basis that someone would think that with one of the highest appointments I have to make that I would depart from that philosophy.

Q. Governor, were you aware that Justice Clark when he was in the private practice of law in San Luis Obispo County apparently had a case ..... 1967 case just prior to the time of the administration where apparently he had a judgment of \$236,000 reversed on him for failure to show due diligence, he served in process, which apparently he was so criticized by the Court of Appeals?

A. No, I wasn't aware of any specific of that kind in all of the cases he hired. I knew he was a successful lawyer, a well-thought of lawyer, a highly respected lawyer. I was -- actually was not very well acquainted with Bill Clark prior to his coming to work in this administration and it was here that I learned from personal observation about his integrity and about his ability and can tell you that there have been few people associated with this administration who have had a higher, more wide-spread respect than Bill Clark. I think he's going to turn out to be one of the best appointments that I made in the judicial field.

Q. Another subject.

A. Well, if we have, we have got one down here.

Q. Over here.

A. Oh, there.

Q. On your treasury surplus of \$850 million, the SB 90 apparently in financing requires \$215 million from revenue sharing and \$236 million from budget surplus. If you deduct that it leaves you \$399 million which you could possibly return to the taxpayers. And if Verne Orr says he might recommend saving a hundred or two hundred million of that, that leaves you maybe two to three hundred million that you could possibly return to the taxpayers. Is that --

VERNE ORR: Governor, the figure he's quoting came from Alan Post's figures which were published in December, and Alan says they would have to be updated by the new revenue systems. Alan Post hasn't done that.

Q. Which figures?

VERNE ORR: Alan Post figures that SB 90 takes 250 or 300 million from the surplus.

Q. But it does take some plus revenue sharing?

VERNE ORR: If it does not -- if you come to the briefing at 11:30 we will try and cover it.

Q. Governor, because of the large state surplus, would you favor a delay in the enactment of the higher sales tax?

A. There are a number of alternatives with regard to the one-time surplus. Let's keep it so there is no confusion, when we talk numbers. Let's remember that there are two things we are talking. A tax policy, on-going, the future. And a one-time surplus to be disposed of. And there are a number of alternatives. That is obviously one of them. We have not settled on one form as has been erroneously suggested. One form of tax rebate is the means of giving this money back. But we have a task force on taxes that have been working on a long-range tax program and obviously has taken this into consideration, this one-time surplus. And we are having cabinet meetings on this. We recognize there are several ways that can be -- we have considered all of them and there are several alternatives that any one of them we think would be just and fair with regard to returning it. But we haven't made a final decision yet.

Q. Do you think the legislature should make the decision?

A. That would be included. What's that?

Q. Do you think the legislature should make the decision?

A. Well, they have already discussed various ways of not only spending it but even a few individuals up there have talked about ways of giving it back. And as I have said, when we finally come down to the final alternatives, I intend to go and talk to the legislative leadership about this. We would -- I want to work with them on this if we can -- if we can do it in that manner, get it returned.

Q. But you are not -- you are not shutting the door on possible delaying of imposition of the sales tax?

A. No, that's one of the alternatives under consideration.

Q. You have been in favor -- at least you have said you were going to recommend a reduction in the income tax at one point, have you not?

A. Yes, this we have talked of as a on-going way and it is also one of the alternatives for at least returning part of the surplus, on a one-time basis. Twice before we have used the income

tax, as you know, give one-time rebates of n per cent and twenty per cent.

Q. Governor, do you see this policy shaping up as some kind of a package, maybe a delay, maybe a part rebate, maybe part capital outlay? One-time capital outlay?

A. I think when you talk about the surplus, I think there is a certain percentage of it that it would be wise to retain as a capital reserve. And yes, I myself have suggested that here is our opportunity for the rebuilding of the capitol to make it earthquake proof.

Q. Another subject.

Q. One, one more please. Assemblyman Cullen has suggested that you consider using some of the surplus to redeem bonds that are now redeemable which would save a lot of interest money in the long run, is that one of the things you are considering?

A. He sent me a letter on that and I have responded already. We had already looked into whether there would be an advantage on that, and it develops that that's not as -- an attractive a possibility as it might have at first appeared, that a number -- that the amount of bonds that we could recall and the amount of interest saved is not all as great as one might think. Some of those bonds just can't be recalled and also some of the bonds that can be recalled are attractive from the standpoint that they are out at a very low interest rate before inflation set in.

Q. Governor, your state support budget becomes public Thursday. Is it premature now to talk in general terms about how you treat U.C. in that budget?

A. No, you'll be having a briefing on the entire budget at 11:30.

Q.. That's for later publication.  
(Laughter)

A. But you wouldn't want me to steal Verne's whole routine there, would you?

Q. Governor, now that the Watergate 7 is the Watergate 2, because five have pleaded guilty, had this been known before the election do you think there might have been any difference?

A. No, I don't think there's been any particular change there in that nothing certainly has been established or brought out that indicates that anyone higher up had any knowledge of this. In

fact, one of the men, as I recall, has stated very frankly that this was his own idea, one of the accused. And this is the position, I think, that had been taken by people in Washington prior to the election and it was my own opinion, I said before, that I didn't believe that anyone of any responsibility in the campaign of the administration would have been a party to that.

Q. Where would he get \$25,000 send to him in a plain envelope, as he said?

A. All I know is that so far in the trial and I don't know how far I can go in talking about something that's still before the courts, I don't want to stick my neck out legally --

Q. They pleaded guilty.

A. But one of them said that he had been employed to find out what he could with regard to planned demonstrations to disrupt Republican activities and Republican campaign activities and it was from there that he proceeded on his own initiative to go beyond the law and --

Q. You mean to bug the Democratic headquarters?

A. Yes.

Q. Governor, supposed he had found some evidence that there was a planned campaign to disrupt -- disrupt Republican campaign activity, do you think Senator McGovern should have bore some of the responsibility for that -- for the decision to implement a campaign like that?

A. Well, that would depend on whether the evidence actually linked him or whether again it was done at some level of the campaign without his knowledge. Let's say had they found some evidence of a plan to disrupt the Republican campaign the least surprised people in the world would have been the Republicans.

Q. Well, why should it be any different, you know? Why should the least surprised people be Democrats, that Republicans apparently were doing the same thing? All I'm trying to say is shouldn't President Nixon have to assume -- doesn't the buck stop there for the party activities?

A. Well, if you are taking -- if you are taking the tact that when you go up to the top of the command and then he is responsible and if something happened that he didn't know about, it still is his responsibility, that he should have known about it, I think that's stretching things in a campaign very far. When you have a nationwide campaign organization and then you have 50 states with their own

organizations and State Chairman and Regional Chairman to claim that the candidate can possibly know what these people in their enthusiasm may be doing in his behalf, that he would not condone if he knew about it -- that's asking an awful lot of a candidate.

Q. Governor, if something like this should happen in another election, do you think the trial should be held before the election?

A. Well, in this particular instance you found the defendants were the ones -- how far are you going to go in imposing on their legal rights? It was the defendants who were asking for and their lawyers who were asking for the delays. Here -- the very administration if you say who is the leader and who is the top of something or other, the man that is President was also a candidate, but it is the Nixon administration, it is the Justice Department that is prosecuting this case, and it was the defendants that in their protection of their clients' legal rights their lawyers that were asking for the delays. And this is common. I don't know of -- in fact, I've complained about that, if you remember, in my last speech to the legal profession that this thing of the constant delays and delays in bringing someone to trial for any kind of lawbreaking has become so commonplace that I think it is one of the reasons why our system of justice has had the failures it's had. (Watergate Affair)

Q. Would you have rather seen it held before the election, the trial?

A. I don't think it would have made much difference. Wouldn't have made any difference to me.

Q. Another subject; Governor, with your opposition to construction of a new legislative building or capitol, do you think that will make it tough for you to get funds for a start on the Mansion this year?

A. I haven't found -- I was interested in the reaction of the State of the State Address, to my proposal that the -- or my remark to the effect that I would hope this capitol would continue to be used as it is used and there seemed to be quite an enthusiastic response from the members of the legislature, but I have talked to some of the legislative leadership about this and to a man they agree that the problem of a governor's residence is a separate item and they see no way in the world that it could be tied to or that they would be a party to tying it to any -- anything to do with capitol office space.



Q. Does that include Senator Collier?

A. What?

Q. Does that include Senator Collier?

A. Now I haven't seen Senator Collier since we came back, I haven't had any conversations with him.

Q. Would that include Willie Brown?

A. I haven't discussed that subject with him. I have seen him, but I haven't discussed that subject with him.

Q. I'd like to follow up just a little further. Does your -- does your opposition stem basically from -- from the idea of moving the two chambers or would you also be opposed to having a new -- let's say strictly an office building for legislators? Do you think that this is something that they should determine?

A. If there is an actual need for space and there possibly is, then I think you face that particular problem. Yes, I would -- let's just now put it on the sentimental side. This historic old capitol, I think, is a thing of pride. I think it is one of the most distinguished capitols in the nation, the state level, and one of the most beautiful. And if those chambers can be made safe and practical as they can apparently, I would hate to see them move out into some new skyscraper type of building. Now, once you agree to the reconstruction of the capitol to make it safe, then I think you review and find what are the office space needs not only of the legislative branch, but are there some other uses of the capitol building that might better be in some other building and then you also take inventory of the space that is presently available, in some of our capitol structures, in the whole complex here. But I think the people feel by and large attached to this capitol. Then you come to the economic problem. The economic problem is that the cost of making this building as earthquake proof as a building can be and still continuing to use it comes out at far less than preserving it as a -- just a historical monument plus building an additional capitol building. The cost -- the cost for just making it a historical monument is virtually half of what it would cost to go ahead and make it usable.

Q. Governor, Assemblyman Lewis..... a constitutional amendment that would protect newsmen from having to reveal confidential sources to legislative bodies, grand jurors and so forth. The constitutional amendment is opposed to Assemblyman's bill. Do you think that's necessary or not?

A. I don't know, I signed the bill that made it a statute.

I haven't -- I have talked to Jerry about this and what he is propposing.

Q. He's concerned that the courts may rule that law unconstitutional and thus wants to head them off by having a constitutional amendment.

A. Certainly that would do it. At the moment, of course, we are having a little trouble with the thing the people voted with regard to capital punishment, and implementing it. But it is no question but a constitutional guarantee -- it doesn't bother me, I made myself clear I believe in the right of journalists to protect their sources.

Q. Governor, on another subject. You believe that skyjacking that results in a death of someone, that that should be punishable as first degree murder or mandatory death penalty?

A. Well, on the whole subject of what should be the mandatory death penalty, I have stated here before that I think that this is a subject for experts and for a study by the people in the law enforcement field and in the legal profession. I know that many people have expressed this belief about skyjacking. As a layman, I would have to say that this certainly should be studied and I have proposed that before that study skyjacking and the death penalty because there is no question but that a man who skyjacks has planned and deliberated and he has done this with no retard to the threat to the lives of hundreds of people on an airplane.

Q. Governor, regarding the anti-smog proposal yesterday by the Federal agency, do you think that's a practical plan or not?

A. Well, I don't know, but I think Mr. Ruckelshaus' explanation of it, now that I've heard it, makes a great deal of sense which is it is time to have these hearings and to find out and let people know and bring out into the open what -- what the problems are and what the ramifications are, how far we are willing to go, that we feel is necessary with regard to eliminating totally pollution and from that standpoint I think that this is a fine test, a find thing to do, to bring out and to point out that perhaps some of the -- some of the political answer to pollution that has been passed, particularly at the national level, has something of hysteria in it, that it is possible that they have passed things that absolutely cannot be implemented and this is what he seeks to prove.



Q. What about to the merits of the proposal?

A. Well, we have to get down to my own feeling, as I said the other day, is that if you got down to whether gasoline rationing would be an answer to the smog problem, I have a feeling you'd find certain impracticalities connected with it, particularly in the southern part of the State.

Q. Governor, there are stories in Washington that Philip Sanchez is on the way out as the head of OEO. Had you been in conversation with anybody in the Nixon administration, have you expressed any displeasure at his performance or --

A. No, no.

Q. Governor, back to the subject of the Supreme Court nomination. There were reports issued earlier this week that Justice Clark was not your first selection for the nomination. Was he your first selection, was he the first individual that you had discussed seriously?

A. Now, the only place that I saw that was in Herb Caen's column, and I know that I stand on terribly thin ice in ever suggesting that Herb Caen was not totally accurate in one of his columns. But in this instance he was totally inaccurate. Among many of the names that were suggested for the Supreme Court one of the first names that was recommended to me by members of the Judiciary and the legal profession by his contemporaries was the name of Bill Clark. And it was -- it received, I imagine I'd have to say, higher recommendation than any other name that was proposed. But there were a number of names and there was never any question in my mind. No, Bill Clark was my first choice.

Q. Governor, can we go back just a moment to the anti-smog proposal of EPA. You mentioned hysteria and perhaps not feasible. But it did work in World War II, thirty years ago. And we fought a war while we did it and people got to work and got things done. If it worked then, why wouldn't it work now?

A. Well, it worked at a percentage however that was a little more than a third of the percentage that they claimed that would be effective. Gas rationing in the Los Angeles Basin, and I was there and serving there, with all of the patriotism and the fervor of a war and the desire of people to help serve and to sacrifice for it, it is my understanding -- I may be wrong -- but it is my understanding that the figures were in the thirty per cent range of the reduction of use of fuel and mileage traveled. But what they are proposing

now is a rationing that would be effective to the extent of better than 80 per cent and this is where I have to question that there are alternative sources of travel or that even the car pool would result in this.

Q. Are we to infer from that that the public might not be quite so patriotic with respect to environment as it was with respect to fighting a war?

A. I think that one could believe that. You only have to take a look at the litter along the highway. You only have to look at the beer cans in a pleasant bank of a river or creek, to know that there is not the same self-sacrificing spirit with regard to the environment. Everybody wants to talk about it and I once proposed a law that no one can complain about smog while throwing Kleenex out an automobile window. And I don't think I can get the law passed. But I pointed it out to this, having a place in the country I can testify to the energy and effort of people who will go to the trouble of renting a trailer to hitch onto their automobile on a week-end and come out into the beautiful countryside and then dump an accumulation of old stoves and mattresses and bed springs and things of that kind down off the side of the highway in some very beautiful scenic country and there were a few cheaters, I know, and a few people who wanted special privilege during the war, but for the most part people -- everybody had someone in the service, people wanted to help. So, yes, the evidence indicates that it is easier to talk about ecology than it is for everybody to do something about it.

Q. Governor, doesn't the extreme nature of his suggestion or idea kind of contradict the claims of your administration that we turned the corner on smog in the Los Angeles area?

A. No, because you can't -- you can't deny the figures, the vast reduction that has taken place. We are continuing. I think one of his targets has not been the effort that has been put forth. I think one of his targets has been acts passed by Congress that just cannot be met within the time frame and somebody looked awfully good in getting the bill passed and presenting the bill, but if I understand it correctly what he's pointing out is that we better face up to some realities before we come to a 1975, for example, and find that everything grinds to a halt because there is a law that cannot be met.

VOICE: Thank you, Governor.

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HELD JANUARY 30, 1973

Reported by  
Beverly Toms, CSR

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GOVERNOR REAGAN: Well, this morning we have 22 journalism fellows from Stanford University here with us. You are very welcome. Let me make this clear, this is not a journalism class as we sometimes have. These are fellows -- fellow professionals of yours from all over the world. Delighted to have you here.

Q. Governor, what is your current status of your thinking on what to do with the surplus?

A. Well, we are continuing to meet on that. There isn't any alternative or any suggestion that has been made. It is not a consideration of ours. One of the things that's causing us to not come forward with a plan at the moment is the fact that we are trying to involve this -- if we just treated it separately, the disposition of the surplus, I'm quite sure we could come in almost immediately with a decision. But we are trying to relate this to the whole subject of tax reduction and an on-going tax policy, for which we have appointed this task force that's been working on this for us. And that's what's holding us up with having an answer on this subject.

Q. Do you have a timetable, Governor? Do you have a timetable?

A. No, no.'

Q. Governor, Bill Bagley is quoted as saying that there is a package being put together that would include refund of income tax, delay of the sales tax and cancellation of bonds. In other words, a compromise, and he says it is -- implies that it is your program.

A. Well, no, just as I said, all of these things -- everything that's been proposed is -- all of these alternatives are being considered by us, and I suppose where this has come from is yesterday for example talking in this room to the students who were visiting here. I said that we are considering not only the alternatives but we are discussing combinations of them. The -- basically what our goal is, what we are trying to arrive at, is what is the fairest way to proportionately return the money on the basis of those who contributed to the surplus in the first place. There is no --

I don't think there's any one of the single way that necessarily benefits in that manner everyone who contributed. But some speculation on this, he's correct in that this too is one of the alternatives that is under discussion.

Q. Governor, you spoke of an on-going tax reduction. Wouldn't the only way to meaningfully do that would be to cut state spending? The budget went up this year.

A. The budget went up this year, but 73 per cent of the budget increase was SB 90, the taking over by the state of a tax burden that is now carried at the local level principally by the homeowners. By reducing that, by taking on a bigger share of the school funding at the state level, yes, and we said at the time that we are asking it to pass from the political standpoint you had to face the fact that we were willingly raising the budget a billion dollars by taking on this -- this burden. We think it is still a good idea and it is fair. I hope the people will understand and I think they do, that this <sup>is</sup> not a legitimate increase in government spending.

Q. Wouldn't you have to cut state spending to give a permanent tax reduction?

A. Well, no, we have accumulated a surplus which means that our revenues must be coming in at a greater rate than our outgo, and that state -- that one-time surplus and the on-going surplus can largely be attributed to the economies and the cuts that we have already made. I would call it a dividend on cut, squeeze and trim.

Q. Governor, on that cut, squeeze -- you came into office in the role of cut, squeeze and trim Scrooge. You are going out of office as a bountiful Santa Claus.. How -- you know, what's happened?

A. Well, what's happened is some journalists I think have gone off the track and have now recognized the facts. There isn't anything in the world that has changed in my attitude. I'm just as Scroogey as I always was about government spending.

Q. You are not a Santa Claus after all?

A. No, and from the very first, for several years, first year I was here we have tried to get a transfer to statewide taxes of some -- if not all of the homeowner tax burden, and we finally succeeded with SB 90. It was compromised down from what we first asked for a few years ago. We would have gone even farther if we could have had our way on this. So I don't see that any policy has changed. Now, I notice the papers in the east, let me just say about journalists getting off the track -- papers in the east, particularly that one of a large city up there that centers on an island just off the Atlantic

Coast, the gray lady of journalism has cited the fact that suddenly California is back in the lead, where I suppose fairly it always should be, we are the biggest state in the union, budget-wise, but instead of being behind New York State our budget is now bigger. Well, I'm sorry to disappoint them and I don't mean to cast any disparagement on my colleague, Nelson Rockefeller, but if we compute the California budget involving the same factors that they put into the budget in New York, we are still a billion dollars less than the New York State budget, because they don't give any money back to subsidize a property tax reduction. They do not include their bond spending in their budget, they have separate bonding authorities. And we include it in our budget, and when you subtract the things they do not have the same formula of revenue sharing that we have with regard to local government, when you change those factors our budget suddenly comes down to 7,770,000 dollars, instead of their \$8,880,000,000 or our nine billion two or three.

A. Governor, your criteria about proportionately cutting -- returning the surplus to the taxpayers that paid it, the suggestions by Democrats to cut the sales tax or not to increase the sales tax would not meet that criteria, proportional criteria, would it?

A. Not if you -- if you made the entire surplus given back on that basis. I don't believe that it would. It wouldn't recognize some people that pay -- that also pay in addition to the sales tax: income taxes, both federal and state, and this is a consideration, too, because part of that surplus comes from the federal revenue sharing.

Q. Governor, even if you call the budget 7 billion, that's pretty near double Pat Brown's last budget. Haven't you doubled -- haven't you mellowed a little bit on cut, squeeze and trim?

A. No, we fought just as hard as we can, and one of the reasons we have a taxk force is the recognition that if an administration that has held down spending to the extent that we have, that has held back on this and that has created so many more efficiencies, we don't have 30 or 30,000 more employees as we would have had if we continued the policy of growth in government -- we have held even on so many things, and if we still see this increase in the budget this is a problem that -- as I say, one of the reasons we called the task force, this is a problem that is going to require more effort because an administration not as dedicated to saving as we have been, the budget would be far higher than it is now.

Q. Governor, who is on the -- who heads the task force you've been talking about?

A. Frank Walton. It is a both<sub>3</sub>in-hour and out-of-house task



force, combination.

Q. Governor, on that, there is another angle on the Santa Claus bit, what about this increase for the state employees, even your Finance Director says it is a whale of an increase.

A. Yeah. Yeah, and two years ago we didn't give them even a cost-of-living increase. We made them swallow it themselves, but at the time that we did it we announced that we were studying and going forward with a study that was based on inequities that have grown up. This is not an across-the-board increase. We find certain divisions of state employees who in comparison to their counterparts not only in other government, but in the private sector, are way below the comparative scale. Likewise we find other classes of employees who are more or less as the Constitution requires equal to their counterparts. And what we promised was that we would try to bring about a correction in these inequities and we did it in two installments. Now, you had to recognize with these two installments that when we went the year without even a cost-of-living increase we further widened that gap. We times got better I think we guaranteed that what some officials of CSEA were unwilling to believe was true, that our problems had always been fiscal in this regard, and that we have always intended and wanted to be fair with regard to our state employees. I think they are the finest state employees or the government employees that can be found in any level of government, any place in the United States, and I've had a pretty good opportunity to compare. We are doing it in the two installments but we are continuing the study. We have -- we are actually having outside help in determining a study even beyond this second installment to make sure that this did it, and if we on the basis of preliminary studies went too far in some areas, then through a kind of attrition in the future we will have to bring that back into line that way.

Q. Governor, on the surplus, have you reached the point where you actually decided to include any one factor in this package, or have you definitely discarded any factor?

A. No, we have had a lengthy meeting. We have asked for more information and facts and figures. And in some areas -- and we have scheduled more meetings and we are working -- you asked if there was a timetable, no, there is no timetable, but simply our own pressure that we want to find an answer to this as quickly as possible. We are going forward as fast as we can.

Q. Governor, can you confirm however that it is a package deal that you are working on? If you couldn't return the money in one way and still meet your criteria of proportional return could --

A. Well, I have to say that we don't believe so far -- now, remember we are continuing the negotiations, we haven't ruled anything out, but so far we have not been able to put our finger on one way, a single method of rebate that turned out to be totally fair to all the contributors.

Q. Can I change the subject?

Q. <sup>AN</sup>  
O.

SQUIRE: Wait.

A. Somebody here wants to talk money.

Q. Although I realize you haven't agreed on one way, haven't you -- you are still firm that you want some sort of an income tax reduction, both the rebate and on-going, didn't you say that just yesterday?

A. My own feeling is that, as I say, there are people who contributed to this surplus by way of other taxes and then those that contributed in the same taxes plus the income tax, and it is my feeling that this should also be included.

Q. So you are pretty firm that that would be a part of your packaging, would be income tax reduction?

A. Well, if you will agree that if I can say that while I may feel firmly that way, I feel that way with an open mind because --

Q. Right, there will be no mention of concrete today.  
(Laughter)

Q. A couple of other questions, about the increase in the size of your budget over six years, do you happen to know how much of that is inflation?

VERNE ORR: No, but I think you'd be fairly safe to go at about five per cent a year for six years, around 30 per cent.

A. Thirty per cent.

VERNE ORR: That's off the top of my head.

Q. And on the question of bonds, I wasn't -- didn't hear your remarks yesterday, but I read in the newspaper where you said that you didn't approve of that because that's a future generation should pay -- in other words, a pay-as-you-go system you are discarding.

A. You are saying now you are not discarding that entirely and it could very well be a part of your over-all package, a portion of it?



A. Well, the question the other day dealt directly with the suggestion that the entire surplus be given back in this manner, and I questioned whether it was right to ask one group of taxpayers at one time to be totally responsible for some things that are going to be built in perpetuity for uncountable future generations.

Q. Would you also question our placing this tax burden on one, two and three generations ahead of us and using up all of their credit? In other words, overextending their credit where we could do it on a pay-as-you-go basis?

A. Well, I don't think we are in a position to have to worry at the moment with regard to bonds about overextension of credit.

Q. No.

A. I grant you there are people who would pay no attention to that, but we have worked very diligently and I think the proof that we have been successful in our work is the fact that Moody's for the first time in thirty odd years gave us a triple A rating which very few states, if any, have on our bonds, and we are within our bonding capacity and have not been foolish.

Q. Governor, let's get all this taxes out of their system.

Q. Just one other question on your objection to using the pay-as-you-go. Doesn't that contradict your position of a Regent where you approve of the use of U.C. -- University of California tuition money for capital outlay?

A. No, as a matter of fact, I voted for that on a temporary basis because of the fact that in our budget exigencies of the past few years there were times when we could not go forward with some things that needed to go forward with, and I -- I voted for that. I would not like to see it a permanent basis. Again, I don't think you should have students paying tuition to build buildings for students a hundred years from now. I have always thought that tuition should be exactly what it is in any other school, it should be used to -- for the educational quality and to improve the educational quality and to maintain it for those students who are paying the tuition, but I have also insisted with tuition must go a plan that no student can be denied an education because of inability to meet that tuition fund, that you must have provision for student loans and aid and so forth, which we have done.

Q. Governor, do you think that Collier Towers might be a good subject for pay-as-you-go?

(Laughter)

A. Just between us, I've never thought that Collier Towers was a good subject for discussion any time.

Q. Governor, just to clarify what you told the high school kids yesterday, and you are telling us today, do you back off on anything you told the students yesterday?

A. No, no, I -- whether it was understood or not, I think you will find that I tried to explain to them with regard to this particular question we have been on for so long, that the -- the complexity of it and that some of the considerations and all of the things that we were trying to consider to ensure the fairness of this and evidently to some, including some of our own people I gave an impression that I might favor something over the others. Just as a combination. Well, I think I've revealed here that my own feeling is that as we study this problem it begins to come down to more than one way of returning it.

SQUIRE: Any more questions on this taxes? Guy in the back row there.

A. No, he's a subject-changer.

SQUIRE: There is another one there.

Q. I was wondering if the time had arrived where you were prepared to say what your political plans were for 1974.

A. No.

Q. Why not? Are you going to do it this week-end at the Republican Convention?

A. No.

Q. Why? What's the delay?

A. Huh?

Q. What's the reason for delaying?

A. I'm just a fellow that can't make up my mind.

Q. That's not characteristic of you.

A. Thank you. That's the nicest thing any of you have said to me in a long time. Print that. No, I just --

(Laughter)

A. I'm -- I realize it is a subject that must come up and be settled one way or the other very shortly. I haven't yet and I've just been busy with the things that are going on. And I've -- I haven't felt that the time was that pressing, you know. The filing date is not immediately facing me.

Q. Are you being urged to run for a third term by any of your leaders in the Republican party in California, to change your mind on

that position?

A. No, I have had people, as I get out around at public affairs, I have had people come up and say this to me, and that I should, but no, there is no such thing as a leadership group in our party in California who says to somebody, "you do this or you do that."

Q. Could you be convinced to consider a third term?

A. What?

Q. Could you be convinced to consider a third term, Governor?

A. No.

Q. Absolutely not?

A. No.

Q. Would you respond to a draft?

A. We have just eliminated the draft, I've always been for a volunteer army. No, -- no, I don't, nor do I think there is going to be any such thing.

Q. Have you set a deadline for when your decision will be?

A. No, I have no timetable on that either.

Q. Doesn't have anything to do with the snows or the stars or anything?

(Laughter)

A. No, except I think I did say to somebody that it would be safe to say that you'll probably have the answer before the snows melt in the Sierra.

Q. That's next spring.

Q. In Mammoth or here?

(Laughter)

A. Way up high, on the mountains.

Q. Governor, there continues to be some efforts made on both sides of the aisle to try to get a reapportionment bill of some kind through. Do you think there is a chance of that happening or do you think it would be even worthwhile to try to do that?

A. As far as I know the court took over jurisdiction as of the end of December. It is in the hands of the court. I am still opposed to the idea of any gerrymander. I'm opposed, I guess, to reapportionment on the basis of party affiliation, and I would hope that the court, if it is going to carry forward with this, -- that the court would reapportion on a basis of population and the contiguity of communities, and interests of communities that would give them a basis for having a representative at the state level and with no regard to party registration.

Q. Do you thin. the legislature is the bes body for reapportionment itself or should there be someone else?

A. No, I have always felt that there is a built-in conflict of interest with regard to the legislature. There can't help but be, and I don't blame them for it. And to -- there might be a cure if there were laid down specific constitutional considerations, that -- and those and only those could be involved in the arriving at district lines. And then the legislature could go forward with that. But it is asking an awful lot of an incumbent, for example, to -- even if fairness dictates it to the people, asking an incumbent to vote his district out of existence. And perhaps we should find a better way of doing it.

Q. Would you prefer guidelines or do you think some other body should be responsible for reapportionment?

A. I can't -- I couldn't say that I've given it that much thought to know, but I just -- as I say, I just think we have got to come to an end of this every ten years cutting up the state like a melon to suit whoever happens to be in power at the moment.

Q. Do you also feel the governor then should have no say in it either?

A. Well, if there is -- if there is a formula set up where someone outside the legislature does it, fine. If you are going to go by way of the legislative process, then the governor has got to be involved.

Q. Governor, do you plan to send a statement of support in any way when your Supreme Court appointment comes up -- in a hearing for your appointment to the Supreme Court, or plan to go yourself?

A. No, I think the very fact that I have appointed him is -- my statement of support, and if any such thing is called for I think it would be redundant. I think everyone knows my position that's involved in this. Certainly the commission must know it or they wouldn't have been appointed.

Q. Governor, on the subject of the state hospitals, Senator Biddle says the administration seems to be changing its attitude about how fast it wants to close some of them. Specifically Patton State Hospital, and may want to leave it open for a number of years more. Is that correct?

A. Well, I think this again is a subject that should be taken up with Secretary Brian, Earl Brian. But I think that very shortly we will be presenting a plan. He will be presenting a plan

this constant speculation and rumor and fear that goes on about closing of individual hospitals and so forth. But a long range plan in the entire field of mental hygiene and such a plan is in the works, will be presented and it will be premature for me to comment on it now.

Q. Governor, have you made any inquiry with your Department of Finance or the Department of Consumer Affairs as to why bureaucratic red tape has held up the program to monitor the flow of legitimate drugs in illicit hands, which you support very --

A. Yes, as a matter of fact, there is no bureaucratic hangup in this. This is a program that I asked for, it was my legislation that I had submitted to the legislature with regard to the tracking of legitimate drugs to ensure that they do not get into illegitimate hands, and illegitimate channels, because this has been one of the great parts of the drug problem, is the actual use of such things as amphetamines, things of that kind that were created for a medicinal purpose and then wind up in the illicit market and is part of the drug culture. So I asked for the legislation. Now, this is to be set out -- this must be computerized because you are talking about millions of transactions and being able to track them. Well, anyone that's ever been involved with this knows that you don't just instantly computerize an operation, and actually this process started last July. And there are many problems inherent in it, we are going forward as fast as we can with it. We still have some of the computerizing in other areas of the state government that we started in the first year we were here, and they are still not completed. It is a tremendous undertaking and for anyone to suggest that we are footdragging on our own program is a little silly.

Q. Well, is the one year past the deadline in your own legislation footdragging, Governor?

A. No, not when it involved the computerization of this entire -- this entire task.

Q. You say the program is operational now?

A. No, I can't say that, no. It is still in the process of making this computerized operation. I can say it means the tracking of millions of transactions throughout the whole United States.

Q. Is it possible that part of the delay is because of questions being asked by the pharmaceutical companies themselves about techniques not used to follow these drugs?

A. I don't know what part they would play in that at all. Or what their participation -- I don't know enough about the computerizing that goes forward to know how much information you must have from



them. I'm sure you must have some, that's where the -- that's where the drugs start out in the first place.

Q. But do you know whether -- if they are cooperating at all?

A. I'm sure they are, I've had no complaints that they aren't. There's been no evidence that they aren't.

Q. Would you say that the fact that it isn't fully operational one year after the deadline, that that kind of delay is justifiable in your mind?

A. Yes, I would say that there is no physical way to get around it. If Senator Moscone wasn't running for Governor I doubt if the subject would ever have come up.

Q. Governor, do you think the Vietnam war was worth it for this country?

A. Well, I think you can ask that about any war that's ever been fought. Always afterwards you can look back and find a way in which the war could have been avoided. For example, this war could have been avoided if the North Vietnamese had stayed home and hadn't tried to conquer South Vietnam. There didn't have to be a single shot fired. And now we go back 19 years to 1954, in the Geneva Accords, and the country that didn't obey them was North Vietnam, not South Vietnam, because South Vietnam and the United States never signed the Accords. And the reason they never signed them was because the North Vietnamese refused to agree to international supervision of elections.

Q. But do you think it was worth it for this country to fight the war?

A. I think the war was badly fought for many years. The question that will have to be answered, when someone knows all of the information, and obviously none of us do, that was available to President Kennedy when he sent the first combat troops in against a great deal of advice, and certainly contrary to the policy that had been pursued by the Eisenhower administration before him, I don't know how to judge that action because, as I say, we don't have the facts. Once in it was a constant case of escalating. Today there are indications and there have been testimony before Congressional committees that indicate that the military said from the very first that once they embarked on that trail it would have to go up to in excess of a half a million people if they were to complete the job. My greatest criticism down through the years of the war was that under two administrations they apparently were unwilling to win it and unable to

end it. And I challenge and question the right of any government to ask men to fight for their country and die for their country if that country isn't willing and doesn't believe in the cause enough to go forward and end the war by terminating, by winning it. And whether -- no, there is -- I think there is a great useless sacrifice at any time. We can go back in World War II to 1938 when President Roosevelt asked for a quarantine of Nazi Germany, a sealing of the borders, the ending of all communication and trade across those borders. If somebody listened to him then we might not have had World War II. We do have wars and unfortunately it doesn't take two to start a war, it only takes one aggressor who is willing to make slaves of other people and crosses a border with the guns going off.

Q. Another subject.

A. Yes.

Q. Currently there are two no-fault automobile insurance bills, and at the time they do not require mandatory immediate reduction of premiums. Would you support a bill that did not do that?

A. Well, we are watching those bills, and you know my reluctance to comment on legislation before it gets down -- watching those and we understand there are a number of amendments that the bar wants to also introduce to those bills, and we are closely monitoring those. My own approach is one in which there -- no-fault insurance should be based on an advantage to the consumer.

Q. Would you like to see a direct reduction of premiums?

A. Well, I would hope that that -- although I don't know that that would -- could be the only advantage, but whatever -- the bill must improve the situation for the holder of the insurance policy. That's who we are seeking to benefit and I would think that a major factor in there would be consideration of a lower cost for insurance.

Q. Your Department of Consumer Affairs suggest they would and your Insurance Commissioner said they would like to see a direct ten to fifteen per cent reduction in premiums.

A. Now, those figures that you are putting down are figures that you thought of. I wouldn't have the information or the knowledge to name a figure.

Q. Any more questions?

Q. Yes, just one follow-up question. With regard to the Clark nomination, do you have any indication that the State Bar will render a report to you prior to the action of the commission on Judicial

Appointments in San Francisco?

A. I don't know whether I'm on the list or not. It is my understanding that whatever report they are going to issue is going to be confidential and is going to be to the members of the commission. I wouldn't see any necessity to render one to me unless they thought in some way that there was some information that they needed from me or some reference from me. But it is to be confidential.

Q. What would happen in the event that the commission should turn down the Clark nomination, would you press the matter further or would you pick another nomination or have you crossed that bridge yet?

A. No, I haven't even anticipated crossing that bridge. One possibility is if I can find a way for the administration to secede from California.

Q. Governor, forgive me, I just have one follow-up question on this. Realizing the real difficulties in developing a computer program, that is the reason for the delay, but were you aware that they didn't begin development work on the computer program for six months beyond the deadline because your administration refused to accept federal funds for the program?

A. No, and I don't believe that that's true.

VOICE: That's not correct.

A. I don't know of anything.

Q. It is a \$119,000 grant from the C.C.C.J.

VOICE: Mr. Turner from our office is in the back of the room. If he wants to contact him and get the information later.

SQUIRE: Thank you, Governor.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD FEBRUARY 13, 1973

Reporter 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: We have visitors again today.

Richard Reinharts of the University of California Journalism class from Berkeley. 17 of them, I understand the number, are here with us. So I'm sure that you will all carry on in your customary manner and show them the integrity and responsibility of the working press so that they will be inspired to go forth and do likewise.

Q. Governor, one quick question on the tax program. Who in the Finance Department is the best man to talk to for technical information?

ED MEESE: Verne Orr.

A. Verne Orr, yes.

Q. Governor, how would you have felt coming into office with an income tax limitation or locked in the Constitution?

A. Well, it is not necessarily income tax limitation,

Q. Well, it can't be raised without a vote of the people.

A. No, no, within the framework of the over-all limitation on the percentage of revenues the legislature has the full power to change the tax structure by their votes, raise one, lower another, All that the permanent plan is asking is that over a 15-year period we come down to a limitation on the percentage of the total gross income of the people of California. That we simply say government, state government cannot take above this certain percentage.

Now, this is an idea that is, I think, far more widespread than just California. We happen to be the first ones that have moved but there is coming in economic circles to be a recognition that today with the total tax burden at 34 and 84/100 cents out of every dollar earned in the United States, and with the fact that the -- the growth rate or the increase rate indicates that within a very few years we are going to pass the 50 per cent mark, most economists have

come to the conclusion that this is an economic drag, that we cannot lick inflation and we can -- and we are headed for disaster unless we reduce the percentage of the people's income that government is costing. And we have sought to do this without any serious disruption over a 15-year period on a gradual reduction down to a percentage that would never fall below at any time -- <sup>(tax)</sup> this limitation will never fall below the present per capita tax burden dollarwise in constant dollars if -- as it stands now we believe that the two lines, the line of -- of decreasing at one tenth of one percent a year for 15 years is above the line of constant dollars based on the '67 dollar which was 300 -- the per capita burden was \$360 in California, that -- for state government. That if we stay at this, letting this 360 go to whatever figure it has to go to, to equal inflation which is the meaning of constant dollars, and I know that many people can get confused by that -- so that the burden never falls below that, we find that actually at that 7. -- 7.15 per cent limit that we have projected 15 years ahead, we are still above the constant dollar. If at that point they wanted to take a look and keep on going to get to the constant dollar thing, it might even be as low as five or six per cent.

Q. Yeah, but, Governor, would you have done -- taken all the remedial measures that you claim to have taken had this stricture been on you when you came into office?

A. The thing that we would have faced was this, that I inherited some spending strictures that had been imposed by a previous administration; in the last few months of the previous administration they implemented the Medi-Cal program. This program itself, they only had a few months of operation, we were the ones that discovered that it had been vastly underrated as to cost, that their estimates of what it was going to cost didn't begin to touch the program. We announced that within six months, I think, of being in office or less, and started right then trying to wrestle with that problem. Now, if they had imposed a revenue stricture on us and then passed a program that went far beyond that limit, of course we would have had a problem, but we have met that emergency in this present proposal. That any time there is a spending measure or a service of government that -- that they want to propose, that the people by their vote can lift the income ceiling on the basis of -- that they would rather have that service than the money.

Q. Governor, a number of democrats haven't been too receptive to your plan and one of them, John Burton, says that they are going

to kill it. Will you comment on that, first, and secondly the Democrats also said they may offer an alternative plan. Would you be amenable to any changes in yours?

A. Well, I'd like to see what -- what the changes are proposed with regard to John Burton and some of the others who have commented. I think it would be very interesting if they would bring their open minds to the briefings that we intend to hold for them since they made their comments with no briefings on the plan. We will be happy to tell them and we intend to tell them all about it and they can make any of their objections or their questions known at the time. I think that some of the proposals that Assemblyman Burton suggested about an alternative plan smacked of the same kind of demagoguery that has led to the economic mythology that is so prevalent today. For example, most of what he was proposing were efforts to get more revenue from the people, not less. So he centered on, of course, we will close the oil depletion allowance, and this is going to be the magic word that makes everything happen well in California. Well, if you totally wiped out the oil depletion allowance you get about 22 million dollars and this -- I don't know just exactly what this is supposed to solve or to cure. You also put out of business not the major companies but you put out of business a number of marginal independent small operators in California. You wipe out a certain amount of employment in doing it and the 22 million dollars that you get by closing the oil depletion allowance will be made up by the increased price you will pay for gas and oil at the oil stations because it has to be passed on to the people. So it is again, as I say -- it is pure demagoguery and it is economic nonsense and there is no other way to portray it. We are talking about trying to get a handle on and reduce the 43.84 cents that the people of California are paying now, and which in 15 years will be 54.56 cents unless something is done.

Q. Actually, Governor, wouldn't your plan allow the legislature if it chose within the confines of the constraints you propose -- wouldn't it allow the legislature to close loopholes if it wanted to?

A. That's right, all of this is provided for. It has been left to the legislative process. It has been left to the legislative process as to how they will reduce the tax burden to meet the one-tenth of one percent. Actually I think the 10 per cent income tax reduction that we have proposed will go a long way toward -- in the first year, at least, possibly longer, in meeting that one

per cent cut.

Q. Governor, did you discuss this with President Nixon yesterday?

A. No, he made a remark that he was aware of the fact that we were proposing giving some 850 million dollars back to the people and he asked if we had any for him and I told him that in arriving at the surplus we had to save the federal government about 350 million dollars a year in welfare and Medicaid costs or we wouldn't have had that surplus in California.

Q. Governor, your schedule calls for you to make a number of stops across the state in talking with various organizations and press groups about this plan, yet you have yet to meet with the Democrats in the legislature.

A. Oh, no, we have met with the leadership of the Democrats. We met last week with them. We had a briefing first with our own legislative leadership which I thought was a courtesy to them and the caucus and the following one was with the Democratic leadership. We have met with them, we intend now to continue having briefings for all of the legislature, for committee members, and so forth, and the briefings that I'm going to do we have done on a number of occasions with a number of programs all the way back to '67. We are going to one, two, three, four points in the State. We have invited in all of the editorial boards of all the communication media in those four areas to have at us with a complete background briefing and all the questions they want to ask.

Q. Are you going to be willing to take suggestions or make changes in your proposal to use up the surplus?

A. Well, so far none came. In all of the briefings we went in and we told them -- after all of our hours of study, that this was the best proposal that we felt was the fairest, but we -- we solicited this, we said any input -- we welcome any input that anyone may have. So far there have been no specific suggestions to us.

Q. Would you be willing to change your mind on some of these items or compromise?

A. I would think in this one area that we would be certainly happy to look at anything that we might not have considered that might improve or make more fair, if possible, the redistribution of that money.

Q. Governor Reagan, if you must take your bill to the people and the Democrats have said they will take another bill to the people,



are you perfectly satisfied with letting the people decide between the two of them?

A. Sure. All I have asked of the legislature now, with the exception of the things that simply call for legislative action and the constitutional amendment, it has to go to the people and all I've said to the legislature, I don't ask for their approval or disapproval, do what I have done a number of times in signing theirs, the legislature put several measures on the ballot --

~~Ed Gray~~  
~~PAUL DECK~~: Seven.

GOVERNOR REAGAN: -- and I have signed those even though I disagreed with many of them, but signed them on the basis that I agreed with the right of the people to make the decision.

Q. Governor, how long are you willing to wait for the legislature to act on this program before you make up your mind that you are going to go to the people directly and put it on the ballot? Are you going to wait for two years? This is a two year session.

A. No, I'm not going to wait any two years in a two-year session. I think that as long as it looks like the legislature is honestly dealing with this problem, and ready to make a decision on it, I'll wait for them. If, on the other hand, they start loving it to death and making constant public utterances that they are in favor of similar tax reform, they just disagree with the provisions of this one, and it goes on that they never come up with anything on the other side, then I don't think I'll have any alternative. Actually, I don't think it would be a case of me having to go to the people, I think the people will come to them, just as they did on welfare.

Q. In the briefing for the press the other day wasn't the month of October and November mentioned -- mentioned as the time it would be put on the ballot?

A. This was an estimate that we believed -- if the legislature will act on this we believe that the election could be held next September. If we didn't, I said that I felt that we would know by that time that it was going to have to be a people's initiative and that would delay it until a November election.

Q. Governor, where -- how would you go about getting signatures for a thing like this?

A. Well, I think there are -- by that time the familiarity with the program that we are going to try to achieve, I think that

there are enough groups that are going to be interested in this who for a long time have been seeking some kind of tax reduction that they will take over -- they will take care of that.

Q. How would you pay for the gathering of the signatures, would you do it on your own? Where would the money come from?

A. No, you'd have to get enough people in the public who are interested in raising the money and going forward with the effort and circulating the petitions to do this. Actually the capital punishment amendment didn't take any money, the people just did it on their own.

Q. New subject.

A. New subject.

Q. Or are you --

Q. Governor, I was just wondering, with the high preponderance of the large number of POW's being from California, I was wondering if you were going to take any specific action or had any plans in mind relating to the return of POW's to the United States.

A. We have a liaison right now with the federal government on this. Anything that can be done, we of course have been quite in the lead already on Vietnam veteran employment programs and so forth, and we are working closely with them for anything that will coordinate and anything that they can point out that we can do in this regard.

Q. Governor, the California Trial Lawyers Association has issued a resolution calling your appointment of Justice Clark indefensible, and stating that it has created widespread opposition. There is widespread opposition to this appointment in the highest of circles, what is your reaction on that, it calls upon you to withdraw it.

A. Well, I have to differ with the idea of how widespread is the opposition because we have quite the contrary reaction. And I'm quite sure that if they will look into Justice Clark's record, as much as and as thoroughly as we have and the others who have been connected with it, they will agree with a great many distinguished lawyers in the State who will find that it is totally defensible and that he has a record that justifies this appointment. I just don't believe that they are aware of that as yet.

Q. Can you name such a distinguished lawyer who has endorsed this appointment?

A. Oh, for heaven's sakes, they are in the scores and scores. As a matter of fact you will know the answer to that, I think, on March 2. You will see a great many people present at the open hearing who will be testifying.

O. But offhand you can't think of a one?

ED MEESE: I think there are a lot of them, but --

A. Yes, a great many and I think for me to just fish out a name --

O. Can you issue any kind of a list?

A. What?

O. Can you issue any kind of a list since you -- since you keep mentioning this and you don't give any specific names.

A. You are questioning my word?

O. No, but -- if you keep mentioning it, why not back it up.

A. Well, a great many of them, I think there have been public statements that some have been printed, some have appeared of jurists who have expressed their approval of him. I don't think this is any great secret. And my personal correspondence contain many others. I can think of names, I know of names. I've always been a little hesitant about my repeating what someone else has said to me without going to them and saying, "Do you mind if I make public the fact that you have said this to me."

ED MEESE: I suggest, Governor, if there are any additional names that are not included in the 2nd of March hearing we can then talk about making that available.

GOVERNOR REAGAN: All right.

O. Governor, do you have any suspicion that Chief Justice Wright might be opposing Bill Clark?

A. No, no, I haven't at all. As a matter of fact Chief Justice Clark is a member of the three-man panel that approved him unanimously for his appointment to the Appellate Court.

ED MEESE: Chief Justice Wright.

A. Or Chief Justice Wright, that wasn't a Freudian slip.

O. Governor, much has been made of the fact that Clark hasn't had his opinions or decisions reversed, but isn't that because the Appellate process is so slow that he's been on there too short a time to have any reversed?

A. Oh, no, he's -- as a matter of fact, one of the -- one of



pluses on his side, and certainly as a Superior Court Justice and I would think it would be true in that other position here, was that he was able to speed up at least in his own court the process and not have as big a backlog as seems to be the average throughout the state.

Q. Another subject.

A. All right.

Q. Governor, are you familiar with the hospital and nursing home program that Dr. Brian and Bielsenson laid out here about a half an hour or so ago?

A. Well, I know the general idea. I think if you get too specific I'd have to refer you to --

Q. Well, the program contains a provision for price control, to set up a state agency to control prices in hospitals and nursing homes, to control rate increases in hospitals and nursing homes and my question is, would it be better -- do you believe that the state should do this or do you believe that the market should regulate prices?

A. Well, this is -- this is presently the situation. We are not proposing any new price control that does not already exist in this field. What we are proposing is that the federal government, which has an economic stabilization board controlling this now, that it properly should be at the state level.

Q. But the President -- hasn't the President just disbanded it in effect in Phase 3, so that these price controls are --

A. I think this is one of the areas where it has not been  
ED MEESE: Health Industry Board was continued.

Q. Governor, on another subject. Have you been given any estimate at all as to what effect the federal government cutbacks are going to have on higher education in California in terms of the University and so on?

A. No, as a matter of fact, all of these plans and what they are doing, we don't have details and specific information on this. We are trying to keep abreast of it. I think there is still some uncertainty in Washington of what is going to be done.

Q. Are you concerned about the possibility that this could have rather a serious effect on the revenues that the University and State Universities have to get?

A. Well, you always have to be concerned and it would be a

problem. On the other hand, I have taken the position that with the administration in Washington trying to do the very thing that we believe in and that we have tried to do here statewide, I certainly would not be one who wanted to say make whatever cuts you want to make but make them in some place other than California. I think if we are actually going to reverse this big spending trend and start trimming fat as we must, if we are to avoid a catastrophe, an economic catastrophe, I think that all of us have got to put in our share.

Q. Another subject. You said in your last news conference that you thought that reapportionment was now in the hands of the State Supreme Court. Does that automatically mean you would veto any reapportionment bill that came to you no matter how favorable it would be to Republicans?

A. No, I was simply explaining that as far as I know the Court had not rescinded from its position of saying that if it had not been done in the last session it was in their hands, and they were going to take it over. Actually, with all of these last several days concentrating on the tax program, I have not had an opportunity for a briefing with the legislative leadership as to what is going on with regard to reapportionment. I am expecting a -- such meetings and to find out what is going on. But, no, I -- you know, I don't comment in advance whether I would or not veto.

Q. Are you aware of any major erosion in the Assembly in support of the Democratic reapportionment plan?

A. Only what I've read in the papers.

Q. Does that concern you?

A. What?

Q. Are you worried about it?

A. Well, I'd be concerned anyway. I still -- I subscribe to one belief and one only, <sup>on</sup> /reapportionment, the first requirement must be fairness to all the people.

Q. Governor, would you like to backtrack to the POW's for a second. Would you sign Assemblyman Karabian's bill exempting these prisoners from tax while they were --

A. As quickly as he could get it to my desk.

Q. Governor, Senator Harmer said several weeks ago in reapportionment he had talked with you and had gotten an absolute commitment from you that you would look at the Senate Bill with an open mind. Did you make this commitment?

A. Oh, certainly. Heavens, contrary to what maybe some of the people in the back of the room believe, I look at everything with an open mind before I vote no.

(Laughter)

A. No, the last line was a bad joke, I didn't mean that. No, sure I made that commitment, very willingly.

Q. You said in your briefings with the legislators on the -- your plans for giving back the surplus to the people that no one had come up with any other proposal other than the ones you have put out. Did no one support Alan Post's recommendation that we spend the money on construction projects instead of issuing bonds?

A. No, no one has as yet. We told them in the briefing that we had taken that one as well as all the others and had examined that one thoroughly, and came to our own belief that this was -- this was not a fair way to do it. To suddenly take a group of taxpayers who had made possible this great surplus and then make them pay for almost a billion dollars worth of projects that would be created in perpetuity over for dozens and dozens of future generations to enjoy. That's the principal behind bonding, to spread the cost of these long-time benefits over all the people.

Q. Governor, many of unforeseen and undesirable problems caused by SB 90 are now coming to light and Finance people have some people working on resolving some of those problems. Doesn't that fact concern -- wouldn't that make one a little slower on these proposals, to put a lid on state spending or state taxes powers?

A. Well, I think what you are talking about with SB 90, yes. Like any big and major complicated piece of legislation that did a lot of things such as transferring hundreds of millions of dollars of local costs to state costs, imposing then a limit on the local costs so that the people wouldn't be just simply having a tax increase. Yes, you find bugs in a program of that kind, and our people are working with the legislature upstairs. These are mostly technical problems that are being eliminated. We have had a task force working, as I said before -- we have had many hours of our own on this whole program of the supposed limitation or it is a limitation but I think it is being misinterpreted by many. Most people think that what we are going to do is start here at a point and state revenues are going to do this. They are not. They are going to continue increasing. All we have done is flatten out a

little the rate of increase, so that it does not come on a converging path with the people's earnings. Presently if you go far enough into the future and you don't have to go too far, these two lines are going to cross, the people's earnings and the cost of government. And what we are saying is some place someone has to meet that problem and you'd better meet it before we are already up there within ten per cent of that. So we are meeting it here and all we are doing -- there will continue to be increase in the state's revenues. It will not be increasing as fast as the people's income. So that as the people grow more prosperous they will be getting a bigger share of their own earnings or keeping a bigger share than they are presently keeping. And I've often thought maybe we did the wrong thing, maybe before we talked about this being a program of tax reduction maybe I should have stood up here in front of you and said we have been projecting forward what we think should be the costs of government, and we now are projecting forward doubling the present budget in the next ten years, tripling it in the next 15 years, and see how many of you would go screaming out of here of how extravagant old Scrooge had suddenly become. Because under this so-called limitation the state will be able to have a budget if it uses all the revenues available to it, of 18 and a half billion dollars in ten years. And a budget of over 27 billion dollars in 15 years. And I think that if the future governments or administrations and legislatures of California can not keep their spending within that limit, then we might as well throw up our hands.

Q. Yes, but my question was, when you -- wouldn't it be wiser to wait and see what the long-range effect of SB 90 is on local government before you start applying that principle to state government?

A. Well, I think it is pretty apparent what the long-range thing is. Actually, we haven't made that much of a dent. They are still -- before SB 90 local government was getting about six and a half billion dollars of its revenue from the property tax. Now we have rolled back that -- that back slightly in the area of the school tax but the bulk of other government -- local government expenses are still dependent on the property tax. And it just hasn't been that much of a major change.

Q. Governor, isn't this a problem, though, that should be resolved by future legislatures and future governors rather than locking them into a constitutional amendment? Under the whole process of government under which we operate shouldn't they have this flexibility to determine what they want to do?

A. Except that you have to face past history. As I said before, and in our briefings, you know that no administration that you can recall has worked harder and had more of a policy of trying to reduce the cost of government, and we have found there are irresistible pressures. We have reduced where we have actually had control of departments administratively -- we have reduced them. But that's the smallest part of our budget. Two-thirds of our budget we are giving back to local government. But past history, the fact that 1930 government's federal, state and local were only taking 15 cents out of the dollar; the fact that 20 years later they were taking 30 cents; the fact that today they are taking 43.8 cents and that in 15 years they are going to be taking almost 55 cents out of the dollar indicates that something different must be done if we are to preserve this economic system and the people be allowed to provide for themselves and their own livelihood.

Q. Isn't there something different that ought to be done, is to elect public officials who agree with your philosophy, not locking public officials in under the constitution?

A. We are locking them in only to the extent that the people will have the final decision as to whether this limitation would be raised and at any time they want to the legislature can submit this to the people. The legislature has the provision within its hand to meet any emergency. The people can -- can delay by their vote the imposition of any decrease in the future. The people can permanently change the limit. We have also made the provision that in the event of other changes, for example, a Serrano decision, that would take from local government a big chunk of expense and transfer it to the state, we don't say that has to be fitted within the limit. We say then that adds to the limit over here, but in return the people must be guaranteed that their own local governments cannot just suddenly take that as a subsidy and put their taxes right back up to where they were before they were relieved of that expense.

The final authority for this being in the hands of the people, I don't think is anything contrary to our present system. As a matter of fact, one of the legislators in the briefing the other



day with the utmost sincerity said to me -- well, he said "with the people voting against bond issues and voting them down, what makes you think the people would ever vote to increase the tax limit?" Well, I have a question in response. What makes him think that if the people knowing what the money is for are absolutely opposed to spending it and would rather keep it in their own pockets, then what makes him think that some little group of people up here in Sacramento should have the authority to impose it on them? We are not omnipotent up here. We don't have a market on brains and I don't think that we were sent up here to rule the people's lives. Now maybe the fault is that in our system some place back many years ago, both at the federal level and at the state level, we didn't have a provision that said that any time a legislator advocates a spending program he must advocate at the same time a revenue measure to pay for it. But they sit there with no responsibility whatsoever, promise the people a seven billion dollars project with no way of paying for it and then waiting, hoping that the onus of paying for it will fall on someone else. And I don't think there is anything wrong with the -- with a major program of this kind of the people being given the opportunity to decide whether they want that service at the price and maybe they will. I'm quite sure there are many programs that right now, if you said to the people, "We are going to cancel this program and it will save you this much," the people would say, "We'd rather pay." As a matter of fact, we did a poll on this a few years ago with regard to the gasoline tax. We said, "Would you prefer a two per cent -- two cent cut in the gasoline tax and here is the reduction that would result in the building of the present highway system, Master Plan of Highways." And the poll revealed that the people overwhelmingly preferred to pay the tax and keep on with the present pace of highway building.

SQUIRE: Any more questions?

Q. Governor, isn't one of the reasons that the amount of the dollar going to taxes has increased up to this amount is that over these 30 or 40 years we have got unemployment insurance, social security, Medi-Cal and Medicare and all the rest, and aren't you saying you want to go back to the days before that?

A. No, no, we -- ours is based on the present setup with factored-in inflation and growth and I think some leeway for new programs. We are talking about, as I said, a budget that will



that point as to how much bigger it will become and we are recognizing the fact that a great many of these things that we reached a plateau here where we have this one-time surplus and where we have envisioned an on-going surplus and we think this is the moment at which this could be done. Now, you could not have done this back in 1965 or '66 and then passed Medicare as it was passed on top of it without -- without blowing your program. But, again, as we have said, if somebody comes up in the future with some type of social reform that we have never even considered, and that no one can envision now, that the provision is there for the people to buy that if they want to pay the price. Now, if they don't want to pay the price it must be a service that the people do not actually believe is good for them or worth that price.

Q. Would you consider this to be your legacy, your final mark as being a Governor, if you were to get this?

A. Why, I think that the whole six years of brilliant business administration of the State of California is the legacy.

Q. Any more questions?

A. No, I think --

Q. This is the most important thing you ever did, if this happens? Would you consider that to be --

A. I never thought of it that way. I've thought of it as absolutely necessary and necessary on a wider basis than just California. As I have told you before, a leading economist -- the men we consulted in the country have recognized that we cannot continue the upward rise in the percentage of the people's earnings. Government, yes, is going to increase in cost due to growth in the economy, due to inflation. Due to growth, numbers of people and so forth.

Q. Governor, let me ask, do you think that this could be extended to the federal government, too, that this would work on a federal scale?

A. Yes, I do. Yes, I do.  
SQUIRE: Back over there.

Q. I was wondering if you could tell me whether your projections of state tax revenues are made on the basis of present population growth within the state?

A. We have factored in a percentage of growth that is about -- on an average of about two per cent growth and we have factored in an inflation rate also into these projections. Now, again, this

is why the emergency provisions are in there, because obviously your projections can go awry. But on the same time, we look back through history at the economic processes we have. The people that are used throughout the state to give us our estimates of economic growth and state revenues, and we find that their percentage of error is down so minor that it is -- it is almost unbelievable. The highest error that has ever been -- that has been made in the years that we went back and looked was, I think, a 2.9 per cent error but -- that was exceptional and most of the time -- and that 2.9 per cent error was in our favor. In other words, the economists had underestimated revenues. Most of the time it has run six-tenths of one per cent, eight-tenths of one percent, one percent, one and a half, this kind of margin of error.

Q. I don't question your accuracy as well as I might question the advisability of planning in a set rate of growth for the state given certain environmental curves for planning a population in the future.

ED MEESE: May I make a suggestion, the whole plan is based on the State's gross income and that has a factor with population. In other words, if we have a great increase in population obviously --

A. We have a -- the growth income of the State will go up and therefore the limit on taxes goes up. If that levels off naturally that comes down and then our percentage comes down with it.

Q. Governor, would it be your intention to promote this on a federal level to try to get --

A. No, what I've always felt the position of the state could be, and we did this with welfare, I came to a conclusion -- I think perhaps I said it to you at one point in our deliberations on the welfare reform, that for too many years everyone, including state governments have kept throwing the ball to Washington and saying, you know, this is wrong and that's wrong, solve it. And when you stop to think about the inertia, the effort of trying to turn around the gigantic bureaucracy of federal government on a national scheme, national level to try and make them take an experimental move in something where if the experiment proves wrong there can be chaos, that perhaps the duty of the states would be for us to innovate and for us to try reforms and changes and then the federal government could see whether they worked. And California

is peculiarly fitted to do this. We are a microcosm, we are literally a nation in ourselves here. We have everything that you have at the national level, in every kind of spread. Economicwise, populationwise, diversity, whatever. Now, we made the welfare reform work, and they are beginning to spread. Suddenly in Washington there is talking now of Washington doing its best to implement on a wider basis the type of things that have succeeded here. My belief is if California tries this, if in a few years you found for some reason or other you had to cancel it, this is not great -- no great chaos or national situation has developed or economic crisis, but if it does work the federal government could take a look at it and say, "Why can't it be the solution to the problem there." Right now we see the President trying to enforce a spending limit, trying to reduce the size and the centralization of authority in Washington. Well, we may have found a pattern. We did not dream this up in our own minds. As you know, you have the list of the economists, some of the most brilliant, scholastic economists in the country. One from Berkeley and one from U.C.L.A., from Virginia Polytech, from the University of Chicago, from all over the country were in on this idea. This was their proposal, their idea, and their plan, and their belief that it is absolutely necessary, nationally.

Q. You said you talked to the President, what was his reaction to your proposal for California?

A. I did not go into detail with him on all of this, on this plan.

SQUIRE: Thank you, Governor..

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HELD MARCH 13, 1973

Reported by: Governor's Press Office (RAS)

(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 #137 dated March 13, 1973.

Q Governor, does this mean you'll run for President?

A This means I have made a decision as to what I will not run for in 1974, and what I'm going to do beyond 1974, there's no change in the answers that I've given you in the past.

Q Does that exclude the possibility of running for governor again?

A I again have made that very clear on a number of occasions to you that I am not running for governor.

Q Governor, would you elaborate a little more, please, on why you made this decision, is it because you think Senator Cranston can't be beaten?

A No, I think that Senator Cranston can be beaten and should be beaten if the State of California is to be adequately represented in Washington. But I've made it very clear here what I feel. We have several very important, very major projects in these last two years beginning with the tax limitation program. We have task forces working the field of law enforcement, in the field of education, and in the field of the whole governmental structure of California involving the local levels of government and special districts. I don't see any way that I can do what has to be done with all of those programs in these two years, and be constantly facing questions as to whether this was a part of a political campaign for some other office, or whether I...or be out campaigning myself. And I prefer to be governor for the next two years, not a candidate.

Q Have you any thoughts at this point who might be or should be a candidate?

A Oh, I think the woods are full of them. You've seen all the names speculated about them among yourselves, and I'm quite sure an open primary will make the decision who our candidates are.

Q Governor, do you see yourself spending a lot of time here in California over the next two or three years, or do you think you might go out on what some people call a banquet circuit?

A I think the next two years I'm going to spend an awful lot of time on these particular programs. I know that I'm going to spend as much time as it takes up and down the state on this one on tax limitation. But also, I'm going to do what I have done over the last several years. I recognize, as I've said so often, you have a box office away; I'm going to try to do what I can for the party nationally. I'm going to, I'm quite sure, accept some invitations to fundraisers, and particularly I'm interested in trying to spread this philosophy that I've talked about...this exploding the economic and political myths.... and I shall do that, but not at the cost of neglecting these tasks that I've outlined for the administration.

Q Governor, Assemblyman Speaker Moretti rejected your proposal rather out of hand, but President Pro Tem Mills said they would study it carefully and painstakingly over the next months. How long are you going to give them <sup>to</sup> study it, or love this thing to death as someone mentions it?

A Well, I think that's going to depend a little bit on them and on the people. I am sending it up there with the hope that they will recognize that all we're asking them to do is put this on the ballot and allow the people to vote on it, one way or the other. Now, I'm going to start immediately, of course, on explaining to the people and making sure that the people know because one <sup>way</sup> or the other, it will be their decision. Now it does call for a constitutional amendment, so there's going to be no delay in going to the people about this program in presenting every facet of it to the people so that they'll be able to make the proper decision.

Q Is there any personal <sup>consideration</sup> / that went into this decision such as an unwillingness to serve as junior senator to John Tunney, or perhaps your wife's recommendations?

A Uh, no, no, this was the main one. I've expressed myself about this particular job, and it's importance, and what I feel about it. I want to do that and I want to do it without any competition from any other causes during these last two years. I would have to tell, yes, you asked for a personal consideration....this was one of the lesser things, because I do accept the idea of responsibility. But I would have to say that I personally am not attracted by the idea of participating in a legislative body after having held an executive position of this kind.



Q If you can see that far down the line now, how do you see the two years after that? What plans do you have then?

A Well, there's one reason---you'd have to look at the two years beyond that, and I'm just not looking.

Q Governor, do you still stand by your statement that you won't seek a third term as governor?

A That's right.

Q Governor, regarding your tax limitation plan, Republican Senator Biddle put out a strong statement against it in which he says, for instance, that you are choosing..(inaudible)...in trying to circumvent the State Legislature, and if by sad circumstance you should have to carry out that threat, you will destroy constitutional order in this state as surely as if you were to lead a non-rebellion.

A Well, I read that statement, and it was released quite some time ago and long before the message was sent upstairs, and I'm looking forward to a conversation one of these days with Craig Biddle, because if he hasn't changed his mind already, I think when he looks at that blue book, if he'll look at it, he'll find that what we're doing is not in any way circumventing the legislature. If it is so, then why did the legislature send me eleven measures that they wanted put on the ballot for the people to vote on. There's no way that we're circumventing the processes at all. One item would go into the constitution calling for a limitation on a percentage basis which I don't think is any more extreme than the present constitutional limitation which says that the state cannot have an unbalanced budget. All of the tax structure of the state would be in the hands of the legislature; they would have all the prerogatives that they<sup>have</sup>/today.

Q Governor, how would you finance the campaign to get the signatures and that sort of thing?

A Well, that would have to come from the people....

Q But 500,000 signatures would probably take a lot of money.

A Well, sometimes it didn't take very many to get capital punishment.

Q What about the cost of the special election? That's been estimated at \$5 million or so.

A Well, in the first place, if we call a special election on a certain date when there are a great many local elections being held.

But for the other part, as I've said, I personally<sup>am</sup> in favor of the state adhering to SB 90 and funding it.

Q You don't think the cost is too much?

A No, not when we're talking about saving the people of this state a hundred and eighteen and a half billion dollars over the next 15 years.

Q Governor, on your announcement as to the Senate race, is this a decision you had made some time ago, and are announcing today, or had you just made the decision?

A My personal feelings were such as I have already given you. But as I told you before, I did want to try to keep an open mind and hear all of those who felt that perhaps I should do otherwise, and I have heard them and I have listened to them, and frankly, with the sending of that message upstairs yesterday, that more or less crystalized it in my mind. I realized that that was the most important thing I have to do.

Q Didn't you say this whole thing in Washington last week?

A Not this I didn't say in Washington last week. I said the same things in Washington last week that I've been saying to you at every press conference, but in Washington somebody decided to put their own interpretation into it.

Q Governor, if you accomplish your goal in the next two years, wouldn't you say that politically speaking that would be a good base to run for president on in 1976?

A You'd have to make that judgment.

Q Yes, but I'm sure you anticipate the Democrats will claim you're running away from a race with Senator Cranston. How confident are you, that had you decided to run against the senator, you could have defeated him? Or are you confident?

A Well, my only answer to anyone that speculates that I'm running away from a fight is, you haven't seen me run away from any in the last six years, have you? As a matter of fact, if there's anything that would have tempted me, it would have been to take on that fight.

Q Is it a fight that you could have won?

A Well, let's just say I'm not running away from it.

Q Do you think a man 66 can run for the presidency and win?

A Do you want me to tell you about Stradivarius and what age he was when he made a violin. I've done that before. No sense in doing it again.

Q You're not going....(inaudible)...for the presidency, are you?

A I'm not discussing what happens beyond 1974.

Q Governor, we went through this, you know, a couple of years ago. What is your particular reason in not discussing 1976 now. Who's harmed if you do?

A Because I plain don't know. You fellows all know what you're going to be doing four years from now?

Q Governor, to what extent are you going to play kingmaker in 1974? There's been some talk that Mr. Flournoy, there's been pressure on Mr. Flournoy to go after the Senate seat rather than the governorship. Have you talked to Mr. Flournoy about this?

A I'm not only not going to play kingmaker, but I'm going to oppose anyone else in our party who tries to do the same thing. I think my main political function now, as far as the party is concerned, is to insure that we continue the unity that we have had since 1966 and that Republicans make up their mind that the people of this party are going to choose their candidates, and having chosen those candidates, that we as a party are going to unite behind them, and not go back to the ways of 58, 62 and 64.

Q Governor, along that line, would you be opposed, then, to this reported prospective meeting of some of the heavy Republican financial backers to try and get a consensus on who they'll support for governor in 1974?

A Well, now that's an interpretation before such a meeting has even been held. I'm invited to that meeting; I'm going to that meeting, and I'm going with exactly the same message, and exactly the same idea and understanding that I've just expressed here---that this is a meeting that is going to be concerned with mobilizing the power of the party behind the official organization, which is the State Central Committee, and then making sure that after a primary, when the candidates have been selected, that the same people can get together in rooms and go forward unified in support of the party's candidates.

Q But you would oppose any attempt to designate a candidate for the primary at this point?

A Yes I would.

Q Will you stay neutral in the governorship primary?

A Yes, I think I have no other choice but to stay neutral.

Q Well, before you wouldn't declare an answer.

A Well, maybe I was anticipating some of the actions of other people and maintaining my options.

Q So you won't back Mr. Reinecke or anyone else in the primary?

A I think that what I have done in previous elections of staying neutral is something that is necessary if we're to have the unity that we should have.

Q Governor, on another subject please, would you explain how local communities which claim, and say, that they are losing millions and millions and millions of dollars because of the freeze in Washington can make up the monies that they need for ongoing programs which have already been started and which will now have to be stopped?

A Well, I think there is a great bit of confusion about what is taking place in Washington, and I think a lot of them are Chicken Littles again, running and screaming that the sky is falling. This budget that the president has introduced calls for an increase of eighteen and a half billion dollars in spending, and when they start talking about cuts, what they're really talking about is the same as the University of California for the last six years has talked about me. They kept using the term "cutting the budget," when all I've done is cut requests for increases. Now the president perhaps is not giving everybody all the increases they want, but he is giving an increase of eighteen and a half billion dollars or more in this budget, and he has proposed different methods of delivering it. And one of them is the very thing that local government and state government has been asking for for years. He has increased in all the areas of social welfare and social reform, education, and everything else....there are increases that he has advocated and asked for. But he has proposed giving the money in special revenue sharing in those areas where local and state governments can administer this money as they've asked to do for years without a duplication of administrative headquarters in Washington and without all of the red tape and the strings attached to it. Now, I'm quite sure that if the Congress, which doesn't look kindly on that sort of thing says no, that does not mean that that money disappears and that those same programs are not going to be supported. But I have been shocked at how far some local administrators and mayors have gone and how far some of our legislators have gone in trying to frighten the people into the belief that necessary services are going to be

A (cont.) eliminated. The things that have been suggested for elimination are programs that have been made clear they didn't work in the first place, and no local government should pick them up. But there are increases in health, there are increases in education money, there are increases in welfare money---all of these things are in there with the proposal by the President that they be administered as special revenue sharing. And I see no reason in the world for everyone to be saying that we don't know what's....there are some things that we don't know what's going to happen with regard to specific programs that hasn't been made clear yet; this is a gigantic undertaking back there. But I see no reason for panic, and I certainly disagree <sup>with</sup> those people that have suggested that this is going to interfere with our \$850 million surplus. The surplus is there; the surplus should be given back to the people, and there's nothing being suggested in Washington that changes that fact.

Q Governor, Californians for a long time have been saying that more money has been going to Washington than has been coming back. How does that stand now with the elimination of the categorical aid programs and the substitution of revenue sharing? How does our balance of....

A Well, I think we come out better with revenue sharing. It is true there are a certain number of states like our own that are considered the rich states, and we give more money, whether it's for education, for welfare, for highway building, we give more money to do these things for the smaller, poorer states than we get back. If California had, by the number of dollars it pays in, its share of the highway trust fund, for example, if we weren't helping build highways in other states, we could really be pouring a lot of concrete.

Q Governor, specifically, what statements shocked you and by whom?

A Well, when you're listening to the Mormon Tabernacle Choir, how do you pick out who sang the sour note? It's been a chorus and some of my fellow governors on the democratic side, in the governors' conference in Washington, sat through a two-hour briefing in which they were assured of all these things I've just said, and right out singing the same song they had when they came in. There are two or three things...there's a thing for example the child care centers. But there again, all of this effort to panic the people, and to panic the young mothers who have got children in those child care centers. We knew that in an effort to clean up some very bad regulations, that here and there, there was a spot that was affected. And we knew it long before the holler started, and we were in Washington working with the

A (cont.) HEW official on it. This is why we support the legislation upstairs. We think that they're going to try to correct this in Washington. If they don't, we will pick it up here. But we also recognize that some of the regulations that they were trying to correct should be corrected. Here and there, there may be some flack, something in a big program of that kind is overlooked or is not touched upon, and then you pick it up and you take care of it. But there's been no panic on our part about it. We've known for months that we were not going to allow those child care centers to close in California. And I get a little impatient with the people that are ready to terrorize their fellow citizens and victimize them and use them for partisan political advantage. And I wish some of the candidates for office in 1974 would declare a moratorium on their campaigning until a little closer to the time, instead of getting their names in the papers by yelling on every one of these subjects.

Q Governor, how does this raising cries of alarm differ from what you did with Medi-Cal and welfare when you first took office?

A I told the facts about welfare and Medi-Cal and what we were going to try to do to it. And the cries of alarm were the other way. As a matter of fact, you will recall that one day I had to come into this room to a press conference and tell you that we had to withdraw one of the reforms that we were trying...long before the general reforms....withdraw it because we had discovered we did not have any means at the state level to prevent some of the professionals who were opposed to what we were trying to do from victimizing some of the welfare recipients which they had already done in order to drum up opposition to our plan. This happened to be with the home care programs, and I had to come in here and tell you that we were withdrawing the reform because we could not protect the people that they were victimizing.

Q Governor, this is one of the few times in history we've had a runaway inflation and fairly high unemployment at the same time. Now, the president said this program will cut out jobs, in his cut, squeezing and trimming, about 14,000 that he mentioned. Is this the time to cut jobs when the cost of food has become almost prohibitive?

A Well, now, let me take issue with a couple of the premises upon which you based your question. Number one, it is not one of the first times in history we've had runaway inflation; the inflation rate is less than half what it was when this president took office because the guns and butter policy of the Johnson administration is what had led to runaway inflation that was up to like six and seven percent



A (cont.) Alright, now, that's number one. Number two, coupled with unemployment. The employment rate is much lower than it has been most of the time in the last 40 years in peacetime. The only full employment or lower unemployment than we have right now that we've ever known in my adult lifetime has been as a result of World War II, the Korean conflict and the Vietnam war. Now, the other day the Independent Businessmen's Association, nationally, did a survey of all of business in America, and found that there are 2,950,000 jobs going begging. That information has been published. These are employers asking for people to fill jobs and cannot find people to fill those jobs. Now the president...we have held....if we'd followed the policies of the present administration here in Sacramento, today there would be some 25,000 more state employees. We do not believe here at the state level, and I don't think it fits at the national level, that the answer, because of unemployment, is a swollen bureaucracy of people performing useless jobs at the public expense, and certainly the federal government is a swollen bureaucracy. Now there will be changes, and I think the federal government has already announced, and it was reported in your papers this morning, that in some of the notices that have been sent out in San Francisco, for example, regional offices, that also most of those people, if not all of them, will be transferred into other areas of state government. And I know here in our own state government we've made every effort.

Q Governor, other areas of federal government.

A ....other areas of federal government, I should say. And we've made the same effort. So I don't think you can justify when you have the problem, if as you....let's take your premise that there is 5.1 percent unemployment in the country. Four percent is considered normal. Alright. But inflation that is going down. Right now...now wait a minute. Right now we have a food inflation. And the food inflation in though is/an area that only take 15.7 percent of the people's income. That's all it takes to buy food, including eating out in the United States. But food prices cannot be geared to general inflation. Food prices fluctuate on a basic law of supply and demand that is dictated from heaven above in many instances, because when you've lost a hundred million dollars worth of cattle in one snow storm in Texas, you could bet the price of beef was going to go up. But right now, if you go to the beef market, not the meat market, the beef market, you find all sorts of people paying any prices for breeding stock because they want

A (cont.) to get in the business of producing beef for the market. And just as sure as the green apples come, you're going to find that the price will go down accordingly. In the mid-West, we had...because of excessive rains in late summer and fall and into the early winter... we've had millions of <sup>acres of</sup> farm land in which the farmers could not get their machinery in to harvest the crops---corn crops that stood there clear into snowfall...until the ground froze. And all of these things have affected the food market. But these fluctuations, as I say, will take place in food, and they can be based on drought, they can be based on storm, they can be based on frost and freeze, and no way to control that...on supply and demand. But they don't basically affect the general inflation pattern that the president has been working against and which he has reduced to less than half what it was.

Q Can we change the subject, governor?

A I thought it was a pretty good lecture on economics.

Q Will you sign legislation that Senator Rodda intends to carry to permit excavation under the site of the governor's mansion for prehistoric Indian artifacts?

A Well, now there are two or three things that I'd like to know about that. First of all, we have a great many educational institutions in California who have archaeological departments. I don't know where this particular archaeologist has come from or who she is associated with. I would also like to know why that particular piece of ground that is now just discovered was the site of an Indian village, and I'd like to know did they find any evidences next door when they built Hoffman Ancil/Golf Park, or golf course, and I'd like to know what's been true of the bluffs on the other side of that particular area. Now, believe me, if there are archaeological treasures to be found there, it's not going to delay the building of a mansion any to have somebody dig. Whether we've got to appropriate \$81,000 for this or not, I don't know. Or it might just be that you tell the fellows that dig the first post-hole there on the land, that if they hit an arrowhead, to yell and we'll stop digging and we'll bring somebody in to get them out.

Q You're saying you're not sure you're going to sign that bill?

A I'm never sure I'm going to sign a bill.

Q Governor, if you have to go the initiative route to get your tax limitation proposal, would you say that the best time to hold the election would be in November?

A Yes.

Q Okay, if you have to take the maximum allowable three months to get your petitions, and then you have to wait another four months or so as the law requires to hold the election, that's more than seven months. Aren't you <sup>going to</sup> have to get started pretty soon on that?

A It sorta would seem so, wouldn't it?

Q It sure would.

A Let me just say that in discussing November 6, we have recognized that we will have to make a decision fairly soon as to whether we're going to get petitions signed. Now I believe, as I say, it isn't any wasted effort for us to start talking to the people because it is an issue they're going to have to decide. But I think at the same time that we will inform the people that they themselves, those people who feel that they want to vote on this and want to vote for it, particularly, that we're going to have to point <sup>out</sup> to them that there is a deadline date, if they want to have this election in November.

Q Have you or anyone else who desires this limitation filed the necessary papers yet with the attorney general?

A No.

Q Governor, in your message to the legislature yesterday, you kind of combined your surplus return with the long-range plan. It indicated that you would take both of them to the people. How do you undo that? How are you going to take the surplus plan to the people?

A Oh, just give them a crack at it. Sure we can take it to the people on the same basis. If you will remember, back when I was opposing the Watson Amendment, before the election, I promised the people, because I felt that was such a destructive thing, I promised the people that if we could not get some action of these kinds, and I mentioned an income tax cut at that time, I promised them that I would try with the legislature, and if not through the legislature, I would give the people an opportunity to vote on that. Now we've sent this up to the legislature and they've shelved it. And all of these things that I've said can be done with regard to the surplus, and with the money that we can be giving back, if these are not passed by the legislature, then I'm going to give the people a chance to vote on it.

Q Governor, on another subject? Assemblyman Fenton has been critical of you for what he says has been deliberate delay in calling special elections whenever there are democratic vacancies in the legislature, such as waiting a month and a half or two months to call the election to succeed Mr. Porter. Can you respond to that and indicate when you're going to call a special election for the latest vacancy---Mr. Townsend?

A Well, yes, we are still brushing the con<sup>ti</sup> out of our hairs from the inauguration and we've<sup>had</sup>/two elections already of the special elections. We couldn't call the one for the Assembly until we knew whether John Stull was going to be elected, nor whether he was going to be elected in the primary or have to run in a final. So that one couldn't have been called any earlier. One of them, tragically enough, is the result of a death that is so recent that I think it would be unseemly to have done it certainly before now. The Carley Porter race....

Q You waited quite a while.

A Well, I don't.....

Q A month and a half to two months.

A I don't know. There are certain courtesies that I've explained before that you always do. You talk to your party people and sit down to find out. You look at all the possibilities---whether there's anything that you can tie the election in to on the saving of the balloting cost that is always a consideration. I think that we're calling them reasonably fast.

Q Governor, the OEO is scheduled to be terminated June 30. Are you prepared to have the state pick up...(inaudible)?

A No. I think that most of the features that should be performed have already been....indication has been that they/<sup>either</sup>already have or are being passed into various other of the federal departments----Department of Labor, HEW and so forth. And those programs that are simply being dropped because they were not successful, you have to remember that it has been pointed out that they found out a number of OEO programs, by the time the administrative expenses were paid, less than four percent of the money was getting through to the poor. That's not a very good ammunition count if you're going to have a war on poverty.

Q Governor, on your statement to some members of the Academic Senate the other day on collective bargaining, does that mean that you are unalterably opposed to any of the legislative efforts that are being made this year to write some kind of, for lack of a better word, collective bargaining statute this year?

A Well, Tom, I'd like to see....I'll look to see if they've found an answer to some of the problems we're talking about. We, ourselves, have been working, as I explained to them, for a long time on trying to improve the ability for employees at every level of state government to have contact and to have their input. What I was saying to them was

A (cont.) that collective bargaining, which inevitably must lead to industrial union type collective bargaining with the possibility of a strike at the end, we just cannot have in government, because government cannot accept the premise that public employees can strike.

Q Governor, is there any agreement, understanding, gentlemen's agreement, or whatever, between you and Senator Harmer ~~an~~ whether you would or would not sign <sup>the</sup>/Harmer-Zenovich reapportionment bill?

A Yes, I've had a big talk with the gentlemen on SB 195. And I told them in advance on a number of points that were still, I thought, covered by my veto letter of last year, that if they could be corrected, while I am not totally happy with <sup>what</sup> the results have been, they have made those corrections. It is certainly...cannot....doesn't have the odd reaching out to sections of people and so forth that made it such a blatant gerrymander last year. The fact that the Senate is so nearly even perhaps has made it possible to come down with a plan that, as long as the legislature is entrusted with this responsibility, and I've made myself clear on what I feel about that, this bill as it is now, that is unchanged, I could sign.

Q Governor, I'd like to ask you one more serious question. Can we assume you had tongue in cheek when you said California state government runs on jelly beans?

A I meant that the....we keep up the energy of our staff here by those jelly beans. I always say that to the kids when they come in.

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