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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD OCTOBER 4, 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.)

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GOVERNOR REAGAN: Welcome downstairs. Yes, Bob.

Q Governor, Mr. Flournoy said that if the Attorney General rules that the sales tax revenue -- the uncollected sales tax revenue is not to be counted as '73-74 revenue -- revenue, that he will feel compelled to oppose the initiative. What will you do if that is the Attorney General's opinion?

A Well, if that should take place I'll sit down with my legal advisers here and figure out what it is that we want do to. I still believe that our intent is clear. I sent such a letter of intent and -- even so, I think the figures of today reveal that even if that happened it would not be the great calamity. It might make for an austere budget, but it certainly would not reduce to an unacceptable level the present services. But I don't think it is going to happen. And I think our position is very solid and I think today's hearing -- the thing that should be made clear, and that I hope will once and for all, is that it's been proven that under the limitation and under this plan we have adequate money to fund the services that are expected of state government.

Q To pursue that just one point further, Governor, in the discussions upstairs this morning, I don't know if you've been apprised of that at this point, but the Legislative Analyst again says, O. K., assuming the presumptions of the administration are correct insofar as the revenues are concerned, that a projection of current expenditures in the next year -- considering inflation and the other factors that cause them to grow, but the continuation of present levels will still leave 185 -- if I remember the figure correctly --

A 163.

Q \$163 million short.

A All right. Again, I just have to go on the record. Now just up until this morning his figure was \$620 million dollars. Well now suddenly his figure is \$163 million. We said he was wrong on the \$620 million and he was wrong. We say he's wrong on the \$163 million. We say it is going to be about a \$17 million dollars surplus instead of a \$163 million dollar deficit figure. And I would think that some place along the line we would have established enough credit by being right when he's been wrong that someone would begin to suspect that we know what we are doing. He hasn't been right yet. He's been proven wrong every time. He now admits it is not \$620. He now says it is \$163 million.

Q No, sir.

A No, sir, that's not quite true. He doesn't admit that. He's saying if your presumption -- he says your presumptions are wrong and he still says it is \$620 or whatever.

A All right.

Q But if you are right it is still \$163.

A He isn't really saying \$620 because his office notified us the other day that they themselves admitted to a \$253 million dollar mistake, so it is now \$370 instead of \$620. We can play this numbers game again and I don't see why we should get into it. The plain truth of the matter is that under the limitation we can put a limitation on government's unrestrained ability to tax and still meet all of the services and responsibilities of government. And I think frankly that what they would like to have us do is engage in this picking back and forth on numbers of their choosing. First of all, the gentleman has admitted that he's also left out of his reckonings \$460 million dollars of federal revenue sharing that does not have to be considered under the limitation that is available over, on top of the \$550 to \$600 million dollars that we say we have. I'm not going to get into that argument with Mr. Post. Either on his nit-picking figures, because again -- not just on this, but going all the way back he has been wrong in every contest that he's had with us on figures.

Q You mentioned a surplus of, I think \$600 million dollars. What is the surplus?

A Surplus?

Q A couple minutes ago.

A If I used the word, I shouldn't have used that. I meant

money over and above the present spending available for addition to the budget next year. And this is not counting some -- by next year it will be \$460 million dollars in federal revenue sharing.

ED GRAY: I was just going to say that he says it would be \$163 million dollar deficit. The Department of Finance says that he's \$180 million dollars wrong, and that it will actually be a \$17 million dollar surplus.

Q Governor Brown, Secretary of State -- I'm sorry, Secretary of State Brown --

(Laughter)

A And I hope -- I hope you were using two Browns with those titles you gave me.

Q O. K. That gentleman in a statement earlier this week said that your own Finance Department had prepared a report estimating the special election costs at 25.9 million, as compared to your previous estimates in press conferences of six and a half million. Is there any truth to that or not?

A Mr. Brown is as wrong about that as he was about those arrowheads on the banks of the American River. No. Any report out of our -- I think he's referring to a letter in which the Director of Finance was explaining how the others were arriving at that figure. And while they were arriving at it was trying to charge the state up analyzing -- he was analyzing the position of local government and their position is that if everybody declares a holiday on November 6 for all the local employees in the state that they then want to charge the state for the salaries of those employees on holiday. Number one, we do not believe that that comes within the law, but number two, we believe that legally the local government entities have the power to not grant that holiday if they choose not to.

Q Governor, ^{with} the blue pencil availability on budgets of the Governor, why do you need this limitation?

A I've heard that question before. I've heard that it's been asked this morning in the hearing also. That why, if a Governor can veto and blue pencil, why do we need any limitation, isn't that enough. And the strange thing is that the man -- not you, the man who's making the most of that question has been a leader in the legislature in sending down to my desk billions of dollars in legislation and legislative inspired appropriations that I have vetoed.

And he has lead the attempt to override those vetoes and sometimes has come close. The reason we need this limitation is not the fact that the budget is now 9.3 billion dollars in spite of all our proven economies and the fact that I have vetoed almost two and a half billion dollars in added spending -- spending added by the legislature, but that the budget without cut, squeeze and trim and vetoes would be in excess of 12 billion dollars. Now I -- since the gentleman aspires to sit in my seat some day, is he suggesting to us that then he would suddenly change his feathers and he would -- he would begin vetoing instead of passing all of these spending measures? He knows as well as I do that in the interchange, in the checks and balances of the Executive and the Legislative branch that you cannot totally veto everything that comes down. In these 756 bills that they sent down to us in the last 48 hours, going through these bills I have vetoed \$253 million dollars in additional spending that would have been added to the present budget, and which would have become \$353 million dollars by next year.

Now, again, he definitely had a leadership hand in sending that spending down to my desk. But at the same time, as I say, in this interchange that takes place, in our systems of checks and balances, I have signed \$77 billion dollars -- million dollars worth of additional spending.

Q Why didn't you veto the budget down to the 7 per cent level that you wanted the expenditures held?

A Well, because to do this just on the basis of choosing spending that you can veto out is to try and achieve in one year what we are counting on 15 years to do.

Q Well, you didn't take 7 years to get down there, have you?

A What?

Q Have you taken 7 years to try to get down to the level that you would like expenditures held?

A No, I have spent 7 years here in keeping the budget from being in excess of 12 billion dollars.

Q Governor, do you think it is fair for you to be painting a picture, what you seem to be doing, of the legislature is a spend-thrift organization and you are not? I mean is that -- is that fair to do?

A I think it is definitely fair. I think it is fair under the these circumstances, that the philosophical difference that has been

between us for these last several years, just happens to be one in which there is a belief on the other side in government taking more money. They have used as substantiation for their position now such economists as Galbraith, who has said that the public sector should take more money from the private sector because the private sector does not spend this money wisely, and only government can buy for the people the things they won't buy for themselves. And I happen to have come into office with a different philosophy. I've had a different philosophy for a number of years, and I've made no secret of it. I set out from the first, and promised the people, even when we had to have that giant tax increase, I said I consider this tax increase temporarily and as quickly as we can begin to make government more efficient, we are going to try to return this to the people and the funny thing is we have. Actually, up until now, in cuts of various kinds, in rebates of various kind, we have given back to the people over a billion dollars. And that's not counting the present giant surplus. When we first began to show a surplus we began giving it back to the people. A ten per cent rebate; a 20 per cent rebate; the cutting down of the inventory tax; the cuts in bridge tolls, 11 times that they have been cut; the cut in licensing fees for many of the self-regulating industries and professions; the giving of additional breaks to senior citizens in property tax; the cutting of the tax to give a double credit to renters, long before Senate -- that was before Senate Bill 90. All of these things are attempts to get back to where we were before the 1967 tax increase. And it's keeping a promise, but I think it is safe to say that yes, when the legislature has sent me in all but one -- in every one but one budget they have sent me back those budgets with a billion dollars added to it in spending, and I have blue-pencilled a billion dollars out. But we proved to ourselves over the years -- the reason I never asked for such a thing as this at first, never thought of it, didn't think of it this time, a task force did -- was we believed honestly that we could by cutting and making government more efficient -- that we could eventually get government down and reduce the percentage of the people's earnings that was being taken in taxes. And we finally had to come to the conclusion it won't work that way. So we turned to a task force and they turned to some of the greatest economists in the country, scores of them, not just four or five of a particular

viewpoint -- and these economists came up with this proposal and said that the only solution they believed -- not only here, they are talking about the tax structure nationwide -- of the whole country, including local government, they said the only way that we are ever going to lick this problem, cure inflation and keep from having a great big economic disaster, is to reduce the percentage of the people's earnings. Now, a lot of the confusion -- let me continue the lecture here. A lot of the confusion is because somehow, very frankly, in the telling of this story we have been unable or you've been unable or unwilling to -- make it plain that we are not talking about reducing dollars that government has to spend. Government's going to have more dollars every year. We are aiming at reducing the share -- the percentage of the people's earnings that government takes. And doing it in such a way as to not disrupt government to not suddenly have to curtail services and cut back on things that government should be doing, but to take advantage of the fact that every year the people's earnings increase at a rate of about seven and a half per cent a year. And that if we can keep government's increase within that framework so that it isn't increasing faster, but for twenty years the -- the state government has been increasing ten per cent a year. This is what we are trying to cure. We don't mind government going up. That percentage each year, that reflects the increase in -- in the total earnings of the State of California.

Q Well, Governor, do you -- do you have any figures on what the percentage of the State's share of taxes has increased during your seven years compared with the increase in earnings?

A It has increased. It had to increase.

Q I mean by what percentage?

A Actually I think that the percentage of taxation when I became Governor was less than what we want to achieve in 15 years. But that is not quite telling the whole story, if you stop there. If you take in what was state government's spending when I first became governor, it was higher than the tax base. That was the problem. They had finagled the books. And as I have said many times, and you know I have reported this, they were spending more than government was taking in. And they had stalled off the necessary tax increase until after the election. And so we were the ones that had to put it into effect.

Q But you say that over the long run the state's take has been increasing more than personal income. What has it been during your administration?

A About the same. Same average. As I say, for about twenty years, including ours.

Q It's been ten per cent a year?

A Yes. Yes, now part of that -- I've got to be honest and say part of this -- this should be recognized, is that one of the things that Mr. Moretti says is his greatest achievement as a legislature -- legislator, Senate Bill 90, the property tax reform bill. We did that deliberately knowing that we would be increasing the state budget by a billion dollars because that was a plain case in which we lowered the tax burden of the people in one place and transferred that tax to a broad-based state tax. So what it -- had formerly shown up in local budgets and tax figures now was transferred to the state.

Q That's true of all the other -- the tax rebates and property tax refunds.

A Not all the rebates, no. No, when we gave back the ten per cent and the 20 per cent, when we gave back and reduced license fees, when we cut tolls over -- that is a cut.

Q -- would show up in a budget.

A No, when we gave the renter relief, that is on our -- that's out of our income tax.

Q Governor, I've got two questions. One is, I may have misheard you, but you said two and a half billion dollars in vetoes that you've --

A Vetoes and blue-pencillings.

Q And then later you said a billion dollars. Is it a billion of blue pencils?

A Well, a billion -- it works out, as I understand it, from the figures, roughly I blue-pencilled about a billion out of budgets and I vetoed about a billion three out of legislation.

Q O. K. The second question is, you said we ^(media) may be unwilling to report accurately your initiative. Do you have any real complaints with the coverage of this and if you do, would you elaborate.

A No, maybe I shouldn't have said that. I -- I get a little irked at times by the manner of campaigning against this particular program. And I'll apologize, I shouldn't have said that to you. Let me just say we have been unable to get through our message to

the people that we are not seeking to reduce in dollar amounts the budgets that California will have in the future, having the budgets go down from the present locale. We admit frankly the budgets are going to continue to go up. Every year is going to be a record budget. We are simply seeking to reduce the percentage of your earnings that we take in taxation.

Q Why do you -- you haven't been able to get the point across --

A What?

Q Why do you suppose you haven't been able to get the point across?

A I would love to have the counsel and advice of any of you gentlemen who deal with the communications media to tell us how we can --

Q Governor, instead of answering all these questions here, why don't you debate the ^(tax) issue?

A What?

Q Why don't you debate any of the members of the other side?

A Because I don't think that would bear any fruit. A legitimate debate on this -- you don't have to debate someone face to face in this. You appear before the same forums, they have appeared before ours. Even last week they stacked a few people in our audience. I have done question and answer with audiences to state what this problem situation does. Now what would happen in a debate? They would make their same charges, just as Mr. Post has done this morning before the committee. And they'd say, "Tain't so." Well, the audience would be left choosing, well, who are you going to believe, which is the same position they are in now. I claim, however, that we do have figures to substantiate our claims and projections. What I would like to ask the other side is will they tell us that 45 cents out of the dollar is -- do they think that is too much or not too much for government to take? And if they don't think it is too much, will they tell us at what point it will become too much; at what point will they decide that government's ability to tax must be limited. And if so, will they then tell us how would they go about that. Other than the way that we are choosing to go

Q Why don't you ask them that?

A I have repeatedly.

Q Governor, the \$600 million dollars figure that came out today, Mr. Orr tells us this morning, rests on three assumptions. Now those three assumptions are debated and rebuttal perhaps, and so far your administration doesn't even have an Attorney General's opinion to say that your assumptions would hold. Now the question is, doesn't that require a -- quite an act of faith on the part of a ^{yes} voter?

A Well, no, since the yes voter is not giving any power away. He holds the power within his own hands. The voters can vote any time they want to, to spend money over and above the limit for anything that they think is desirable.

Q I'm sorry, the point is, suppose those three assumptions ultimately fall. A voter --

A I don't know just what three assumptions he made in there. I know that we --

Q It deals with revenue base. Vern Orr --

A All right, he deals with the revenue base. Now, first of all, we think we are on very solid ground. Our own legal advisers think we are on very solid ground. First of all, we are the proponents and we use the tax base income and sales to return 720 million dollars in surplus. Now we put into the initiative that the rebating by way of the income tax cannot be considered an erosion of the revenue base. The only -- and Bob, you wrote this in an article the other day, and I wanted to look forward to meeting you to say that you found the -- why did we not put into the initiative the same provision about the sales tax, using the sales tax. But we couldn't. Because we were doing that at a time when the sales tax was slated to go up on July 1. We are talking about a November 6 election, and that's why the sales tax rebate portion had to be passed by the legislature. If we were going to try to delay its imposition on July 1. And so we couldn't put it on the initiative. But we wrote the letter of intent just as we put this in the initiative, we considered that the use of the sales tax was no different than the income tax. And we think that this is so logical, so right, and that the proponents having expressed their intent that this is normally what is taken. Now, let me point something else out. The legislature could resolve this issue at any time they wanted to. The legislature could make one -- pass one simple bill that would take this out of the area of argument

and there would no longer be any controversy except that they evidently want to use this as a weapon against the passage of the initiative. And yet if the initiative passed and they thought that there was going to be an erosion of the revenue base, they'd be the first ones then to want to put that revenue base back where it was.

Now the simple change, all they have to do is pass a piece of legislation and say that the sales tax penny that we are replacing is the local government's share, of the sales tax. Their penny. And they have that power any time they want to. But this has become for them a weapon to try and confuse the people into voting against this initiative.

Q Governor, you said your legal advisers support your position on the revenue base. Have you sought an opinion from the Attorney General's office?

A Informally. We spoke to the Attorney General. He's -- you know, the Attorney General -- others -- like the legislature asked for a legal opinion and we spoke to him because -- the Attorney General is the Governor's lawyer. And we spoke to him about this. We knew that he was going forward on this and studying it. We didn't formalize it. We had spoken to our lawyer and he was looking into it. Then the other two requests were made, formal requests, there was no need for us to -- to addours to it. We had already spoken and said we need to know --

Q And what did they tell you?

A What?

Q What did they tell you?

A They are working on it. We are going to have an answer in about a week. By the 12th.

ED MEESE: You know lawyers, they are not very quick.

Q Governor, you have said --

Q Governor, aren't you going to be in trouble trying to get a yes vote when there is so much confusion over this blame thing?

A Well, Square, the plain truth of the matter is the fellows upstairs who are against this made it plain at the beginning that this is what they were going to do. They said, if we can confuse the people enough they will stay away from the polls or vote no. And this is what they are trying to do. And this is why I'm not going to get into that number picking game with Allen Post. I think Allen Post's testimony and that of some of his staff in several of the

committee meetings -- put down verbatim and analyzed reveals, frankly, they don't know what they are talking about.

Q Can we go on to another subject, Governor?

A Wait a minute, we have a visitor in here.

Q As someone from out of state, this is a little confusing, but did you say earlier that the task force that worked out the ^(task) plan had been gathered from all around the country?

A Yes.

Q And that the same formula that you believe will work in California ought to work in other states, ought to be applicable nationwide?

A Although I'm not sure that every state requires -- there are some states that have -- are very low taxing and the difference between how much they support their local governments -- no two states are the same. Your big industrial states, like California and New York and so forth, have a pattern developed where much of their taxing or tax revenues are returned or redistributed to the cities and the counties in their state. In our state it is two-thirds of our budget goes back to local government, and our state also happens to be one of the highest tax paying states. The Economic Council in Washington has said that last year the total share of government was -- of the people's dollar was 43 and a half cents. Now that's the national average. But because some of those states are lower, when you come to California it is a little higher than that, it is 44.7, and so I would not -- some states may not need this. I know that a number of states are making inquiry of us. Some states have put this on the agenda for constitutional revision conventions they are holding. One state has ordered its legislature to -- committee of the legislature to come here and study this for their problems. But when I say nationwide, certainly you wouldn't pick out some -- let's say more or less rural state that has not burdened its people this much.

Q Are there states that would not need it?

A There could --

Q Would not benefit by it?

A I'd -- I wouldn't be -- I wouldn't want to be in a position of making a blanket indictment that all 50 states are -- are taxing to the excess that I think we are.

Q I see. Thank you.

Q Governor, before I go on to another subject I'd like to answer a question. You wanted to know why you can't get your ^(tax) story across.

A Yup.

Q Well I tell you why, frankly, maybe it is very important, but it is also a very dull story to most people. They won't go beyond one paragraph in a newspaper, beyond one minute on a radio or three minutes on television. O. K., now can I ask my question?

A Yeah.

Q I mean do you agree? It is ~~is~~ most people don't care.

A Well, the only thing that I think is exciting about it is that for the first time in history we have actually promised the people something that can begin instantly, begin a series of tax reductions. You know, you won't wait 15 years for the tax reduction. For example, if this is voted in the first year probably the -- the seven and a half per cent income tax cut will take care of that first reduction, but by the second year you are accumulating another surplus. Each year a surplus is accumulated which cannot be spent in any way except giving it back to the people. Now, we know that in five years those would total enough for a full one cent cut in the sales tax or 25 per cent cut in the income tax. But you don't have to wait five years. As you accumulate -- after this first year some surplus, you can then project and say, cut the sales tax a half a cent. In about two years -- and in another two years you can go the other half, and you've got the cent. You can keep on going because in ten years under this limitation you can cut the sales tax by two cents or cut the income tax 60 per cent. If you wanted to use the sales tax, you could keep on going and about every two years you could have another half cent cut in the sales tax as you go on down through the 15. At the end of the time you would have had a total cut in the tax burden, not the income tax, not just the sales tax, in the total burden of taxation, you would have had -- you will have achieved about a 20 per cent reduction.

Q Can I ask my question now? That was my statement. Do you think the gasoline dealers in California should be given an ~~increase~~ increase in their gasoline price?

A I've been so busy trying to give the people a decrease I haven't paid as much attention to that as I should. I think that

we are going to have to face the day very quickly when we let the market settle that. I think the -- the inflation problem in the --

Q But the market didn't settle the wholesale price.

A What?

Q The market did not settle the wholesale price.

A Well, I haven't followed, as I say, all the details of this, what the controversy is about, but I just don't think you can ask any level of business to sell a product and take a loss.

Q That's what the government is asking.

A Well, you perhaps know more about it. This seems to be what they are protesting and, as I say, I haven't -- I haven't had time to be reading on this.

Q Governor, on another subject. Can you explain why you signed the Moscone conflict of interest bill, disclosure act, when you yourself have refused to disclose your own financial statement?

A Oh, no, he did what I have always believed is a proper kind of disclosure act. He did not -- he did not pass a bill that said that everyone has to lay out his entire record and everything that he owns and possessed to government. He only said that above certain amounts you had to state if you had above that amount in anything that might constitute a conflict of interest. And I have always agreed with that. I've always said that should be the kind of disclosure law. Whatever you set the figure at. If you think that someone owning more than \$10,000 of a certain business or -- or tax would constitute a conflict of interest, then you have to state that you have more than that amount, if you have it.

You don't have to state how much more, you just say, "I have more than that amount." Then decision can be made as to whether you should be prevented from participating in any decisions affecting that business. No, I was -- I was satisfied with the terms of this.

Q And regarding your own -- can you explain your own refusal to issue a more detailed statement on that?

A Because I still don't agree with the setting the precedent that any segment of our society has to come in and do what we fought a Revolution for. As you all have a right to be safe in your books and records, which is what the Declaration of Independent was all about. And I don't see any conflict in this kind of a -- in

this kind of a measure. But previously they were demanding such statements as total statements of everything that you owned and I thought, and I still think, it would drive a great many men out of government. We have seen in Washington where the -- the State of Washington, where they had a man, when such a thing was passed up there, that this man had been giving at a dollar a year his services to government for a long time as a kind of a civic contribution. And faced with this disclosure he said, "I'm a business man, I won't do it. And so they are going to have to get someone else. And I bet they don't get someone as clever.

Q Governor, according to the Board of Pharmacy, you vetoed a bill carried by Assemblyman Ingals that would have transferred the possibility for a two-year old drug surveillance program from the board to the Bureau of Narcotics Enforcement.

A Yeah.

Q The Executive Secretary of the board said he figures that perhaps there was some mixup there in the last flurry of signing and vetoing legislation and figured you may have made a mistake. Have you heard from them or --

A No, we don't, and he's right, there is a possibility of that. This problem of ^{what} the two-year session was supposed to cure has not been cured. They handed down 756 bills in 48 hours. This particular measure, the program -- this control measure has just started and even though the board itself was willing to relinquish this and advocated changing it over, we felt that where it has just started we would keep it at least until we can see how it is working and what's going to happen in the Pharmacy Board instead of transferring it to the Justice Department.

Q Governor, along those lines. Are there bills that you vetoed this time around that you perhaps may not have had you had further time to study them? And if so, could you name one?

A You -- let me -- you can't pick them out, but let me just say you live with that under such a thing as we have been through. No, once upon a time -- we always had the big rush of bills, we had 30 days. Suddenly, under their changes of rules, it was to eliminate the rush of bills, we had the rush of bills and only 12 days in which to study them and you found yourself in the past -- let me just give you an example. In the past you'd come to some bills sometimes and the whole -- the staff, the department heads, the cabinet, were all their in meetings on these various bills -- and

and they are not easy, in many of them you can find right and wrong in all of them, and you -- it is a large gray area. And many times we would have the leisure to say after we debated if we weren't satisfied with the outcome of the debate -- say let's put this one aside, let's come back to this again Tuesday and we'd go on with other bills. And sometimes you'd find that your mind had changed from leaning toward sign or veto the other way. We didn't have that luxury this time. So yes, I think all of us live with the thought not only of veto, but of sign. Did we sign bills that if we had had a longer time we might not have signed? We did our best. I can't think of anything right now that I would say to you we made a mistake on that one. But as I say, it is just a fear that you live with. When you are handed that kind of -- and the fact that those 756 bills were not getting any consideration on the floor. You didn't have hearings and debate to refer to, as part of the evidence on them. When you had the situation of a legislator walking up and down the corridors trying to solicit votes for his bill, and he had to tell him his bill had already been passed two hours before, you have an indication there was a little confusion going on up there.

Q Governor, you've been relatively vigorous in supporting Vice-President Agnew in his time of troubles. Do you think that the President could be more vigorous in his support of Mr. Agnew, as some Republicans apparently feel?

A Well, no, I thought -- I think we have both been about the same. I have just repeatedly said I have always known him, thought of him as a man of integrity and honor, and have simply said, as the President did, he'd been accused -- nothing but accused, and he certainly has the right to -- the presumption of innocence until proven guilty.

Q Governor, back on the initiative. Do you think if it passes it will diminish legislative discretion as far as spending goes?

A No. We have taken none of the legislative prerogative away from them. We have put into the Constitution something that I think is inherently written, the spirit of the constitution. And I think the only reason it was overlooked was because many years ago it was not a problem, taxation, in this little beginning country of ours. And up until just -- relatively the last few years it becomes so burdensome that it became an economic factor

in our whole enterpr se : system. The thing (whether a government can take virtually half of the people's earnings. And what we have said in the constitution is just as the constitution gives us the right to tell government it cannot confiscate our property without due process of law, that we are saying part of that property is the fruit of our toil. And that we demand a right above a certain level to say that government must get our permission for the spending of that money. That -- with all the confusion that very simply is all this is. And that's what could have been on the ballots if we could have depended on the legislature to impæment it. We had indicates that they wouldn't. So we had to put it into the complicated language of making it a full constitutional amendment, closing all the loopholes, plugging all the places where one might try in the future to get around it. The legislature has the ability to change the tax structure, to make the tax structure fall more heavily on one segment of society than the other if it chose, to close anything they find may be a loophole so long as the level of taxes do not go above that limitation, and the legislature has lost nothing. We have to one extent we have limited them, and yet it is within keeping of present legislative customs. Having done this we said that we felt that it should require a two-thirds majority vote for all taxes instead of just part of the tax burden. And to whatever extent this may limit them, but that is in keeping with the fact that they now require themselves a two-thirds vote to appropriate money. They require a two-thirds vote to pass the budget. So we have said it will take two-thirds vote to change the tax.

SQUIRE: Any more questions?

Q Yes, Governor, The unlimited power to tax and spend is a -- is sort of a fundamental legislative prerogative. Some people say that's what we fought the Revolution for or the Revolution was fought for.

(Laughter)

A No, it would seem to me if you -- if you look at it, we fought the Revolution, which was a philosophical revolution, not the usual kind of throw the rascals out -- we fought a Revolution that for the first time in history really said that the people are the source of all governmental power and that government can have no power except that power granted by the people. And down through

the years we have amended the constitution a great many times, when we found areas in which we thought that the people needed to reassert this right and to make a decision. That's why we have provision in our law for changing the constitution. It isn't that we are doing some horrendous thing that has never been done. The legislature puts constitutional initiatives on the ballot all the time, and in this instance we are simply returning to the people the right to say there is a limit above which you cannot go without our permission in taxing us, and we are saying that because the -- now we have reached a point of real critical danger. We have reached a point where government is taxing at a level that no government has ever been able to survive.

SQUIRE: Any more questions?

Q Government survived at higher levels of taxation in Europe.

A Not very long. Governments that have reached the history -- if you go back -- we will go through history, and I was -- at the present, because I don't know how long it will last -- if you go back through history you will find that about 25 per cent of people's earnings taxing governments had begun to crumble, and by the time they reached a third they have collapsed, and the society -- the civilizations they represent have disappeared.

Q To carry the revolutionary theory one step forward, are you saying the people are being taxed without representation?

A No. They elect the representatives. I am saying that this -- we have got to decide something now, whether we really believe in government by the people. We have got to decide whether we believe that we can entrust to government unlimited power in any number of fields and in particular this one, or whether we will remind ourselves that government can do only those things which we permit it to do, and it cannot do anything that we have not specifically allowed it to do. The constitution spells out that everything that is not granted to government remains in the hands of the people.

Q Governor, you deleted \$60,000 from the new judgeship bill.

A What?

Q The new judgeship bill in Shasta County, the Superior Court. Would that be the policy of your administration for any new future judgeships, to not support the county in -- you know, they are having SB 90 problems.

A I'm going to have to ask for help because this is one I'm trying to remember the situation with regard to.

ED MEESE: It didn't delete \$60,000. It deleted \$53,000 out of \$60,000 that was appropriated on the basis that new judge-ships when they are approved by the local Grand Jury and the local Board of Supervisors are not an increased level of service or a new program under SB 90, but are merely a work load increase. On that basis we left in the bill the regular appropriate for status historically made for judges.

Q Governor, Mrs. Helen Bentley, Chairman of the Federal Maritime Commission has criticized you for not appointing any women to policy-making positions during your seven years in office.

What is your response to that?

A Well, have you met the young lady that is the head of our Rehabilitation Services? I think we have -- I don't think Miss Bentley -- perhaps if she'd come in here and I'd be very happy to have Ned Hutchinson provide her with a list of what we have done. When we came into government we were surprised at the lack of minority distribution, not only where women are concerned, but with regard to ethnic and racial groups. Again, among our employees. And we set out to rectify this and we have made quite significant gains. And we made them under one great difficulty. It wouldn't have been so hard to even this up if we were still hiring an additional 5500 employees a year, as has been going on for the previous several years. We set out to hold the line. So we rectified these imbalances and raised the percentage at the same time that we have held the total number of employees virtually even with what we had seven years ago. And this does curtail some of the things you want to do. But I think you will find that we have made a great many appointments -- she would find a great many appointments, not only in our staff, but here in various departments of government. And another thing that she perhaps doesn't understand is that California has a commission form of government. We have a great many commissions and she would find that there is a pretty sizable sprinkling of the fair sex among those commissions, but I think that the answer to that is to have Ned Hutchinson send her a letter.

Q Has there been one department head or one cabinet member?

A We don't have a woman cabinet member, but we also reduced the cabinet from 8 to 4,

Q In the department you have about 40 department heads.

Department Directors.

A Well, I know we have the one, this young lady --

ED MEESE: Deputy Director.

A She is Chief Deputy Director of Rehabilitation.

Q Governor, on another subject, Los Angeles gas dealers are closing tonight, apparently for three days. Now you are certainly familiar with the problem in Los Angeles, where you live by vehicle. Bearing in mind what Bernice asked you earlier, what is your reaction to this technique used by dealers in closing down, especially in a community like Los Angeles?

A Well, I hesitate to answer because, as I say, in these last few days which I've been commuting back and forth, I haven't even had time to keep up with Peanuts. I -- I just -- I'm not familiar enough with where the argument lies now. And so I answered in the broad sense here. I still believe in a marketplace and believe that no one should be asked to sell something at a loss.

Q There are a couple of cameras rolling there in the back, Governor.

A All right.

Q Governor, about a week and a half ago, after you signed the death penalty bill, you told a group of high school students right here in the room, I believe, you thought this might be a time to bend our thoughts to more humane means of executing people. Is that just an idle comment or do you intend to pursue that thing? If so, how do you perceive the best way to do it is?

A It was somewhere in between. It wasn't--as those of you who were in the room know, we were having kind of a philosophical discussion. The young people were disturbed, as I was, at their age -- I was against capital punishment -- what this reinstatement was, the rights and was it a deterrent and so forth. And in a general discussion I told them -- I recalled the history from capital punishment, and from the time that man finally outgrew torturing other men history indicated that efforts in every civilization had been made to make the manner of execution more humane. And I -- I simply voiced the idea that we shouldn't think that that has ended. That the world has moved on in many ways, and that it has been believed that the most instantaneous death possible has been either the electric chair or the gas chamber, and that is what we mean by humane. Instantaneous as nearly as possible.

And I said perhaps we should persist and carry on now that further study. Now I remarked this to our own people. I didn't demand or set up a task force to study it. I said is this something -- isn't there something that we perhaps should look at, and see is there a better way. Had we moved on to where there is a better way than the gas chamber.

Q Is anybody looking at that now formally?

A I think so, yes.

Q Who?

A Well, I would think Dr. Brian, some place in the Department of Corrections.

Q Governor, now that the legislative year is over could you single out the most -- the greatest legislative victory for you this year and also the greatest disappointment as far as your administration is concerned?

A Well, I was disappointed that the legislature wouldn't be broad-minded enough to put this initiative on the ballot as they could have without making us go to the -- to the petition signing way. Because it didn't mean they had to agree with it. They could still oppose it and fight it. I've signed a number of things that they have sent down to me to go on the ballot that I later campaigned against, but I said I recognize the right of the people to vote on this. So I will make it possible. I'll sign it and make it possible. The greatest -- greatest break I can think of, just offhand, in legislation, was the fact that they finally decided that they could suspend the sales tax one penny for six months and give back \$400 million dollars in income tax rebate. That we didn't spend \$720, we are giving it back to the people.

SQUIRE: Thank you, Governor.

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10/16

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD OCTOBER 16, 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.)

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GOVERNOR REAGAN: Good morning. We have some visitors with us here, the University of California Berkeley journalism class, and instructors, Stanley Sesser (phonetics) and Richard Reinhardt. Happy to have you here. Everybody now be on your guard. I have today -- I have an opening statement, I have a letter that I would like to read to you.

(Whereupon Governor Reagan read press release No. 537.)

Q Governor, how is the businessman who receives your letter to determine whether there's been a violation of law? (*Proposition 1*)

A We are asking our commissions -- this letter of ours is going to our commissions, and our superintendents of banking.

Q Wouldn't that be a subject for the Attorney General?

A Well, then maybe we will take it to the Attorney General if they determine this.

Q You say "further attempts to utilize corrupt practices and intimidation. Are you therefore -- their further attempts, now what does that mean? Are you directly accusing someone of corrupt practices and intimidation? Or just to investigate?

A Where are you?

Q Your last sentence.

A Well, I'm telling ours that we want this investigated, whether this is true, and we want any further dissemination of false information by the Assembly leadership, any further attempts to utilize corrupt practices and intimidation can be prevented if they should be ruled that they are corrupt practices. Certainly they are intimidation. They have been so labeled by the recipients of the letters.

Q You also say that the spurious reasoning of the legislative analyst has now been shown to be incorrect. Do you -- does that

mean you have the Attorney General's opinion on whether the state revenue --

A We are talking about the testimony by the Finance Director. And again I rely on our -- on our figures.

Q Well, there is still a difference of agreement. But how has one person been shown to be correct and the other not correct so far?

A Well, Bob, I think that it is very apparent. We, as the proponents, of the ^(Prop. 1) measure, have stated what we intend the base of revenue to be. It is our proposal. Our measure. And we have stated what is the revenue base that is to be used in computing the reductions in taxes over the coming years, for government spending. And we have given the figures that refute his figures that we are going to have to cut spending \$620 million dollars, and have stated that we are going ahead with budgeting to -- based on the potential of raising the budget as much as \$600 million dollars, in the coming year.

Q Governor, in spite of of what you state to be the revenue base, isn't the revenue base ultimately up to the -- the commission on economic estimates, whatever it is?

A Yes, I think --

MR. ORR: It could well be, that may be one of the things that the Attorney General will rule. .

A Yes.

Q Governor, do you have any firm basis to believe that there might have been a violation of the law by the person who wrote this letter?

A We wouldn't have sent this letter if we didn't believe --

Q Can you state what your basis --

A What?

Q Could you state what your basis is for that belief?

A The basis; to pick out of the clear air and send to these specific organizations a letter that suggest to them that if this measure passes on the ballot the legislature might find it necessary to cut the budget for all the regulations -- state regulations of their particular industries, and thus further indicating that this would then leave such regulation in the hands of the federal government in Washington, which I'm quite sure none of these particular industries would enjoy or look forward to.

Q I don't understand what state law has been violated.

ED MEESE: There's several code sections, Governor.

I'll be glad to talk with anybody after who wants to get the exact provisions.

A See my lawyer.

Q Well, Governor, you are making the statement, do you know what laws are being violated?

A Yes, I've been told about them, but I think rather than to enumerate -- I can't enumerate them off the top of my head right here, but the code numbers and the numbers can be given to you.

Q Governor, why didn't you go right to the Attorney General if you believe the law has been violated?

A Because we are turning this over to the proper agencies to find out first of all how many of these letters were sent to what all financial institutions. How widespread was the mailing.

Q Governor, when you send these letters -- I presume your own regulatory agencies in determining how many businesses have received this kind of information, would they not in turn be sending a letter of their own and would not those letters presumably -- conceivably be considered campaigning on the other side of the issue?

A I don't think it is campaigning. We are trying to find out how many have received these. What's campaigning. I don't think ^{they} ~~we~~ are going to put a pamphlet in their letter that extols Proposition 1.

Q Wouldn't you be surprised if they didn't explain that the first letter was inaccurate and wrong?

A I don't know how they are going to go about it. They might even pick up the telephone and call.

Q Speaking of which, what's the difference between an Assembly committee doing this and the Governor or the Committee telling people that their taxes are going to be raised if Proposition 1 does not pass? I mean I don't quite see the ethical difference here.

A Well, I think there is a very great ethical difference. Those who are opposing this and saying that Proposition 1 is unnecessary are the same ones who would have had a budget in excess of \$12 billion dollars now had it not been for the governor's vetoes. As a matter of fact, those same individuals sent down to my desk \$253 million dollars in spending which would have necessitated an immediate tax increase had I not vetoed them just within the last few weeks.

Q Yes, but that -- Governor, isn't that difference in political philosophy, which is certainly an acceptable -- rather than a --

A But he's suggesting --

Q -- criminal law --

A He's suggesting that in some way it is false or dishonest of me to suggest that there can be tax increases if we do not have some form of limitation, when the historic pattern going all the way back reveals that there will and have been and there are continuing efforts now to increase spending to the point that tax increases would be necessary. I think I'm stating a fact.

Q Agreed. I don't think anybody could argue with the fact that taxes have gone up and perhaps will continue to go up, but isn't -- aren't there two valid political positions or philosophical positions or whatever you want to call them, on an issue such as this?

A Oh, Tom.

Q There are those people who like it and those people who don't. And if they don't like it and campaign against it are they necessarily --

A No, Tom, you just made my case. I would have no objection -- I'd argue with them, but I'd have no objection if our opponents would meet us out in the open on what is their basic philosophical disagreement with Proposition 1. And basically their disagreement is they don't think taxes are too high, they don't intend to hold taxes down. They want more taxes for more government spending. And this, in private discussions, they have openly admitted. But when they speak to the public they say, "Oh, we are against high taxes, too, but we don't think this will work." The real reason they are against Proposition 1 is they know it will work.

Q Governor, yesterday you finally agreed to have a semi-debate with the Speaker and today you are attacking the obscure Assembly committee chairman. Are you panicky on the prospects of Proposition 1?

A No. If you were referring to the -- to the fact that the Speaker and I are going to appear on the Advocates program the end of this month, no, I know that program. I'm familiar with it. I not only have seen it a number of occasions, I've been on it before. And when it was brought to our attention -- as a matter of fact, they came to us and said they wanted to do an Advocates

program on Proposition 1, which surprised me somewhat because Advocates is a nationwide program, and asked if I would be one of the four witnesses. Knowing the format I said yes, and at that time I -- I said, "Have you thought about the other witnesses?" "And could I suggest the Speaker of the Assembly," because knowing the format I was perfectly willing to be on this program, in fact look forward to being on with him, and they told me they had already thought of that and were inviting him. And I accepted on that basis. Because the format, contrary to what I think they had in mind as a debate -- the format of the Advocates permits questioning and cross-examination of the four witnesses within a framework in which I think facts can be brought out which wouldn't just be brought out with a dual presentation of -- our case for and the case that so far they have made public against.

Q In other words you won't go out further, for example, on a debate where you and Speaker and say a panel of newsmen asked some questions? You don't consider that an open debate like you just said?

A I told you, I've never closed the door on such formats here and I don't know what the committee is -- is talking about in that regard. I'll review each one of them when it is presented. My objection up until now was I was not going to help get audience for those who were simply going to go and give the same attempted confusion that has characterized the campaign so far; the same charges of -- and predictions of what they say might happen if this Proposition passes instead of dealing factually with what is in the program. And so I'll deal with each one. I thought the Advocates gave us a very good chance for that kind of an exchange.

Q Governor, part of the campaign in behalf of Proposition 1 has been that by placing a limit on revenues and expenditures it will cause the government in the future to -- the legislature and the governor, to reassess priorities and re-adjust priorities, perhaps as this thing gradually winds down over the years. What do you see at this time -- I think some of the voters would probably like to know -- what do you see as a possible reassessment of priority? How -- what do you think should be reassessed as far as priorities in spending are concerned?

A Well, Tom, I think to get into those specifics -- I wouldn't know or wouldn't be able to predict. But what I can say

is that I think what we are talking about is to base every spending proposal on the idea of its worth to the people. Is it worth the cost and if it is one that necessitates going above that limitation in taxes, then the people would have to be asked with regard to their approval or disapproval of it, as against the pattern that is developed of log rolling. In other words, the priorities are not chosen today. If you have got two spending measures here, the whole legislative process has evolved in the "you scratch my back and I'll scratch yours" and we will have both spending measures, and this is how government has grown without any attempt to assess, are they really necessary. And are they of benefit to the state as a whole or to all of the people.

Q Let me put it this way, do you think that the spending program that exists today -- that the priorities are just accurate and the way they should be, or do you think they should be readjusted somewhat?

A Well, I think they are due to cut, squeeze and trim down through the years. I think they are closer to that than at any time I can recall in California. But I'm not going to tell you that it is all perfect. There are undoubtedly programs that are still maintained on the basis of -- of just political realities and political power. I'm never going to be satisfied that no matter how much cut and squeeze and trim we do ^{till} ~~is~~ all of the fat is necessarily out of the things we are doing. There are two ways that you reduce spending. One of them is to totally eliminate programs as being unnecessary or not worth the price, and the other one is to say, well, we are satisfied with the programs but we believe they can be run more efficiently and more economically. That is basically what we have been doing over these -- these many years. I would think that in the years ahead, in establishing priorities, they not only would compare new spending proposals to each other, but I would think that the legislature would be far more in keeping with what a legislature should do. The representative government would be strengthened in that they would find themselves reviewing programs that are presently in effect. Things that have been adopted in the past, and weighing them against probably new ideas of spending and saying, is this worth continuing? Are we getting the benefit? It would subject them to a cost analysis that -- I think would be

beneficial to the people.

Q Governor, by your own figures your proposal will cut \$18 billion dollars a year out of a future budget. Now, with a cut of that magnitude you must have some vague idea of what areas you want to trim down on.

A No, and this is the thing that the opposition ignores, and that I'm afraid too many people are ignoring. There is a fail safe system built into Proposition 1, that government cannot fall below the present level of government services adjusted upward for growth and inflation. Now, this does not mean that a legislature will continue to say everything we are now doing just be done at this present level. They may very well determine that some program is no longer needed. But that money is then available under this program for spreading around for other -- for whatever else they want to do. Under our projections we believe, and I think we are very sound in this because I think we have been conservative in all our figures as we were in welfare reform and all the other things in which we were proven right -- we believe that about three-fourths of the money available for the increase of the budget each year is all that is required to maintain the present level of services, and take care of the work load increase. That one-fourth of the additional money each year for the budget, roughly one-fourth will constitute money available for new spending if they should so -- the legislature should so choose. That it will be available for new programs and new ideas.

Q New subject, Governor.

Q No, no, Governor. Have you run into recent --

A I have a hand ahead of you back here then.

Q I wanted to go to another subject.

A He wanted to go to another subject. I'll take the gentleman over here.

Q Governor, have you run any polls on Prop. 1 and how are you doing?

A Have we run any polls on Prop. 1?

Q Yes.

A I think the committee has been having some tracking surveys, repeatedly, I've said -- I think it is a neck and neck race. No question about that, we are campaigning as hard as we can.

Q Are you behind then?

A No, I don' think so.

Q Are you ahead?

A I still think we are ahead. But it is -- it is a close race, and I have predicted this fm the very first. I said when the tax spending and special interest groups start rolling, when you stop to think that the two high-spending lobbying groups in Sacramento are the California Teachers Association and the California State Employees Association, and those two have contributed a couple of hundred thousand dollars, according to the reports, to this campaign to defeat this -- no one can be sanguine and sit back and think this is a shoe-in.

Q Governor, are you saying then that you have lost ground over the past few months?

A No, only in the sense that -- only in the sense that yes, if you could have voted on this the first day it was proposed, like so many things I'm quite sure there would have been no question about how it would have come out. I think it is running and continuing just exactly as I -- as I thought that it would against strong opposition. Those who sup at the public trough do not look lightly upon efforts to reduce the amount of sustenance in that trough.

Q Governor, you describe that the Assembly committee -- well, you used the words, blatantly started a false and strident campaign. Why should those words not apply to your comment yesterday, the economic situation in this country is bordering on the condition that led to Nazi Germany.

A What was wrong with that? I used it as an example in talking about inflation and I talked about inflation -- what could happen if inflation ran its course and nothing was done to halt it. And I cited the example -- the most recent modern example we have was Germany, not Nazi Germany -- it was Germany after World War I, and I remember as a boy myself having 50,000 marks, notes, as souvenirs. That -- not that I was in Germany, but they -- the money was -- newsreels showed the Germans carrying their money in a basket to go to market to buy a meal.

Q Were you implying that could happen here?

A And I said that ultimately that kind of inflation and that breakdown in the economic system led to Adolph Hitler. Now the whole history of inflation in the world, unless you fight it and curb it, is that inflation is cumulative and it begins to mount as it started to in this country, and it becomes runaway.

A Now, efforts are being made certainly in Washington and we are trying to make one here that will curb the principal cause of inflation, which is government spending. And it is less -- inflation how, hopefully, the sign in American is lower than it was at its peak a couple of years ago. So some of the efforts must be bearing some fruit, perhaps not as much and as fast as we'd like. But you walk a very thin line between fighting off inflation and not going over the other way into the kind of disaster that we had in this country in 1929. I don't think that there was anything strident in pointing out an example of what unrestrained inflation can do. As a matter of fact, many of us have been pointing that out for a number of years, when the government in Washington was deliberately adopting a plan of planned inflation on the belief that it would produce prosperity. It does for a while, then the hangover sets in.

Q Governor, you are equating government spending with inflation. I think from _____ and Galbreath, they would equate federal deficit spending to inflation. And California is not in that deficit spending position.

A No, but California is a part of the governmental structure that is now taking almost half of the -- of the workers' earnings to pay for the cost of government. And I can't do anything from this point at -- about the federal government, other than maybe set an example here in our own state level, as we did in welfare reform. So we are going to try to reduce our share of it, because state spending -- you may not call it deficit because technically we cannot go into debt and have a deficit budget. But state spending must be brought under control when state spending is going up ten per cent a year and the people's wages are only increasing seven and a half per cent a year.

Q Governor, concerning your remark that you were unable to do anything about federal spending under the present circumstances, the Wall Street Journal this morning carried a story on your campaign for the passage of the proposition.

A I read it.

Q It quotes one of your -- an unidentified member of your staff, an aide, I think it is, quotes as saying this is -- is a dress rehearsal for the campaign you hope to make in 1976 for the

presidency.

A No, Tom, I will bet a million dollars that they can't find that unidentified aide. I have read about unidentified aides and I've never been able to find one of my unidentified aides who said any of those things. I think it must be the -- just one of the most commonly used plays in stories of this kind. I read it, I was happy about the favorable things they said about Proposition 1. But I expected them, of course, to -- do the other. I don't know anything I can do that isn't supposed to be tied into the election of '76.

Q Well, are you happy about the favorable things they said about the other?

A I'm happy about the favorable things they said about Proposition 1.

Q Governor, do you think that the principle in Proposition 1 can be applied at the federal level to the federal budget?

A Yes, I think if anyone would analyze Proposition 1, it is not a radical new departure from the governmental philosophy of this country. It is not a distortion of the relationship between the branches of government. It is a use of the constitution for what the constitution was intended to do. And that is the constitution is a curb on governmental powers and we -- in the past we have a great many amendments, both to the state and to the federal constitution -- when government has apparently strayed and gone too far or to an excess, the people have then passed amendments. Now, to put a limitation on taxes and to claim that that is somehow misusing the constitution, is to ignore the fact that in order to have some taxes we had to amend the constitution. The government can only do those things specified in the constitution. So in order to have an income tax we had to have an amendment that created an income tax. Now, the weakness of that amendment was, and there was fighting to obtain this, and they were overruled in the U. S. Senate -- there was a battle to put the income tax amendment into effect, but to put a limit on the ultimate amount of workers' earnings that it could take. As a matter of fact, the Senator who led that fight was laughed out of politics in 1913, because he said that if you have an income tax without a limitation on the constitution it is possible that one day a government of the United States might take as much as ten per cent of what a man earns. And

this was so ridiculous that this was considered to be blatant and strident and an exaggeration and he was literally laughed out of public office.

Q Who was that?

Q But given the responsibility --

A I can't remember his name. I got it.

Q Given the responsibilities that the federal government has today, trying to combat inflation and meeting crises all over the world -- this procedurally or mechanically you think -- the principle of the initiative could work at the federal level?

A Well, I know that right now they are trying to make a reduction in the percentage that the federal government is taking. And they are trying to do it -- as we tried to do it, by cut, squeeze and trim. Perhaps as they go on with this it could lead to whether this exact form of a federal constitutional amendment -- but to some limitation. Now, hasn't one of our Democratic Senators introduced a bill which would limit the federal budget to revenues which would in effect be that the -- while it would not be reducing the present level, would be saying government spending would have to be reduced back. So there is a great deal of thinking going on. I myself have proposed a constitutional amendment at the federal level that would be extremely simple, but that might have an effect on curbing spending, and that is if the -- if any Congressman or Senator who introduced a spending measure had to introduce a revenue measure to pay for it, a tax at the same time, it might cut down on the number of spending measures that were proposed.

Q I'm still trying to change the subject. I want to ask you what your reaction was to Agnew's speech last night.

A Well, I -- I was very moved by it. I think this whole thing is a very great tragedy. He stated his case and proclaimed once again his innocence. And I, for one, knowing the man, having known him as a government as he was before this office, and in his present office -- I found that -- a great deal sincerity in what he said.

Q Governor --

Q Governor, many people in this country feel perhaps the Vice-President did get off too easy. They feel if the common man, if you will, had been in his position the penalty would have been much more severe. How do you address yourself to that position?

A Well, no trial was held. No guilt has been proven with regard to the charges of fraud and so forth, and the government chose not to prosecute on that basis. Now, I don't think you can have any opinion one way or the other.

Q Governor, do you think the American people believe Spiro Agnew and his explanation?

A You'd have to ask them.

Q Governor, do you believe him?

A What?

Q Do you believe him?

A I would say this, I'm going to simply say that in regard to the charges that were brought against him by the Justice Department, there has been no proof of guilt and therefore under our constitution he must be presumed innocent until proven guilty.

Q Do you presume him innocent then?

A What?

Q Do you presume he's innocent?

A I think all of us have to, that's the constitution.

ED MEESE: I assume you meant other than the charge to which he pleaded no contest?

GOVERNOR REAGAN: Yes, other than that.

Q Why do you think he pleaded guilty to that charge?

A What?

Q Why do you think he pleaded guilty?

A I don't know.

Q Governor, in part of the speech Mr. Agnew referred to the bribe brokers, I think he called them. The implication was this was a standard pre-Watergate part of doing business with government. Now, I don't find that the case out here, do you?

A No, I don't. As a matter of fact, I'm glad you said that because -- and I wish particularly a lot of our young people would realize that I don't think there is a state quite like ours in the union. And it goes back to the great reformer, Hiram Johnson, and I think California is probably the cleanest state, has the greatest safeguards for the people of any state in the union. Under our system no -- I understand that in many states, in Maryland particularly, elected office holders do have a great deal to say with regard to the letting of contracts that are not submitted to bid. In California there is a very low financial limit that is placed and only below that amount can work be contracted for without submission to bid. I just -- I know I, myself, have never -- have never been

involved in, nor had a voice in these seven years in any thing of that kind, in any letting of contracts. There are any number of ways in which things that are commonplace in the rest of the country would just be unacceptable or impossible in California. We are a -- we are a very puritan state in that regard.

Q Governor, have you ever had anybody come to you in an effort to influence you in that fashion?

A Never in the seven years.

Q Governor, the Vice-President -- former Vice-President's statement, notwithstanding, he agreed that the government should publicize the 40 pages of charges against him, which included bribery and extortion and kickbacks, from contractors. He stipulated to that. Now, if he was innocent, or if you put yourself in his place, I'm not suggesting that at all, of course --

(Laughter)

Q -- would you have agreed to the publication of those 40 pages of charges?

A Well, I -- there is no way I can answer that. I can't comment and speculate on this, not knowing what the entire situation was or pressures were on him to do that. I don't know what was at stake or what was at issue.

Q Another subject.

Q No. Still on the Vice -- Do you think Gerry Ford is a formidable presidential candidate for '76 --

A Well, Gerry Ford, whether he's a formidable presidential candidate or he seems to have taken himself out of that consideration and he has repeated this so often, so emphatically, that I assume that unless and until he changes his mind he has to be considered as not a candidate.

Q Well, if the office seeks the man, as you often say --

A Well, and this could then lead to a change of his mind. It is very possible. I keep remembering back when I said emphatically and absolutely that I would never consider running for public office of any kind, and here I am. And I wish sometimes I was some place else.

Q If he changes his mind is he a formidable candidate?

A What?

Q If he changes his mind is he formidable candidate?

A Sure, he's got a fine record and a good man and he played on the line.

Q I suppose that answers my question. Your statement Friday on the President's nomination in relation to Mr. Ford seemed lukewarm at best, you were pleased with the president's action and he acted wisely. You didn't mention in there Mr. Ford's name and any of his qualifications, and I thought that would indicate you felt the President could have made a better choice.

A No, not at all, I repeat that I think the President acted wisely and I am pleased with his choice. Very pleased, but you have got to remember, also, that there was quite an entourage of your colleagues waiting at the foot of the driveway and I was among them less than five minutes after the end of the broadcast, and the announcement. So obviously I did not sit down to -- to write a volume or to consider my words other than to give the reaction they were waiting for and let them go home to dinner.

Q Thank you.

Q Governor, a number of the Congressmen who will be examining Mr. Ford for his confirmation say that he should bring his income tax records along with other records, and I believe he's indicated he's willing to do that. Had you been in that position would you have been willing to disclose your income tax records?

A I don't know, it depends on certain things. He's talking about his own colleagues. I don't think there's been any evidence that he's talking about making them public -- a matter of public record or anything. So whatever prompted his decision to do that, why I respect it and that's certainly his right. Voluntarily, I've got nothing to hide in mine, but I am opposed to the principle, as I said before, that in order to hold any kind of appointment or public office that someone must give up those constitutional protections as to privacy, that belong to other people. I do believe in the legislation, I signed that there should be a protection for the public against conflict of interest. So that anyone who has anything that might be a conflict of interest so stipulates.

Q Governor, were you contacted by any representative of the White House or the President concerning your availability for the job?

A Nope.

Q What do you think of that?

(Laughter)

Q What do you make of that? We all had you as Vice-President.

A I know, I'm the only one that didn't.

Q Does it surprise you that you were not?

A No.

Q Did they send you a copy of the contingency speech announcing your nomination?

A I read that. Maybe that's true. I don't know, but I-- I never for a moment thought that -- I just -- as I say, I'm pleased with what he did. I thought it was a wise decision and I thought it was the way to go.

Q Did you submit a list of recommendations or have any --

A Nope?

Q How about Mr. Luce, I understand he made some recommendation.

A Well, every State Chairman was -- was approached about this and I guess every State Chairman sent in a -- their recommendations, their list. State Chairmen were contacted. I'm trying to think of -- I know that the Congress was also, as we all know, was publicized that they were, but --

Q You didn't talk with Mr. Luce about his list?

A No, never had a word with him.

Q Governor, did you approve of the shipping of arms to Israel?

A What -- do I approve of what?

Q Of the shipping of arms to Israel.

A Well, here is a very tough -- and I hate to comment or speculate on -- we know what's at issue there. I think -- this administration has made it plain that they want a peaceful ^(Middle East) settlement that is fair to both sides, want a ceasefire if possible and a resolution of this. But at the same time, again, the thin line that must be walked is Russia's intervention and its shipping of arms to one side. And I think that unless you are privy to all of the facts and all of the intelligence information there that you can't comment on the right or wrong, what the administration is doing. I have confidence in this administration which has done more to settle world divisions and has brought us closer to a worldwide de tence than any administration in the last half century, is behaving with wisdom and on the basis of the facts as they are and I'm content to do that without trying to inject any opinion. I think that I could also say I think that this administration has been the best friend that Israel has ever had on the world scene.

11/15

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD NOVEMBER 15, 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 were made and there is no guaranty of absolute accuracy.)

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GOVERNOR REAGAN: First of all, we have visitors today from Hayward State Journalism class, from Hayward State. Glad to have you here. And the other opening announcement I have to the effect that I'm sure you all know about now, since you -- you follow the news, that we are saying goodbye to Ed Gray. You won't have him to kick around anymore.

(Laughter)

Q Or vice versa.

Q What was his name? What's his name?

A We are going to miss Ed very much. I think you all agree. He's done a great job, but he's going back out into the private sector, back out into civilian life and this is something that I always greet with mixed emotions when fellows in our staff do it. I hate to lose him, but on the other hands I'm -- we never try to get the kind of people who wanted a career in government in the first place. And we haven't. So, Ed, we wish you well.

Q Governor, if you could conduct a Prop. 1 campaign all over again now, would you debate Bob Moretti?

A Well, I tell you, that's a question I probably would be asking myself for the rest of my life. But the decision was made, it was -- it was made under a circumstance that what he obviously was doing was proposing a campaign gimmick, a ploy and I wasn't about to go along with it. In the last few days, however, when they were so successful with implanting that one outright falsehood about the property taxes, yes, this would have been a way to counter that. And this is the thing that I will always think about and remember because it was a falsehood. He knew it was a falsehood and so did

the others who were repeating it. Proposition 1 specifically made it more difficult, not less difficulty, for local government to raise taxes.

Q Governor, on Proposition 1, the only City Council which endorsed Proposition 1 is now filing a million dollar claim in overtime and pay and other costs because of the special election. Are you going to support them in their claim?

A Well, I support the idea, have now from the very beginning, I said that I thought the state should pick up the actual cost that could be attributed to this special election on Proposition 1. Now whether their figure is right or not, that I think should be subject to scrutiny and study. And I think in all of those various areas of the state where there were regular elections going on, that here we should make -- take great care to insure that we would only be talking of what added expense resulted in Proposition 1. If these figures and claims are being based on the holiday to employees, I think it is time that this subject be opened up right now. First of all, according to our understanding of the law, local entities did not have to give holidays in the election. They have the right to determine that themselves and the state employees get holidays. But I think it is time that we looked at that. No one else gets a holiday on an election day. The polls are open long enough for anyone to vote, regardless of their type of work, and I don't see why government should be providing a holiday on an election day.

Q Governor, on Prop. 1, could you give us your reaction to the statement by State Senator H. L. Richardson who said -- who's announced the initiative campaign as, "Grossly mismanaged by Reagan's top employees. His only good characteristic was making a drink."

A Well, sometimes, Bill, in his disappointment gets a little verbose and a little careless with his use of words, so I won't comment on it. He'll get the acid out of his system pretty soon and settle back down to normal.

Q Governor, on your statement relative to holidays, does that mean that in your view the state ought not to pay those portions of the election costs that are to be chalked up to extra holiday pay?

A To local governments, no, because according to our interpretation of the law they didn't have to give thbse holidays.

Q Well, are you encouraging other cities then to also file claims for the part of the election costs they think were incurred because Proposition 1 was on the ballot?

A Well, my position is very clear from the very first. I said that out of the surplus I saw no reason why the state shouldn't be willing to pick up this tab.

Q Do you have any idea how much it is going to cost?

A Well, according to our figures, we figure that the cost of the special election was what, about seven and a half million dollars?

VERNE ORR: Around six and a half -- seven million dollars.

A Six and a half, seven million dollars.

Q So that's the top that you'll permit?

MR. ORR: That's an estimate. If the claims are legitimate in terms of our definition, and are higher than that, we will certainly pay it. That's not a ceiling on it. But that's the amount of claims we think will come in.

Q Was that figure seven and a half or six and a half?

VERNE ORR: We had six and a half.

A I'm sorry, six and a half.

Q Governor, if you had to do it over do you think you would have waited for the regular election in June instead of a special --

A No, I think our reasoning was correct and I'd like to point out to you we did attain, even with Proposition 1 going down to defeat, Proposition 1 delivered a lot of money to the people just by being there. And that was the \$800 million dollar surplus. If there's anybody in this room that believes you had a prayer of getting that surplus given back to the People without Proposition 1 you are being very naive about the legislature. They have made it very plain to us they weren't giving back a dime. But when it looked like it was part of the bait that might make Proposition 1 more attractive, they came back from their summer recess and decided that the lesser of two evils was giving the money back to the people. So you are getting \$320 million dollars back by way of sales tax; \$400 million dollars back by way of the income tax and at the bottom of the scale, as a result of this, families with

incomes of \$8,000 or less are now forgiven any income tax. They pay no income tax. Not just the rebate, but ongoing.

Q Governor, how would you attack the campaign for the proposition differently than you did in retrospect?

A How would we -- listen, we just didn't have the resources to outshout the use of public funds. There was no way that we could raise enough money to match the literature that was being taken home by children in school districts. That was being printed at taxpayers' expense as school printing. A great variety of brochures and pamphlets, all of which echoed the propaganda of the opposition. There wasn't any way that we didn't have -- we couldn't match the staff -- legislative staff that was turned over to this task.

Q Governor, are you saying that your campaign did not represent any use of public funds at all?

A I don't see where it did.

Q Well, you get on T. V. and you are paid by the state, and you give your viewpoint; Morretti gets on T. V., he's paid by the state, he gives his viewpoints, some public funds were used on both sides, isn't that correct?

A Oh, I'm not criticizing that. I am talking about mailings -- direct mailings from government to departments of government telling them what would happen to their budgets. I'm talking about mailings to the Highway Patrol telling them that 2,000 Highway Patrolmen would be laid off. I'm talking about a man stopping me on the street with a letter, telling me the lack of care for his child that would -- would follow the passage of Proposition 1. I'm talking about this printing of literally millions of leaflets out of the school budget of Los Angeles to be delivered by school children and even using them on school time to stuff the envelopes. A number of things in which government was actually employed.

Q Governor, how subject --

Q Governor, one more question, sir, if I may. It seemed at the beginning of the campaign, when it all started, that the opposition was saying that they were going to find a tough time beating you. Are you saying now it just turned out to be the opposite?

A Of course it didn't, they knew it all the time.

Q Governor, new subject.

Q Same one. I'd like him to answer the question, please.

A I did. I said they knew it. They knew that their charges that we were rolling in wealth, they had to know that those -- those charges were unfounded, that we couldn't begin to compare with the whole establishment of government that was organized to stop this.

Q Governor --

Q Governor, same subject. Governor, can you tell us how you think the -- the defeat of Proposition 13 has perhaps increased the potency of Bob Moretti's gubernatorial campaign within his own party?

A Well, it made him much better known than he was. He started the campaign with about a three per cent name identification. I understand that's gone up considerably. I myself would hate to run for office on the basis that I denied the people a tax cut. We are going to continue in trying to get something of this kind because we think that a tax limitation is inevitable. It will either come this way with the people sitting down and trying to head off a calamity or it will come after the calamity has struck. And so we are going to continue to try and maybe we will be able to find some ways to do away with some of the vulnerable points that we had in this. But who -- we believe the People of California, the working men and women are paying too much for the cost of government, and we are going to continue to try to do something about it. We think people want their taxes reduced.

Q Governor, what are you going to tell the Republican Governors this coming week-end about the reasons why Proposition 1 was defeated?

A What's that?

Q What are you going to tell the Republican Governors this week-end about why Proposition 1 was defeated?

A Well, if anybody asks me there, I'm probably going to tell them what we have already found out from the surveys, that about 70 per cent of the people that voted no thought they were voting against the property tax increase.

Q The State Employees Association today asked for a 10.8 per cent average pay raise for 1974. Does that fit into the framework of the kind of Proposition 1 style budget that you are thinking of for 1974?

A I haven't had a chance to talk to Verne about that, but we

are still trying to get them all of the pay raise that we wanted to give them last year, or for this year.

Q That includes 4 and a half per cent that they say was cut out of last year's raise.

A Well, we are still trying to get it to them.

MR. ORR: We want it put 'in before we even finalize our figures for next year.

Q Could you say if that kind of figure is completely out of line or is it within the ballpark or what?

MR. MEESE: This is much too early to even talk about the budget.

A I can't say anything at all about it because this is the first that it's even been brought to my attention. All I know, we are engaged in a fight trying to get them the balance of what we tried to raise them this present year.

Q Governor --

A Did you --

Q No, I think we are probably -- I'd be accused of beating a dead horse on Prop. 1.

Q Governor, are you going to support any resolution to support the President in Nashville or wherever the Governor's conference is?

A We, I think in Nashville, probably all of the governors there -- or it is in Memphis, the Republican Governors are probably going to wait, the President is coming to meet with the governors.

Q Governor, are you calling a special session of the legislature to deal with the energy crisis?

A Not at this -- not at this point. If that should become necessary, based on something requiring legislation -- so far we have just begun, as you know, getting the reports back from our group on the Energy Council. And there is only one proposal that could not be administered -- could not be put into effect administratively, and that would have to do with the lowering of the speed limit statewide to that suggested figure of 50 miles an hour. And that -- that would require legislation and we are not prepared yet on that to know what recommendation we want to make.

Q Governor, what do you think of the 50 mile an hour speed limit?

A Well, as I say, we are not in a position -- there are --

there are figures and I've spoken with Secretary Brenniger and with former Governor Dayman (phonetics) who was with him on this. They themselves admit that they have had input that show that there is a potential of it being counterproductive. And so we are going to continue to -- to meet on this. And I think that before you would get around to calling a special session you would -- right now the subcommittee's dealing with these problems, could hold hearings and that would be the first step anyway, and become a part of this, and we have been in touch with our legislative leadership on this -- this subject.

Q Governor, what is the intention of your -- the council? How much authority do they have in terms of allocation programs and easing the fuel crisis?

A Well, they are going to recommend back to the administration, to the cabinet, and we will do as we usually do with policy matters. The cabinet and the appropriate department heads, the staff and myself, we will meet and we will get all the input we can and we will make decisions.

Q When you vetoed the bill creating an energy commission this was your answer to that, if I remember correctly?

A Uh-huh.

Q Why haven't you appointed the kinds of people that would have been included on that commission, members of the public at large, attorneys, ecologists? Speaking directly of the people you have on that council now.

A I appointed the kind of people I thought could get the job done.

Q Governor, on the speed limit question. Didn't the President say that he would suggest to the governors that they consider this action and isn't really the first step for you to make a proposal to the legislature that they could then study?

A Well, as I say, we are in the position right now, we have got to understand first ourselves what proposal we want to make to the legislature.

Q When will you make such a proposal?

A Well, when we are satisfied that we have all the information that can make a decision on this. There are still unknown factors. There are facts and figures that we need to know, as to whether this would be, as I say, effective or whether it would be

counter-productive

Q Governor, ten days from now, unless the federal Cost of Living Council changes its mind, an order is going to take effect preventing the state of California from offering its surplus royalty oils to the highest bidder, thereby depriving the state of something like nine million dollars a year in added revenues. Does your administration plan to get involved with the Cost of Living Council to persuade them to change their mind?

A Well, this has just come to my attention. I don't think that figure is right about nine million dollars.

MR. ORR: Nine million, I believe, in three years.

It is three to four million, Bob.

A This is a situation where the law says we can take our money in oil royalties, the state can take it in cash or it can take it in kind, take it in oil, and up until now there's never been any reason to take it in anything except cash because the price was always the same. Now, however, the state was faced with the possibility that it could sell the oil at a higher price than the contract called for in cash, and so the state chose oil. And now the Cost of Living Council has said that we can't charge that higher price for it. This is as far as I have gotten, and that I know of the whole situation now. So again you are asking me a little ahead of time as to what I know. I want to study this. We are -- we certainly want to cooperate in trying to hold down prices and curb inflation. But we also are interested in the state's getting the most that it can get.

Q The people want to buy this oil are outfits like Powerline, that sell gas at a nickle or so a gallon less than Union and Texaco and the others, so there is no -- appears to be no rise in prices facing the consumer.

A Well, these are --

Q It is motivation --

A These are all the facts that we have got to find out before we see what action we want to take with the -- with the Price Control Council.

Q Governor, do you think President Nixon should resign?

Q What was that?

A Here we go again. I am not going to comment on this at a time when this now is before the court, when he has offered all of his

his memoranda and transcripts and whatever else to the court. And when he is meeting with not only the legislators but party leaders and is coming to meet with us. I'm not going to talk now. In a few days I'll be in a meeting with the President.

Q Does that mean that you think he might -- there might be a reason for him to resign?

A No, no. I'm just trying to avoid commenting. If I answer one question the hands go up like flowers in the spring.

Q Why won't you comment?

A What?

Q Why won't you comment?

A Just because, as I just said, it is before the courts, before the judge now. It's made -- he's announced his intention to lay everything, all records and memoranda before the court. He is meeting with us personally to talk to us and I just -- I'm not going to talk now on the basis of only knowing what I read in the papers.

Q Back to the 50 mile an hour limit, have you personally tried traveling at 50 miles an hour, and if so, did you find it inconvenient?

A No, but I can -- I know that -- while I'm not an expert in this subject, I know that in the transportation -- such as the truck lines, that provide so many of the necessities, I know that their cars, their motors are geared to a maximum fuel use or a minimum fuel use at a higher speed. And I want to know that we are not going to be -- say, doing something counter-productive. There may be alternatives to this. Now we are not opposed as we have evidenced by lowering at least the five miles we can administratively. We are not opposed to lowering the speed. I've had a great many years of a particular almost daily drive at 50 miles an hour in private life, and I know exactly what it is and it was very convenient. It happened to be a 45 mile speed zone. But I also found out that my -- my speedometer was five miles off, that when I sat here -- right there at 50, I was doing 45, and every day I used to drive about 23 miles out and 23 miles back at that speed, and I found it very comfortable. I even had time to look at a seagull or two.

Q Governor, would you go for Fournoy's suggestion to lower -- go from a big car to a smaller car? Would you follow that yourself, as he has done?

A Well, my own situation is one in which I don't dictate the manner in which I travel. That's determined for me by security. And it is a -- a number of facets involved. Now, whatever they decide to do is fine with me. Actually I -- right now in the car I'm riding in, I think it is about the same mileage that the average automobile gets. With all of the smog appliances on it. I checked that out and found that out. I'm in the car about twenty minutes a day most of the time. Ten minutes here and ten minutes home, and that's it.

Q Would you consider any kind of executive order for other departments under your command to come down to smaller cars?

A Well, here again we haven't had the meeting that I've been telling you about where we are going to discuss all these proposals.

Q Governor, you said that your energy council will report back to the cabinet. That would imply that it is going to take some time. The Lieutenant Governor said the crisis is real and it is here now. Who's going to take care of problems in the meantime?

A I don't think that the time you are talking about is going to delay the actual implementation date for some of these things. Such as if you decide to lower the speed limit, which is going to require legislation. I think the -- I'm kind of amused at some of the voices that are crying now in the wilderness, because it seems to me it was only a few weeks ago that much of our legislative leadership was complaining that this was all invented, that there wasn't really any energy crisis, it was all a plot to exploit the people. And I remember also that I sort of was coldly received when I said I believed it was for real. Well, I had evidence for saying -- based upon which I made that statement. It is for real. There is no question about it, and I think if -- I could make an appeal and -- to the people of California in every facet right now, not just in driving, we can start without waiting. I think everyone of us in our homes, with the use of lights, the thermostat settings, all of these things which have to be voluntary, you can't have a government agency running around turning people's lights off or seeing whether they got two T.V. sets in operation or not -- but I think if the people would recognize that they can minimize the impact, when this really hits in the next few months, by conserving right now that if suddenly the burden here in

Sacramento on SMUD for electric power, if that burden is lessened it is going to minimize the impact when things really get tight later on, and so you would appeal to everybody. We are doing it in our homes, and I think everyone can. It is -- we have all been in the habit -- I know in our house we have been in the habit of you turn the lights on, come dark and you leave them on whether you are in that room or not. I think all of us have to start flipping the switch when we leave the room.

Q Governor, do you think that's possible, though, the sort of private conservation without the state actually doing pretty dramatic --

A Oh, we are going to do things that have to be done at the state level, but as I say, there are many things the people can do that there is no way to enforce. It has to be voluntary. Setting down your thermostat has to be voluntary. You can't have policemen knocking on everybody's door every day and asking them what temperature is your living room. The people are going to have to be willing to do it and I think that the people of this country, if they are appealed to and recognize that it is for their own good, can take a great many of these steps.

Q I was thinking of like something along the lines of Oregon, the ban on outdoor advertising.

A I think these are things that we still have to -- that will be a part of our deliberations. Things that we -- where we can enforce it, yes. And we are -- we are going to deal with those.

Q Governor, would you favor the short term reduction or relaxation of our environmental or pollution regulations to combat the (energy) crisis?

A Yes, I think on a selective basis. That we are going to have to -- my own personal view is that we are going to have to do some things of that kind. When I say selective, I think in areas where the penalty won't be too great, I think there are areas like the Los Angeles Basin where you are going to have to give real consideration as to whether you can do anything. We have begun to gain in that battle there. Tons of pollutants in the air are less in the average day than they were in the past. It is hard to convince people when you are looking at that smog that it is true, but it is. And with the geographic and climatic condition that makes smog a problem in that basin, you'd have to think twice about

whether you would relax it there. But I can think out in other parts of our state where some short term letting up on that wouldn't be harmful at all.

Q Governor, if a voluntary program to control energy consumption doesn't work, you said that you wouldn't like to see policemen walking into people's houses, but isn't that what would happen if a voluntary program doesn't work and what legislation -- what kind of action would you then foresee taking in order to enforce?

A Well, I used that as a kind of a far-out example because it is a far-out example. Obviously government doesn't have the manpower to check on everybody's homes and find -- and find out whether they are doing things of this kind. I would think that when you come down basically to the problem I happen to be one who believes that it is going to be based on rationing. When you have got a limited supply and you have got real needs that have to be met, including the heating of homes, I think that a rationing program that can be laid out as fair to all people is -- is going to be the ultimate answer and then you don't have to police it because then the individual's got his own incentive for saving.

Q Will the state control -- if there is a rationing program such as in a heating oil or something like that, do you foresee the state controlling it or the federal government controlling it?

A Oh, I don't know. The President has indicated that much of this he thinks should take place at a -- at a state level. And I would think, though, that rationing would have to be as it was in wartime, nationwide.

Q How about gasoline rationing?

A What?

Q Do you favor gasoline rationing?

A Well, I think that we are coming to that. I think everyone calls it a last resort, but again I think that it beats all the proposals for trying to do it by using tax sanctions as a -- taxation as a sanction. We did it in World War II, and I think it comes down to being the fairness -- the fairest.

Q Governor, it seems to be a lot of confusion over whether the state or federal government is going to find diesel fuel for buses and trucks. On the immediate basis, just where is that confusion going to be cleared up?

A Well, let's hope for once between us. Obviously each level of government, it does what it can, and then it has to make sure that it is not going to be -- that certain areas are not going to be pre-empted by the echelon of government above them, so we on the state level are going to explore what we can do statewide and what is our responsibility.

ED MEESE: Governor, could I add to that at one point, is that we have a joint state-federal office of fuel allocation set up now to handle this thing. It is a federal program in which the states have been asked to cooperate and so it is a joint program that's going on here, which the state makes recommendations to the federal government which under the federal law has the last say.

Q Governor, when you refused to comment on the question of whether President Nixon should resign or not, it seems to me to be a rather significant backing away from the administration, or at least many people are going to interpret it that way. Have you been burned previously --

A No.

Q -- by your defense of President Nixon and Spiro Agnew?

A No, not at all, and what I was trying to do, I thought I made clear was if anyone is trying to take this or read anything into my not commenting, they are just kind of violating the facts. I'm trying to say that -- to retain my position of not discussing this subject in view of the present circumstances. I can't answer one -- it is like taking the fifth, I can't answer one and then refuse to answer another one. No, I have not changed my position at all. If you can take that as an answer to the question you are trying to get at.

Q Governor, what is that position? One of support? If the President asked you to join his counter-offensive, so-called, on Watergate, will you?

A Well, again you are asking a question that --

Q Well, your position has been one of support, so therefore will you step up?

A And as I say, I have not changed my position.

Q You are still in support then of President Nixon?

A I haven't changed my position.

Q The President's talking about it, he's talking about it publicly, he's talking about it with members of Congress. If he

Republican Governors what they think he ought to do to recapture the confidence of the people, what would you tell him?

A I'll bet you a lot of us would have some suggestions for him.

Q Do you -- I mean would you --

A Depending on what he had to say to us. You know he -- he might reveal in his remarks something that I've thought of he's already thought of.

Q What have you ~~thought~~ ^{thought} of?

(Laughter)

Q Governor --

Q Governor, can you answer it? Have you thought of something specifically that you haven't told us about?

A Not that I can answer right now. Did you -- you had your hand up several times.

Q That was -- what do you think your Presidential chances are if Gerry Ford is confirmed?

A I've --

(Laughter)

A I've never thought about me ever having any presidential chances.

Q Well, Governor, the Gallup is predicting a 1976 showdown between yourself and Senator Kennedy. Do you think you'll be able to resist that kind of a challenge?

A This is a great place to say no comment.

Q Could you beat Kennedy?

ED MEESE: Good place to say no comment.

A Ed says that's a great place to say no comment. I could have asked at which game.

Q As to President Nixon, his popularity in Gallup Polls has fallen steadily over the last year and a half. Do you think the people's dissatisfaction in California with Nixon's performance in the Watergate affair was in any way involved with the defeat of Proposition 1 in the sense that they associated you with Nixon on a national level?

A Oh, no. I don't think there was any evidence of that. I think -- I think if anything there is a -- Watergate has created in many people's minds just a distrust of anything governmental and

anyone connected with government. But in that case, since the people on the other side were government, too, it would have worked both ways to their -- to their disadvantage as well as to ours. That, to me, is the -- is the fall-off or the fall-out from Watergate. No, I think the opposition, as I say, they were very successful in planting an idea.

Q Governor, on the same subject, can you react to Secretary of State Brown's comments charged that your freeze on construction of new state office buildings has resulted in the state paying about \$21 million dollars a year in rent to private landlords and the freeze being the worst kind of false economy?

A Well, I could repeat again that biblical reference of -- that I did once before, he is still multiplieth words without knowledge. Our construction freeze has been a pretty selective thing. As a matter of fact, as a result of what we have done here with holding down the size of government, the entire Master Plan for how much office space provision we must have for employees here in the Sacramento Capitol complex by the year 2000 has been, if I remember the figures correctly, just about cut in half. Because we have halted the vast increase in the size of government, and had we just gone into implementing the Master Plan we'd have a lot of empty buildings because we have the same number of employees now that we had seven years ago in state government, and no other government, to my knowledge, can make that claim, including no local government in California, because in these seven years local government has added around 350,000 new employees.

VOICE: Thank you, Governor.

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