

# Ronald Reagan Presidential Library Digital Library Collections

---

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

---

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

Folder Title: Press Conference Transcripts –  
08/07/1973, 08/14/1973, 08/28/1973, 09/05/1973,  
09/18/1973

Box: P04

---

To see more digitized collections visit:

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

To see all Ronald Reagan Presidential Library  
inventories visit:

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

Contact a reference archivist at:

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

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



August 7, 1973

SUBJECT: Sales Tax Increase Deferral

(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.)

Ed Gray: ...inaudible...in regards to the sales tax and we ask that you limit your questions to that one subject.

Governor: Well gentlemen, as you can see I have two guests with me.

Are you plugged in yet? O.K.

Q. Gentlemen?

A Ladies and Gentlemen.

Governor: I hadn't seen you. Pardon me. I have two, as you can see, guests with me. Each of these gentlemen has a bill before the legislature now with regard to the sales tax problem, and now that the Stiern bill is out of the way I just want to--I now that you're interested in what some of the things might be <sup>that are</sup> possible in regard to this problem. We have been trying, as you know, since early in the year, to get as a part of the rebate a return to the people by way of the sales tax. We proposed a deferral of the increase that was scheduled as a subsidy for propoerty tax. We got one month of it. Most people have over looked the fact that at least one month it was deferred until July 1 and we were asking them for an additional six months. One of the bills that is before the legislature now is a six-month bill---a deferral of one penny for six months which could begin on October 1<sup>st</sup>, another one--Assemblyman Bagley's bill is one to--actually/<sup>from</sup> the standpoint of the merchants is to stop this yoyoing back and forth with regards to changing the cash registers perhaps now, start October 1<sup>st</sup> a cutback of  $\frac{1}{2}$  cent and continue that for a full year to have some stability. Either one of these bills can be passed and can be passed immediately and resolve this issue and we can go forward with whatever the people want to do with regard to the balance of the rebate of the/surplus. If you have any questions that you might have on this subject I brought along the two authors here actually from my stand-point, I am flexible and I would go either way.

Q Well that was my question. You would support either approach?

A That's right. As I expressed the other day to you, however, it seemed to me that the  $\frac{1}{2}$  cent thing did have some factors of stability in it that made it attractive. I wish perhaps we had thought of it earlier the idea of not having the frequent changes and the fact that with  $\frac{1}{2}$  cent there is less chance of the kind of dislocation of the people's buying habits--they aren't inclined to regulate them for  $\frac{1}{2}$  cent as much as they

Q Governor, what kind of cooperation are you likely to get at this point from the majority party of the legislature. Have you had any conversations with the Speaker or anybody else?

A Well : there were conversations as you know, yesterday/ <sup>about this.</sup> We are all concerned with this problem. Very frankly, I have to tell you my opinion, had we not qualified the initiative, we would not be discussing giving the money back. Our opponents in the legislature gave no indication of wanting to give the money back in any way until after the initiative went on the ballot. Now the debate for the first time is down to how should the money be given back?

Q Did you say the Bagley bill starts October 1<sup>st</sup>.

Bagley: It has two alternative--it is two alternative proposals. The bill, Jack, would be heard, it is AB 341 in the Senate Revenue & Taxation Committee next Wednesday. As proposed, it would be for a full calendar year, January to January, 1974,  $\frac{1}{2}$  cent decrease \$320 million. An alternate proposal, and I have amendments prepared in accordance with what the governor just said to go from October to October with the thought, the even further thought, if there is enough surplus after we see what the figures are to possibly even going 15 months---so October '73 to December 31, 1974. That's a viable alternative and is one that I want to pose to the committee and say - which do you want fellows you're <sup>entitled to a</sup> /part of the deliberative action---as they are.

A. And the governor has no preference there as between October 1<sup>st</sup> and January 1<sup>st</sup>.

A No. I think, and I think most of us after we talked it over, agree that the people want this to happen as quickly as it can. And I am also agreeable -- I believe that it would be fiscally irresponsible to go beyond six months at one cent or one year at the  $\frac{1}{2}$  cent. This we are sure we can cover. I am agreeable, however, to saying that if, as time goes on, and this is accomplished and our projections then reveal <sup>there is</sup> that / more rebate possible to any triggering device that would say then we could go on for the additional period.

Bagley: Can we please say one thing? I even wrote Dick Rodda a note last night at seven o'clock. I really did Dick. As I was reading the Bee---and that's the fountainhead of my ---As I was reading the Bee there's that one little paragraph in there that the "one cent collection brings in \$50 million dollars more on top of the \$825 million surplus. It doesn't because the one cent is now budgeted to cover the total cost of SB 90. We're spending the one-cent. When we talk about deferring for a year or six months we are simply talking about not having that one cent and in using the surplus to supplant-to replace that--so the surplus is not going up \$50 million a month. That money has been budgeted and is being used for property tax relief.

Governor: Now that's inaudible that have told you that--when do you go to print?

Q So the surplus is staying where it is instead of going down as you...

A That is correct. that's right.

Q Bill you said that the sales tax increase is going to have to be repealed.

Bagley: No no. Never repealed. You can't repeal it. SB 90 committed that money. \$560 million to education and finance relief.

Q Didn't you say in a statement last week that eventually it is going to have to be repealed?

Bagley: No sir. No. Never, that's totally irresponsible. Those people who are running around yelling out repeal are wrong. We committed one billion one hundred million/last year to be budgeted starting in this fiscal year. And that billion comes from---and you guys and gals know--comes from the sales tax increase, comes from partially the surplus, and revenue sharing. You can't repeal a half of the funding of SB 90 and still have education equalization and property tax relief.

/Lagomarsino The figure that would prove that is that the on-going surplus something like for this year is/what \$300 million?

Governor \$175 million.

Lagomarsino Well something in that range, and you get something like \$600 million from this one cent sales tax so obviously the figure shows that you cannot repeal it---you would have a gap right away.

Q Governor, do you see a great deal of difference between a bill that simply suspends the sales tax for six months with the idea that you may suspend it further if we have the revenue at the time and a bill like Senator Marks which repeals it with the idea that you can always reimpose it if necessary.

A Well, know, I think that the two bills that we are talking about right here, the same amount of money--different period of time and what we're talking is just what Assemblyman Bagley said---Appropriating some of the surplus to temporarily delay the imposition of a tax that has already been budgeted and is already being spent and spent not on government costs but to/replace or to repay local government for the loss of revenue from giving homeowners and the renters some relief from the property tax. And I just don't think---I disagree with Senator Marks on his proposal and I disagree on his proposal that we are gouging the people. This was Senate Bill 90 was not a tax increase it was a tax shift and it is something that we have been trying-bipartisan, both parties, for the last three years to get an acceptable way of reducing the homeowners' tax.

Bagley: Last ten years.

Q Governor, you feel that the sales tax ought to be inaudible separately, would you oppose any effort to tie in an income tax rebate?

A No, from the very first, and this is Senator Lagomarsino's bill, from the very first, even though we were going to the people and we included the income tax---we could not technically put the sales tax rebate on the initiative, because that was supposed to take place long before the initiative would come to a vote, but we did put the income tax rebate on there but at the same time said to the legislature and the Senator introduced the bill--that they could accomplish the total rebate of the one time surplus by legislation and then the initiative would simply apply to the on-going income tax cut and the tax limitation plan without the rebate--the 20 percent rebate. Now that's still my position, if the legislature wants to tie those two together and do it in a manner that I believe--that we all <sup>can</sup> believe is fair then that's fine with me, and I'll stand with the proposals I have made on that so far.

Q Governor either of the 20 percent or that sliding scale that came up at the last time...

A Yes I made that statement and that in good faith. As a matter of fact we would have made it in the first place if we had the knowledge of the amount of the surplus that we now have. We didn't know at the time that we could go that far.

Bagley: We might mention what Bob Lagomarsino mentioned that the fact of the conference committee on SB 90 this is another vehicle.

Lagomarsino: That's another vehicle which is perhaps more immediate than either of our bills as a practice matter because we are there with the conference committee and we can, we the conferees can agree with the matters on the floor in both houses immediately.

Bagley: We met this morning.

Q ...inaudible...or do you have any plans to meet?

Lagomarsino: We had our meeting this morning and we are having another one this afternoon.

Bagley: This morning at ten o'clock, Bob Moretti isn't here, he's out of the capitol we understand he is coming back at four so we are going to meet again at four, hopefully with him and we are going to explore all of these alternatives.

Q Governor, what's the real stalemate between you and Bob Moretti?

A Well yes, I'll tell you very bluntly what the stalemate is. From the very first, I want to do what I said seven or eight months ago I want to give the money back. He very frankly, and he's made no secret of it---he wants to find some device in this proposal now that he thinks can be used to make the initiative in November 6th less attractive

Q Governor, are you determined that that will not happen on this issue?

A I've been determined about that a long time. And now---I think it is a matter of simple honesty and faith. Under our law the required number of citizens that put a matter on a ballot--and I, this is what was wrong with the proposal that was made. I don't think that you can change the rules on them now, it's easy enough to in advance, give them as much or more than that proposed,--And thus make it unnecessary for them to vote on that one part of the issue. But I don't think that it was proper to suddenly say we've changed the rules on you and even though you're going to be voting on November 6th--even though you vote "yes" we can't make good on what we've, or what you've put on the ballot.

Q Do you have any reason to believe ...

A Wait, wait...just a minute...

Isn't it a fact that anything that would take away the budget surplus and allow you to have on the initiative a rebate, would make it less attractive, and you say you are going to go ahead with that.

A That's right, and I was from the first, and again I come back to the point, that those gentlemen who are fighting so strongly on this would not be in this fight at all or raising their voices if that initiative had not qualified.

Q. What else could they do besides take away the rebate--the initial rebate to make....

A That's all they could do and we knew that from the first. We only put the 20 percent one-time rebate on the initiative as a back-up if we could not through the legislature get the rebate of the one-time surplus to the people. That was a back-up position. Now, granted you can look at it and say that that's additional bait to make people vote "yes". Well I was willing to forego that to begin with and I am now.

Q I don't quite understand--quite follow/<sup>then</sup>you're statement just a moment ago that one thing you will not stand for is/<sup>to</sup>let them do something that they could have done before the initiative was a....

A No, no - to do something now that not just makes it less attractive but it changes the terms. In other words to suggest a manner of rebate which takes away the thing the people circulated the petitions for; in other words if they pass, if the legislature adopts a rebate in a combination of the sales and income tax, that meets that 20 percent proposal--meets or betters it--that is on the ballot in November, that's fine with me.



Q Like.....inaudible....that's even provided for in the initiative.

A Yes. As a matter of fact it is specifically mentioned there that in if/the meantime the legislature has done this...

Q You're <sup>contention</sup> ~~contingent~~ then is that the Stiern bill did not do this?

A No, the Stiern bill took one segment of the taxpayers and said you're not going to get 20 percent.

Q But Governor, if the Stearn bill had passed and if your initiative is approved, isn't it then true that everybody in the state gets <sup>at least</sup> a 20 percent credit and the lower and income people get 30 percent.

A No, no. He put a ceiling, he put a ceiling.

Q Wouldn't the initiative supersede or chapter out the...

A No

Q Why not?

A Cause he chaptered out the money.

Mr. Meese: The initiative....inaudible....only if extensive money is available, so it wouldn't work.

Q Governor, do you think the public really cares about whether there is a flat rebate or whether you have a \$200 limit. Don't you think that both you and the legislature end up looking bad when you're talking about this and they want to know why all that money is still locked up and they can't get their hands on it?

A No, I don't think so because I--I just <sup>think I</sup> believe in the fairness of people. And I think you may find some people that say o.k. if I <sup>doesn't</sup> get mine I don't care if the other fellow/get his. But I think that most people recognize...I have divided this for purposes of discussion, an explanation--the income tax paying public into three brackets. From \$8,000 down including \$8,000 and down, those people pay - they earn about 15 percent of all of the state revenue, they pay 3.3 percent of the tax. From \$8,000 to \$30,000 which takes in the whole middle income range, obviously, they earn 70 percent pf the revenue they pay 57 percent of the tax. Now by coincidence the people above \$30,000--they earn 15 percent of the revenue, the same as the lower segment, and they pay almost 40 percent of the income tax. Now it seems to me, we're not changing the tax structure, we're not saying that the income tax structure should be changed as to brackets higher of lower---we're talking about a refund. Now from \$8,000 down, we have said we'll forget 100 percent---we'll just eliminate them from paying any income tax at all. From here on up, the people that are paying the 97 percent of the tax, we've said should get a 20 percent rebate, regardless of what they pay. And the progressivity of the tax remains the same. To use their own examples, if somebody owes \$100 and gets a \$20 rebate and somebody owes \$1,000 and gets



and say "look, he's getting \$200 back, but he's still paying \$800 and this fellow is paying \$80. They are paying 10 to 1 exactly as they are in our tax structure. Now we have done this before, it isn't new, we did this with the rebate that all of you took that came from the windfall of withholding. And it's fair. To suddenly say no, we're going to pick the biggest number of voters and we're going to give them a rebate, and then --- we don't care about the minority of voters up here we'll just leave them and not give them any rebate. Now, we've already, and we have compromised and gone along, I think, on things that first of all, I was willing for the sliding scale if we could do it, if we could do it, in an attempt to settle this on that last day, and they stopped at that one point, no they want to be punitive with regard to one group of tax payers and not pay them. Well let me point out what we have done with the property bill in SB 90. By going to a flat exemption, we have made the homeowner's property tax progressive, where the tax has historically and by the constitution been a flat percentage across---if you're home is worth one price and this one is worth only half as much this fellow pays twice as much as this fellow. But by making it a flat exemption instead of a percentage cut in the property tax \$1,000---well \$1,000 is now \$1,750 total exemption--well that's ten percent of the cost of \$17,000 house but that is only 1 percent of \$170,000, so we have made that progressive. And I think there comes a point at which just simple fairness says, particularly in the form of a rebate, we're giving money back to people who gave it to us and we didn't need it. If we had known two years ago what Welfare reforms and Medi-Cal reforms were going to do we would have cut the tax by this amount.

Q Governor, when you say "they" do you really mean Speaker Moretti?

A Well, he's not alone---I wish he were.

Q Bill, what kind of chance to see of getting, have you talked with Moretti?

A I have talked with all of his staff, just phoned Bob this morning, and found he is out of the capitol, so no I have not talked to him I couldn't see him yesterday. He has said his mind is open after the exercise of the override his mind would be open. I know, I hope, I hope this is correct. I know his opposition to the initiative but I don't understand his opposition to the initiative, I hope though and I really do---that he is going to be responsible enough that when faced with the prospect of trying to ruin the initiative chances by ruining state government that we will choose not to pull the rug out from under government. And that's what some of these proposals would do because they would reduce for example, one cent for a year---one cent for nine months---would reduce the revenue base upon which the initiative is based by \$600 million or \$450 and that kind of proposal is the kind I think the Governor meant

is calculated to maybe destroy the initiative, but you destroy government in the process and I hope Bob Moretti doesn't wait to do that.

Q What about you Senator, do you see any chance of getting your bill through?

Lagomarsino: I think we have a better chance of working something out in conference, very frankly.

Bagley: One last thought, one of the major points that I have been trying to get through to my colleagues is the total lack of confidence of the public in the system, and I have said this before, it really relates to the whole Watergate scene, and all of sudden adding injury to insult, people are paying more taxes and they don't understand why. We have got to solve that problem. Property tax relief will take effect when the tax bills come out. You have heard the stories assessments may be going up, But where assessments go up because of our school because of our school expenditure limit, not tax rate limit, but expenditure limit, <sup>if</sup> assessments go up the tax rates go down. In November our public is going to understand with your help that the sales tax has decreased their property tax very substantially, as much as \$2.50 out of \$6.00 in some school districts. Regardless of whether assessed value goes up the expenditure is going to be the same therefore, tax rates are going to go down because of SB 90 and the sales tax increase and also because of assessments going up.

Thank you Governor.

#####

8/14

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD AUGUST 14, 1973

Reported By

Beverly Toms, CSR

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

GOVERNOR REAGAN: I have a statement here I'd like to open with this morning. *(law enforcement)*

(Whereupon Governor Reagan read Press Release No. 439)

Q Governor, why do you choose this particular case to do this if it is the first time this happened?

A Well, as I say, this law was passed in 1970 and this crime -- in so many of them there are suspects and the case goes forward and there are arrests made. But we have here *(killing of Officer Fred Early)* a case, and I don't recall any exactly like this, where there -- in my tenure, in which there == since this law was passed, in which there has been absolutely no trace -- there is no case to build, there is no suspect whatsoever. And ~~we~~ we are using this just as some newspapers today are using the Hidden Witness reward idea, to see if we can't break this case loose and -- get on the trail of those who committed the crime.

Q Would you suspect that there would be others in the future you are going to -- generally use this as a precedent, to do this from time to time?

A Yes. If circumstances warrant.

Q On a related subject, the Assembly Criminal Justice Committee is meeting right now regarding the death penalty. We are told there won't be a vote, but are there minimum provisions in a capital punishment bill that must be included in that bill before it is acceptable to you?

A Well, now, we are getting dangerously near the area of my commenting on legislation before it comes down here. I don't know what the committee is doing to the bill. I know the bill was satisfactory the way Senator Deukmejian had introduced it, and I would have signed it in an instant. I don't know what possible

changes would be made. I would be inclined to take -- whatever implements the death penalty that was passed by the people and if there are additional crimes that should come under that, to seek that in additional legislation.

Q Would you sign the bill if it did not include peace officers?

A Oh, again you are in that area that I don't comment on. Don't ask me to comment on what I would or would not do on that. Any other questions for the gentlemen up here on this subject?

Q Governor, on a technical one, the \$10,000<sup>(early reward)</sup> that you were offering today is on top of the L. A. Police Protective League's \$10,000 as well?

VOICE: Yes.

A Yes. Any more on that subject? Well, gentlemen, I want to thank you for coming up.

VOICE: Thank you very much, Governor.

Q Governor, can I ask you on something else, what is your position on lowering the drinking age to 18? There is an initiative movement starting out with college students to try to lower it to 18. I wonder if you'd comment on it.

A Well, I think the position that I've taken up until now has been that I respect the right of the people to vote on this and it being a constitutional change it would require the people's vote. And that's the way it should be settled.

Q How would you vote, Governor?

A Huh?

Q How would you vote?

A Well, I must say that I am personally inclined to believe that we should take a long, hard look at just the legalizing of voting age and citizenship having been moved down as to opening this up. I think there is -- I think driving statistics, we have some other states that I think should be checked on who have, as I understand it, lowered the drinking age. I'd like to know what's happened in their -- in their accident statistics on the highway.

Q Governor, what was the problem with Tim Williams? Why was -- why was his contract not renewed?

A Well, we just felt that we were not achieving and had not achieved what -- what should be in resolving some of the problems that beset the Indian community in California. And so we are -- the program is going to go forward. We are seeking a replacement.

The replacement will be a California Indian, and we have some candidates already that we are -- that we are screening.

Q Mr. Williams said that he attempted to see you several times but was not permitted to by your staff.

A Well, now, this is -- anyone on my staff or anyone in my department could make that statement, just on the plain basis of scheduling problems. But it is not true that we did not meet and we did not see each other and/<sup>it</sup>wasn't too long ago that we had a meeting with representatives of the Tribal Council and of the -- of California Indians and other Indians here with him. He's been present in cabinet meetings, and those who are closer to the problem and more responsible for that particular area just felt that we could get a better rate of achievement.

Q Governor, another subject. Cap Weinberger, with respect to reporters that you are -- some of your backers wanted him to run for Governor, said it is time to ask you anew to run for a third term. This is just last week, long after your third term -- no third term declaration. And I'm just wondering if many more approaches have been coming your way.

A No, and my statement still stands.

Q Governor, have you had some meetings with David Packard on politics, including that subject?

A I have -- I've had some meetings that have to do with the initiative and -- twice. In the very beginning in organizing to -- when we first decided to go the initiative route, and we have had a second meeting since now about the -- the planning and the campaigning for the initiative now that it is on the ballot. I know what this is leading up to and some of the stories and I just have to say that the speculation and the stories are not sound. I am aware of -- of what is going on. I think you'd have to live under a rock not to be and all I can tell you is that there are some people in California, and they are not any so-called kitchen cabinet -- as a matter of fact, I've never known what that meant -- there are people both north and south who feel that Cap Weinberger would be their choice for a candidate. And I understand that they are going to try and appeal to him by way of an out-in-the-open legitimate draft, but I also understand that there is no attempt on anyone's part or no belief that there should be an attempt to persuade anyone who is presently in the race not to run. And that's where it stands. They -- all people supporting all of the candidates know my own posi-

I have to remain neutral.

Q Didn't you at one time say, Governor, that if you thought it was best for the party you would drop the neutrality?

A I still stand on that. If any change -- if anything should happen in which I would -- was convinced that I could serve the purpose of party unity better by not being neutral, I reserve the right to change my mind, because the goal remains the same.

Q Governor, what kind of circumstances do you envision in causing you to do that?

A I can't right now, that's why I doubt that anything would happen, but I still think that best you have me with my feet in concrete again, I want that reservation that I am interested in party unity and going forward with successful elections, so I feel it is my responsibility to do whatever will further that. I can't really foresee what the circumstances would be.

Q Governor, these reports obviously originated some place and apparently with some purpose. Do you know what that is?

A Oh, I think as you come near the campaign season rumors and reports, and taking one thing that took place and adding to it is pretty commonplace, and pretty typical. I think it is starting a little early because of the number of candidates in the race on both sides, but I don't find anything really unusual about it.

Q In these meetings you refer to, was politics discussed?

A Yes, as I say, there's been no secret. People who feel this way and who have felt that they wanted -- actually felt that they wanted to communicate to me that this was their belief, and what they were going to do. And I have expressed each time my own position with regard to neutrality and have emphasized, as I said before, no king-making which -- which led to the assurances that no one has in mind seeking to shove someone out of the race.

Q Governor, did one of those meetings take place last Monday? San Francisco?

A I don't know whether it was Monday or not, but it wasn't a meeting on that. I was -- I was in a meeting in San Francisco. Was it Monday? It was Monday. I tell you, I've been yo-yoing back and forth so much that I don't know. If it was Monday, that was a meeting that I went over on the matter of getting the campaign started for the --



Q Was politics discussed, the gubernatorial race?

A Informally there were present people -- people present there who were discussing among themselves this matter of trying to get a draft.

Q Was that the meeting at the airport? Did you participate in that discussion?

A What?

Q Did you participate in that informal discussion?

A Only to the extent of what I said, expressing again my belief and my hope that no matter what happens, when it is over everybody gets together behind a candidate, and number two, that nobody goes out and tries to persuade people that they shouldn't run.

Q Who called the meeting, Governor?

A I asked for the meeting to -- as I say, to discuss the initiative.

Q That was to arrange financing of the initiative?

A Uh-huh.

Q What's your budget?

A I don't know yet, actually.

Q Kind of related subject, Governor. What do you think the proper remuneration for the Governor of California should be?

A There are days when you haven't got enough money in the budget. There are other days when I'd consider doing it like doing a benefit. No, it is -- I don't know. I do know this, that it is awfully easy with regard to -- to public officials, to -- to think that some way it should be a calling in which they should be -- it should not be compared to outside activities. I suppose you take a look at comparable jobs all through government and what the pattern is. By that standard California does not rate very high in its salary level. We are <sup>a</sup> rather puritan state here with regard to our politics and that goes for such things as pay. I understand the Governor of New York is \$85,000. And they -- they range. I know that the -- some of our local officials, not only mayors, but police chiefs, superintendents of education, at our local levels in some of the metropolitan areas are receiving comparable salaries to the top of the scale here. I know that of the top 133 salary positions in the government of California, 117 of them are in higher education. Mostly at the university level. As a matter of fact, the President of the University has a higher salary than the governor. And the Vice-President has a higher salary than

Lieutenant-Governor. The Treasurer has a high salary than Ivy Baker Priest, the Treasurer of the State of California. So I think the thing to do on that, and the best decision is something that has been going forward and that's led to the present salary increases we are asking for, and that is an outside form of specialists working with people in government, with the personnel board, on what should be a proper scale. One of the things that recently put some of -- or increased some of the department heads and agency's secretaries salaries up was impaction. That as we go on keeping pace with growth and inflation and raising the salary of our civil servants, those who are on civil service, we find that we suddenly come up to a lid in which no more raises are possible unless you start promoting them over the heads of their employers or their chiefs, their supervisors. And so every once in a while you have to have some experts come in and look at this scale and see how you can raise those salaries to permit salary increases of the rank and file workers.

Q Governor, do you support the proposal to raise the Governor's salary to \$60,000?

A Well, I haven't even paid any attention to it since I won't be around for that. But, as I say, I think -- I think that all of them are going to have to be looked at.

Q Do you -- do you find it difficult to get good people because of the salary scales that you can offer for the top jobs?

A Well, no.

(Laughter)

A No, but I want to tell you why. We have run particularly -- no, at that level, of younger men, young fellows with families, and getting under way -- we have had more problems that way, but we have been very fortunate in this administration, as I said at the beginning, we were going to go out and try to find people who were willing to put in time with government, do time as a contribution to government. And that were not anxious to make government a career, and so we have -- we have a number of people who have been willing to come at great personal sacrifice. They couldn't come all the years that we have been here. That is why we have the turnover we have had. There comes a time a Gordon Luce, for example, can no longer turn down the opportunities on the outside, and when he goes from here to a salary several times what you could make in government, you have to realize that there is -- that we have

had access to some pretty fine, high-caliber talent.

Q Do you expect the Director of Finance to leave soon for that reason?

VERNE ORR: For some reason anyway.

Q Another subject.

A All right.

Q Same subject. Have you been party to any discussion about the Gordon Paul Smith becoming a --

A I heard rumors to that effect, that he's been considering this.

Q Governor, Lieutenant Governor Reinecke said yesterday he would favor the resumption of offshore drilling in Southern California \_\_\_\_\_, what's your position on that?

A Well, I found he was -- I'm very much in agreement with his position. I know he also expressed that he wants to have assurances with regard to greater protection from accidents of the kind that we once had offshore. But there is no question about our needing it. And there is also no question <sup>but</sup> with that great progress has been made now in safety precautions, not only regarding drilling but pumping and the harnessing of a spill, if such a spill should occur. I don't think anyone can ever say that we will never have an accident. As a matter of fact, however, I'm beginning to think that we probably have a higher possibility just in the law of averages of accidents from tankers and sea tragedies of the kind that have always beset the men that go down to the sea in ships than we have from the pipeline type of thing or from drilling offshore.

Q Do you think it is proper for a member of the Lands Commission, like the Lieutenant Governor is, to express that opinion prior to any public hearings or any open public examination of the problem?

A Well, I think he was expressing what's pretty much a fact. You can go into a hearing and have your mind changed by things that you learn. I thought that he was very outspoken in his -- from what I heard you all report and what I saw on television, about the necessity for having protection against the tragedy of a spill.

Q Governor, do you think the moratorium will be lifted? What is your opinion?

A I can't I'm not going to speculate on that. No. But I do know that everything that we have been given with regard to the energy crisis indicates that this country is going to have to take a long, hard look, make some decisions about utilizing every bit of energy source that we can find.

Q Governor, from what you know about the state of the art(?) now regarding safeguards and that sort of thing, if you were a member of the Land Commission would you vote for resumption of drilling?

A That's another way of getting the answer to his question here. Unless I heard something very much to the contrary in the public hearing, I would be inclined to, but I've learned enough going into my own cabinet meeting here to again keep a foot back with the knowledge that someone might present facts that I have not seen as yet. You must recall that the oil spill in the Santa Barbara Channel could not have occurred had that well been drilled under California regulations. That was under the federal government. It was outside the three mile limit and since that time the federal government has adopted the California regulations. As a matter of fact, the head of the oil company involved said he had not understood that there was any difference and that they were not meeting all the full requirements. And voluntarily without waiting for the federal government to act, they have now -- are now practicing under the California regulations. I might also add that not too long before that thing occurred, I had made a proposal to the federal government that offshore in California -- that we would be very happy to take over the supervising for the federal government of their offshore drilling if they would adopt our regulations.

Q Governor, would you say that the Lieutenant-Governor Reinecke came up fully to your expectations in his performance as Lieutenant Governor, and do you think he's fully qualified to be Governor?

A I certainly do.

Q Different subject. Do you support the call for boycott by several Jewish groups of Standard Oil of California, following their letter to the stockholders?

A Well, I'm quite sure Standard Oil wishes they had the letter to write over again. It is my understanding that Standard Oil, and they have been trying to explain this now, I don't think a boycott accomplishes anything or is really justified on the basis

of their position. Maybe the letter was poorly worded, but it is my understanding what Standard Oil was trying to achieve was the very thing that Israel itself is trying to achieve, that is peace in the Middle East with the recognition that there are problems on both sides, problems that must be answered; rights on both sides that must be recognized.

Q Governor, are there any -- any of the major contenders for Governor that you couldn't support? The Republican contenders.

A You would have gotten a whole paragraph there if you hadn't added those last couple of words.

Q For instance, Reinecke, Weinberger, Finch, Flournoy, Younger, those five, are there any of those that you couldn't support?

A No, as I said the other day, we have got an abundance of riches on our side, and that may turn out to be a problem for us.

Q Governor, what is your reaction to the State Board of Equalization's call on the Orange County Assessor to take another look at the President's <sup>(property)</sup> assessment in San Clemente?

A Well, I guess this is within their authority. It is my understanding that the Orange County Assessors and their board is perfectly satisfied with their assessment. Now it is up to them as to whether -- they cannot be forced to, whether they want to do it or not. They have made quite firm statements that they believe they have assessed it properly. That it is a -- that they have quoted, if I understand it correctly, the responsibility of an assessor to recognize and that -- the difficulties of sales of particular kinds of property, -- and the taking into mind the potential or possible marketability of that property; that they believe it is assessed correctly.

Q Do you agree with that? Do you think it has been assessed properly?

A I'm not an assessor, I wouldn't know how to --

Q Based on --

A I know my house. I don't think it is assessed correctly.

Q Based on what the Orange County Assessor and everyone attests to, would you suspect this might be the -- the State Board might actually have some political motivation?

A I'm not going to try to interpret them or what their motive might be.

Q Governor, some of the bills to create new judgeship



positions seem to be getting bogged down in the Legislature.

Do you think there is a move on to limit your number of judicial appointments?

A What?

Q Is there a move to limit the number of your judicial appointments for the rest of your term?

A Oh, I wouldn't think that somebody would have rocks in their head if they suspected something of that kind.

Q Governor, are you involved in the tax negotiations and how are they coming along, and are you confident the sales tax will be reduced on October 1?

A All I know about that, we are talking about the sales tax problem now. All I know is that they have it in conference committee, and it is my understanding that there is quite a bit of optimism up there.

Q Governor, on another subject, what's your reaction to State Architect John Worsley's latest idea to solve the capital problem by constructing an addition around the three sides of the existing east wing rather than building a separate building?

A Well, I -- I've been shown that. This was in response to a letter that Senator Lagomarsino wrote him for possible alternatives to the capitol building problem. I've seen that as well as a couple of others. I thought it made a great deal of sense. It restored the capitol, it created under one roof the space needed for the capitol to function in this building. But this was what -- my position was with regard to the budget, that rather than trying to solve that matter in the budget now with all these alternatives and the legislative process, and then go forward and the people -- the public can have an opportunity to -- for their input as to what they want -- after all it is their capitol -- and this looked like a viable alternative, so they do have some choices to look at.

Q Which do you prefer?

A Well, I hesitate to do this because I don't want to recreate that idea that back at budgettime that somebody had that the Senator and I were championing two different solutions to this problem. It is a problem really for the people of California. And I -- I've only seen just this rough drawing of a floor plan that, as I say, made a great deal of sense to me. It seemed to be an

attractive building here and it restored the old capitol which of course I think everyone has agreed must be done.

Q You have taken a position in the past by saying you hope they would stay -- keep the capitol, the working capitol.

A Yes, I still hope that.

Q Wouldn't that solution be closer to your previous position?

A Yes. All right, I'll go that far.

Q I don't want to push you.

A Don't get me in a fight.

Q In a slightly related subject, a local columnist suggested this morning, in the morning edition of a newspaper, that perhaps California didn't need a Governor's Mansion, that a room in the Senator Hotel would be sufficient. How about that?

A Yeah, I read Tom's column. I think Tom is exaggerating my week-end habits also, although I do have a -- a home in the south. No, I -- I feel the need -- he leaves the Governor all alone on that. I think governors have enough problems without being a week-end communter to his family and they ought to be around some place where he can live with them and this is one of the reasons why I feel very strongly about a location of the kind that has been selected where the residence would be built. No one who -- or anyone who hasn't had the problem can never understand that raising a family, raising children in this position presents some problems, a little different than most jobs, and it is hard enough to maintain a normal family life. And I think that the idea of living in a residential neighborhood where your kids can come home from school and go out the back door to play with the other kids in the neighborhood like anyone else is a great help in that. It is a great help in doing the job because you don't have an added problem on your mind, a problem that I did have for a few months when we tried living downtown in the old residence. And the problem of what do you do with an eight-year old healthy boy when he comes home and there is no one to play with, and there is no place to go unless you send him across the street to the oil station. And I think some of the people who are talking about downtown for a residence, they are thinking about a tourist attraction and something they can drive by and point to with pride, and they are not thinking about the governors who are going to live here in the future and who are going to have children, families to raise and all of this talk about they should be downtown where the people are -- the people live out there. I think they



should be out livin' where the people live, no. Downtown after everybody goes home when the office buildings close.

Q Governor, does that mean you wouldn't want to live in the White House which is downtown? Does that mean you wouldn't want to live in the White House, which is downtown?

A Well, now, let me answer the question. Let me answer your question indirectly.

(Laughter)

A I have heard the wives of two presidents talk about the problems and how you go stir crazy before the week is out because you can't even go downstairs and you can't even walk in the grounds. You are upstairs/<sup>like</sup> living above the store, while thousands of tourists all day long, to say nothing of hundreds of employees are carrying on the business of government downstairs. The White House at one time was intended to be a residence. And it has become an office building and this is why Camp David came into being some time ago as one way -- one place they can go. But you look back over the history of presidents and you found that everyone of them flees the White House come the week-end or come any vacation time.

Q Do you think perhaps the President should live on a bluff overlooking the Potomac?

A Well -- Washington did.

(laughter)

Q Governor, on a different subject, last week the Presidential Commission on Crime came out with a report, some of the recommendations which were at variance with your own task force report on crime. Specifically with regard to marijuana. I was wondering if you have any comment on that?

A I found myself in great disagreement with that commission on crime, in a number of the things that they proposed, including this one with regard to the treatment of marijuana. The more that our own crime studies group or drug studies group goes forward here in our drug center in state government, the more we are learning, strengthens the position that marijuana has been vastly underestimated as to its potential for harm.

Q What are some of the other areas where you disagreed with the President's report?

A I was in total disagreement with their proposal for the

confiscation of all hand guns in the United States, because I still think that the answer to gun control and guns in the use of crimes is the one that our own commission has proposed and the one that we tried a few years ago and then found was bogged down on a technicality, and that is to make -- to increase considerably the penalty for someone carrying a gun in the commission of a crime. Now, if you remember, in 1969 we passed a measure that added five to fifteen years to the sentence of a person was convicted and had a gun while he was -- while he was committing the crime. Even if he didn't use the gun. And the first year that cut armed robbery 31 per cent in California. But what happened immediately thereafter was they found a little clause that you always try to have some elasticity in laws -- that said "except in exceptional circumstances." And evidently most of the courts in California decided that every case of a man having a gun was an exceptional circumstance, and we found that they no longer were using or giving that added penalty. And so we have gone right back to the regular rate of use of weapons and of armed crime -- armed robbery.

Q Do you think the proposal that the task force makes on abolishing the exclusionary rule would stand up under federal courts' scrutiny?

A Yes, I would. And I'm -- I've been a little shocked at the carelessness with which that's been interpreted. This idea that -- that the exclusionary rule proposal that was made by our task force was aimed at permitting illegal search and seizure, it was not -- and as a matter of fact that suggestion came from the Chief Justice of the United States Supreme Court, Chief Justice Berger has made the proposal that is contained, along with about 100 other recommendations, in what I think is one of the finest, most comprehensive crime control reports that's ever been made by anyone. And all we are talking about is not illegal search and seizure -- right now if there is illegality or if there is a violation in some way by accident or a mistake made, there is no redress whatsoever for the -- for the citizen whose rights have been invaded. This proposal is that you provide redress for the civilian. But what it also provides is this situation where a policeman stops a man for running a red light and then finds a sack of heroin on the front seat, and he can't do anything about the heroin or use that in evidence because he stopped him for going through a red light.

Now that's hardly illegal search and seizure. He had a legitimate reason for stopping the man and then found evidence of an even greater crime and can't use it under the -- this way I think is a misinterpretation. What we are talking about is the word "unreasonable" search and seizure. We are talking about the mistake that is made. The error and the fact of breaking into or -- breaking into; the fact of getting a warrant and going to a house and looking for bookmaking, and finding a body in the house, the victim of a murder. We have reached some heights of foolishness with regard to the exclusionary rule. But no one is advocating suddenly turning law enforcement loose with no need for a warrant and to go ahead with illegal search and seizure. We want the full constitutional guarantees, including redress for the individual whose home has been invaded.

Q Governor, the local Board of Supervisors passed a resolution this week saying that property taxes, local, would go up very sharply if your initiative passed. You are probably going to get more of that in the campaign.

A Yes, and this is because they found the best way the opponents can do if they wanted to stop this. But I think this is the same Board of Supervisors along with other people who said that the property taxes would go up if we -- if we had the welfare reforms, that we were going to dump a local government with that. And that the property taxes would have to go up because everybody that was dropped from welfare would go direct to county relief. Some 42 of the 58 counties have lowered their property taxes. I think you will find some of the same charges were made with regard to Senate Bill 90, and the things that would happen, and when you get your property bills in November they are going to find out that -- the people are going to find out that they are getting a reduction in their property tax. Not all that perhaps they should get and we'd like to get in the future, but this is an argument that is meant to confuse the people and the plain truth of the matter is there is absolutely no foundation for it whatsoever. As a matter of fact, the bill themselves, if they bothered to read it, makes it sure that they cannot dump an expense on the local government or increase the property tax. We have taken Senate Bill 90 and put it into the constitution under this measure. And we cannot under this measure mandate an expense on local government without the state picking up the cost.

VOICE: Thank you, Governor.

5/28

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD AUGUST 28, 1973

Reported by

Beverly D. Toms, CSR

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

(Whereupon Governor Reagan read Press Release No. 454.)

Q Governor, what proof do you have that they were deliberate distortions?

A Because I cannot believe that the Legislative Analyst with access to the information he has and all the information on the <sup>(tax)</sup> initiative could in his position after these many years of experience have been that mistaken as to deliberately make charges of things that he says will happen that are absolutely prohibited by the language of the initiative itself.

Q Governor, the Tax Foundation backed him up initially. Why -- he went on the basis of the statistics provided by the Tax Foundation. How can you claim that was deliberate?

A No, I don't know how you can say that because the Tax Foundation not only supported us, but provided much of the information and the planning for our -- for our initiative.

Q They subsequently supported you, they initially supported him, didn't they?

A No, no, he used a 1971 figure at one time which the Speaker of the Assembly then used frequently based on the average tax burden nationwide. And this was 1971. Subsequent to that time there have been additional figures or at that time there were available figures for the later years of '72 and projections for '73 from the Tax Foundation and also the fact that California's tax burden is several percentage points higher than the national average.

Q Governor, may I ask two questions. First, what is the probable reason you refer to in your last paragraph and second, what do you anticipate the impact on the '74-'75 state budget will be if the initiative passes? Will there have to be any reduction in state spending next year?

A No, we are going ahead with the normal planning on the budget.

Q The agency heads have not been told to cut back?

A The probable reason is what I think I indicated in the earlier part of the statement here, the fact that he is doing the bidding in a partisan sense of the leadership of the Assembly which has announced its opposition to this plan and rather than analyzing the plan objectively he is trying to produce an analysis that will support their position.

Q Excuse me, Governor, I wonder if I could follow up. Did you say that there will be no need to cut the budget next year because of the tax initiative?

A Well, no more than the -- than the tax initiative will call for. The basic one tenth of one percent cut. I know this is the charge in which they are claiming that somehow technically and under language that the fact that we are giving the rebates reduces the base year tax level, and that subsequent years we will have to follow through on that. Well, we have already stated and I've stated to you several times, we do not agree with that. We do not believe that you can substitute, in order to give a rebate on a previous year's overpayment -- that you can give a rebate as a substitute for a portion of the tax and not consider that rebate as a part of the base income of the state.

Q Do you have a legal opinion to support that?

A We haven't even sought such a legal opinion. This was the intent of the legislation as we proposed it. It's been our intent or we never would have proposed this in the first place.

Q Governor, George Murphy, the Legislative Counsel, has issued a legal opinion supporting Post's views. Now do you put him in the same category as --

A Well, I consider him less than objective, but I would also like to say that -- if there is one characteristic of the law it is that lawyers differ. That's why they are on opposite sides in legal cases.

Governor,  
Q /Didn't you say last week that it would be the Economic Council that makes its final decision on the base that will be used and isn't it conceivable that they -- they could go that way and that it would affect the budget next year?



A Well, we certainly don't anticipate , but what I was also saying about them, and this has bearing again on the dire predictions of Mr. Post, that the -- this Economic Council has not even met yet. We don't even, as of yet, have the official figures on the -- on last year as to revenues and expenditures. And to go this far ahead in saying what will happen to a budget -- again, as I say, the record speaks for itself. And I consider this projection just as wrong as all the others.

Q What I'm saying is that it is conceivable that the Council could decide that way on the tax base, isn't that correct?

MR. MEESE: Could we be sure now -- be precise. This is the Economic Estimates Commission provided for in the initiative and they had to do it on the basis of revenues as provided in the -- in the initiative itself. They are very carefully guided on what are revenues and this point is a legal point. There is contrary legal advice to what the Legislative Counsel has said. This will be filed with the Secretary of State. And as the Legislative Counsel himself has said in his opinion, this will be very persuasive in what way a court would interpret the initiative if that ever becomes necessary.

Q Governor, if now at the end of August you don't have final figures on the last fiscal year, how do you expect this initiative to work with -- basing the limits for each year on -- I would presume sometime in spring on the current year's budget?

A Well, because we have tied percentagewise -- we have tied the tax burden to the projections for economic growth, inflation, population increase in California, based on the historic pattern of the past and the lines up. And actually there is a great difference in what we are talking about here and that kind of projection. Suppose, for example, we have underestimated inflation. And suppose that the economic growth does this. The line on the chart does this. Well, the line of our tax limitation does this. It is tied percentagewise to this. Suppose this levels off; this levels off. And by the same token state expenses would. If inflation has been overestimated and inflation should be licked completely and we would have none, then as these two percentage curves change and level off, so would the need for state expenses. Salaries would reflect this, which is one of our major costs. Purchase of supplies and equipment would measure it because of the



decline of inflation.

Q Governor, Mr. Post came out with his report sometime ago. Why is it just now that you are issuing this statement?

ED GRAY: It came out on the 21st.

A I have been refusing and as a matter of fact called your attention to some of these things earlier in state -- public statements that were made. But now for the first time has come the release of what is going to be the ballot statement. And I think that it is -- I think that the people are entitled to know the other side to this.

Q Governor, who will present the opposite side for you?

A What's that?

Q Who will present the argument on the opposite side for you?

VERNE ORR: I'm one of the signatories.

A Yes, Verne Orr is one. And Dr. Topping.

MR. MEESE: I pointed out, though, this purports to be the impartial analysis required by statute by the Legislative Counsel and Legislative Analyst, and it may well be that legal action could ensue over whether this is in fact an impartial analysis. This is not the opposing argument. They are supposed to -- I don't think anyone expressing an opinion is entitled to lie about something. But this is supposed to be the impartial analysis of the measure. Take Richard.

Q Governor, one of your own tax experts, Bill Bagley, expresses the same fears about the impact of this -- well, this tax cut, for instance, on the budget.

A I know. Bill said this right after -- Bill had thought that maybe the Legislature could do something to -- a technicality to ensure that there was no such question about this. From the very first we have been in disagreement with him on that. That it isn't needed. It might be added, the Legislature, if there was any question about this -- the Legislature could solve it very easily, require just a very technical change.

Q Governor, Orange County Superior Court Judge Bruce Sumner and a former Republican Legislator who was chairman of the State Constitution Revision Commission from '64 to '72, says he's "appalled" at your tax limitation initiative. He says it is in direct contradiction to the \_\_\_\_\_ revision process which was to make the constitution short, readable and understandable.

but rather the size of the initiative.

A He was<sup>not</sup>/criticizing the initiative but rather the size of the initiative. He was criticizing the number of words contained in this, and that would be a very easy thing to solve. All the Legislature had to do was what we requested in the first place. If the Legislature had approved this plan it would not have required the highly technical and verbose language that it did to ensure that all the holes were closed in it.

Q Couldn't you have put that in the second statutory initiative?

A What's that?

Q Put the complex language in a second statutory initiative?

MR. MEESE: Well, you have the practical difficulty in this case because you had to get the signatures of the people because the legislature would not act and that was the reason for the decision to have one piece of paper that people signed. Otherwise you have tremendous confusion. So it really was the fact that the legislature did not act that caused this.

Q Following up on what Mr. Meese said, did you plan to -- to go to court or to sue to have Mr. Post's statement removed from the ballot or have it rewritten?

A We haven't discussed that or made any decision on this yet.

MR. MEESE: I think that, Governor, would be a question that the committee itself -- the Californian's for Lower Taxes would have to decide.

A I think so.

Q Governor, just to clarify my understanding of your response. Mr. Post said that if the initiative passes that you'll have to cut the budget next year by -- from \$620 million to \$286 million, depending on how the '73-'74 revenue estimates are assessed. Do you deny those figures?

A I do deny those figures.

Q Do you have any estimates of your own, sir?

A Well, our own estimates, as well as -- in our Finance Department that we can do, and we are going ahead, as I said -- we are planning the budget just the same as we have always gone forward on it.

Q Suppose it is determined that you can't include the surplus

as revenue for '73- '74, wouldn't that drastically alter the way that you approach the budget?

A No, it really won't. We have got a great deal of practice with austere budgets, but in -- he is ignoring one other thing, and that is that the passage of this provision ensures that you cannot reduce below present state levels. In other words, at any point that the tax limitation would appear to go below what is necessary to maintain present government levels of service, adjusted for inflation and growth -- that's where it stops.

Q Yeah, but the level is a distorted level because those revenues won't be included. The revenues that you are not collecting from the sales tax cut, the revenues that you are not collecting from the --

A Well, this is only --

Q -- above 20 per cent, --

A This is only part of it. Even with some of that involved it wouldn't be as horrendous as he says. And we would still go ahead with a normal budget. He has included a great many things that we dispute very definitely that he claims cannot be considered as state revenues, that have nothing to do with the bill that was just recently passed for the rebates, and we dispute those, have never considered them ourselves.

Q Governor, I still don't understand, why it is that in your view the Legislative Analyst would want to deliberately make distortions in his analysis of the tax limitation plan.

A Well, I think you'd have to look at who employs him. He's employed by the legislative leadership.

Q Do you think he's become a tool of the legislative leadership?

A I thought that I sort of indicated something like that in the statement.

Q Well, \_\_\_\_\_ or not, Governor, Mr. Post had achieved the reputation over some twenty years of service as being rather objective and non-partisan. Why do you suppose suddenly he'd become partisan now as you say, doing the bidding of the Speaker?

A Well, you'd have to ask him that. But all I can point to -- I have given you a factual record of his recent pronouncements, projections in recent years, his analyses, supposedly, for the legislature as to what was going to happen with one after the other,

the major issues that have been presented by this administration. And in every instance, as I indicated to you, he has been wrong. His figures have not held up and the proof is in the fact that they -- that the instances have now passed and we don't have to project. We look to the past and can say he said this and this is what actually happened. And he was wrong.

Q He was right on withholding, wasn't he?

A What?

Q He was right on withholding, wasn't he?

A As a matter of fact, if you want to go back to 1963 you will find that he predicted the need for a gigantic tax increase prior -- just prior to the 1966 election. He didn't know then that they were going to change the bookkeeping system to get by the 1966 election. But at that time he made a statement that he was opposed to withholding because he said that taxes should hurt. And all this time you fellows thought that was original with me. That was back when I was quoting him.

Q How does that make him capable of deliberately -- maybe he simply committed honest distortion.

(Laughter)

Q Why deliberate?

A Well, then, he ought to check the staff somewhat and maybe change his books.

Q Do you have any evidence to suggest that he is deliberately out to oppose you on everything?

A I answered that question once. I told you -- I have to assume that a man with his experience, with the staff that he has that's been doing this for so many years, with the documents in front of him, could not make these kind of mistakes.

Q Have these distortions been repeated, say, at the committee level, where Mr. Post testified side by side with Mr. Orr?

A Yes, and they will continue to be made. I think starting very shortly there will be a committee hearing, as I suggested, where he will be the star witness and will carry these on and the entire purpose is to confuse the people of California. You cannot point to a single argument that's been made by the opponents of this proposal that is based actually on the terms of the proposal, disputing them as something that should be or shouldn't be changed or that would be wrong. They have created and attempted to create fears in the minds of people of dire things that they say will happen if this initiative is passed. And they -- they

have no bearing on the actual terms of the initiative. And the whole purpose, and it's -- it's been revealed to us, there are no secrets in this building, they have a theory that if the people of California can be confused the people will either stay home and not vote at all or vote no.

Q Governor, why would Post want to confuse the people?

O -- deliberate distortions on your --

A Wait.

Q Why would Post want to confuse the people?

A Well, because the legislative leadership wants this defeated.

Q On this issue of deliberate distortions, your description of Mr. Post's incorrect calculations on the welfare reform don't seem to mention the fact that most of the time he said he could not determine if there would be savings or costs because information from the welfare department wasn't made available to him, and leaders of both parties made the same accusation.

A This was the charge that was made repeatedly trying to pin down and say that we could not dollar for dollar say there would be a dollar saved here and a dollar saved there. But at the time he was refuting our own estimates of what the savings would be. And I will recall to you that time after time in this room, in press conferences I told you that we believed our estimates were conservative, that we had erred on the side of being conservative, that we felt that probably in our own hearts the savings would be much greater than those we were predicting, and it turned out to be absolutely true. The savings have been greater. We thought that the decline in the welfare rolls would probably continue for several months and then level off. Well, now here we are, two years and about -- what, about three or four months later, and we have just added another -- the last time, in fact, about 48 hours ago, I used the term 352,000 fewer people, and today I'm able to say it is 368,000 fewer people on welfare, but he did refute ours and claim that there was no substantiation for them. And this is when he made the charge that no information had been given him. He had all the information we had. He just insisted that some way you had to actually be able to point to and say, well, this year we will save "x" number of dollars." And our people -- experts in the field of welfare, expert in having to project ahead what welfare



needs would be, tried to explain that these predictions were based on that knowledge and that information. And they were right.

Q The question was about the issue of distortion, and you say in your prepared statement that Post claimed that the <sup>(welfare)</sup> reforms would not result in substantial savings and didn't he really say that he could not determine whether they would result in savings or costs?

A I don't recall that he ever gave any indication that there would be savings and he did -- was one of those who indicated that there could be increased costs, as he said not, at the local level and increases in property taxes because general relief at the county level would go up.

Q Governor, are you saying that after twenty years -- more than twenty years as legislative analyst that Alan Post is not worried about his job?

A I don't know whether he's worried about his job or not.

Q You implied --

A I'm just saying --

Q The point about legislative leadership, he has to be careful what he says.

A I would assume that anyone knows who they are working for.

Q You think he's in fear of being fixed by Bob Moretti if he doesn't take Moretti's side?

A Maybe he's just anti-Governor, because if I remember, my predecessor had quite a hard time with him, too. That his analyses usually were counter to the proposals made by Governor Brown.

Q He's not necessarily non-partisan?

A What?

Q He's not necessarily partisan, as you claim?

A Well, if I remember rightly, under the leadership of the former Speaker, Jesse Unruh, there was a certain -- whether it was party partisanship -- there was a partisanship between the legislature and the governor, they didn't get along.

Q I don't think he's ever denied that, he claims that he's impartial to the legislature.

A Well --

Q Will you go on to something else, Governor?

A All right.

Q Can you comment on the statement by the Grand Jury -- by the Jury foreman in that -- in the Santa Cruz murder case? It blamed you and the state for letting this murderer out of a mental hospital to commit all these murders.

A Yes, I -- you are speaking about the Mulleen -- the man who was convicted?

Q Yes.

A Yes, I think that the jury foreman was uninformed, as a great many people are, about the workings of the mental health program. I say that with regard to his statement that Mr. Mullen was released as an economy move. No patient has been released for that reason. Under our law, when the counties develop their own mental health care programs at their request we release patients to them. Patients who were not sentenced for violent acts or something, in other words, of -- under a penal sentence. Mental health patients cannot be held against their will, unless it can be proven that they represent a threat to themselves or to someone else. Now, psychiatry is an inexact science. They are right a great many times; they also make mistakes in this. Obviously he was a threat to others. And obviously should have been held in, but may I -- may I point out to you that we ourselves, recognizing this weakness in psychiatry, that these mistakes do occur, have been trying and our legislation is still having a rocky road and a rough going upstairs -- we have been trying in connection with the -- the neuropsychiatric unit at U.C.L.A. to embark on a study of violence to see if there isn't some way that we can not only cope with the problem but detect this earlier in people and, as I say, the legislation is still stalled upstairs. It is a problem. But he was absolutely wrong when he says that we are dumping out onto the street mental patients for some economy move. If anyone wants to look at the budget they will find we are spending more and spending more per patient than has ever been spent in the state's history, and I don't usually brag about spending money.

Q You don't think the release of Mullen was any administrative error by the state?

A No, it was a psychiatric error.

Q Governor, if Vice-President Agnew were to resign, would you consider a nomination?

(Laughter)



A I'm not going to deal in hypotheticals of that kind. I think that everyone should hope that there will be no need for his resigning.

Q Has anyone from the Nixon administration actually talked to you about that possibility?

A Heavens, no. I don't think they have talked to anyone else about it. I don't think it's even being considered. I think all of you heard the press conference and the President's total and above-board defense of the Vice-President or expression of confidence in the Vice-President.

Q Governor, have you been advised not to go out too far on the limb in defense of the Vice-President?

A No.

Q Governor, do you think it would have been more prudent of Mr. Nixon to have made public from the start the arrangements under which his house was purchased, such as you did in your case? Do you see any parallel in the situation?

A I have to say, and I'm just basing it on nothing but my own experience here -- I think it is the kind of thing that probably was handled in his behalf and that he didn't pay any attention to it. You can't and do the job. It is why you appoint trustees to take care of your own personal affairs. Because you -- you are busy with some other affairs. I just don't think it ever became a problem to him. Somebody decided to try and make it one.

Q Governor, on another subject. What is your reaction to the resolution passed by the Senate asking the state to explore all possible alternatives before renewing the existing contract for gasoline with Standard Oil? Particularly with reference to the letter that their company sent out to the -- to the Middle East.

A Well, I'm never opposed to reviewing contracts with anyone, and I think we always ought to stay abreast of them. I don't think that should necessarily be the reason. I think that the President of Standard Oil has made it very plain that someone has misread his intent, that he was really pleading for peace and for -- both sides to find an answer to their problems. It was unfortunate in the wording of the letter. One reason why I always figure that you ought to leave a letter on your desk overnight before you answer it; you'll be surprised how many good ones I tore up.

SQUIRE: Any more questions? Thank you, Governor.

Q Governor, the Sacramento County Board of Supervisors is now on record as opposing the American River site of the mansion. Supervisor Pat Mellarkey says he doubts whether a satisfactory environmental impact statement can be made on that mansion. Are you still going to go ahead and break ground in October despite that?

A I don't see anything that should prevent it. I recognize his position, he's been quite a leader in that. I think the controversy really is between those in the city and in the county here who think of the Governor's residence as a kind of tourist attraction and therefore they want it in the downtown development. And I happen to represent a viewpoint of someone who's had to live both downtown and now in a residential area as Governor, raising a family and I'm thinking of it in terms of the problems of future governors who will also have families that will have to grow up under those circumstances, and I don't think that downtown is a place for them to live. I have no concern about the environmental effect. The archeological dig has revealed that we are not violating an Indian burial ground. Indeed, \$110,000 has been spent of the taxpayer's money simply on the charge of the opinion by someone that this was a burial ground. We went forward with it and apparently now they are down to base and -- and nothing has been -- has been uncovered yet. It is a single piece of ground between already developed ground along the bluffs on either side -- on both sides. It is an attractive piece of ground. I think that it could -- would be an ideal setting for that kind of residence. And I don't think that that residence for the future governors of California -- because I'm not going to live in it -- I don't think that residence should be considered to its value as a tourist attraction for people driving by to look at it, and that's just exactly what their position is.

SQUIRE: Thank you, Governor.

ED GRAY: I'd like to repeat before you go, that correction which I talked about earlier. It is at the end of the fifth paragraph of the statement itself. It should read, "Indeed, without them there would be no surplus," instead of "a surplus."

---oOo---

9/5

HELD SEPTEMBER 5, 1973

Reported by

Beverly Toms, CSR

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

---oOo---

GOVERNOR REAGAN: Good morning, ladies and gentlemen. That's my opening statement.

Q Governor, last week after your press conference here, Mr. Gray said that your remarks were -- good morning -- your remarks about Alan Post were not supposed to have been personal, rather professional. But when you cast doubt upon a man's integrity isn't that pretty personal?

A Well, let me make reference to some of the statements that -- just one, for example. I was called attention to the fact and yes, I am disturbed -- I'm disturbed about not only Mr. Post but about someone else who by law is supposed to be above the fray where election rules and so forth are concerned, the Secretary of State. But when they descend from that position or wear another hat and become advocates of a view with regard to something about which they are supposed to be neutral in their duties, then I think they call some attention to themselves and what they are doing. And Mr. Post has been an advocate and has appeared publicly making statements in opposition to this initiative which he, is supposed to analyze in a neutral manner. I will give one line as an example. Mr. Post calls attention to the fact in his neutral analysis that the legislature by a two-thirds vote can authorize local communities to have an income tax. Now, this is true. As far as it goes. But he leaves it there. And I challenge that any one of you reading that your assumption would be, or the citizen's assumption would be that this means, for heavens sake, we are now going to have local income taxes in addition to our steeply progressive state and federal income taxes. What he should have added was the exact opposite, that yes, it will require a two-thirds vote for a local government to have an income tax if this initiative

cities  
passes. But at present some /claim the right to have one without any vote at all and the rest of them can have it with only a simple majority vote. It changes the meaning completely. It was the use of a half truth to distort the meaning and reverse the meaning of the initiative. We have made it ~~more~~ difficult for local government to have an income tax. As a matter of fact, I have been told by some local government officials that even though they are sympathetic to the limitation plan and they believe that it is an idea whose time has come and that government must do something of the kind to protect the people in their own communities, they have had an eye on the possibility of such a tax and therefore they are going to have to be against the initiative because they want -- they want it to be easier for them to get a local income tax. We are trying to make it a little more difficult to get any kind of a new tax.

Q Governor Reagan, this morning Herb Caen's column, he said a vote for Reagan's tax initiative is a vote for Reagan for President.

A Well, I think Herb Caen ought to stick to the pubs and the restaurants in San Francisco. He's got more knowledge there.

Q Well do you think there might be some truth to it?

A Well, this is a very funny thing. You know, I read that item, too. I like to know where the good places to eat are in <sup>A</sup>San Francisco. I read his item and it seemed very strange to me. If this is such a destructive initiative and if this is such a thing that is going to be so against the good of the people, why would someone then suggest at the same time that someone would be using it as a gimmick by which to win an election? He must be saying -- admitting then that the people would find themselves very much in favor of this. And they can't have it both ways.

Q Governor, what are some of these local officials that want the local income taxes?

A I'm not going to name them because these were in conferences with me as to why they had to take the position they took and I respect their right to say that. But I don't think there is anything wrong in me pointing out the discrepancy, the fact that today we have some elements who are opposed to this initiative because they claim it is going to raise local property taxes. The Speaker of the Assembly has said that property taxes will go up on November 7 if this is approved on November 6. But the League of Cities is in

opposition to the program because they say it makes it more difficult or impossible for them to raise property taxes.

Now here are two groups aligned against the initiative for opposite reasons. I would say we must come pretty place -- pretty well down the middle between those two viewpoints with our initiative.

Q Governor, on the Presidency issue, you have said in the past that that's one office that seeks the man. Should it seek you, will you let it find you?

(Laughter)

A Well, it is getting increasingly hard to find -- I mean hard to hide in this country. But not only from that. No, I've always believed that. I think it does, and that's why I've always said that it is the time -- as the time draws nearer events yet to come, to take place, will probably bring a great many names into prominence that will be considered.

Q Governor, the Speaker of the Assembly said this morning that he didn't think you'd run for a third term because of having been defeated you might then have to dim your chance to be the President. What do you think about that?

A Squire, I will quote the scriptures. Job 35:16 He multiplieth words without knowledge.

Q Governor, new subject.

(Laughter)

A How come you want to get away from the Bible so quick?

Q As a Republican you -- vetoed reapportionment plans now considering that the Democrats and Republicans seem to concede that the Democrats come out better with the Mastara Plan.

A No, as a matter of fact, I've had meetings with the Republican legislative leaders and it seems that everybody on both sides is claiming some gains out of this. Although individuals -- individual incumbents on both sides will have problems. No, the legislation that was passed that I vetoed would not have gone into effect. It was simply a guideline to the Masters. The Court had taken jurisdiction. I don't believe that my signature would have made any difference to the court and think that's been proven by the course they followed. They obviously took a course that was entirely different from all those that had been followed in the previous attempts to arrive at a reapportionment.



Q Governor, the Masters were particularly harsh on the

Senate plan that you thought was acceptable. Can you respond to some of their criticism, particularly about the -- the treatment of minorities and Spanish surname citizens.

A Yeah, but I saw a little -- little discrepancy there. They are having it both ways, too, I must confess. They were critical of the Senate plan because it did try to create, particularly in East Los Angeles and extending out to San Bernardino, a district that would give the Americans of Mexican descent in that very large community an opportunity for representation. But I noticed in their own statements the other day, in presenting their plan, that they were quite proud of the fact that they had created several districts of my -- of the minority communities in which it could increase representation for both Americans of Mexican descent and for Negroes. So I just don't know how they could find fault with the Senate's attempt to do that and their own plan which does the same thing and probably even more so.

Q Governor, some of the Republican Senators have indicated they are going before the Court with a number of protests against this plan. Will you support them in that?

A Actually I haven't made any decision because I think this is so complex that there's been no chance to analyze it and have a view on it, and frankly, as long as it has to go before the court yet it is just a plan. And there are going to be hearings and presentations. I'm in no position to comment on it at this time. I don't think the very fact that the Masters must submit this to the court is an indication that it is a plan that -- and they are having open hearings, that it is still subject to change and alteration. There is no way to have a perfect reapportionment plan.

Q Governor, what's your philosophy on direct election of BART directors?

A Well, again we are talking about a piece of legislation that hasn't come down yet. So I won't comment on that and discuss it.

Q Governor, you mentioned Edmund Brown, Junior, a little earlier when you were talking about Alan Post on that subject. Do you feel that Mr. Brown was less than fair with the voters by his latest decision to delay the printing of the ballot pamphlets? Because of --

A Well --

Q Because what he says are distorted misrepresentations?

A I found his calling of the press conference a little strange. The fault with the particular pamphlet he was talking about was the fact that it had been printed before the legislature decided to give in and -- and give the one-time rebate. And the legislation I have just recently signed. The committee -- Californians for Lower Taxes had written the Secretary of State volunteering to change the pamphlet now that that particular part of the initiative had been achieved through legislation. If you will recall, we ourselves, months ago, asked the legislature to adopt that part of the initiative. We put it on the ballot in case they didn't, and then stipulated in the ballot that of course this tax cut, the 20 per cent reduction and so forth, would take place provided the legislature had not already taken action. But they had written him a letter asking him if they -- and stating their willingness to change the pamphlet. And he -- obviously must have had this before he made his statements of yesterday, to suggest that that was fraud in some way or a distortion. Obviously ignoring the fact that it had been written prior to the passage of the legislation, and had been printed prior to that time. Now Mr. Post's analysis did not contain any reference to the one-time rebate because Mr. Post did not turn his analysis in on the date that is required by law for turning it in. He turned it in after the legislature had taken its action.

Q Excuse me, Governor, but we were informed that -- by Mr. Brown and the Attorney General's office that they did not submit to the Secretary of State until last Thursday or Friday, the titling for the initiative, so that of course would have happened after the legislature acted on the tax.

A I think you are talking about two different things. We are talking about the committee's pro-argument for the bill which is what he was so critical of; the matter of the -- of the Attorney General's titling, that's between the Attorney General and the Secretary of State, as to whether he --

Q Can you tell us whether reports were true that in the discussions between the Attorney General the people from the Speaker's office, Alan Post's office, that your administration did not desire to have the 20 per cent reference deleted from the titling by the Attorney General?

A No, I don't -- no, I don't know of anything of that kind. We just knew -- we were urging the passage of the legislation. We wanted it. We knew at the time that if we did it, to remove that from the November 6 election, but we knew there was no way to take it out of the language of the actual amendment. That's why the line is in there that states, "If the legislature takes action this of course will not be."

Q Do you think the initiative will get fewer votes if they take out the 20 per cent reference in the title?

A Oh, no, I think we are going to make every effort to explain to the people as clearly as we can what it is they are getting. The issue is very simple, those who have a vested interest in big government getting more money are opposed to any kind of limitation or reduction in taxes. And we believe that we made a promise several years ago when we had to raise taxes that we were going to try to give it back as quickly as this state could -- could afford it, and the state can afford it now and we should be reducing the burden on the people.

Q Since the income tax rebate has been settled by the legislature and by you, should there be any reference at all in the ballot summaries or arguments to an income tax rebate?

A No, this is what the committee wrote to inquire about. That they were willing to take that out. Yes, it is much simpler and less -- less confusing if we simply state that this has been achieved already by legislative action. Now, the one-time rebate may look spectacular to someone to put down all the figures, but it was the least of the initiative. You are talking about the return of some \$700 million dollars to the people on a one-time basis. We are talking about a program that's going to save the people over \$118 billion dollars in the next fifteen years.

Q Governor, on another subject, Lieutenant Governor Reinecke has come out against the establishment of a six county regional air pollution district in southern California which is the opposite position of that taken by your administration on that bill by Moretti. The Lieutenant Governor charges that the district would create more taxes and involve more red tape, etcetera. Do you have any comments on that?

A No, I actually don't know the situation.

ED MEESE: That's the position -- when you say "your administration, that's the position of the Air Resources Board.

The bill has not yet come to you.

Q It is also the position of the Resources Agency and Ike Livermore.

ED MEESE: But it hasn't been considered in cabinet or by the Governor personally.

A Again, to remind you of the procedure, things like that -- and when I stand here and say I'm not aware of something like that is because it has not been on the agenda and those things do not become policy of the administration before they have gone through the cabinet process.

Q The Third District Court of Appeals prior to receiving another judgeship, are you considering or would you consider Senator Marler to appoint to that position?

A Oh, I'm not going to speculate on the possibility of judges. The procedure -- the procedure for judgeships is and has been for six and a half years that everyone who is interested or everyone who is a potential for a judge is submitted to a series of committees and we have appointed judges regardless of politics on the basis of the rating of those committees when they come back to us.

Q There's speculation --

A And without exception.

Q Excuse me, there is speculation it might solve the problem that the Assembly Judicial Committee does not want to pass out new judgeships, allowing a lame duck, so to speak, Governor appointing them and it will solve the problem of Senator Marler and Collier running against each other.

A Now, if -- if our opponents upstairs should decide they could get some political advantage out of giving us the much needed judgeships to relieve the overload in cases, that would at least be some good that came out of partisan politics.

Q Governor, I'd like to return to this tax thing a second. I assume that you think the committee ought to rewrite its initiative argument to delete the 20 per cent reference?

A Oh, sure, yes.

Q O. K., are they going to do that?

A Yes, yeah.

Q Governor --

A One second.

Q Governor we have heard a good deal of debate as to what numbers will actually be like in next year's budget if we do in fact have the tax limitation plan.

Q Have you received any numbers from the Finance Department and if so do they live up to your expectations as to what we might see next year?

A Let me say this, you are referring, of course, to Mr. Post's argument that the budget or ~~there~~ is indication that the budget is going to be some \$620 million dollars less next year than this year's budget if the initiative passes. We will not have all the information that we normally have and that we want before we make some predictions or projections of this kind until October. By that time the economic estimate commission has met, they have told us what the economy is or their predictions of the economy, what the tax structure will bring in. And so we have tried not to join him in picking numbers out of the air and guessing. But I'll make you a guess based on just the estimates, our own projections and estimates that we have, and I will stand on the prediction. He says the budget is going to be some \$620 million less than this year's budget. I will predict that he is wrong by a billion dollars or more in his projection.

Q Governor, isn't he really saying it is going to be \$600 million less than it would be otherwise without the initiative?

A Oh, that's the question. What he ought to be saying. That's what he ought to be saying. But it is a little bit like the two-thirds vote on the income tax. He has not quite made that clear and it is very difficult and was before the committee to pin him down as to which he was saying. I remember one legislator asking him repeatedly, and I don't think that a very definitive answer came out at all with regard to that. If that's what he's saying, here again his figures may be wrong. In fact, I would suggest that they are wrong. But obviously, if the implementation of the plan takes place, if the initiative passes, the budget is not going to be as big as the budget would be without that implementation. But it is going to be ample to meet all the needs of the state and even provide for some things that we are not now doing. And this is true for the whole 15 years of the limitation. But we will halt this increasing growth in the cost and size of government.



Q Are you talking about a \$380 million surplus next year?

A What?

Q You said --

A No, no, no. No, no, now wait a minute here. You got the camera running?

(Laughter)

A All right. I hate to waste this good material on a dead camera.

(Laughter)

A Answering questions. I said that if Mr. Post is indicating to the people that the budget for next year, for the State of California, will have to be reduced \$600 million dollars below the -- this year's budget, which I'm sure everyone knows is impossible and could not be done, would cause great disruption -- that if that's what he's saying without making any specific projection to you now of what the budget -- how much bigger next year's budget will be than this one, I will still make the prediction that Mr. Post is a billion dollars or more off. That it will not be \$600 million dollars less. It will be in the difference between that and the billion increased over this year's budget.

Q Well, in other words, \$400 million dollars. So it is going to be \$400 million dollars bigger than this year's budget?

A I think that's a reasonable guess.

Q Is that from your Finance Department?

A I'm not going -- I'm making the prediction, not Mr. Orr. You hold me responsible. When we submit the budget before the first of the year, by the first of the year, and when we talk on the budget, you sit in here and then you will either say, "Uh-huh you were right back on that September day." You probably won't pay any attention to it, you'll probably put out a headline, "Record budget for California."

(Laughter)

Q Why doesn't your Finance Department give the Willie Brown committee that information?

A What?

Q Why doesn't your Finance Department give --

A Because we say when you get it before a committee -- they have never -- never has the Finance Department been so careless as to go up and speculate on numbers before we get the readings of the Economic Estimate Commission. At the same time none of us



live under a rock. We also have ideas of what seems to be happening with the tax -- with our tax structure and rough estimate of what revenues are going to come in. Very simply this limitation is going to do one thing. The Economic Estimate Commission is going to make an estimate for us of what the total earnings of the people of California are going to be. It is then going to say what the tax structure as it presently exists is going to bring in in revenue, as a percentage of those earnings. And if the initiative is passed it simply means that we reduce the percentage we are taking of those total earnings by one tenth of one percent and that leaves us a budget that will expand beyond the present budget and the budgets will increase every year from here on out, if the initiative passed.

Q Would your prediction hold, Governor, if there is a recession?

A What?

Q Would your prediction hold if there is a recession?

A Well, let me see, it depends on the extent of the recession. Now, you know, no one could predict the -- what happened with the calamity like 1929, and let's hope that we have progressed beyond that and it can't happen, although there are people today who say that it can and it is going to -- but in the recession that we had three years ago the budget expanded, and expanded by a few hundred million dollars over the previous budget.

Q But it wasn't tied to the income from the state.

A Huh?

Q But it wasn't tied to the income from the state.

A It was the same -- it was certainly the same tax structure that we have today with the possible exception that then we had not transferred to the state a billion dollars of subsidy of local property tax. But it was the same tax structure. And even in the recession it was bringing us in enough to have an increased budget.

Q Governor, if -- if the initiative were not at issue now, and state government continued at its same basic level without any program increases, wouldn't next year's budget likely to be more than \$400 million dollars greater than this year's budget?

A Oh, it may even be now. I'm being a little conservative. I'm just making a prediction here and I said a billion or more.

Q The thing I'm trying to get to is do n't -- even your projection, a conservative \$400 million dollars more to spend next year than -- than we are spending this year, mean that there will have to be some budget cutbacks to the extent that normal growth won't continue at the rate it is growing now? And if so, what -- what can be cut back?

A Well, Tom, it depends on whose viewpoint you take. There are people in the state and there are people -- legislators upstairs who are opposed to this initiative who have been opposed to every economy that we have made, including the welfare reforms. They think that's wrong. They think the state should have more revenue than it has. So from their viewpoint no budget has lived up to what they think it should be. We, on the other hand, have tried to practice austerity. We don't believe that government should spend a dime more than it has to. And we will have the same philosophy on the budget that is coming up.

Q O. K., let me rephrase it again. I'm not trying to trap you, but I'm trying to get the --

A I don't feel trapped, I thought I got in a good lick.

Q If there were no initiative, isn't it more than likely that your Finance Department and you would submit to the legislature next January a budget higher than \$400 million dollars above what the state -- what is budgeted this year, than the budget you approved this year?

A Again you are pinning me down to the \$400 million dollars figure and we don't know.

Q Half a million, whatever you want.

A Whatever it is going to be. Only to this extent, the fact that the legislature does pass every year bills that increase spending, and this is one of the reasons for the limitation. Right now there are two bills before the legislature. One of those bills-- neither one of them has with it any proposal for raising revenues to pay for it. One of those bills, if it was passed, would require a tax increase automatically. The first year that tax increase would have to deliver almost \$400 million dollars, and in four years it would have to be bringing in a billion dollars of added new cost to government. Now this is one of the things that we are trying to curb. You can veto, and I have, and there's been great complaint about my blue-pencilling of budgets, and vetoing back through the years, but there's still some of those that just the

political reality being what they are, you can't say no to all of them. And that's how government grows. And so without any limitation the only thing that you have then to stop this constant flood of spending measures that are proposed is the governor's veto and always with the threat that someone may decide they want it badly enough to override the veto. We are trying to put in a limitation that will put the legislature in the position of also having to look at priorities and having to decide is there revenue for this, or do we want this badly enough to say to the people, don't you want this service at the increased cost.

Q Is this bill you are talking about, though, the Burton Welfare Bill?

A Yes.

Q Does that mean you are going to have to veto it and cut it way back or whatever you do to it if it comes to you?

A Again you are asking me now to discuss legislation. We have made a proposal. We have made a proposal for implementing HR 1 and that's what this is all about. And one that can be done with no increased cost to the state. And that will give 80 per cent of the present recipients an increase over what they are getting and the rest will get as much as they are presently getting. His bill is simply taking advantage of HR 1 to go counter to the welfare reforms that we passed. And to impose what can be in a few years a bill of additional expense on the people of California.

Q Governor, relating to that -- the welfare situation, there's considerable rhetoric yesterday between Dr. Brian and John Burton on whether either side had been negotiating in good faith to reach a compromise. The legislature has only got a week and a half left here, and some legislation has to be passed to implement the federal program. Do you think a compromise will be reached?

A I don't know. I know that any suggestion as has been made that Dr. Brian hasn't been trying to negotiate is absolutely false. He has been trying and he has been negotiating and the subject of money -- how much money the bill should cost, up until just a few days ago -- it is my understanding that the proponents of the two legislative measures refused to discuss money at all. So there was no possibility of -- of compromise on the most important issue which is -- is cost and they refused to discuss that -- or negotiate on it at all.

Q Governor, are you going to call a special session if it is --

A What?

Q Are you going to call a special session if it fails to be resolved by September 15?

A I'll have to see what happens when that time comes.

Q Governor, Mr. Burton said yesterday that you apparently were to call him saying that they were speaking for the administration in the negotiations, but he never received any such assurance, so therefore he thinks or it is his opinion that no one is negotiating to actually speak for you or Dr. Brian.

A Oh, for heaven's sake. They are grasping at straws and -- the plain truth of the matter is -- and what the people don't understand, and unfortunately a great many of the disabled and the elderly are being victimized by proponents of a couple of spending bills who are trying -- the usual tactic of picking these people in need and these people who can be frightened at the thought of something is going to happen to their <sup>welfare</sup> grants, and they shouldn't be. Now HR 1 is a bill in which the federal government sets \$130 nationwide as the federal contribution in these areas. The elderly, the blind and the disabled. And if action is not taken by a certain time by the state conceivably those people's grants could be back down. At present they average around \$212 in California, they would go back down to \$130. I want to state right now and you will be doing a public service to those people if you will make sure this statement sees the light of day. That is not going to happen. The State of California is not going to let that happen to those people. When they will stop playing politics we can have the implementation that ensures in addition to the federal \$130 the state augments the grant as it presently does and this has been our point from the very beginning, and from the very beginning we have made a proposal and continue to make one which will not only maintain the present grants but for the bulk of the people, 80 per cent or more, will actually increase their grants.

Q If you reach no compromise with the legislature before they go home next week, how are you going to stop it from happening?

A We will have to have a strategy meeting on that as to what we can do.

Q Will you think a special session the subsequent to the legislature's adjournment will detract from your campaign for the initiative?

A Oh, heavens no.

Q You don't think a flaring debate of the welfare would detract on the debate of your initiative?

A Oh, no, no.

Q Are you budgeting now on the premise that the initiative is going to pass?

A Well, we are not to that stage yet. We haven't had our meeting of our --

MR. ORR: Governor, I think in answer to that question and Tom's that there have been no instructions sent to any Secretary or any department that differ from the normal budgetary instructions, and we are only just starting the meetings.

Q So you are not budgeting then on the premise that the initiative will pass?

MR. ORR: We are budgeting on the premise it will pass, but it has not made a fundamental change in our budgeting procedures.

Q What does that mean?

MR. ORR: Just what the Governor says, the budget is going to --

Q The procedures are the same, but what kind of dollars and cents are you putting down for each program?

A Oh, but that's still -- that's the thing.

MR. ORR: That's what budgeting is about.

A That's still a little ways away. For example, we all have the departmental proposals coming in and when the universities and the state college systems ask for their amounts every year we are faced with the problem then of priorities and where you are reducing because every year everybody asks for more money than they are going to get. Now, you have a long time before you get down to what is the final dollar level. For example, right now, without the economic estimate commission having met there would be no way that you could tell a department how much of their request they are going to get because you don't know what the tax revenues are going to be. Now actually without any change in plans at all you won't be to that stage at all until after November 6, to where you know finally the dollar amount. O. K., you can start them on some rough things. You can say to one of them, wait a minute, you know,



BY "x" amount you'd better start seeing what you can -- what is of least priority to you and you can do without. You might do things of that kind, and have in the past.

Q Have you?

A Huh?

Q Have you?

A They are just beginning.

MR. ORR: There's never been a year we haven't done that. There's never been a year that anybody comes close to getting everything they asked for and this is no different.

Q I think what Tom is trying to find out, the Assembly Ways and Means Committee was trying to find out if passage of the initiative results in less money being available to the state and you need to fund everything at its present level of growth, what are your priorities going to be?

A Well, the trouble with the Ways and Means Committee is that they have lent themselves in these last few days, and I'm sure in the weeks ahead to participants in the campaign against the initiative. Normally they would not make -- inquire at this time, about these figures because they know that we don't have the figures until after the Economic Estimate Commission has met, and so I think their timing is a little off. But I could carry on and say there is actually a provision for what you've just said. We have said that the limitation -- whatever our projections are, that the limitation can never fall below what it takes to maintain present level of government services. Oh. You mean somebody else asked it or you just got wore out?

SQUIRE: Thank you, Governor.

GOVERNOR REAGAN: All right.

---OOO---



9/8

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD SEPTEMBER 18, 1973

---oOo---

Reported By'  
Beverly Toms, CSR

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

---oOo---

GOVERNOR REAGAN: It's kind of reassuring to see that things never change. I'm back on the billboards again out in the corridor.

Q Governor, there have been recurring reports that the -- that the President would like to see the Vice-President resign. The Washington Post this morning quoted a top Republican official close to the Vice-President as saying that he might be -- could be expected to resign this week. Knowing the Vice-President as you do so closely, what would you as a personal friend think the Vice-President's inclination would be?

A Well, I would be very surprised if that rumor were true, but I know nothing more than you know. It is a rumor and there have been a great many voices raised, and those close to the Vice-President, saying that there is no truth in it.

Q Have you been contacted yet at all?

A No, no.

Q Governor, considering the case and all that's involved, do you think it is something that would cause a person to resign?

A No, I think that the man stated his innocence and in this country a man is innocent until he's proven guilty.

Q The reason for resigning or one of the reasons was stated because of the pressure regardless of guilt or innocence.

A Well, I wouldn't know anything about that. I know of no evidence of it and the Vice-President denied that there is any.

Q Governor, if the Vice-President decides to stay in office to fight this legally, do you think it could be detrimental to the Republican party, regardless of how it comes out?

A No, I can't believe that the American people ever blanket

indict millions of people far removed from any incident or episode or any individual for what some individual has done. I think this has been proven already with the affair of Watergate.

Q Governor, if you were asked to step in and serve as Vice-President what would you say?

A Before or after I fainted?

(Laughter)

Q If you were asked that question.

A I -- that's a hypothesis. That is a hypothetical question that I've never even thought about or considered because I just didn't think that anything like that was -- is going to take place.

Q Does the job appeal to you in any way?

A I like the job I have.

Q Do you think the Vice-President should continue to serve if he is indicted?

A Well, an indictment is nothing more than what has already been leaked and said. It is a form of accusation; conviction is the difference.

Q But it is a cloud?

A What?

Q It is a cloud, is it not?

A Yes, but isn't it kind of tragic in this day and age that we have come to the point that all you have to do is accuse someone of something today and you have created a cloud and they are therefore presumed to be guilty instead of innocent in the minds of a great many. I think we'd better get back to the place till somebody can prove it a man is innocent.

Q Meanwhile, back in California.

A Yes.

Q What's your impression of how Proposition 4, the two year session has been working so far for the legislature? Do you see any difference in the way bills are coming to you?

A No, just a little difference in the season. They used to come down in July and they are now coming down in the fall. And there was the same round-the-clock, 24-hour last minute flurry of hundreds and hundreds of bills being passed, but little or no consideration with legislators protesting that they hadn't voted, but that their votes were being recorded on the wall and so forth.

And I've -- I have begun to sign some of that flood of bills and I have to say about a great many of them that none of them, while I was signing them, gave me the aura of being present at the exercise of statesmanship.

Q Governor, one of those bills that was sent down to you this week-end is one by Senator Biddle which he is calling upon the citizens of Riverside County to send you letters about urging you to sign it. Which is something he rarely does. And that is the bill to establish mandatory automobile inspection of cars in the Los Angeles air base.

A Well, that's another bill. There are several -- there are several bills. I spoke lightly of these others, and the routine mass of bills that come down. There are several important bills that have -- are on my or reached my desk, but are awaiting cabinet analysis that we have not analyzed them yet. Many of them bills that have been amended on the way down -- numerous amendments, and so I have no answer on them until we have analyzed them.

Q Governor, how do you feel about the Warren-Alquist power plant siting bill. Do you think it would possibly be a criticism of you because of your former employment with G. E. which was the most anti-lobbyist of the bill, if you vetoed it?

A I don't know -- you are talking about another bill that --

Q I'm talking about the power plant siting bill that's before you now?

A Yeah, but again, as I say, we haven't had the analysis of that piece of legislation yet.

Q Well do you think your former employer could prevail on you to veto that bill and would it be valid if you did?

A Well, my former employer, when I was doing General Electric Theatre, their television program, which is what you are referring to -- my former employer once risked a loss of \$50 million dollars in business because they stood on a principle that they would not tell me what I should or should not say in a speech that I was making. Even though it might cost them \$50 million dollars in government contracts. And I wouldn't think that now after all these years that they would come around and attempt to influence me on what I should do in this particular job.

Q Maybe they would want to recoup the \$50 million.

A What?

Q Maybe they would want to recoup the \$50 million.

A No, I -- they just don't do business that way.

Q Governor, when are you going to act on the death penalty bill?

A Probably the early part of next week. You, I know, are wondering why any delay on that. Let me just explain that there are a number of people that participated and were most helpful in this. These people would like to be present, I think they should be, to at least be acknowledged for their help in this, so that there will be a bill-signing ceremony in connection with that.

Q Governor, does the last-minute flood of bills require you to have -- sign some things faster than you would ordinarily? That is, you only have -- I believe you only have a limited time in which to act.

A Yes, one of the adverse changes in this is when that flood of bills used to come down in the spring at the end of the session I had 30 days. And all of us, the cabinet and the legislative unit and myself had 30 days in which to get these signed. Now there are only 12 days.

Q Well, do you see any result from that in your own quality of the bills?

A I think you increase the possibility of error. I think the fact you have got to do in 12 days what you used to do in 30 -- in other words, the original idea of the <sup>(legislative)</sup> two-year session, I assumed, was to spread this out over the entire year so that you didn't have that last-minute rush that you had bills coming down with proper consideration and then you had the time to individually treat with them and sign them throughout the year. And I think all of us, and I think a great many good legislators, are terribly disturbed and surprised to find that we are having that same period of rush, and lack of consideration for many of them.

Q Governor, you now have two vacancies to fill on the Air Resources Board, Dr. Haagen-Smit and Allen Lemmond. And the five member board -- the board's been under criticism by the legislature in recent months as being ineffective. Are you going to use this influence to change the direction of the board in any way, or are you satisfied with the way it's been going?

A I think the board's been fulfilling its mission and doing

everything that it could do. We haven't come to the point of selecting the appointments for that board yet. Haven't had an appointments meeting on it, but -- always we -- we are seeking to improve every agency department commission, the boards of California, if we can. But I think that they have been doing a good job.

Q Governor, I think this comes under old business. At a Sacramento Host breakfast you were talking about your tax initiative, and you made this following statement. You said, "The good ladies of the League of Women Voters have decided all on their own to oppose it because property taxes will go up." Now, let's avoid a discussion of the taxes, but at best that sounds kind of descending. At worst it sounds insulting to the League of Women Voters. Just what did you mean?

A It wasn't intended to be condescending and it wasn't intended to be insulting, but I tell you it was intended to be critical. It was intended to be critical because from the first moment that the head of the League of Women Voters made a statement that they were going to take action, before they had taken such action to oppose this initiative -- we had barely announced it. There had been no opportunity for any public briefings at all and we have -- immediately informed them that we would like to, if they were going to take action on this -- we would like to brief them. So far they have always maintained a kind of objective position about initiatives. This was a rather stunning announcement, and to this day they have never accepted our invitation or invited us to participate or to brief them on this. And their position is what they are taking and espousing right now reveals they still don't know what's in it or they are ignoring deliberately what is in it.

Q Governor, the counties also oppose the measure and I think you omitted the words "all on their own." Isn't that just condescending to women? It isn't something you would say to a man's group. "They did it all on their own."

A No, let me just point you one difference. I meant that this organization -- what that phrase was -- you know that I speak from notes -- the phrase meant the fact that they had done this without the benefit of a briefing. That they simply had made up their minds all on their own about an issue without allowing the other side of the issue to be presented. They must have done it from simply reading that we had such an initiative. They had no information.



Q Do you suppose they read the initiative?

A I can't believe they had. Because I don't believe at the time they made the first statement that we even had it in the actual formal language when they first announced they were going to come out against it. And as I say, they have refused these.

Now, let's take the County Supervisors Association and the League of Cities. At least -- I disagree with them, but at least they have touched upon one point. They say they are opposed to it because it becomes more difficult for them to raise property taxes. Now it isn't any more difficult than it was without the initiative. Senate Bill 90 is what made it difficult for them to raise property taxes, but the contrast is that the League of Women Voters with their lack of information about the initiative are claiming they are against it because it will raise property taxes.

Q Had you suspected their objectivity before this?

A I have thought that there have been indications of bias. I think that they --

Q On which side?

A What?

Q Bias towards what?

A Well, let me just put it this way, that in speaking to a group of predominantly Republican women the other day, some several thousand of them, when I mentioned the possibility that some of them were members of this organization, and I therefore wanted to explain some points, there came the loudest chorus of nos that they were not members of that organization. Which would indicate that the organization must seek -- at least have its membership more predominantly from another political viewpoint.

Q Governor, another subject. Controller Flournoy in announcing his candidacy for Governor said he is the only Republican that can get Democratic votes.

A Who is that?

Q Controller Flournoy. Do you agree with that or disagree?

A Well, I don't know any of us that are holding an office here can make that same claim, because, although I wouldn't say only, but since we are a minority, none of us would be here if we hadn't gotten some Democratic votes.

Q How would you assess the other candidates' chances of achieving that?

A Well, the other candidates also, one of the offices they

hold -- if we are speaking of those constitutional offices that are being talked of, some have declared, but those who haven't declared, but have indicated that they are going to seek this office -- all of them had to have had Democratic votes to be elected and I think it would be presumptuous for anyone of them to suggest that no one else can do that. They have all done it.

Q Governor, Speaker Moretti said last week that you are really putting the screws on getting Republican officials to back your initiative or at least stay neutral. He says you want this more than anyone else because you want to use this to run on. Can you comment on that?

A You know, I read that and I rushed right to the mirror to see the horn and tail that must have sprouted on me since then. The truth of the matter is you can ask far and wide of any of our legislators about that, and I think you'll find that all the horrendous tales of torture that was inflicted on them were not true. That not a -- that no pressure of that kind has been used on anyone.

Q Well, Governor, could you support a candidate for Governor who did not support your initiative? Flournoy seemed to think there was some qualification.

A You know me and the 11th commandment. When the primary is over, whoever has been nominated to be the Republican candidate is going to have my support.

Q Governor, one of your chief aides said that he hopes that there is a low turnout for the tax initiative election. Is that your position?

A No, not at all, and I don't think it is his. I think that in quite a lengthy conversation he was talking about the probability and possibility of this since it is a one-issue election, and that special elections notoriously have a low turnout. And I think that is what led to this misunderstanding, was his statements about the fact that in the past and in special elections low turnouts are in the affirmative in that those who are actually interested in getting something passed have a greater tendency to go to the polls than those who are opposed. I don't think that's true in this particular instant. I think the organized resistance by the tax spenders, those who have a vested interest and a personal stake in the state or government having more money, and unlimited taxing

authority are going to work very hard and they are organized, to get out and vote, and that's why we have presented to people, and why I appealed to 2,000 women the other day, and we put at everyone's place a volunteer card for them to form victory squads, to sign up their friends to go out and walk precincts and to get out the vote. We think this is one of the most important parts of this, and we wouldn't be doing that if we wanted a low turnout. I want everybody that can to get out and vote because if the taxpayers turn out and vote this is going to pass overwhelmingly.

Q Governor, in this same vein, apparently there's been no concerted -- concerted voter registration drive. Was that considered and rejected or --

A Well, in this particular instance that would be taking on a chore needlessly. Since -- since your voter registration drive, you would have -- it would have to be a drive for all voters, all parties. This is a non-partisan issue, crossing party lines. I think the fact that you have to for the first time not only explain the initiative to the people and convince them of the worth of it, but the fact that you have to get out the votes, you don't have candidates on the ballot getting it out for you -- I think that's enough of a task. There is just a limit as to how much you can do.

Q Governor, as time goes by on Proposition 1, more and more people have additional time to analyze it. Assembly Speaker Moretti today, just before we came in here, put out another press release, which his Office of Research is quoting three former Presidential Advisors on Council of Economic Advisers, that is. A number of other economists. Galbreath, Symington, Brake, Heller. Each having some criticism of your plan. Are you alarmed that as time goes by that more and more holes may be found in your plan and that the thing can go down?

A No, because I don't think those gentlemen are finding holes in the plan. I think they have a philosophical disagreement with -- you just mentioned some men there, Brake, Galbreath, Heller -- these are men who I have been in disagreement with and I think many people are sharing my philosophy, have been for a number of years. These are the men who espoused the new economics. Galbreath believes in government spending the people's money. That Galbreath, his theory, is that the people do not have the intelligence to spend the money wisely and therefore government should spend it for them. And I

just think that it is our American heritage, if you want to be stupid in spending your money, you ought to be allowed to be stupid. But there is a philosophical difference. On the other hand, you might be interested, and if any of you are, I'm sure that our people in the press section could provide you with a list, we are getting increasingly calls and mail from economists on campuses all over the United States who are volunteering their names or their services. And they say, "Count on us." "Please include me among those who endorse this program. Now, I think the men, Peter Drucker, Bernham, Friedman, and <sup>Miskane</sup> ~~Escannon~~, the Economics Department at U.C.L.A., which is where this all started -- that's the first place we went for economic help -- they are the ones steering us. Lowell Harris of Columbia, all of these men find nothing wrong with the program. They are whole-heartedly endorsing it. Brake evidently in the recent so-called seminar at Berkeley, -- Brake was using the figure that was absolutely inaccurate. Brake said that we had exaggerated the percentage of taxes that government is taking from the people and he said that it was nearer 32 per cent, than it was the 44.7 that we are talking about as the cost of government. The only figure that Brake could have been quoting is the 1971 National Average for taxes which was 32.6. But back in 1971 when the National Average for tax -- the tax burden was 32.6 per cent of the people's earnings in California it was then 35.6. Or three percentage points higher. So if you -- if he'd come up to 1972 or even in that same year if he'd only specified California, which is what we are concerned with, California is one of the high tax paying states. Our percentage tax cannot be judged by national averages. He also could have added in 1972 the national average tax burden went up to 37.4 from 32.6. And if the same ratio of California held and it does, then California by last year -- on taxes alone, 44.7 is cost of government or revenues -- taxes alone had to be around 40 per cent in 1972 and the authority for that statement is Lowell Harris of the Tax Foundation in New York. Print all of that. I'll repeat the figures if you want.

Q The concept aside for the moment, now that you have had half a year more to look at the specific language of the initiative, would you -- would your advisors, if you were writing that initiative today -- writing that constitutional amendment today will you write it the same way? A lot of the criticism has been directed at how

the -- the specific language and how it would apply in California today. Rather than the concept.

A I won't second guess that because here was the problem that had to be met by some very capable lawyers who drew this up. We did not want the same thing to happen with this that happened with the death penalty initiative. The People of California simply voted approval of the death penalty and the constitution, which meant the legislature then had to implement it and you have seen the dragging of the feet on the part of the majority party leadership and how long they held out on this. The compromises that finally had to be made. We wanted to put an initiative on the ballot that we could say to the people, if you pass this it is in effect. You get your tax cuts, it starts working, without any further action. Now, this required very technical language and I haven't checked with our people and our lawyers. There are a couple of things -- to make sure that we covered every point in this, maybe there are a couple of things that we could have left out because they didn't change anything. For example, when we put in there the fact of how an emergency could be called, and this suddenly has been interpreted by people -- and yesterday sitting in this room with those high school students, they revealed misunderstanding when they said, "Well, this now gives the Governor a power with regard to the calling of an emergency," when the truth is we didn't change anything. All we were doing was stating what is the procedure now by law. And maybe we could have left something of that kind out and it would have taken a little ammunition away from the other side, because now I have to waste time explaining no, this isn't any different, we haven't put something into the constitution that wasn't -- that isn't already the present law. And maybe we could have left a couple of things of that, but it was just a desire to explain and make clear to everybody all the facets of this.

Q Governor, in your opinion will your fiscal people be able to meet that October 1 target for an estimate of revenue for next year?

A I think so, yes. We always have, known it about that time.

Q Governor, back on the Agnew thing. One report is that the White House has prepared a contingency list and that John Connally is on top of it. Don't you feel you deserve to be on the top of it?

(Laughter)



that's pretty silly. You didn't get it. I thought I'd get a bigger laugh than that.

Q Why should Connally get that kind of --

A I doubt very seriously that there is such a list or that that has been considered in any way. I really do. And if there is, I wouldn't know anything about it. And I would have no feeling about it one way or the other. I just hope that there's never any need for such a list or for any consideration of that possibility.

Q Governor, your initiative task force received some criticism for using public support. Mr. -- Speaker Moretti's report came out of the Office of Research. Does that suggest that you would want to return the criticism?

A Well -- no. You see, one of the things they keep referring to the cost of government, meaning salaries of employees, salaries of cabinet members and so forth, who served on the task force. And they tie it to the initiative. That task force had nothing to do with an initiative. There wasn't anyone when they started the task force that knew it would come out with a report that would lead to an initiative. I think that task force was doing exactly what government employees are being paid to do. They were trying to find a way to increase the efficiency and the economy of government, and I think that's what we were sent here to do. Now, the result turned out to be an initiative, and I would think the same thing about the research. I would say this, that Mr. Moretti, I think, would be a little more honest himself if he recognized that what he is doing with government funds in analyzing this is no different than the -- than the function of the task force. We proposed legislation in connection with this. We asked the legislature to put this measure on the ballot once a task force had come up with it. But the costs were associated with a task force to find out the problem of how can you reduce the cost of government. And I think that's a legitimate government expense.

Q Governor, are you encouraging Earl Brianto run for U. S. Senate?

A I am encouraging any of the young men in the -- well, young or they don't have to be young. The men in our administration that have leaned that way after they became part of government, and have been in the inside of it -- some, as you know, have gone back and will continue to return to the private sector, to their own careers. Some, however, have seen -- having seen government have thought in terms of running for office and without speaking about any specific



office to any of them when they have come and discussed this with me I have encouraged them. Earl Brian is one such who is interested -- Brian and Van Camp is another.

Q How about Cap Weinberger?

A No, Cap Weinberger, this is a totally different thing. Cap Weinberger is in government as we know in Washington, he was in government here. I have spoken of my high regard for him. The only question there that never arose from Cap Weinberger at all. That arose from a group of citizens who wanted to start -- a draft movement on the basis of his record in government so far to draft him as a candidate. It did not originate nor have I ever heard him approve this other than to say that whenever he can serve best is whatever he will do. But I have simply encouraged these young men. It is a good idea. I think they are the kind of fellows that belong in government.

Q Do you think then that -- how long can Earl Brian remain in your administration as an active candidate?

A At the point that a final decision is made and he decides to become a candidate, then, yes, he is going to have to leave this administration. That's going to be a dark day for me, because I think he's one of the extremely capable men that we have in the -- in the administration. But that would be done. It is -- I realize that as a candidate that that would put him out of his job quicker than legislators are put out of theirs for doing the same thing. But --

Q Why?

A That's the way the system works.

Q Why do you say that?

A Well, I mean I believe the Speaker can continue to be Speaker for quite some long time, for example.

Q Why does that preclude Brian from remaining as Health and Welfare Secretary?

A Well, I just don't see it that way. I think when there comes a point when he's actually engaged in campaigning then he should not be doing it from the vantage point of a cabinet position, and he agrees with that.

Q Well, Governor, do you think there is a difference between an appointed official and elected official in that regard?

A I have to say there is such a difference. It is in our very structure. Candidates who have won elections can -- can become

If you will remember back in the violent days, a few years ago, in the disruptions and so forth that finally came to a head, and was proposed when the corridors of this Capitol were filled with a mob -- with not only picket signs, but with some rather sizable clubs in their hands, and so forth. And the people that came here on legitimate business couldn't even get into the corridors and we decided that a public building should be accessible to all and not allow one group that can come inside the Capitol and make it impossible for people to conduct their legitimate business here.

Q Besides the bill itself, what do you think about Mr. Simpson? Does he bother you at all? You never told us about what your personal reaction to him walking around with your name on his sign has been.

A No, everybody has got to have a hobby. No, the -- Mr. Simpson --

Q Do you resent it?

A No, Mr. Simpson was here when I came here, and the signs that he carried carried the names of my predecessor and the then Attorney-General. And I knew nothing about it and what it was. Somebody told me that this was a protest at having been incarcerated in one of our mental hospitals at a time when it was legal to do that, and that evidently <sup>it</sup> had been proven when he was -- secured his release that he should not have been committed, and this was a protest. I went into his problem with him, and had him in the office, and had our legal types in to find out, and all that we could say back to him was that he had a civil case. And at that point he informed me he knew that, but he said he'd never been able to get a lawyer to take his case, and I said, "I'm sure you understand then that there isn't anything we can do officially or legally as government in a case of this kind." And he left my office and the next morning he was back at his old stand but he put my name on the sign instead of the previous governor. And it's been there ever since.

Q When was that, Governor?

A What?

Q When was that?

A 1967, the first month I was here.

Q After your debut on the Dean Martin Show, are you considering doing more shows like this?

A No. No, once in a while you get an invitation from an old friend to be on a show, and it just seems like kind of fun and you shouldn't turn it down.

Q Do you really have a brother named Donald?

A No

candidates for other positions and continue to hold the one office until they win or lose the other one. With the appointed positions it just seems to be difference. Traditionally different.

Q From where you stand in the Republican party, do you think that the effort to draft Cap Weinberger is dying down?

A Well, I haven't seen any -- I haven't seen any great movement in it so far. So maybe they -- in their first outings with it maybe they didn't attract the attention of leaders of various groups and the party that they thought they would.

Q One of your former colleagues, Jerry Lewis was asking for General Fund money for Muscular Dystrophy --

A What's that?

Q Jerry Lewis was asking for General Fund money for Muscular Dystrophy Research. How do you feel about that?

A Well, that again -- this again is something we would have to analyze here as to what's the state's position.

Q What's your gut feeling about that?

A What?

Q What's your gut feeling about using tax funds for research?

A Well, where there is -- where they can be helpful in such a tragic illness as that, or many others that we fought, I think government has a place. On the other hand, I think some of those illnesses have organizations that in the private sector have all the money that they can use, and are raising the money that is needed for the research. Just adding more money does not always improve research.

Q Governor, will you sign or veto the bill repealing the Mr. Simpson law?

A The bill --

Q The bill that --

Q Picketing in the Capitol.

ED MEESE: Picket signs in the Capitol.

A Oh. We haven't analyzed that yet.

(Laughter)

VOICE: Thank you, Governor.

GOVERNOR REAGAN: Wait a minute, let me just add one thing and then we will go here. Many times some of you have referred to that anti-picketing bill here as being aimed at the one individual, at him. I happen to have been in -- as all of us in government were, in the inception of that idea in the bill and it didn't come from him at all. It had nothing to do with him.