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RELEASE: 10 a.m., Tuesday
January 7, 1969

(PLEASE GUARD AGAINST PREMATURE RELEASE)

TEXT OF STATE-OF-THE-STATE MESSAGE
TO A
JOINT SESSION OF THE CALIFORNIA STATE LEGISLATURE
by
GOVERNOR RONALD REAGAN
January 7, 1969

Our meeting is saddened by the recent passing of one of your respected members, State Senator George Miller. He was an outstanding legislator. He was an able political opponent---tough, smart and dedicated.

California has lost a great public servant. The Senate has lost one of its leaders...and, we have all lost a good friend.

I also want to say that Bob Finch will be missed. We all wish him the best of success in Washington and we look forward to working closely with him. And here in California, the business of the people goes on under the able leadership of Senate President Pro Tem--and sometimes governor--Hugh Burns and our new Assembly Speaker, Bob Monagan.

Today I want to highlight with you some of the pressing issues which face us, to restate some of the basic goals and objectives of the Creative Society, and to outline some of the legislative proposals I will be making to you during the coming year.

I have also asked my secretaries of Agriculture and Services, Business and Transportation, Human Relations and Resources, to prepare supporting "state-of-the-state" reports on details of their agencies and departments which time does not permit me to get into here today. Their complete reports will be made available in the near future.

Additionally, during the coming weeks and months, I will present a series of legislative programs dealing with such priority areas as education, transportation, law enforcement, conservation, tax reform, government reorganization, and welfare and Medi-Cal reform. All of these I will preview briefly here this morning.

Shortly I will present to you the budget for the year 1969-70. It will outline in detail our financial plans for the year. Two years ago we found ourselves not only in the red, but with a most serious continuing deficit. The present situation enables me to submit a balanced budget, and one that will permit a continuation of state-sponsored local property tax relief, and a substantial personal income tax reduction. At the same time we will continue to meet the needs of

At this time, too, I think it appropriate to repeat to you a pledge I have made many times in the last year. Under no circumstances will I support or sign into law any tax increase. I believe the taxes we have now produce an ample income to meet our expenses, and with careful management, they permit us to offer a substantial tax reduction.

The great bulk of our state government spending is dictated by statute; it can be changed only by statute. I seek your help in reforming some of those laws which account for hundreds of millions of dollars of the taxpayers' earnings.

All of us recognize that there are certain basic needs; all of us realize that it would be improper to make meat-ax economies. But, we also know, for example, that a bankrupt state cannot provide humane programs in welfare; that a bankrupt state cannot fund a strong, modern educational system.

HEALTH AND WELFARE

In 1968, California's labor force exceeded eight million for the first time. Employment was up to a record high in all major categories except agriculture and construction. Unemployment dropped from a level of five percent in 1967 to 4.5 percent in 1968, the lowest level since 1957.

Despite these encouraging trends, our social welfare and health care services costs and caseloads continue to increase. At the end of 1968, the monthly average of individuals on the state welfare rolls was 107,000 greater than at the end of 1967. And, the state funds involved had increased by some \$40 million. Only stringent economies in administration and tight controls of the mandated programs kept these costs from rising even higher. There is just so much my administration--the executive branch--can do. The bulk of these programs are locked-in by both state statutes and federal regulations.

The taxpayers are already overburdened with the costs and excesses of various governments. The old structures and the old systems must give way to the new, the thoughtful, the creative and the efficient.

One example of creative change was demonstrated in the positive and bi-partisan response to my request a year ago that we form a Department of Human Resources Development. Today we are well on the way to implementing that legislation; the department will be operational well before the deadline set in the statutes. However, the new department will be no panacea to the complex problems of poverty, discrimination

and dependency. Additional legislation is needed to make it more fully effective.

Those who cannot be rehabilitated--those who, for reasons of age or physical infirmity, are permanently dependent--should be covered by an automated system of administration after being so identified by the county involved. This humane and effective use of modern computer techniques would enable us to reduce administrative red tape and use a greater part of the funds allocated to welfare for rehabilitative programs. I intend to ask for such enabling legislation this year.

At the same time, I will propose that we adopt a method of closed-end appropriations for welfare expenditures. Any expenditure in excess of the set amount would require legislative approval.

I will again this year seek legislation to institute lien and recovery provisions regarding welfare recipients. It seems to me that when the taxpayers assume the responsibility for the support of the aged and disabled, it is equitable for them to share in the recipient's estate.

Finally, we must make it easier for our young people to find productive employment. Our summer employment program for young people--many of them from disadvantaged areas--reached record heights last year--160,000 young people were employed. But we confirmed from this experience that many of these young people are kept from working because of existing employment barriers. I will offer to you a legislative program designed to remove these barriers.

Last year--you may recall--I requested a number of reform measures in welfare and health care services. Those reforms were valid and necessary then; they are valid and even more necessary now. I intend to reintroduce such measures during this session and I seek your support

I hope we can also join to urge reforms, revisions and greater flexibility in the federal statutes which control so many of our programs and so much of our budget.

For example, the 1969-70 budget will include expenditures of an additional \$52 million imposed on us by federal regulations and federal court actions. These were extra costs forced on us, funds we did not want to spend--funds we do not believe were necessary to be spent. I hope the new federal administration will agree the states must not be prevented by federal statutes or edicts from making necessary reforms.

In health care services--Medi-Cal--we must be concerned with economic efficiency as well as the equitability, availability and continuity of care. Therefore, we will move to institute--on a statewide basis--the concept of prepaid health insurance for the indigent--those individuals on Medi-Cal. We inaugurated a pilot project on such a prepaid plan one year ago; the lessons learned there can help guide us as we extend the concept.

We must also move to specifically make Medi-Cal fraud a crime. And I will ask you to join with me in enacting legislation making it a crime for the vendors of Medi-Cal services to defraud or abuse the program. We should call upon the professional health community to police their own house, to continue their efforts to clamp down and remove all Medi-Cal abuses and fraud.

We are presently looking into the feasibility of a single Department of Health to better coordinate patient-care programs and to consolidate and improve planning, research and administrative functions regarding health programs for all Californians.

There are other areas, such as alcoholism, drug abuse and mental health programs on which we will seek your advice, your creative judgment and your support during the coming year.

CONSERVATION

As we concern ourselves with the health, the well-being and the economic progress of our people, it is important that we also concern ourselves with our great natural resources--air, land, water...in fact, our total physical environment.

In the last two years we have made great strides in protecting our environment, preserving it for present and future generations. A few examples are:

- The Environmental Study Council Act,
- The notable conservation efforts at Lake Tahoe and elsewhere in the state,
- The state's role in negotiating the Redwood National Park bill,
- The Bay Conservation and Development Plan.

All these and other forward-looking conservation and environmental quality control measures already achieved must be carried forward.

We are very much aware, for example, of the needs of Southern California and our heavily populated Bay Area for more beach and other recreational areas. To help fulfill these needs, we are continuing to

work toward the potential recreational use of certain military and other federally-held coastal, beach and inland properties which may be obtained in exchange for the three California redwood parks needed by the federal government to complete the Redwood National Park.

I will request legislation to extend the life of the San Francisco Bay Conservation and Development Commission.

I ask you to pass legislation to permit Congress to ratify the California-Nevada Compact on Interstate Water. I am also urging Congress to ratify the compact to establish a California-Nevada Tahoe Regional planning Agency whose charge it will be to control land use for the protection of the Tahoe environment.

Since March of last year an administrative task force, working with the legislature and the State Water Resources Control Board, has been working on a revision of the State Water Quality Act. This will be the first complete revision of that act in 20 years. The task force (comprising representatives from conservation groups, industry and government) has developed a legislative package that will be presented to you in March. I urge that the legislation needed to implement these findings be enacted at the earliest possible moment.

We must also get on with an orderly development and conservation of our great ocean resources. Administratively and legislatively, we will follow up a number of recommendations made by the California Advisory Commission on Marine and Coastal Resources. And, I am calling for the coordination and implementation of these important recommendations by appropriate action within the Resources Agency.

At this time, I also express my concern that all construction projects undertaken by the State of California, in whatever area, give full consideration to protecting the quality of our natural environment.

We have already made an excellent start in this direction through the joint Resources-Highways Committee which we initiated in June of 1967

We are instructing the Resources Agency to study the feasibility of providing long-term financing for recreational facilities in connection with the State Water Project, the state's participation in local pollution control, acquisition and development of recreational and park areas near our major cities, and other environmental programs. It may be that such long-term financing is necessary and proper so that we can plan for and implement policies to preserve and develop our natural resources.

LAW ENFORCEMENT AND CRIMINAL JUSTICE

Together during the past two years, we have made considerable progress in the field of law enforcement and crime control.

The California Council on Criminal Justice has been established, and for the first time we have a professional statewide planning agency working for the development of modern techniques in the prevention and control of crime and the treatment of criminal offenders.

We have vastly expanded the funds available to local government for the training of peace officers to meet the difficult challenges of modern police work. We have expanded programs in rehabilitation and job training for the men and women in our correctional system. Cooperating with the attorney general, we have established a pace-setting communications and crime information network, which will enable state and local law enforcement agencies to work together swiftly and effectively, utilizing the most modern devices of this electronic age.

All of these are important and significant steps, but there is much more to do this year.

Swift, fair, and unrelenting justice must make lawlessness unattractive. We must reject the idea that when a law is broken, society is guilty, rather than the lawbreaker. I plan this year to suggest to you a number of legislative measures which will fix responsibility for individual conduct, and which will improve our ability to protect the safety of the public.

During the past year, dramatic events throughout our country have drawn attention to the great number of crimes committed by the use of firearms. Murders, assaults, and armed robberies have shown a startling increase throughout our land. We must amend our laws to make it clear that the criminal who arms himself with a gun will be dealt with severely in every case. We must strengthen the penalties for the illegal use of such weapons, without interfering with the legitimate use of firearms by law-abiding citizens.

To assist in the fight against organized crime and the illicit narcotic traffic, we will seek legislation for the utilization of electronic surveillance techniques by police investigators, when authorized by a judge.

We will call for legislation dealing with the dissemination of obscene and harmful matter, and also will seek legislation to restore to cities and counties the ability to enact ordinances relating to local

I will seek legislation to insure the selection of judges of proven qualifications and integrity.

We must also take action on another serious problem--narcotics and drug abuse. California's young people are becoming poisoned by dangerous drugs at a shocking rate: in the past eight years juvenile narcotics cases have increased nearly 2,000 percent.

In recent months this administration has joined with the PTA, the California Medical Association and school and law enforcement organizations to encourage the formation of drug abuse councils to serve junior and senior high schools throughout the state. Early surveys indicate such programs have already been formed in many school districts.

For the first time, federal and state agencies and private organizations concerned with the narcotics problem have joined together in a Governor's Inter-Agency Council on Drug Abuse. Shortly, the first full-scale public service advertising campaign on drug abuse will be introduced in California. This program is an outstanding example of cooperation between the public and private sectors in attacking a community problem.

Now I ask your help through a legislative resolution to impress upon the federal government the need for drastic and immediate efforts to stop the flow of narcotics and drugs into our state over the border between California and Mexico. Estimates show that 90 percent of the narcotics entering our state cross that border. I also hope that we can strengthen our already cordial relations with our good friends in Baja, California, and in cooperation with them devise effective action programs.

AGRICULTURE

We all share with the men and women of Aerojet-General, McDonnell-Douglas and North American Rockwell their justifiable pride in the recent and tremendously successful round trip to the moon by Apollo VII. Yet, even as man extends his reach through space, we must keep in mind that agriculture--tilling the soil--is still our state's number one industry--and that California's agri-business leads the nation. It is to be expected that we should lead the way in agricultural labor relations policies. If we don't, we may soon be forced to march to yet another federal drum beat.

Therefore, it is my intention to seek and support legislation in the area of farm labor-management relations. Such legislation will:

- Protect the public, the farmers and the farm workers;
- Establish ground rules for and supervise free elections to determine, first, if the workers want to be represented by a labor union or association and, if they do, to choose which one without fear, intimidation or reprisal.

This legislation also should spell out what role arbitration should play, and should clearly establish the prohibition of strikes and other work stoppages at harvest and other critical times.

STATE EMPLOYEES

Over the years, California state government has generally had a constructive and forthright relationship with its employees and their employee organizations. I believe we need to maintain and build upon that relationship. I look favorably on proposals to establish a more formalized process of resolving disagreements between government management and public employees as long as that approach is suitable to our constitutional and statutory framework. I would, however, be critical of proposals which would harm the cooperative spirit the state now enjoys with its employees. The taxpayers have a right to expect continuity in the services which their tax dollars support.

And here, I want to commend the CSEA--the California State Employees Association--for their recent and most responsible statement regarding the impropriety of strikes by AFT teachers on our college campuses. It has always been obvious to me that the great majority of our state employees are solid, dedicated, thoughtful individuals. This recent action by their CSEA officers reaffirms my belief.

TRANSPORTATION

This month, the first California Aviation Master Plan Study gets underway. Its purpose will be to provide the state with proper guidance and direction to enable the aviation industry to plan and grow in an orderly fashion--and more harmoniously with anticipated urban growth.

In the meantime, we are focusing attention on other immediate problems facing us in the area of surface transportation in California.

While it is obviously the primary responsibility of regional districts to build and finance their rapid transit systems, it is clearly of major interest and benefit to the state to have fast, safe, convenient transportation for all in all major urban areas of California.

Therefore, I believe the state government should remove any obstacles that might exist to local financing of rapid transit, and that we should give regional transit districts the utmost flexibility in working out their financial problems.

I am well aware of the financial problems facing BART--the Bay Area Rapid Transit District. For that reason I support, and hope for passage as early in the session as possible, a bill authorizing a local sales tax of a half cent in the three BART counties for the four-year period which should be sufficient to eliminate the BART deficit.

We enacted somewhat similar legislation last year for Los Angeles, and I would support such a measure for any other region that seeks it for this purpose.

TRAFFIC SAFETY

The drinking driver is involved in nearly 50 percent of the fatal highway accidents in our state. To protect the thousands of innocent men, women and children who are killed or injured in such alcohol-related crashes, we must, this session, obtain legislation to improve intoxication testing and the prosecution of such cases.

GOVERNMENT REORGANIZATION

During the past two years, with your cooperation, I have reorganized the executive branch of state government to make it more efficient and more effective. The work we have done, together, has provided leadership throughout the nation; many states are now copying our approach.

My authority to streamline operations and make them responsive to contemporary techniques and needs will expire early next year. Therefore, I will request legislation to extend that authority for another two years.

I also plan to send to you several more reorganization programs. These will include the elimination of certain boards and commissions and the restructuring or consolidation of others.

Also, I will propose that we consolidate all of the major tax collecting agencies into one Department of Revenue, organized as are the other major departments. I am convinced this could result in substantial savings.

And, it may well be that certain provisions for constitutional revision, which were included in Proposition 1 on last November's ballot should be set apart and replaced on a future ballot so that the people can have the opportunity of a more deliberative and selective decision.

The need to streamline our state constitution remains.

To help local governments find practical solutions to some of their problems of growth and increased demands for services, I will support measures directed at developing modernized and acceptable annexation statutes.

TAX REFORM

Tax reform remains one of the most important and imperative matters facing all of us. As you know, some months ago I named State Controller Houston Fluornoy to head a Tax Reform Study Commission. That commission is now completing its work and the chairman has advised me that the report will be ready sometime later this month. At that time I will review the recommendations with Mr. Fluornoy. I will deliver to you a message on tax reform during this session.

SECONDARY EDUCATION

Now, while we are necessarily occupied with action to protect, preserve and build our system of higher education, we must not ignore or under-rate the importance of elementary and secondary education. These K-through-12 years are vital; they should be one of our top priority items; for millions of children, these grades may contain the total of their formal education. They must not be short-changed by allowing other programs to siphon away money which should go to them.

In this age of technological revolution, the future will depend a great deal more than before on the excellence of our basic educational system.

I will establish a Governor's Commission on Educational Reform to analyze root problems and to suggest major reforms in the areas of financing; teacher training, standards and salaries; curriculum; and the proper functions of schools in today's society, especially in our urban areas.

One of the important subjects which this commission must tackle is a new and more equitable system of state participation in school district financing.

And, I believe, they must seriously assess the need for, and the potential benefits in, a system of technical institutes to help prepare the vast majority of our young people who will never go on to college.

In the decade of the seventies, California will need 2.4 million more skilled and technically-trained young men and women to keep up

with our expanding economy. Perhaps the existing network of community colleges would be the proper launching pad for the important task of preparing our youth for the increasingly technical future.

HIGHER EDUCATION

No state-of-the-state message this year could fail to dwell upon the problems of higher education.

We are all greatly concerned about the attacks on our educational system by small groups of criminal anarchists and latter-day Fascists... those unruly few who seek to close down the campuses of our universities, state colleges and even high schools.

Their indefensible onslaughts are not in any way to be confused with the traditional and generally acceptable activities of students who will always seek change through proper and constructive channels; the latter seek to improve, to build; the former seek to tear down, to destroy.

This session I will seek an omnibus program on the safety and security of our educational institutions--to protect the teacher, the student, and the public. Such proposals would, among other things, increase the legal penalties for assaults on teachers and students, provide for the expulsion of students or the dismissal of teachers who interfere with the educational process, and strengthen the trespass laws to keep troublemakers off the campus.

I have said this before and I say it again here this morning:

I will continue to use every power at my command to insure that safety and security--and the proper academic atmosphere--is maintained on every campus. I am determined that academic freedom and the pursuit of knowledge will be upheld, protected and preserved.

Over the years the people of California have gone further than perhaps any other state to make sure that political pressures will not interfere with academic excellence. There are events which try our tempers and there are times when we are tempted to make changes in the system to get at the destructive and unruly few. But, we must guard against excesses: extremes of whatever source are always dangerous--and often self-defeating.

It is incumbent upon us, this year, to review the system carefully to ascertain whether or not some changes and improvements should not be made in the governance and administrative procedures of our colleges

and universities. We should determine, for example, whether the very proper goal of protecting our campuses from political interference could not be served just as well with shorter terms for the Regents and Trustees.

And, again this year I will support measures to establish some form of tuition or increased fees at our state colleges and universities. As I have outlined before, I believe such an equal education plan is necessary to achieve full educational opportunity for all qualified students in California, to provide supplemental capital for each campus, and to eliminate existing inequities so that low-income families will not have to bear a disproportionate share of the cost of higher education.

But, at the moment, the problem confronting all of us is not just the problem of procedure or financing; our overriding problem is anarchy and insurrection.

It is time to make it completely clear: higher education in our state colleges and universities is not a right, it is a privilege.

It is a privilege made available by the commitment and the sacrifice of the taxpayer. And we here in Sacramento have not only the right-- but the responsibility--to set the standards and establish the basis on which public higher education will be available to all qualified students.

It is not in any way a question of interfering with academic freedom-- it is a matter of demanding professional conduct from both students and teachers; it is a matter of living up to our responsibility to the people; it is a matter of protecting the rights and personal safety of our citizens, including those on the campuses.

It is a matter of making sure that no group is ever permitted to unjustly force its will upon the people.

As long as I am governor, I will do everything I can to make sure that this privilege of a higher education is guaranteed to our young people in an atmosphere of safety, freedom and reason.

With whatever it takes, I will protect those students who want to learn, and those faculty who want to teach.

Legislators of California--join me in this commitment!

January 9, 1969

GOVERNOR RONALD REAGAN'S REMARKS AT THE
GOVERNOR'S PRAYER BREAKFAST.

Mr. Chairman, Reverend Clergy, Mr. President, Speaker,
Ladies and Gentlemen:

I would like to join my words of thanks to those for Mrs. Sanderson. With religion, of course, we realize that wherever we are, in whatever surroundings, we should be in God's house. Yet, we have learned down through the ages, by building churches and temples, that atmosphere helps man to turn his mind and emotions to God. The structure, the decoration and the lighting are not wrong. They are, indeed, helpful. I, again, thank Mrs. Sanderson and her group. Last year the theme of the decorations were of the plenty of California. This year, she and her group have continued with another kind of plenty of this state we are so blessed to live in. I am most grateful to her.

Mr. Chairman, I think you should know that I am sorry that Ed Reinecke couldn't be here, but in keeping with the economy of this administration I did suggest that he try to make arrangements with the Flying Nun.

We have heard some wonderful, simple words of wisdom from the gentlemen who have spoken here, who have prayed with us, and for us, this morning.

A very prominent American, who I shall not name, was conversing with an equally prominent citizen from the continent to the south of us a few years ago. They were both commenting on the development of the two continents. They talked of our great technological development and our advances in living standards. This was contrasted with the primitive conditions that still exist in so much of South America. As they tried to understand these two continents, peopled mainly by colonists who came from Europe at about the same time, the question arose as to how we have reached this point in history with such a difference in the level of development. It was the South American who answered the question. He said: "Well, perhaps it is because the people who colonized South America were men who came in search of gold. The men who came to North America came in search of God."

This idea, of man searching for God, coming to America, was carried out. Jefferson tells us that in that little hall in Philadelphia, when they were debating heatedly whether to sign the Declaration -- because to sign it was literally an act of treason to the King -- while they were debating the cost and the penalty, he tells of a mysterious man who rose up to speak, a man whose eloquence carried the day when he had

finished speaking. This man's words were such that the men in that hall rushed forward to sign the document and as Jefferson tells it, when they turned to thank him for his timely eloquence, he was not to be found. No one knows to this day who the man was, how he came in or how he went out through the lock and guarded doors. He wound up his oratory, words which so swayed the delegates, by admonishing them to "Remember this one thing, God meant America to be free." Since that day we have carried this message with us. Only recently, three men of courage, courage almost impossible for the rest of us to appreciate, three men in space humbly turned to the recognition of the presence and the existence of God. There were some who found that bothersome, some who thought that this was, in some way, a violation of our traditional separation of church and state. I wonder sometimes if the people who are so concerned with that today aren't really advocating the separation in this country of the state and God, and of religion in general.

We are faced with many complex problems that seem overpowering. It seems as though there is no answer to be found for many of them. I have been accused many times of simplification. Yet, I believe there is a simple answer. I think the problems will only grow more complex, more troublesome, and more impossible of solution if we try to face them with just our own human resources. If we go in company with God I am quite sure those problems will be easy to solve. Perhaps not easy, but at least possible of solution.

Now, if you doubt that, if there are any who, perhaps, as the days go on, don't think enough of it, who are inclined to believe in that something we cannot see and cannot feel, which we can only think of and hold in our hearts, I say it can be of help.

You have heard a group of young people sing here today. They have told you how many groups there are like this in our state and throughout the world. Let me tell you just another little story that has to do with our state.

Another group exactly like these fine young people, who have very simply taken the talents they have, their youth and their energy, and haven't asked for something they don't have, are doing this by saying: "What can we do to carry forward God's will with what we have to offer?". Such a group has been in San Quentin. Some months ago a group in Bakersfield asked for permission to go and sing in Tehachapi Prison. Then, a few months later they were invited to come back. This time they found they were in the audience. A three-time loser stepped out on the stage, reminded them of their previous visit and said "When a group of American kids came and sang to men like us of freedom, you started thoughts we haven't had in our minds for a long time. You started feelings and emotions

we haven't felt for a long time. We wanted to thank you and thought that the only way we could thank you was in the same language you brought to us." This three-time loser at Tehachapi Prison then turned, as the Director of an "Up with People" group. They had written six original songs, changed some of the lyrics to be appropriate for men who had lost their freedom, as they sang of freedom. Rules were such that they could not go out in public. But they did begin to go out to some of our other institutions. Just a short time ago they were finally invited, and permitted, to sing to an outside-the-wall audience in Bakersfield, sponsored by the Bakersfield Press Club. It was most impressive. A young man, a negro, who for two years was filled with such hatred and resentment, that he had not spoken to his white cell-mate -- the soloist -- and the group sang "I'll never walk alone." Another three-time loser is proud of the fact that he is the soloist who sings the National Anthem. The entire group have now become such trusted inmates that they live without guards in a separate dormitory and they continue on together as an "Up with People" group. Yes, all of us do have an ability and power to use what we have.

I am reminded of so many fund raisers and political affairs where, at the end, the chairman gets up and says "Please don't take these center-pieces with you." There is something you can take from this place today. You needn't go away empty handed.

Most of us here will go directly across the street. I know of no building, no temple in all the world, where it is more important to have God's presence than in that building. All of us can take Him with us as we leave, as, say, our table or door prize, or whatever you want to call it. I think we will all be better off if we do that, if we keep Him with us in the days ahead, within that temple of freedom.

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RELEASE: 10:30 A.M.
Sunday, January 26

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Republican State Central Committee Meeting
Sacramento Memorial Auditorium
January 26, 1969

Just three years ago, you and I and hundreds of thousands of Republicans started a grass-roots revolution in California politics and California state government. Call it what you will, the Creative Society, the California commitment, or just common sense reform...the fact is, we set out to rebuild, revitalize and reshape state government so that it would once again be of and by, as well as for, the people of California.

And, just a little more than two years ago the voters of California sent us here to do that job---to reform the business of government, to restore it to its proper purpose and its proper balance.

During that time--between then and now--we have made some real accomplishments. We have brought this state from the brink of insolvency to the point where we will--the week after next--present a budget with funds sufficient to provide for both tax relief and tax reduction in the areas of property tax and personal income tax.

We have cut and squeezed and trimmed---we have saved the people's money and we have taken the first steps toward essential reforms in welfare, Medi-Cal, government organization and operation.

No one pretends that the job has been completely accomplished, or that we should be anywhere near satisfied with everything we have done. Given the situation that existed, it is not feasible to overhaul and redirect in two years what it took eight years to compound.

There are those who say we should forget the mistakes of the past---the errors of the years from 1959 through 1966. I say we must never forget them...that we should continue to remember them---not as political escape hatches, but as a lesson of things not to be repeated. We can often find the best way to the future by judging and avoiding the mistakes of the past.

We have instituted major reforms and we have curtailed many of the fantasies of government which were rampant when we arrived.

In comparing the last three fiscal years of the previous administration with the first three fiscal years of ours, we find that we have reduced by 50 percent the rate of increase of civil service employees as compared with population. We are determined to prove that the number of government employees does not have to grow at the same rate as the population.

And, in the area of reducing the cost of government, we are also making progress.

You know, up here in Sacramento we have a man named Alan Post who is hired by the legislature. His title is legislative analyst and his job is to find the fat in the governor's budget. Over the years he has become a highly respected public servant--and expert--with the reputation of being a tight-fisted, hard-nosed protector of the public purse. He has saved the people of California millions of dollars.

I was interested to see, recently, that during the last four years of the previous administration, Mr. Post generally recommended reductions and policy options in those budgets of about \$100 million a year. After we got up here and got finished with the 1967-68 budget (which we inherited), our recommended reductions actually exceeded Mr. Post's by some \$2 million.

Now, don't get me wrong: we're not trying to say we have found a way to repeal one of Professor Parkinson's law---the one that says "expenditures rise to meet income." We are just saying we are making it harder for some people to put it to work.

The important thing is that we have done these things without losing any efficiencies--as a matter of fact, while increasing efficiencies--and without curtailing any of the necessary and proper services of state government.

There are those who will always scream that all we care about is dollars---that we don't care about people. They seem to forget that the dollars we care about are the people's dollars---and that you can't separate the two...although over the years the opposition has done a rather fantastic job of separating people and their dollars.

The hard fact of life is that unless we make these economies, unless we safeguard the people's money and make every dollar buy more than dollar's worth of necessary and efficiency programs...unless we do these things, we will not be able to attend to human needs and the humane programs. An insolvent state cannot finance a welfare program; an insolvent state cannot assist in the funding of an education system.

We will continue to cut and squeeze and trim. But from here on out, it will be a lot like the guy who went on a diet to lose 10 pounds---the first eight pounds are easy, but those last two pounds are really rough.

I will not go into a long recital on these things here this morning; I know that you are eager to get on with the business of this convention. And, most of these things are detailed in the State-of-the-State message which I delivered to the legislature on January 7. Copies of that message are available at the office and I would urge you to review this, for you are the salesmen--the field forces--which can spread the word of what we have done and what we are planning to do.

The important thing is that these achievements of the past two years were done while the Assembly was still under the domination of the opposition party.

Now, thanks in large measure to your efforts last year, we have a strong Republican team here in Sacramento...with Speaker Bob Monagan and his "fearsome forty" in the Assembly and Don Grunsky and his "tough twenty" in the state Senate. Together, we have a solid and strong Republican team and I expect that we will be able to accelerate our achievements in these coming two years.

The point is, we have made a start toward changing the direction of government...together we have changed the attitudes here in Sacramento. And, at the same time, more Californians than ever before are involved in government---not just through boards and commissions, but through Creative Society programs which are drawing the private sector into a positive, innovative partnership.

Two years ago we came up here to reform state government; the new Republican team--and the private sector--is working in harness and harmony to get on with that reform.

And in the coming months there will be special elections in several parts of the state---in Contra Costa County, and probably in Los Angeles County. My request of you: send us more Republicans so that we can get on with the job.

Now, just for a short moment, let me say a few words about a subject which is of the utmost concern to all of us---the situation on some of our college campuses.

The weight of my office and the power of the executive branch of government supports the expressed will of the great majority of the people of this state on the matter of anarchy and fascism on our campuses

I want to make it perfectly clear that I, as governor, will support and assist local authorities in maintaining law and order and carrying out their responsibilities to the campus and the surrounding communities.

I would hope that I may count on the support of the legislative and judicial branches as well to make certain that the rights of those who wish to learn and those who wish to teach are not trampled by the insurrectionists.

I wonder, for example, how many of the four hundred some so-called "demonstrators" arrested at San Francisco State College Friday were either on parole or have records of previous arrests for prior activities of a similar nature at our various university or college campuses?

I believe we--and by "we" I mean the people of California--have exercised great patience. We have done everything possible to assure that the long-range interests of our institutions of higher learning are not damaged in reaction, suppression or over-reaction to the anarchists. And we will continue to exercise every necessary care that we don't make the mistake of destroying the structure in order to correct the problems. That is the goal of the anarchists. It is not ours.

Rather, ours is the protection of true academic freedom. To achieve this, we must first insure that our universities and colleges are still standing.

We intend to preserve, protect and maintain our great educational system in every way. I will have more to say on this in about a week in my forthcoming television Report to the People on February 4. The subject will be the budget. It will include what we intend to do--financially and in other ways--in regard to education in California, kindergarten through the 12th grade and in our university and state colleges.

But until that time, let me just say this:

I have run out of give and I'm sure that is true of the people of this state.

It is obvious that a few--of criminal and subversive intent--are determined to wreck these great institutions. They will not succeed.

There will be no compromise with violence, no capitulation to threats.

In closing, let me talk to you as a Republican about our Republican Party---for it is the political vehicle that has primarily enabled us to be here to serve all the people of this state.

We have come a long way together since the lean years---since 1965, for example, when we had just 31 Republican assemblymen and only 14 Republican state senators, and only one Republican state constitutional officer, Frank Jordan, secretary of state.

Little by little, over these years, we have made the long climb back...election by election, step by step, precinct by precinct.

We made progress in 1966 when we elected 38 Republicans to the Assembly, 20 Republicans to the state Senate and five state constitutional officers.

Now, in 1969, we have a paper thin majority of 41 Republicans in the Assembly and 20 state Senators, plus Lieutenant Governor Ed Reinecke. And last year, we carried our state for Dick Nixon.

I do not cite these successes to crow about them---or to say we can rest on our laurels. I cite them to show that when we stand together--as an attractive and united party--we can win elections.

Many of our successes in the Assembly races in the 60s have been due in large measure to the Cal-Plan. It has taken us from 28 Republicans in the Assembly in 1963 to the 41 seats we hold today. It has proved its value and its winning ways.

But, the Cal-Plan was not designed to stop in 1968, regardless of success. The Cal-Plan was conceived, put into action, and pursued through all these years to make sure that we Republicans would have a majority in the State Assembly in 1971. That is the target date of the Cal-Plan---a majority in 1971.

I need not remind you that 1971 is the year of redistricting---1971 is the year the lines of the Assembly and Congressional districts are redrawn on the basis of the 1970 census.

The lines drawn in 1971--the districts established in 1971--are the political facts of life we will live with for the decade of the 70s---for ten long years.

That will be the big decision of the elections of 1970, not just the election of one man or several men, but the election of a Republican majority in the California State Assembly. It will be the decision as to whether we are to continue positive, responsible, and responsive state government---or we are to fall back into the days of boss rule and big spending, and irresponsible and insolvent government.

That is the decision which will be made on election day, 1970.
And there can be no question as to what that decision must be.

So, as you meet here this weekend--and as you engage in the contests for state party offices--choose your man or woman, but don't wreck your party.

There is too much at stake, there is too much to work for, to allow petty personalities and emotional differences to weaken our party and weaken our opportunity for victory in 1970.

Have your contests--disagree without being disagreeable--cast your ballots, but accept the vote and join together to work together, to build together, to win together.

And right here and now I want to exact a pledge from every candidate running for party office. (I do this not as governor---but as a member of this party and a member of this convention.)

I ask each candidate to pledge to me and to this party--and to this convention--that he or she will support, wholeheartedly and without reservation, the winning candidate--and to pledge that he or she will join together and work together to unite our party and to build our party for victory in 1970.

Before we vote today, I believe we have a right to exact that pledge from all who would seek the honor of holding office in this party.

Not one of us in this room can afford the misbegotten luxury of removing ourselves from the common cause or the uncommon tasks which confront us. There is no petty jealousy, no personal ambition, which can rank with the high purpose of this party...the purpose of serving the people of this state through the best and most creative government.

There is nothing more important today---or at any time in the future---than standing together for individual freedom, justice, order and progress.

Let no one in this great hall ever have to answer the question: "Just what in heaven's name was more important (in that convention) than uniting--and working together--for California and the Republican Party?"

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in, the above. However, Governor Reagan will stand by the above quotes.)

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
Executives' Symposium Luncheon
St. Mary's College, Moraga
January 30, 1969

During this Seminar you will hear and discuss the dimensions of our state's business climate with various experts.

Without trying to be an expert, let me preview with you some of the facts and figures which I will soon present in my Annual Economic Report.

First, as you realize, our population continues to increase; it grew by some 304,000 during the year ended June 30, 1968. And, although this rate of increase was significantly higher than the national average, it continued the decline in our rate of population increase which started in 1963.

The California labor force also grew--increasing 259,000 over the previous year's level. Our civilian employment also registered a gain of 282,000--or 3.8 percent--over 1967. And, unemployment declined substantially to an annual average rate of 4.5 percent, as compared with 5 percent for 1967. This is the lowest annual rate in more than a decade, and the December 1968 rate of 4.1 percent was the lowest rate on record since July of 1957.

The employment growth between 1967 and 1968 was one of the largest relative increases in the 1960s, and the number of jobs in most major industries reached new heights. Two major industries--agriculture and construction--which have been characterized by employment downtrends during recent years, reversed their patterns by adding workers last year.

Approximately 68 percent of our unemployed were covered by unemployment insurance. Those who weren't were primarily new entrants into the labor force, or persons who are not covered by this type of insurance--farming, government, non-profit enterprises, and domestic service.

Average hourly earnings of production workers in manufacturing reached \$3.45 for 1968, an increase of 16 cents an hour over 1967. Weekly earnings averaged \$139.38, up 4.9 percent from the year before. This relative gain in weekly earnings was the largest in the last dozen years. But the cruelest tax of all--inflation--continued to take its toll so that even in the face of these earning gains, the single worker's

purchasing power remained about the same as it was in 1967.

Corporate profits attributable to California operations rose 11.4 percent from 1967, and only real estate and non-bank financial institutions registered a decline during the year.

The increase in consumer prices--a constant companion of inflation--was up sharply during 1968. The consumer price index for the State--the weighted average of the San Francisco and Los Angeles indices--was up 4.4 percent from the 1967 level.

These are enough statistics for me, today--and I suspect for you. I cite them basically to make the point that California's economy and business climate is generally good. More of our people are employed, more of our people are earning more, and fewer of our people are unemployed than in recent years.

But I leave the analysis and the dissection of our economy and its tides and currents to those who are here with portfolios of data. I want to talk to you today about some long-term factors which will have an overriding impact on our business climate, our economy, and the overall state of our state.

Three years ago, when I was a candidate for this office, I outlined what I believed to be the proper roles of government, the people, and the private and independent sectors during these times of triumph and trouble, peril and potential. At that time I stated it was high time--ordinary citizens brought common sense to bear on the problems we face as a people, that government must be of and by, as well as for, the people. What I presented was the blueprint for a Creative Society.

Today I want to re-state, briefly, those basic principles and to highlight some of the things we are doing throughout to bring this concept of government to reality. And, when I say "we" I am not simply referring to those in government--I am referring to the people and the institutions and organizations throughout this State who are working in partnership--public and private sectors joined in common quest of an uncommon goal. What we must seek is not more government--but better government which applies those solutions which will not add to bureaucracy, which will not unbalance the budget or centralize power, and which will require from the people only that minimum amount of their earnings and resources to do the job their government should properly do.

A government which is mindful of its trust, responsive to the dynamics of society and which leads people to constructive action--a government which unleashes the dynamic forces of business and labor through free enterprise, a government which involves its people in the search for excellence--this is the essence of the Creative Society.

Government can lead the way, but the people must act; otherwise we are in danger of becoming people of the government rather than a government of the people--and there is a vast difference.

We have led the way in Sacramento. We began putting state government in order. One of the first things we did was to establish the Governor's Task Force on Efficiency and Cost Control. This six-month's volunteer work of 250 business and industrial experts came up with some 2,000 recommendations. Almost 700 of those recommendations have been put into action so far, with a potential annual savings to the taxpayers of \$150 million.

We are not satisfied, we are not through; there is still much to be done; we will continue to cut, and trim, and squeeze the greatest value out of your tax dollars. We, like you, have a trust to the people of California--the stockholders in this great corporation--and we are determined to be worthy of that trust. Government is not a business--but there is no reason why government cannot be run on a business-like basis.

These economies and these reforms and reorganizations over the past two years have enabled us to pull state government back from the brink of insolvency. It has placed us in the position where, in our 1969-70 budget which will be presented next week, we not only will live within your income but also--and most importantly--provide for sizeable tax relief in both property and personal income taxes.

Pride, if it is to be meaningful, must be based on achievement and we are naturally proud of these accomplishments---but we are certainly not satisfied. We will continue to cut and squeeze and trim... as well as create, with you and other members of the private sector, a dynamic environment--a better business climate--in California.

And, as a matter of fact, one of the things which gives us the greatest amount of pride is the tremendous way the private sector has responded to the call of the Creative Society. Community action programs of a non-governmental nature are springing into being throughout the state.

Just over the hills, in Oakland, Kaiser Industries is making community action a way of corporate and employee life. Last summer Kaiser "adopted" a high school, providing a large portion of the funds needed to train and teach so-called unemployables in a special program. The Kaiser Volunteers, a group of 250 company employees, have joined together, donating time, energy and skills to community projects in the East Bay.

Safeway, another corporate resident of Oakland, saved a co-op market in Hunters Point from going out of business by lending its managerial know-how and buying power. Because Safeway went out of its way to help, that co-op market, operated by minority residents, is now on its feet financially.

In Los Angeles, the Joint Council of Teamsters is administering TOPS--the Transportation Opportunity Program--in cooperation with the Institute of Industrial Relations at UCLA. TOPS offers automobile and truck driving training, mechanical instruction and remedial studies to minority and low-income citizens. So far, more than 800 persons have graduated from the program.

I could go on---I could tell you about the aerospace company in San Diego which has formed a non-profit corporation to design and build low-cost housing...or, about Hewlett-Packard which has started a completely new electronics plant in East Palo Alto which is manned entirely by minority group employees and which someday will be owned by them.

The University community, with its reservoir of talents and vigor, is also in the action. At Berkeley, for example, a number of student-faculty programs are helping to lessen some of the poverty and unemployment in that area. At Stanford, the students and faculty in the School of Business Administration are helping minority businesses in the area.

And, one of the most exciting ventures is the program now developing between my office and the California Jaycees to form a statewide Service Alliance which would function at the local level. These young men, throughout the state--and long noted for their public service efforts--can become a tremendous force in building civic and personal involvement through such an alliance.

It is here--in the hearts and minds of our citizens, individuals and organizations, companies and labor unions, students and faculty--that we find the great genius of America. There is nothing that government and the private sector--working together--cannot accomplish.

As we anticipate the business climate in our state--not just for this year or next, but for the decade ahead--it should be of great concern to all of us that, during recent years, we have had to "import" skilled workers for our sophisticated---and even some of our not-so-sophisticated---industries.

Since World War II, something like 40 percent of our skilled labor force has been brought in from other parts of the nation---and, in fact, from other parts of the world. Now it is estimated that during the decade of the seventies we shall be required to "import" another 2.4 million skilled men and women to meet the job openings in our growing businesses and industry and to keep pace with our expanding economy.

Yet, at the same time, we do have a measure of under-employment and unemployment, and we also witness a sizeable increase in the number of persons on welfare rolls.

In recent years the federal government has been spending money, and expanding programs, at the annual rate of more than \$200 million to increase the employability of disadvantaged persons. It is an indictment of such programs and such policies that their impact has largely been lost in a maze of bureaucracy, inefficiency, duplication and misdirection. We have been losing the war on poverty mainly because it has been fought on the wrong fronts, with the wrong weapons, by the wrong generals.

The answer to poverty is incomes, not hand-outs; the answer to unemployment is employment, not politics.

The greatest force for winning the war on poverty comes not from the halls of Congress or the corridors of Sacramento, but from the offices, and the factories and the shops of American business and industry.

In 1900--based on the \$3,000 a year income mark and adjusted for constant-dollars--90 percent of Americans were below the so-called poverty lines. By 1920, this figure had dropped to 50 percent and, by 1960, it had been reduced to 20 percent. In no other nation in history had the upward economic thrust of a people been so dramatic, so definite and so sustained. The driving force was the American capitalistic system---free labor and free capital working together to increase productivity, incomes, jobs and opportunities.

Since 1960--when the federal government declared "war" on poverty--millions upon millions of dollars have been thrown into programs to bring more individuals above the \$3,000 income level...at the same time that labor and capital, increasingly burdened by taxes, inflation and controls, but still relatively dynamic--continued to surge ahead. The results, after seven years of governmental programming?---a drop to 11 percent, just about the same annual rate of progress made when the free enterprise system was doing the job pretty much on its own.

Now, no one is saying that we should cancel all government programs; but what I am saying is that these figures are a fairly clear indication that it is the private sector--business and industry, labor and management--which has the great, and the only real, capacity to win the war on unemployment and poverty. What I am saying is that the walls of the so-called ghettos are primarily economic---and that the greatest potential for knocking down those walls lies with business and industry.

A necessary companion in this immense journey is education--in fact, education should be a lodestar for progress--both economic and social.

Servan-Schreiber in his exciting book, "The American Challenge", traces the origin and the forces behind economic expansion. He examines some emerging factors which now seem to be the most dynamic power for expansion in these threshold years of our technical age.

In the past (he points out) economic expansion was due in large measure--and largely attributable to--growth in capital investment and labor force; the nations which wisely applied these forces were the nations which led the world in economic development. In the future--while these two forces will certainly continue to be vital--the nations with the strongest educational system and the greatest technological innovations will be the leaders. The fact that our nation--and our state--continue to lead the pack and, in fact, widen the gap in many economic areas is because--to a great degree--we have managed to couple these forces of education and technology to the mainspring of free

It is the drive (these forces, for example that is making the American business community in Europe one of the great economic powers in the world. And, it is also largely because of the generation and harnessing of these essential forces that our state, with its educational excellence and its technological leadership, ranks fifth among the nations of the free world in terms of gross product.

In this state, over the years, the people have built one of the great educational systems of the nation: universities and colleges---both public and private, community colleges and elementary and secondary schools.

Our commitment to this system--and our resultant investment in tax dollars--underscores our realization that education which engenders technological innovation and application--as well as spiritual growth and moral values--is essential to society's progress.

(And, this is one of the several reasons we are all so angry and impatient with that small element of criminals and subversives which seems intent upon tearing down what the people have built up.

(We will not--we cannot--permit anarchists and insolent and juvenile guerillas to tear down our institutions. And I, as governor, will do everything in my power to assist college authorities and local law enforcement agencies to see that it is stopped. There can be no compromise with violence.

But, at the same time that we move together to rid our campuses of this disruptive element---we must also move ahead on several major educational fronts:

First, we must make higher education available to more qualified students, especially those from lower income families. Therefore, I will again press for a tuition plan at our state university and colleges. Such a plan is essential if we are to keep pace with the growing costs of higher education. Such a plan is necessary if we are to equitably diffuse the mounting costs of higher education. And such a plan is necessary to establish a system of grants and loans for qualified students from our lower income families.

Second, we must move ahead with a system of vocational training institutes. We must do this so that a growing number of our young people--those who will never seek a baccalaureate degree--can obtain the training in the skills and technical abilities which are essential to their future and ours in this electro-technical age.

This is surely an area where we can work together--government, private and academic sectors--to design and put into action a system of technical training which is responsive and relevant to a rapidly changing world.

Such a structure will not be of real consequence unless we together project the needs and demands for skills and technical abilities in the years ahead. It would do us little good, for example, to turn out buggy-whip makers in an age of satellites and cybernetics.

And, third, we must move to reform our elementary and secondary educational system--grades K-through-12. For too many of our children in today's schools are still in the shadow of yesterday's techniques, yesterday's programs and yesterday's drumbeat. Too many of our young people in the so-called "turned-on" generation are turning off and dropping out. We must design a modern system to stimulate the quest for knowledge and preparation for these coming generations.

A responsive, creative government--a turned on private sector--an expanding and excellent educational system: these are forces which may not be dealt with in depth at this seminar, but they are forces which can make the difference in the future...a difference between mediocrity and frustration, on the one hand, and greatness and inspiration on the other.

Almost 140 years ago the French philosopher Alex de Tocqueville wrote about us---the American people. He called us "the most peculiar people in the world."

"You won't believe it when I tell you how they behave," he wrote. "In a local community in their country, a citizen may conceive of some need which is not being met. What does he do? He goes across the street and discusses it with his neighbor. Then what happens? A committee begins to function in behalf of that need, and you won't believe it, but it is true---all of this is done without reference to any bureaucrat. All this is done by the private citizen, on his own initiative."

Now, there are those who say that this might have worked, back 1830---but that it won't work today...that things are too big, too complex...and besides, nobody cares anymore.

I disagree. People do care. And, the very fact that we have grown so large, and in some ways are so complex, demands that we continue--that we reapply--this American character.

Either we, as individuals, and as companies and labor unions "go across the street and discuss it with our neighbors" and organize and get the action going, or government will do it for us.

That is what the folks at Kaiser are doing--that is what the people at Safeway and Hewlett-Packard and the Teamsters and hundreds--thousands--of others are doing...going out and doing something extra, where it counts.

This is the way we build the climate---social and economic; this is the way we build the California character...and California!

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in, the above. However, Governor Reagan will stand by the above quotes.)

2/7

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN

GOVERNOR'S INDUSTRIAL SAFETY CONFERENCE
Los Angeles
February 7, 1969

It was just a year ago that I spoke to you in San Francisco, and it is nice to see so many of you here now pursuing your efforts to eliminate on-the-job mishaps to California employees.

When I began to think about what I should say today, I wondered if I should even discuss safety. For one thing, I am not an industrial safety expert. For another, the subject is being quite thoroughly covered here at your conference, I understand, in dozens of expert presentations on just about every aspect of industrial safety.

Believe me, I would no more try to tell Walt Alston or Bill Rigney how to run a ball club any more than I would stand before many of you--the experts--and try to develop a master safety plan that would solve every problem with which you have been grappling for years.

However, I realize that in even thinking about seeking a new topic, I am violating a sound rule: "Never take anything for granted." So, with your indulgence, I would like to say a little about this all-important subject in which we have a profound stake.

A constructive interest in safety is part of my job. Safe working conditions and safe conduct on the job are essential to the well-being of our men and women workers and, therefore, to the state's general welfare. In addition to the pain and suffering of accidents, there is a staggering direct financial cost---nearly one-half billion dollars in compensation insurance premiums were paid last year to cover the medical and compensation costs of industrial injuries in California. This is only a part of the total loss; it does not include indirect costs such as property damage and lost production time that pile up when accidents occur.

Within our state government, the frequency rate for disabling accidents was 18.4 per million man hours worked during the fiscal year 1967-68. This figure has not changed significantly for the past 15 years. It is a rate higher than that for comparable operations in either the federal government or private industry, and--in addition to the pain and suffering of those who are injured--it is costing the people of California some \$6 million a year. If the present rates are maintained, such accidents will cost us some \$12 million a year by 1972.

So, you can see we have our safety problems too, and we are working on them. I recently requested my cabinet secretaries and their department heads to institute a three-year accelerated program to reduce occupational injuries. This will involve all of our people---from administrators right through to the individual employee; safety is and must be a full-time, everybody-concerned effort.

The tangible benefits of safer ways of doing things demonstrate over and over again that continued attention to safety is worth the effort. Let me cite an example that recently came to my attention.

An important railroad technical center has developed an electronic device to stop a train should the engineer suddenly become incapacitated. The unit is a modern substitute for the old "dead-man control."

Some engineers did not like the old device because they had to keep a foot on the same pedal all the time. Now ultrasonic waves, too high to be heard by the human ear, are being used to increase railroad safety.

A small cabinet placed in the cab of a speeding locomotive beams a steady stream of high frequency waves toward the engineer. The reflected waves, acting like radar, continually monitor his movements. If he is completely immobile for over thirty seconds, a visible and audible alarm occurs.

Then merely a slight movement of his hand will reset the unit. If this is not done in ten seconds, the brakes are automatically applied to the train.

Although it is true that industrial management has done much to reduce hazards by providing safe working environments, it also must be recognized that nearly every employee has contributed greatly to injury elimination.

Everyone who holds a job has already demonstrated that he has at least some ability to avoid and prevent accidents. Our protective instincts, our agility, physical strength, intellect and the five senses, all help us to avoid injury, but in this day, intellect is most important. Intellect deserves special mention because it provides a means for the planning, the foresight, the learning, the training needed to master our more complex hazards---those too tough for control by nature's simpler defenses.

Above all, management, labor, and their families must keep everlastingly at the task. Safety promotion in industry must be a team effort. Every individual should participate just as all must help achieve such industrial goals as high productivity and high quality. Accidents are a continuing threat; their prevention must be a continuing effort.

In 1967, California industry set a new record of accomplishment in industrial safety. Out of every 1,000 workers, 970 of them went through the year without a disabling accident. Estimates for 1968 show injury rates up slightly from 1967 although the 1968 rate is apparently the second best in the state's history. This temporary set-back must not be allowed to discourage you in your safety efforts, but instead, provide the added nudge needed to continue the downward trend next year. California is a big state with many variables to affect its injury rate. We can accept some ups and downs along the way as long as permanent gains are established in the long run.

Obviously, there is no basis for complacency in the state's industrial safety performance. The record can and must be improved. The difference between a .200 hitter and a .300 hitter in baseball is just one more hit every tenth time at the plate. Not much difference, but professional baseball players, managers, and owners will tell you it is the difference between playing baseball in the big leagues or the minors, or not even playing. And so it is in injury prevention. A fractional part of a second, an inch, or any measurable force can be, and often is, the difference between life or death, disability or sound health, a job or no job. How few are the inevitable, unavoidable accidents. Every one of us has had the repeated experience in accidents to ourselves or involving others of realizing that one silly, easily avoided slip had meant all the difference.

We must improve our batting average. But there is a basis for confidence---confidence that sustained, intelligent application of sound accident prevention measures will achieve continuing progress. There was a time, as we all know, when industrial accidents were looked upon as part of the price of progress. Fortunately this concept has been changed---due largely to the efforts of people like you.

The organized safety movement in California is now over 50 years old. At this age, I am sure it is capable of demonstrating considerable maturity in meeting its challenges. At the same time, maturity must not dull intellectual curiosity and initiative. It is too young for senility. You know well that your basic programs, sound as they are, can be further refined and supplemented. While rejecting the obviously impractical, you must continue to adhere to the idea that innovations are both possible and desirable.

There are other additional compelling reasons for working harder than before at the safety job.

One is the fact, of which I am sure you are aware, that each measure of improved safety performance tends to be more difficult to achieve than the previous one. The law of diminishing returns goes to work unless efforts are constantly improved and intensified. It is like a man going on a diet: the first ten pounds are easy; from then on, every pound is a real struggle.

Another force demanding continued improvement of safety efforts is that of technological progress which brings new problems as well as benefits. Actually, solving newly created problems is simply an inherent part of making progress through innovation.

In the case of technological advances, it would appear that the safety programs must adjust to at least two types of people: those who fear change because of the unknown, and those who welcome change with excitement and enthusiasm but, sometimes, without adequate preparation.

The competent safety leader plays a key role in technological progress by educating both the fearful and the foolhardy. He makes new machines and methods serve us better by showing us how to live with them.

Along with industrial safety--the major concern of these meetings--are other areas of safety that affect all of us---especially home safety and traffic safety. We are familiar with the high accident and fatality rate in traffic and with the huge burden of home accidents.

What can you and I do to prevent ourselves and others from becoming involved in situations at home, or on the highways, which can lead to injuries or fatalities? What can we do to prevent ourselves, members of our families, or our friends from being involved in tragic situations? First, we must continue to learn as much as we can about avoiding injuries; and secondly, we must be vigorous salesmen at all times to assist others in avoiding the traps we are able to foresee.

Since all accidents or injuries result from one or both of two very simple situations: an unsafe act or the existence of a hazard, it follows that any person with determination, intelligence and leadership ability can do much for safety in the home.

We can never completely eliminate hazards; all of life is a hazard to some degree. Hazards can be reduced and often quite substantially. Industry has made and is still making great progress in this area, partly as a result of guidance and assistance from the Division of Industrial Safety and the Industrial Safety Board, through the development and enforcement of industrial safety orders. California homes need the same kind of attention, but of course, the occupants themselves must be the safety inspectors.

In any case, we know that logic and determination, properly applied, can do much for injury prevention, both on and off the job. I hope you who are here today--experts in accident prevention--will devote some of your extra time to community safety efforts.

Last December, I addressed the Governor's Traffic Safety Conference in Sacramento. At that meeting I quoted from the congressional record of October 9, 1968. Remarks were read into the record by Senator Everett Dirksen: "During the past several months, much has been said in the halls of Congress and elsewhere about violence in the streets, violence by guns and the like, but not much has been said nor has much attention been given to violence on the highways and byways of America from automobile accidents."

Senator Dirksen went on to point out that beginning with 1961, 25,000 American boys have been killed in Vietnam, while during that same eight-year period, 400,000 Americans have been killed and over 20 million have been injured by motor vehicle accidents on U. S. highways and streets. And 50 percent of the auto deaths are to persons under 30 years of age---our youth, our most precious trust.

In California in 1967, as in earlier years, vehicles combined to represent the most frequent agency of on-the-job deaths, and of all categories associated with non-fatal accidents, vehicles were second only to working surfaces in the number of injuries recorded. It is evident the operations of automobiles and trucks on the state's streets and highways also pose a formidable problem in the industrial safety field.

We must come up with new ways to curtail this loss of life.

We intend to pursue corrective legislation, especially in the area of presumptive limits, to help rid the state of the drinking driver.

But in the final analysis, government can do just so much. It can represent your wishes, but it cannot be a substitute for citizen action, follow-through, and determination. California's enterprisers daily demonstrate their ability to solve the complex problems which confront them. In the final analysis, the solution to these problems rests largely in their hands. Government can establish guidelines and provide stimulation, and labor can cooperate, and when all the forces jell together, we can be assured that our injury trend will be forced downward.

Since I am not an expert or a professional in industrial safety, I won't presume to offer any technical suggestions. But let me close with this statement by Thomas Henry Hurley:

"Perhaps the most valuable result of all education is the ability to make yourself do the thing you have to do--when it ought to be done--whether you like it or not; it is the first lesson that ought to be learned; and however early a man's training begins, it is probably the last lesson he learns thoroughly."

I have full confidence in the ability of California men and women in the safety movement to make progress both in the technical areas and in mobilizing support. And you have this organization, the Governor's Industrial Safety Conference, as a valuable mechanism to help give direction and impetus to your efforts.

The people of California join me in commending you and wishing you well in your great, humanitarian work.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in, the above text. However, the Governor will stand by the above quotes.)

2/14

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TRANSCRIPT OF SPEECH BY GOVERNOR RONALD REAGAN
Newport Beach Exchange Club
Newport Beach
February 14, 1969

I am very happy to be able to participate in the launching of Crime Prevention Week that is taking place here today.

I am grateful to Mr. DeAlphonso (sp?) for his book and am looking forward to reading it. I have been presented another book since I arrived here today---The \$20,000,000 Challenge by Kenyon Scudder and Kenneth Dean. I look forward to reading that. The title doesn't sound strange to anyone connected with law enforcement, because that is just about the cost of crime in America today.

Disregard for law and order increases all around us. The crime rate soars. The use of narcotics spreads, particularly among our young, and a violent faction would turn our campuses into staging areas for insurrection and our streets into a no man's land.

There are those, today, who say that each man can choose the law that he will observe; that the need for social change is justification enough to wreck society; that the need for reform is excuse enough to justify the violation of the law.

Much of the lawlessness today is a symptom of the sickness of permissiveness---permissiveness in the attitudes toward right and wrong, permissiveness in the application of justice. It is a permissiveness which pervades our homes, our schools, and in certain cases, our churches---a permissiveness which invades our courts and our governments.

Suddenly it is wrong to hold the individual accountable for his own actions. Suddenly it is wrong to hold the parent accountable for the deeds of his children. Suddenly it is wrong to expect college students and faculty members to obey the rules.

What has happened to the concept of right and wrong---of the concept of justice; of reward for virtue and punishment for vice? What has happened when the guarantee of law, which was written to protect the law abiding, is twisted and turned to set the criminal free and the subversive loose? What has happened when anarchy is given status as a bargaining agent to destroy academic freedom and to halt the orderly process of education?

It is all too simple--and it is too fallacious--to trace all crime to poverty. There is a criminal problem in the suburbs today as well as in the slums; there is a criminal problem on the campus as well as the street corner. As Eric Hoffer pointed out recently, Germany destroyed the slums of England---bombed them out of existence. But, the crime rate soared.

At the turn of the century, some 90 percent of the people in America--of our own citizens--90 percent of us in the year 1900 were below the poverty level in adjusted dollars as is decreed today by our government the level at which poverty begins. Today, only 11 percent of our citizens live below that line, and yet, who among us could possibly believe the crime rate in the year 1900 could anywhere near approach the percentage of crime in relation to population that we have in our nation today.

Our time of affluence is a time of increasing lawlessness; for too many of our young people the pot of gold at the end of the rainbow is turning out to be just plain pot; and the soul of America hangs in the balance.

What is needed today is a revival of common sense and common decency; a rejection of the permissive attitude. It is time to reject the notion that everytime the law is broken, society is guilty rather than the law breaker. It is time to restore the American tradition that each individual not only counts, but is accountable for his own actions.

My administration is committed to a creative society in which each and every person is guaranteed the maximum freedom under just laws; and to the proposition that the first duty of government is to protect its citizens and to preserve law and order.

In the past two years, on the optimistic side, we can justifiably say we have made considerable progress in law enforcement, criminal control and prevention in California. The California Council on Criminal Justice has been established, and, for the first time, we have a professional statewide planning agency working for the development of modern techniques in the prevention and control of crime and the treatment of criminal offenders.

We have vastly expanded the funds available to local government for training peace officers and we have expanded programs in rehabilitation and job training for the men and women in our correctional system.

You know, contrary to what some people may think about the image of our administration, we are concerned with rehabilitation. We have taken some steps that have been called in national magazines the most exciting in penal reform in the nation.

One of these happens to be an experiment going on at Tehachapi which has to do with marital and family visits for offenders, particularly first-time offenders who are going to be released from prison in the near future, and we hope rehabilitated and not returned. We have taken homes, once occupied by prison personnel--three bedroom homes equipped with full kitchens, with television, and so forth--and on the basis of good behavior, prisoners are allowed periodically to have weekend visits with their entire family and to live there without guards or prison garb and reestablish the family relationship. We think we have a better chance of rehabilitation if they don't lose their families while they are in prison.

Of course, we are a little concerned about this boomeranging. When the word of this experiment went through the prison system in California, it went like wildfire and was greeted with great joy by all the prisoners; they wanted it to be successful. The thing that disturbs us is that one young fellow who is a bachelor said he couldn't wait to get out to get married so when he got back in again, he could have those visits.

In cooperating with the attorney general, we have established a pace-setting communications and crime information network which will enable state and local law enforcement agencies to work together swiftly and effectively, using the most modern devices of this electronic age. It is a crime computer information tieup between our

local communities, the state and with the federal information crime computer in Washington, D. C.

This year we have introduced, or will introduce, to the Legislature, measures to increase the penalties for those who use firearms in the commission of a crime; to give law enforcement officers necessary tools to fight organized crime, and to curb the dissemination of the obscene and harmful materials.

We are also taking a strong action in the area of narcotics and drug abuse. California's young people are becoming poisoned by dangerous drugs at a shocking rate. In the past eight years, juvenile narcotics cases have increased nearly 2,000 percent. We have joined with the PTA, the California Medical Association, the newspaper publishers, broadcasters, outdoor advertising people and law enforcement agencies in a statewide educational campaign on drugs and narcotics--- in the schools and in the public media.

All of this is essential. But, it is not enough. The serious-- the extreme--proportions of the crime problem are not simply a matter of government; they are a matter which demands the concern and the action of every citizen. Let me put the dimensions this way: we gathered in this room at approximately 12 o'clock. If I limit myself--and I will--to the normal, respectable time for such a luncheon speech, we will adjourn a little after 1:30 due to my being late. But all in all, roughly this program that brings us together takes 90 minutes in total---an hour and a half together---and during this hour and a half, while we are gathered here in this room, 90 serious crimes will be committed here in our state....one serious crime for each 60 seconds that we are here...for every 60 seconds of every hour during the day for every day of the year.

While we meet here in this room, somewhere in California/^awoman will be raped; five people will be robbed; another five people will be the victims of aggravated assault; 45 burglaries will have been committed; there will be seven cases of grand theft....and 16 automobiles will have been stolen, just in the period that we are here in this room.

There was a time when an after-dinner stroll down the street or through the park was an evening's enjoyment; today, in too many places in our state and our nation, it is a nightmare---an invitation to mayhem or even murder.

There was a time when the campus was a scene of tranquility, an academic pursuit of almost idyllic serenity; today, it is too often the scene of violence, anguish and anarchy. The dean of one of our institutions of higher learning in California was forced to admit recently that he admitted students--enrolled students in that institution that were chosen by another group of students--and he enrolled them while they held switchblade knives at his throat until he agreed to take them. School rooms are firebombed and other serious-minded students are assaulted and intimidated.

Jim Murray, a sports writer for one of our metropolitan papers, turned from the playing field, recently, to express his concern, his anger, at what is happening in the "violent state of America." He wrote:

Democracy is in the cross-hairs. We quarantine the good, the reliable, the honest. We keep a 24-hour watch on the trustworthy, but get a habeas corpus to let anarchy run loose. Freedom is being gunned down. The right to murder is the ultimate right in this country. Sloth is a virtue. Patriotism is a sin. Conservatism is an anachronism. God is over 30 years old. To be young is the only religion---as if it were a hard-won virtue. Decency is dirty feet and a scorn for work. Love is something you need penicillin for. Love is handing a flower to a naked young man while your mother sits home with a broken heart. You love strangers, but not your parents."

What has happened to the soul of America?

We are upside down. We are upside down when a short time ago at a meeting in Washington, D.C., an elected official of our government, and incidentally, a representative from our own state, was heard to say several tables away during the invocation...."and I suppose when this is over, I have to salute that damn flag." And a pall and a hush fell over the room. The Chief is deified and that of lasting value is downgraded, thrown into the garbage can along with virtue, reason, idealism, sanity and used hypo needles. We build monuments to the sky, but we stand knee-deep in the garbage of empty and eroded morals.

General of the Armies Omar Bradley put it this way:

"We have many men of science; we have too few men of God. We have mastered the theory of the atom, but we have rejected the Sermon on the Mount. Ours is an age of nuclear giants and ethical infants. We have achieved brilliance without wisdom and power without conscience."

I suppose, to some degree, we could blame some of our courts.

We could point, for example, to the case where a superior court judge revoked the suspension of a drunken driver's license^{on the grounds}/that at the time of arrest, the driver was too drunk to know his constitutional rights.

We could, and we should. But, it is too easy to blame the courts, and let it go at that.

We could, to some extent, blame government. We could point, for example, to important, necessary laws which have been killed in committee---laws to help our peace officers to deal with crime, with assaults with deadly weapons, with narcotics and with pornography--bills which were killed in committee and victims who were killed on the streets, or in some back-alley room from an overdose of drugs.

We could, and we should. But, it is too easy to blame government and let it go at that.

We must become angry enough to demand that the courts and the legislators act responsibly and courageously. But, with all of this, we must do more.

More than this, we must call on you today, call on you first for integrity, personal and individual integrity, integrity in our personal lives, the slate on which we write examples for others to see our beliefs and our values, integrity in our family life so that our children have strong patterns to see, and solid examples to follow--integrity in our business affairs--integrity in our community activities. We can hardly expect the younger generation to come shining through if those who go before are splashed with hypocrisy. A double-standard and rubber yardsticks will not attract and will not capture the acceptance of today's young people.

So, my call to you today is a call for integrity. And, it is a call for involvement---personal involvement....caring enough to do something about it....being concerned enough to go out of your way to give a helping hand to someone who might be getting off on the wrong foot....starting off in the wrong direction.

Government can do just so much. Our laws and our courts, when correctly drawn and equitably and consistently applied, can do just so much. The rest is up to us, to each one of us. It must be up to us, or it will never be left up to us. If we don't care enough to act, to help stand firm, to set an example, to lead the way, then we will surely become a people of the government rather than a government of the people.

Just a few days ago something happened which gives me cause for concern, and it should serve to illustrate just what I mean about people caring and getting involved, getting on with the splendid American tradition of people-to-people, person-to-person help.

After the recent floods, I made a tour of the state assessing damage. The various government agencies were already on the job working to repair the roads, working to repair the public buildings and facilities necessary for a smoothly working society. In many areas, the private and independent agencies were already on the scene trying to help those families, and those individuals, who had been hurt by floods and mudslides. At that time I called for the application, of the acceleration of neighbor-to-neighbor tradition of our American Society.

Organizations such as the California Jaycees responded immediately and went about setting up a "sister city" operation so that its members throughout the state could work with members in the flood-damaged areas to bring help to the needy.

And in the course of time, it was made plain to me by some, as I urged this throughout the state, that this concept of person-to-person help was not only out of date, it was prehistoric. It was even made the subject of a bitter cartoon that I should have suggested anything so foolish as to ask people to help each other.

Have we really strayed so far into the Orwellian maze that the state is really our shepherd, and that all that is necessary is a social security number, a few paper forms, and a phone call or a visit to the local governmental agency?

You wonder what it would have been like if the Good Samaritan had acted on this basis. Rather than stopping and getting involved, getting his hands dirty in helping the Pilgrim, taking him on with him, what if he simply looked down and said, "Cool it, bud; as soon as I get to the next oasis, I'll get in touch with the welfare office and Caesar will send someone else."

Now, let me make this all crystal clear. I am not suggesting that government assistance is not needed and is not proper. We have spent much time and money to develop through the years a system which can help many in times of disaster and need. This must be honed and made effective and efficient so that it works rapidly, so that it responds quickly and expertly. And we have been doing that honing for the last two years. And I am happy to say that a State Disaster Plan, which we have put into effect, has come into immediate action as it did in the last several days of flood, and everywhere I went there was no complaint about the manner in which every state agency had come to the rescue.

But let me tell you that no system, no agency, no department, can ever take the place of person-to-person concern, cooperation, individual assistance, and just plain "lending a helping hand."

I think, in large measure, this is one of the things which is bothering so many of our young people. The system--the governmental superstructure--too often seems to make individual involvement unnecessary. And, these young people are trying to say to us, "We are not unnecessary." Each one of them is saying, "I am important, too. I want to be involved. I want to help. I want to do something."

You, here in this community, know something about that. A couple of years ago, when high tides were undermining the homes down at the beach....I wonder how many of you stayed as I did at the television during the night, watching as some of the local stations stayed with this struggle during the night...and you saw teenagers in bathing trunks out there at two o'clock in the morning...cold, loading sandbags and bringing them to shore up the homes, and finally there came a point (and maybe some of you heard me tell this incident or you saw it yourself) when a television news commentator grabbed a kid. Sure, he was cold; he was wet; he was tired; he had been there since the middle of the afternoon; it was two o'clock in the morning. No, he didn't live in one of those houses. And the inevitable question came---well, why? And the answer should be on a billboard; it was so poignant. The kid stopped for just a second, and he said, "Well, I guess it's the first time we've ever felt really needed."

Well, they are needed. We need them; we need you---to get involved....to be important and to become necessary. If the time ever comes, when the system makes individual effort unnecessary, then the only difference between the United States and Red China will be the different style of architecture between their communes and ours.

And what has this all to do with crime prevention? Just this.

Several years ago we all know the story of Kitty Genovese who was murdered while neighbors looked from behind drawn shades and darkened doorways; they didn't want to get involved. They watched her assailant track her as she screamed from house to house, doorway to doorway, for more than 30 minutes. They watched and did nothing, because, perhaps, they believed the system had obviated the need for individual assistance.

Just recently, a few days ago, the horrifying story of a young boy of 19 occurred. He ran down a crowded freeway, filled with stalled automobiles, pounding on car windows, crying for help and most people locked their doors. No one let him in....until his attacker, who was pursuing him, caught up with him and in full view of hundreds of "don't get involved" motorists, deliberately shot him in the chest and gunned him down and killed him there on a crowded freeway. Nobody opened the car door; nobody went to his aid; no one wanted to get involved. Another crime statistic was type on another form for another effort.

A violent society? A sick society? No, an uninvolved society because a system obviates the need for individual involvement.

Like charity, law and order must begin at home and it must begin with the individual. All the laws and all the law enforcement officers and all the courts--essential as they are--will never be the final answer to a law-abiding society. A law-abiding society depends upon law-abiding people; it depends upon the spirit of a people who, by example, by daily conduct, and by determination, establish and preserve justice, tranquility and order.

What is needed, perhaps, is thinking our way back to Wednesday, of the anniversary of President Abraham Lincoln, thinking our way back to that spirit which caused a young man, young Lincoln, to walk miles to return a few pennies to a customer he had inadvertently overcharged...a spirit, a conscience, which demanded that he go now--right

now--to return the money, not to wait until tomorrow, not to wait until maybe the customer came by again in a few days.

What is needed most in America today, in the field of crime prevention, is that crusading spirit which will set new standards and revitalize imperishable values. Not a vigilante--not a rule of force--but a spirit of concern, of solid standards, of respect and integrity. And here all of us can start anew today. We...your fellow citizens...can lead the way.

Now, lest you think the task too difficult, too impossible, listen to the words of Edward Everett Hale written almost 100 years ago. They could become a hallmark of what we are trying to do in California:

"I am only one--but still I am one. I cannot do everything--but still I can do something. And because I cannot do everything, I will not refuse to do the something that I can do."

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To the Members of the Legislature of California:

CAMPUS DISORDERS ✓

During the past several months, many of our campuses, including the University of California at Berkeley and San Francisco State College, have been the scenes of acts of violence, disorder and intimidation caused by a coalition of dissidents and criminal anarchists. They have attempted to close down these institutions and have interfered with the educational activities of faculty and students.

During this period, students have been assaulted and severely beaten as they attempted to attend classes. Streets and sidewalks providing access to the campus have been physically blocked. Classes have been disrupted. Arson and fire bombings have occurred. Property has been destroyed.

These conditions have resulted in clear and continuing violations of the law and disruption of the orderly educational process.

On many occasions, local police and the sheriffs' departments have been called upon to assist campus police in controlling riotous conduct and restoring order. The threats and demands of the dissidents, combined with intelligence information obtained by law enforcement authorities, indicate that these students and off-campus revolutionaries intend to continue their lawless activities.

Top law enforcement officials have reported that such campus disorders have seriously depleted the law enforcement resources of surrounding cities and counties, particularly in view of the serious crime situation already existing in those communities. Local law enforcement officials therefore have requested that State assistance be provided to support and reinforce local police and sheriffs' departments in maintaining order on the campus.

It is imperative that an educational atmosphere be maintained if the orderly educational process is to go forward. It is equally important that the lives and safety of students and faculty, and the property of our educational institutions--paid for and maintained with taxpayers' dollars--be protected. These campuses must be free of violence threats and intimidation.

To assist in achieving these goals, I strongly urge the passage of legislation to accomplish the following:

1. Provide that any student who is suspended or expelled from a state university, college, junior college, or high school, and who thereafter enters the property of a public educational institution without permission of the chief campus officer, or his representative, is guilty of criminal trespass.

This proposal will help to assure that those students responsible for disruption will be separated immediately from the campus. Without access to campus property, it will be much more difficult for a rebellious minority to exercise coercive or disruptive tactics. This proposal makes possible the granting of permission to students to enter school property at the time of a disciplinary hearing and could be given to all students suspended or expelled for nondisruptive conduct.

2. Provide that any student of a public educational institution who is convicted of a criminal offense arising out of a campus disturbance shall be dismissed from that institution and shall be ineligible for admission or readmission to any state school or college for a period of at least one year.

This proposal will assist in isolating the hard core rebels. Those actually convicted in a criminal court of crimes associated with a campus disturbance will not be allowed to use the cloak of student status to cover their nonacademic involvement on any campus in the state. One year's forced absence will guarantee peace to the school and a time for meditation by the student.

3. Provide that any faculty member or other employee of a public educational institution who is convicted of an offense arising out of a campus disturbance shall be dismissed and shall be ineligible for further employment in a state school or college without specific review and authorization by the governing body of such institution.

This proposal will apply the same standard of conduct to teachers who betray their academic calling through disruptive activities as is applied to disruptive students. The requirement of review and authorization by the governing body prior to rehiring will guarantee that no force will be tolerated and that professional standards are maintained.

4. Provide that no person may bring or possess a loud-speaker system or voice amplifier on the premises of an educational institution without the permission of the chief campus officer or his representative.

This proposal will do much to restrict the ability of a disruptive group from bypassing campus authorities. Now, by use of portable sound equipment, any group can hold a mass rally at any time and in any place. The use of such equipment in the past to gather crowds has resulted in a frequent base for mass disorder.

In brief, this combination of proposals is intended to:

- a. Immediately separate disruptive forces from the campus;
- b. Isolate the hard core rebels;
- c. Deter participation in violent and unprofessional activities by the faculty; and
- d. Restrict the ability of rebellious leaders to form mobs for disorderly and violent conduct.

Legislation on some of these subjects has been introduced. The remainder is prepared in the form of bills or amendments to bills. I am asking that all of these proposals be enacted as urgency measures, so that they will take effect immediately upon passage and approval by me. Let me encourage each of you as legislators to consider seriously the many bills now pending and to use your knowledge and initiative to propose additional remedies either as regular bills or as urgency measures.

These actions will clearly indicate that the State of California is determined to exercise its responsibility to maintain law and order and preserve an academic atmosphere on the campuses of our University and colleges as well as all other educational institutions. Academic goals must be pursued through legitimate educational channels without force of violence. Nonacademic goals must not be allowed to destroy the educational process. But law enforcement agencies cannot accomplish this alone. This dilemma and these proposed remedies have been discussed with educational officers and members of the Legislature, and represent a variety of viewpoints and suggestions.

Assisted by this legislation, the combined action of state and local officials and the administrators of educational institutions will guarantee that every campus will be fully restored to the educational purpose for which it is supported by the people of California.

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EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
Agricultural Council of California
Sacramento Inn
March 5, 1969

California agriculture has always been a "can do" operation, and it comes as no surprise that your particular movement--marketing through farmer-owned cooperatives--continues to lead the nation. I understand that California, once again, gained the number one ranking in the volume of business handled by these farmer-owned co-ops. That volume was \$1.9 billion for the year ending June 30, 1967, an increase of six percent over the previous year.

Congratulations. Now if you can only figure out a way to handle the problem of weather, California will be eternally in your debt. Administrative and legislative action doesn't seem to be the answer, except to help the flood victims in every way we can.

I've been close to California agriculture for quite a while now, and I guess its accomplishments should no longer surprise me. The fact that we've been the leading agricultural state for over 20 years, that we have over 200 commercial crops, that our productivity rises even as the number of farmers drops by five or six thousand a year, that we supply about one-quarter of the nation's table food, that we lead the nation in food processing as well as producing--these are achievements all Californians can be proud of.

"Pointing with pride" is good for the ego. "Viewing with alarm" is something else again. But it may be healthier in the long run, because unless we face our toughest problems and work hard toward solutions, we may some day have a lot less to which we can point with pride.

The economic health and success of California's farmers are vital to the total economy of the state. The record \$4.35 billion in gross farm income recorded by California growers in 1968 expands into about \$16 billion as this production spreads through the economy and is processed, handled, packed, shipped and sold. Agriculture provides a solid foundation for the growth of many allied industries and engenders a host of jobs for the state's increasing population. So I feel it is incumbent upon the state administration to do everything in its power to help, to guide, to research--in short to be a working and creative partner in the agricultural economy.

The California farmer is well aware of the need for government understanding and assistance, and he has demonstrated that he not only wants it but is willing to pay for it. Some of agriculture's most important self-help programs are those within the framework of government but administered and financed by agriculture itself.

Many of these self-help projects are in the form of Marketing Order in which the state serves as an aid for producers, handlers and processors of a given commodity to pool their resources and finance projects of research, advertising, promotion, quality control and other activities that lead to a wider, better market for that product. Some ten million dollars annually is currently spent by agriculture and its allied industries through these Marketing Orders.

A different kind of self-help is exemplified in the millions of dollars agriculture contributes to the University of California for agricultural research each year, in addition to the many millions they spend in private research. This investment by agriculture pays off in new and better varieties of crops, an explosion of technological improvements, and more effective methods of cultivation and plant pest control.

There is one area in which I believe state government should help California agriculture more than it has in the past. This is in the field of foreign trade.

The capacity of the California farmer to produce in greater abundance than is needed for domestic consumption is well known. As a result, California agriculture, largely through its own efforts, has built up an annual export business amounting to a half billion dollars. This is about 35 percent of the state's total foreign trade volume.

About 90 percent of these foreign sales are made for cash, in dollars. This is new money entering the economic arteries of California and the nation and our entire economy becomes that much stronger.

The establishment and maintenance of trade relations with foreign countries is of course a Federal responsibility. In California, however, we have had World Trade Authorities set up specifically to aid California producers and manufacturers with their exporting problems. From all accounts, agriculture has never received its share of attention from these Authorities.

So we've changed things, and I'd like to tell you about these changes, because it is my hope and expectation that the new system will be of great help in improving the export picture for California's agricultural producers.

For a number of years, the state's world trade program has been operated by three largely autonomous groups: a World Trade Authority in Los Angeles, another in San Francisco, and a World Trade Authority Coordinating Council.

Last year, new legislation enabled us to set up a single statewide California World Trade Authority. Accordingly, we have closed the two offices in Los Angeles and San Francisco and set up one statewide office in Sacramento under our new Department of Commerce.

The state also had world trade offices in Tokyo and Frankfurt. They too, were closed. In their place, we are proposing to open an office in the New York World Trade Center, where we can be in close and constant touch with foreign traders from many foreign nations.

Our new World Trade setup will place emphasis on increasing the export of California's agricultural products. We made sure of that by giving agriculture good representation on the newly appointed nine-man California World Trade Authority.

The work of the new World Trade Division in the Department of Commerce will be varied, far-flung and, we hope, effective for California agriculture. The Division will aid export-import activities in any way it can, it will research new opportunities for foreign trade, it will act as a clearing house for trade leads from both the public and private sectors, and it will refer those leads to those Californians in a position to follow through.

In addition, this Division will make continuing studies on the complex restrictions and regulations that some foreign governments have established and that are, in effect, trade barriers that hamper the sale of many California agricultural products overseas.

We cannot negotiate with foreign governments, but we certainly can recommend courses of action to our own Federal government, and we intend to. The freest possible system of world trade would be of enormous advantage to California because of the high quality of our products. That is the system that we and, we hope, the Federal government will be working toward.

In that respect, we are fortunate that our former Director of Agriculture, Dick Lyng, has been appointed an Assistant Secretary of Agriculture in the Nixon Administration. Dick has an intimate knowledge of the foreign trade problems of California agriculture, and his voice in our behalf cannot help but be of great benefit to us.

In a way, we might say that our future agricultural exports have no place to go but up. I'm sure you are all aware of the spectacular rise in the air shipments of California fruits and vegetables to all parts of the world in just the past few years.

We have some figures on this that make for a pretty dramatic comparison. In 1960 only 100 carlot equivalents of California fruits and vegetables were flown to market. Last year, 1968, this volume increased thirty-fold, with about 3,000 carlot equivalents flown to destinations around the world.

We can look for a continued increase in the use of air transport, and this is bound to have a tremendous effect on California's export potential.

Just the other day, I read where one of our western airlines has begun an all-cargo freighter service between Los Angeles and Seattle, stopping at San Francisco. This airline already operates similar all-cargo flights from Los Angeles and San Francisco to Minneapolis-St. Paul. The facilities on these cargo planes will handle highly perishable fruits and vegetables as well as other commodities.

Agriculture's great stake in the improvement of air transportation for its products will be highlighted in a conference entitled "Food by Air," to be held in San Francisco on April 8 through 10. At this meeting the eleven western states plus Alaska and Hawaii will explore the potentials and problems of moving perishables by air. A conflict in schedule will keep me from attending, but I look for some interesting results from that conference. I hope those of you who can attend will be there. Our California Department of Agriculture is one of the co-hosts and can give you all the details.

With these new developments in transportation, with the added assistance we plan to give you, and with the famed resourcefulness of you people in agriculture, I think we can look forward to the day when California-produced foods will be familiar in more and more overseas markets and in greater abundance.

A while back, (mentioned that University (search is helping along what some people call the technological revolution in agriculture. This is reflected in greater productivity of better crops using fewer people, and we all know this is necessary at a time when many scientists and demographers are predicting a worldwide food shortage and mass starvation or malnutrition in many areas in the years ahead.

I'd like to go back and take another look at some of the implications of this technological revolution, because it touches on some of the difficult problems we face today.

Perhaps the most immediately obvious problem is that faced by the farmer. To stay afloat in this highly competitive world, he has to have the financial resources to buy or lease the sophisticated farm machinery that is coming into use. This takes money and plenty of it. A mechanical tomato harvester costs about \$30,000. And within the past couple of months we have had farm machinery exhibits in Colusa and Tulare Counties that featured machines that cost even more than that.

And yet today's farmer has a difficult time trying to make any kind of decent profit, let alone accumulate the cash to finance the capital investments that must be made. His gross income is good, but his net lags far behind because of the skyrocketing prices of the equipment, labor, materials and taxes he must pay.

This is the familiar cost-price squeeze about which we hear so much these days. You people live with this problem, and I doubt that I can tell you anything new about it. But answers must be found, and I think are being found to the dilemma. The California Land Conservation Act should give many farmers a break in the form of reduced property taxes. This is only fair--farm land should be taxed as farm land, not as a potential subdivision.

A stronger position at the bargaining table when it comes time to talk price for your crops will also help; and, through farmer co-ops and bargaining associations, I believe this is coming about and will continue to show progress.

I suspect that maybe the biggest help of all would be to put an end to the inflationary spiral in which this nation seems to be caught; and that, of course, involves the policies that are made in Washington, D.C., more than it does any action we take in California. If inflation could be halted, or at least slowed down, maybe prices would stabilize to the point where the farmer could afford the things he needs to run an efficient and productive operation. And he could also keep his own prices down where he can compete more effectively in the markets of the world.

The scientific advances in agriculture have implications that go beyond the farmer, too. As technology enables the grower to produce his crops with fewer field workers, we will surely continue to encounter social and economic problems that I suspect are beyond the power of agriculture to solve.

Displaced workers must have somewhere to go, somewhere to find work and raise their families. So, with no farm work available, they go to the cities; and because they often lack the skills and training to do city-oriented jobs, they become one more factor in an already explosive urban problem.

Clearly, there is a need for a good retraining program for the displaced farm workers; and just as clearly the workers who remain on the farm must be trained in the use of the scientific machinery that is becoming standard on all efficient farms.

On the latter score, our California Department of Employment conducts a sound, continuing training program that teaches farm workers how to use, maintain and repair the new types of farm equipment, principles of good farm operation, and other subjects designed to fit them into today's highly developed agriculture.

There is no need to restate my position on agricultural labor laws in California and the nation. Let me just read a wire I sent to President Nixon:

"I note with great satisfaction your urgent request of Secretaries Hardin and Schultz to study and advise concerning whether the Taft-Hartley Act should be extended to farm workers.

"The availability of food is vital to all of us. Your concern with its production and distribution is, of course, shared by me.

"The present national agricultural labor controversy requires the attention you are giving to it. I respectfully suggest that the problem requires more than the study of the applicability or non-applicability of the Taft-Hartley Act--it warrants an in-depth study of the problems facing the producer and farm labor and a search for a dispute settling procedure for agriculture which goes beyond the industrial concept.

"I believe that applying the principles of the National Labor Relations Act to farming is unwise. It is self-evident that such factors as crop perishability and weather require an approach that will achieve a balance of union and farmer bargaining power so necessary to reach fair decisions and avoid loss of food and fibre in the public interest.

"Social and labor management problems are basic issues in the present grape boycott activity. This is a national problem which justifies the national attention you are giving to it. I respectfully suggest you use your influence to request all parties involved in the present agricultural labor controversy to withhold all activities until the facts become available from your study group and recommendations for solutions are available."

Finally--and this is why I am addressing these remarks to you--I have called upon each major farm organization, national or local, to establish written codes of conduct for its members which define minimum employment standards, including, but not limited to, wages, hours, rest and meal periods, housing and sanitary facilities; and to establish committees designed to police such standards and hear complaints.

And so now we revert again to the phrase, "self-help." Government alone cannot solve the labor-management problems of agriculture by passing laws. The active cooperation of agriculture is essential.

I ask you, the Agricultural Council, as a reputable and important segment of California agriculture, to lend your support, and your best thinking, to this type of program. You owe your existence to the need for farmers to get together and act in concert to solve their problems. There is such a need, now, in the field of farm labor.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in, the above text. However, the governor will stand by the above quotes.)

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RELEASE: SATURDAY, P.M.S.
MARCH 15, 1969

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
California Industrial Education Association
Fresno, California
March 15, 1969

One of the most important and difficult tasks facing any Governor in California is to weigh the competing demands for funds for legitimate public services and to strike some kind of reasonable balance among them. In California one of the heaviest demands for a share of the tax dollar is in the field of education. As citizens and taxpayers, we have come to regard education as our single most important investment. We spend more of our tax dollar for education than for any other public activity. In many countries of the world, education is regarded as a luxury reserved for a select few. However, we in this country have continually taken steps to provide certain educational opportunities for all people. This heavy emphasis on education in the allocation of our public resources stems from a basic belief that life is dynamic---to be fulfilled, one must grow. It is the function of education to help each individual grow to the maximum extent of his capabilities, to help him fulfill his great personal potential.

It seems to me that it might be appropriate---in describing our educational efforts to equip our young people with the skills and knowledge necessary for tomorrow's jobs---to employ a new phrase, "technical education." This would include those programs which, over the years, have been developed in this area---industrial arts, vocational training, industrial education, etc.

I venture to suggest this for two reasons:

First, because it would seem to be especially apt in today's technical world, and

second, because I think it might be smart to repackage and revitalize---give new impetus, new style---to the total program.

Such a new thrust and a new package might help in the important task of developing a new public attitude toward the entire field of technical education. Until recently, technical---industrial and/or vocational education---has been too often regarded separately from an academic high school education; it was in the minds of too many a dead end rather than an open road. The assumption by too many educators that vocation programs were some sort of dumping ground for academic failures led, in many cases, to their being just that.

And, in such a situation, one can hardly blame students for turning off and dropping out.

We must, together, develop a new relationship between technical education and general education. Both are vitally important, both have a tremendous contribution---an essential contribution---to make; they are not competitive, they are complementary and compatible. And, a great deal of the answer as to whether we can match our people to the mountains of tomorrow will depend on this new relationship and this complementary operation.

If the war on poverty is to be won---and it must, for the sake of the poor and the sake of the poor taxpayer---it will be won in the factories, the shops, the offices, the stores and the vehicles of business and industry....and won, in the first stages, in your classrooms and shops and training programs.

Preparing students for the transfer from school to work requires a greater variety of educational preparation for work and demands new levels of integration of general and technical knowledge and skills. Similarly, expansion of programs for employed and unemployed adult workers, including re-training, must take into account the personal needs of individuals as they attempt to adjust to the occupational change created by technology.

In planning educational programs and expenditures, we often lose sight of one essential fact---that 80 percent of our high school young people will not pursue and complete a Baccalaureate Degree.

Moreover, in California, 40 percent of all persons between the ages of 18 and 35 who enter the labor force do so with a high school education or less. Viewing the nation's educational system as a whole, it appears that a gross imbalance has developed, with attention concentrated on the 20 percent of the students who go to college. The need for training and upgrading in skilled and semi-skilled occupations is obvious. There is today at the high school level, in many instances, an over-emphasis on college preparatory programs. What we need is strong education programs for all students, regardless of their ultimate educational objectives.

More and more, technical education programs are placing as much emphasis on learning how to learn as on the acquisition of specific goals and this is essential. There is an old Chinese proverb which says: "If you give a man a fish, he will have a single meal. If you teach him how to fish, he will eat all his life." And, for this reason, more and more technical education programs are placing emphasis on both the acquisition of certain specific skills, and also how to learn so that as technology continues to develop into new areas, the individual will be able to cope with and stay on top of changing techniques and methods.

We have entirely too many people--high school drop-outs, high school graduates, junior college graduates and drop-outs, and college drop-outs--who can't do anything that the labor force wants to buy.

The economy of California does provide jobs, but this does not mean that youth are qualified to take the available jobs. It is in this area, that of providing appropriate training for youth so they can qualify for employment, that our primary responsibility lies. It is an obligation that public education must accept and do something constructive about.

And here, I believe, California's business and industry must take a more active part. There should be an even closer and more constant communication between the companies which are going to hire the students and the institutions which are educating them. Such communication can better assure that the schools are preparing students for the skills which will find a ready demand in tomorrow's market place; and, such coordination can better assure that our growing business world will have the types and numbers of skilled employees who are essential to the quantities and quality of production demanded by our total population.

Somewhere in the total educational structure--as well as in the home and in the various community entities of our culture--we must once again develop a respect and a motivation for work. This should start in the lower grades, but it should be continued and accentuated through all the years and all the grades. All of the exciting techniques and machines and electronic wizardries, and all of the exotic products of the technological age, have not done away with--will not do away with--the good, old, self-motivated, dignified respect for individual effort--work. It is imperative that we add a more effective technical education component to our school system--but it is just as imperative that we reintroduce the desire, the incentive, the drive for individual effort, otherwise there will be fewer technological advancements, and a stunted future for all concerned.

To put it another way--with all the marvels of today and tomorrow--we have yet to see a button push a button, or a machine conceive and create and improve a machine; and, even if we could do it, the worst possible thing that could happen would be to let the machine replace or make useless the individual. The system that obviates the individual, and his effort, is the system which destroys the person. Therefore, it is essential that technical education--as well as all education--be relevant to the whole man, to the complete student...to the individual who will enter the world of work with a keen sense of the dignity and an awareness of importance of labor.

We need to develop better information on the skilled manpower requirements of both industry and government and see that these requirements are reflected in our technical education programs. We need to provide more technically oriented counselors in our high schools, rather than having most of the counseling geared to the needs of the college-bound student. We need to establish a closer working relationship between the schools and the employers so that there is a job waiting for the student rather than a bitter disappointment at the end of a training period. We need to be alert to rapid changes in technology and make appropriate adjustments in our technical training programs. We need to reexamine the requirements that we have established for teachers to qualify as instructors of technical subjects, to insure that we have a proper blending of practical experience and theoretical knowledge. We need to put back into the field of technical education the kind of creative drive that will enable us to find better answers than we have been able to come up with so far. And finally, we need to create a new attitude toward technical education on the part of students, teachers, and the public---an attitude of respect and dignity.

This is the challenge. This is the opportunity before us.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)

3/19

STATEMENT OF GOVERNOR RONALD REAGAN TO THE SPECIAL
SUBCOMMITTEE ON EDUCATION OF THE COMMITTEE ON
EDUCATION AND LABOR OF THE U.S. HOUSE OF REPRESENTATIVES
(DELIVERED BY DR. ALEX C. SHERRIFFS, SPECIAL ASSISTANT
FOR EDUCATION TO GOVERNOR REAGAN, ON MARCH 19, 1969)

MADAM CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

To attempt to analyze in a brief time the significant factors which have brought about our current campus problems must do an injustice to the complexities of the situation. However, one of the main factors of our dilemma is a general lack of information and understanding of the total problem by much of the public. I wish to commend this committee on its endeavor to shed light on these problems and to assess the means for resolving them. Our educational institutions are the key to individual growth and to the progress of our society. Your efforts are particularly appropriate at this time because it is only through the cooperative efforts of public officials at all levels of government, as well as campus administrators, faculties, and students, that our educational institutions will be guaranteed the ability to carry on their responsibilities for teaching, research and service.

As I am sure you are well aware, there is a wealth of misinformation and the widest range of interpretation of the causes of coercion and violence spreading to campuses throughout the land. We are faced with circumstances which have never before confronted our society. People are groping for explanations without experience to guide them and it is too easy to make generalizations. We also have the added confusion of "Mythologies"--some developed by well-meaning apologists for the anti-social behavior of a few, and others apparently put forth by those in revolt, who seek to make their excuses acceptable through sheer repetition.

Today's situation did not come about overnight. In California it is the culmination of activities which have transpired over the past ten years. At first there were occasional episodes of mass disruption. The protests against the House Committee on Un-American Activities in 1960 in San Francisco were followed by months of romanticizing the role of the protestors in literature, speeches, recordings, and conferences.

In 1963-64 there were mass sit-ins in hotels, automobile agencies, and banks over alleged discrimination in employment practices. In 1964-65 there were similar disturbances at newspaper offices and restaurants. During these years, the campuses were used as "launching pads" for action in the surrounding community. The Berkeley campus of the University of California was most frequently involved.

Beginning in 1964, rather than serving as the launching pad, the campus itself became the focus of attack. In September and October, 1964, a floor of the Berkeley campus administration building was "captured." The staff of the Dean of Students' Office was forced to flee over the roof of the building. A few days later, a police car was captured and held for 32 hours, one of the longest episodes of mass interference with due process of law. The police car and its occupants were finally released after negotiations and major concessions to the mob by University officials. In December, the entire administration building was occupied by more than 800 persons, and was held until police cleared the building by making mass arrests. The pretext for these major disorders was first related to the demand to use campus facilities for collecting funds for political purposes; later the slogan "free speech" was introduced.

Since 1964, the tempo of disruption has rapidly increased until there is rarely a day that a campus somewhere in California is not in difficulty. Two campuses have seen constant turmoil: the Berkeley campus of the University of California, and, during the past few years, San Francisco State College.

Certain trends are evident. There has been a shift in tactics from nonviolence to planned and announced violence. There has been a shift from mass confrontation to guerilla tactics with beatings, the disruption of classrooms, shootings, bombings, arson and general vandalism and destruction. Initially, the participants in these incidents were primarily from the campus although they represented only a small minority of students and faculty. More recently, their ranks have been swelled by large numbers of outsiders who have no legitimate connection with the campus. Mobility between campuses has increased and just recently in California even high schools have become heavily involved in disorders.

Following a half million dollar fire on the University of California campus in Berkeley, an editorial appeared in the San Francisco Examiner of January 24, 1969. I quote:

"The arsonist-set fire at Wheeler Hall Auditorium on the U.C. Berkeley campus sets a new high in the wave of criminal violence perpetrated during current strikes and attacks against bay area educational institutions and educators.

"Here is a partial catalog of recent crimes, including some involving potential murder:

"February 9, 1968: four firebombs damaged naval ROTC building at U.C. Berkeley.

"February 19, 1968: flammable liquid set fire on porch of naval ROTC building at Stanford, causing \$35,000 damage.

"May 7, 1968: naval ROTC building at Stanford destroyed. Will cost \$70,000 to replace.

"July 15, 1968: a \$100,000 fire destroyed the office and irreplaceable effects of former Stanford president Wallace Sterling.

"August 6: two fires were set in the Stanford student activities office.

"September 14: a bomb blasted the naval ROTC building at U.C.

"December 11: a firebomb was hurled at the administration building at San Francisco State College.

December 13: College of San Mateo students smashed windows and broke crockery in the college cafeteria.

January 5: shots were fired into a San Mateo home in the mistaken belief it was the residence of a college trustee, endangering life.

"January 7: the home of Philip C. Carlington, Sr., former Dean of Instruction at the College of San Mateo, was severely damaged by firebombs. He and his family were lucky to escape with their lives.

January 10: firebombs were thrown into the home of Edwin Duerr, coordinator of internal affairs at San Francisco State. One failed to go off. If it had, Duerr, his wife and three children would have been killed or gravely injured.

"January 16: a firebomb was defused in the state administration building. It would have killed anyone within 25 feet.

"January 17: a mob of strikers smashed windows and crippled the sprinkler system in a rampage at San Jose State College.

"January 20: two firebombs exploded on the U.C. campus.

Those who see nothing but high moral purpose behind the current campus violence are invited to re-read the above."

Just as there have been trends in militancy there have also been patterns of response to destructiveness. Campus administrators have typically been slow to act and quick to concede. Often they belatedly call in the police only when real danger becomes all too apparent.

In California today, there is continuous concern at all levels of government, including the governing boards of the universities and colleges, about campus problems and violence. The concern of all is for the protection of students, for the integrity of the learning process, and for society itself. It is tragic that the campus, which has represented a forum for expressing differences of opinion, for the pursuit of truth, and for the peaceful resolution of problems, has now become the arena for oppression by revolutionaries, vandals and arsonists.

It may seem incomprehensible that a portion of our population--including some students, some faculty members, and outsiders--are attempting to overthrow our democratic way of life. It is equally incomprehensible in a democratic society--which is the pinnacle of man's dream for self-government and dignity--to find so many of its citizens standing mute and helpless while their basic values and processes are assaulted. Students of Plato and other political philosophers should today recognize a condition long anticipated: when the majority does not function, our society falls into the hands of the most cunning or the most powerful.

For some time, the climate of our society has not been conducive to the most responsive and responsible citizenship. I need only cite the letdown which followed World War II, as such periods follow all wars--a sort of recess from social responsibility following a time of total commitment to a cause larger than ourselves. The prosperity which then followed led to affluence for the great middle class--that group which historically has set our basic standards of behavior and attitude. Affluence often leads to self-centered behavior and a smaller chance of experiencing maturity and good judgment. It weakens pride in meeting challenges and lessens cooperation among individuals.

Also, the recent advocacy of so-called "right" and "wrong" ways for rearing children has had profound effects. Parents, who since the dawn of history found in their hearts what was right and found in their heads what made sense, were undercut and lost confidence in their relationships to their children. Who can estimate the effect on a child who finds his parents consulting a book to make decisions instead of confidently and directly stating what they believe?

The knowledge explosion, which has brought us some great benefits, also has a hidden cost. There is too much to know: specialization follows, and people become less sure of their own opinions. Those values that human beings need--and indeed what our culture requires--have been challenged. When moral standards become doubtful, values become negotiable. When even some clergy question the existence of God, mere mortals become anxious.

In the past few decades, progress in agriculture, business and industry has led to the replacement of men by machines. It also has reduced the opportunities for youth to discover the gratifications of real work with real purpose. Consider the opportunities for positive work experience when, in the first decade of this century, 90 percent of our young people lived on farms. Now only six percent have these opportunities. Consider the shortage of labor supply in 1900 when it was necessary to pass child labor laws to protect our youth so they could stay home or go to school. In wisdom and compassion, we passed those laws. But today it is the fortunate seventeen-year-old who can find a job during summer vacation, let alone find full-time work.

All of these changes--and there are more--have operated to make people less sure of themselves. When unsure, it is natural to withdraw. It can be no surprise that we speak of a "silent generation," that we find a growing distaste by youth for competition, that we find individuals less willing to stand apart from the crowd.

A democratic society depends upon an active majority of "civilized" individuals, who express, each in his own way, the values of the culture. In this way, traditions of fair play, of freedom of speech, of equal opportunity to learn, even of the right of life, are protected. A democratic society develops laws largely to protect individuals from the extreme behavior of those who are not bound by the cultural values and who are not persuaded by the normal expressions of approval and disapproval by their peers.

It is obvious--but so important that it bears repeating--that as an increasing number of citizens refuse to become involved, society for its survival must depend increasingly upon law enforcement. Law enforcement becomes a substitute for the moral suasion previously exercised by the people themselves.

There is general agreement that a small percentage of our society is responsible for coercion, threats and violence on our campuses. There is agreement that the behavior of a relative few infringes daily upon the rights of the many. There is agreement, too, that quality education--the pursuit of the truth wherever it may lead, of the opportunity to hear the widest variety of viewpoints on issues--has suffered terrible damage in the past six or seven years. That disturbances have occurred more on some campuses and in some states than others provides no reassurance, because the spread is rapid not only nationally but also locally from colleges into high schools and junior high schools and out into surrounding communities.

Those who speak and write about the increasingly coercive minority reveal their own confusion, and add to the confusion of others, by the descriptive terms they use: "protestors," "demonstrators," and "activists". These terms suggest those persons are engaging in activities normal to American life. Is this normal dissent? Just listen to the words of their leaders:

Devereaux Kennedy, student body president of Washington University, said:

"I want student power to demand 'revolutionary reforms' that can't be met within the logic of the existing American system.

"I'm going to say loudly and explicitly what I mean by revolution," he continued. "What I mean by revolution is overthrowing the American government, and American imperialism, and installing some sort of decentralized power in this country.

"This," he added, "is going to come about by black rebellions in our cities being joined by some white people. People in universities can do a number of things to help it. They have access to money, and they can give these people guns, which I think they should do. They can engage in acts of terrorism and sabotage outside the ghetto. Negro people have trouble getting out because they cordon those areas off, but white activists can go outside, and they can blow things up, and I think they should.

"But," he concluded, "that's just a minor part of it. We must start up fifty more Vietnams. The major thing student activists can do while all this is going on is to completely demoralize and castrate America."

Ewart Brown of Howard University said:

"I think we agree that the revolution is necessary, and that you don't conduct a revolution by attacking the strongest enemy first. You take care of your business at home first, and then you move abroad. Thus, we must make the University the home of the revolution..."

Our confusion has been deliberately planned: the banners under which militancy moved were, first, "Abolish HCUA"; then, "Fair play for Cuba," then, "Free speech" at Berkeley; next, anti-US-Vietnam policy (often indistinguishable from pro-Viet Cong). Now, we have demands for autonomy in determining staffing, admittance to campuses and all matters relative to students of ethnic minorities. Yet, throughout this sequence we learn that much of the leadership is the same. After the assassination of President Kennedy, the "Fair play for Cuba" Committee disappeared and new groups, with the same leadership, were formed.

When Mario Savio was the spokesman for "free speech" in California he was also referring, in a New York publication, to the issue of free speech as somewhat a pretext--the silver iodide you put in the clouds to make the rain fall!

The Vietnam "teach-ins"--and who is against teaching?--were, in fact, almost uniformly a series of provocative speeches presenting only one side.

We have noted that there has been a rapid shift in tactics from nonviolent coercion to the advocacy of and the use of violence. There also has been a corresponding increase in openness in word and deed--the success of violence has bred arrogance.

It is apparent that there is also a roving leadership which appears on campus after campus and in close relationship to accompanying disorder. National publications of SDS, Black Panthers and other new groups exhort the closing of institutions, destruction of facilities, and the silencing of opposing viewpoints.

Instructions for constructing bombs and how to place them are now commonplace.

In a situation with the majority of students and faculty all too silent, and with a relentless minority of students and faculty (now with outside reinforcements) becoming increasingly effective in harassment and in distortion of the academic environment, we have prevalent college administrations who have proved themselves consistently ineffective.

Typically, we find negotiation, compromise and concession--usually without reference to, or even in the face of, the expressed desire of the majority of students or faculty.

It is argued that there is danger of "escalation" when campus authorities assume their responsibility to enforce laws and regulations. There is fear that in response to authority, other students and faculty will join the participants. To rationalize their permissiveness and appeasement, administrators themselves often promote myths which confuse those both on campus and off. They speak disparagingly of "generation gap" at a time when too many parents are in awe of, and tend to imitate, their own children. They speak of a "new breed with wisdom and conscience" at a time when research has clearly indicated a social and emotional immaturity of youth to a degree previously unknown (although linked with better scholastic preparation).

Administrators speak of "freedom" when they are describing license. And whereas a few years ago they insisted that, for the protection of institutions of higher learning, partisan political activity not be launched from within academic facilities, they now rationalize the use of these institutions by militants for highly partisan purposes as "relevant education."

A few years ago, administrators and faculty members jealously guarded the schools' entrance requirements. They now--under pressure and with good intentions--admit a number of students so underprepared that they can only fail. It should be no surprise that those facing failure react with hostility and frustration, and seek radical change in curriculum in an attempt to remove the threat posed by their inability to attain even minimum standards of performance.

One cannot fault administrators who use tact, whose responses are determined in part by a sense of timing and circumstance, and who recognize fully that irrational, forceful response without explanation and fairness can have only unfortunate results. One must fault, however, total abdication of leadership.

Failure of administrative leadership silences further a majority which is unsure and which is seeking support and guidance. On our campuses with the most turmoil the percentage voting in student body elections is so low that student publications and student government have become the possessions of the militants--the silent majority has no representation.

I might interject here, however, that there have been in recent weeks a few responsible efforts to find voice for the moderate majority. These efforts should be given every encouragement. Sadly we must also note, however, that there have been a few examples of "vigilante-type" conduct by extremists. Continued nonsolution will result in new forces on the scene, some of them dangerous.

It is true that regardless of social climate or social change, basic human nature remains the same. Unless limits are set, unless adults provide models for youth to emulate, unless there is reasonable discipline which with experience becomes internalized and leads to "self-discipline," man will become once again only an animal. A culture will revert to a jungle if there are no traditions, values and laws which are respected and defended. Without these, only might will make right.

These tragic circumstances have continued too long. On some campuses it may be too late for a sure solution even if thoughtful and courageous administrators are found. It has already become necessary in California to pass new laws and to rely on law enforcement to a degree not expected and never desired.

In considering laws to govern campus behavior and the use of law enforcement in our campuses, it is important to recall the words of Dr. Hayakawa, who stated: "In a democratic society, the police are there for the protection of our liberties. It is in a totalitarian society that police take our liberties away."

One of the purposes of these hearings is to inquire into the effectiveness of provisions of the higher education amendments of 1968, and in various appropriation acts directed at the elimination of federal aid to students who violently disrupt the functioning of a college or university.

I welcome such provisions if they be fair and effective. On some of our campuses we are informed that a disproportionate number of students receiving federal aid have been involved in disruption. This probably results in part because militants have been using demands for ethnic studies as the vehicle for confrontation and disruption. Withholding federal monies would surely serve as a deterrent and would hopefully redirect protest into appropriate channels. Also of importance is that public confidence in such programs will be further reduced if they are, or are believed to be, the source of disorder.

May I suggest that it would be helpful if there were greater uniformity among various programs concerning the procedures for withholding aid to those who disrupt. Also, it may be necessary that such provisions be absolutely mandatory so that they will not be thwarted because of pressures on administrators or by current administrative style. Since the withdrawal of government assistance will often be tantamount to removal from the campus, in the interest of fairness as well as of responsible administration, campus officials should be urged to be equally concerned about those who commit violence who are not receiving aid.

I stated earlier my support of these provisions if they are effective. Too often students have heard threats which are not followed through. This leads to disrespect for appropriate authority, including the authority of government. An escalation of threats with no subsequent action leads to an escalation of violence with no concern for results.

Again, my gratitude to you and to your committee. I wish to offer you the complete assistance of the State of California in your pursuit of our common goal.

It is my heartfelt wish that your action will be of help in protecting students and faculty, as well as all of our educational institutions, in their vital mission or serving our society.

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3/27

To the Members of the Legislature of California:

TRAFFIC SAFETY

For the first time since 1946, California's traffic fatalities declined during 1968.

Last year we experienced fewer deaths caused by motor vehicles; 4,853 as compared with 4,883 in 1967. During the same period, the total number of motor vehicle miles travelled in the state increased by 9,000,000,000; from 101,000,000,000 in 1967 to 110,000,000,000 miles in 1968. This indicates that while our state's motor travel was increasing at a rate faster than the national average, California's traffic fatalities decreased by .6 percent while national fatalities increased five percent.

Even though there is reason to be pleased at the downtrend in highway fatalities, the death rate per 100,000,000 vehicle miles is 4.4. A tragic number of our citizens are still dying on our streets and highways; there is no room for complacency. We must continue a positive, determined program of traffic safety.

A prime factor in the reduced number of deaths was renewed emphasis on safety in construction. Some 1,100 "high-accident" locations in the state highway system were corrected. Another safety factor has been the increase in manpower of the California Highway Patrol---from 4,250 in 1967 to 6,800 in 1968---with increased enforcement by local police agencies, resulting in a dramatic increase in arrests for traffic offenses.

Drunk driving arrests made by the Highway Patrol in 1968 totaled 45,210, an increase of 17 percent.

A major traffic safety problem is the drinking driver. Studies have proved that in more than half of the traffic deaths last year, alcohol was involved. Stronger drunk driving laws are needed.

A presumptive 1 .its bill, which would set 10 percent as the blood-alcohol concentration level at which a driver's ability is presumed to be impaired, was introduced early this year as the focal point of our traffic safety program. Its enactment will modernize prosecution of drunk drivers, and relieve our judiciary of some of the burden and expense involved in trials.

Other drinking driver legislation introduced this year includes a bill which would allow peace officers to arrest persons on "reasonable assumption" of driving while drunk; and a bill providing for control of laboratories making tests of blood, breath, or urine specimens used as evidence.

In spite of increased enforcement practices, too much speed still contributes to California's highway death rate. Radar, or a similar speed computing device, must be authorized for use by the California Highway Patrol in order to assist in detecting violators. States where similar devices are used have reported an immediate reduction in highway deaths, some by as much as one-third.

A major deficiency in traffic safety is the lack of well-coordinated emergency medical services. About one-fifth of the lives lost in all types of accidents in California could be saved by modernizing emergency medical care.

At the present time, this problem is being attacked on three fronts: emergency medical care committees at the county level, an advisory council to the Assembly Public Health Committee, and a study on the state of the art and the extent of the need by our Department of Public Health. These findings and recommendations will be utilized as the basis of landmark legislation in the 1970s.

A number of safety research projects are being conducted within the departments charged with implementing traffic safety. These include studies to determine methods to improve driver testing and licensing techniques; a study by the Highway Patrol of vehicles involved in fatal accidents to determine the extent to which component failure contributes to accidents; research into the use of helicopters in highway surveillance; and an in-depth study of the drinking driver, which is being conducted at the University of Southern California.

To provide a continuing source of revenue to expand traffic safety research projects, legislation is being drafted now which would create the California Traffic Safety Research Fund. Money for the fund would come from fines collected on citations issued by the Highway Patrol.

Enactment by the legislature of the measures I have outlined should greatly assist the efforts of state and local officials and private sector groups to provide greater safety for the people who drive on California's streets and highways.

4/7

To the Members of the Legislature of California:

EMPLOYMENT FOR MINORS

Education and employment are keys to progress; the former is needed but the latter is mandatory. Barriers to employment should be lifted--- especially if those barriers have the potential of preventing youth from going to school or continuing their education.

Legislation I will submit requests four important changes which reflect this administration's continuing interest in the area of employment for youth.

Each proposed bill asks for updating of laws in order to reflect the changes in technology and society.

For example, one bill I will have introduced encourages part-time employment for minors by extending the current eight-hour limits for employment including school time to provide that students who attend school not more than six hours per day can work for an additional four hours.

Another bill proposes to exclude minor students, who are employed during summer vacation, from coming under the unemployment insurance law. This bill will require a change in federal law to achieve full effectiveness.

A third bill we propose will lift the restriction against 16-18 year olds to drive vehicles for employment. Job opportunities are excellent in this area for young people.

And, finally, we will seek legislation which allows minors to operate certain equipment such as domestic laundry machines which currently are categorized as hazardous.

I believe California and the other states should take the lead in not only amending state legislation in the area of employment to minors, but recommending legislative action on the federal level where current laws bar employment for our young people. In this regard, I intend to ask U.S. Senator George Murphy (R-California), to introduce three measures in Congress which will expand employment opportunities for our young people.

- a. A bill to relieve employers from having to pay unemployment tax on the earnings of students;
- b. A bill to relieve both employers and minors from social security deductions; and
- c. A bill to provide for a minimum wage of \$1.35 per hour for students working while attending school.

The hope for all of us depends upon the opportunities available to our young people. If we ignore their problems, we ignore our future.

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EJC

4/8

To the Members of the Legislature of California:

TAX REFORM PROGRAM

Few among us would question the need for tax reform. The problem is that tax reform means different things to different people. One thing is clear; we will not achieve any real or lasting tax reform if we dodge certain basic issues. We will not achieve reform by simply adding more patchwork to the existing crazy-quilt pattern of taxation. The need is to simplify--and to make more honest and more equitable--the tax structure of our state.

In addition, one of the very great factors in this whole problem--and the one we at the state level can do the least about---is the fact that the federal income tax accounts for nearly two-thirds of our whole tax bill, federal, state and local.

As a matter of fact, of the \$1,350 which each Californian annually pays in taxes, \$840 goes to the federal government. Nevertheless, about one-third of the total tax bill does go to state and local government in California, and we can do something about that.

Our immediate objectives, which we seek to achieve through the tax reform program, presented in this message, are:

- to establish a simplified, equitable and balanced tax system;
- to provide relief from the inequitable and inelastic residential property tax;
- to shift greater taxing responsibility and increased authority for public services to the local level and to strengthen governments at that level;
- to bear, at the state level, the primary responsibility for equality of educational opportunities through the public school system--while providing for increased flexibility at the local school district level, and
- to do this without increasing the aggregate total of the tax burden in California.

This administration proposes to achieve these objectives through a reform program firmly based on certain cardinal rules which are compatible to our form and philosophy of government:

Equity -- The burden of taxation should fall equally on all taxpayers, in proportion to their income, and should be applied in such a way as to leave the production and distribution of goods and services in relatively the same position as before taxation.

Visibility -- Taxes should not be "hidden"---the taxpayer should always know when and how he is being taxed and there should be a minimum of shifting or passing the tax along to someone else.

Efficiency -- The costs and complexities of government must be reduced to a minimum so that the greatest possible percentage of the public funds taken from the taxpayer go directly to the programs for which they were intended and not to the expenses of overhead and bureaucracy.

Elasticity -- Tax sources should be realistically established so that adequate revenues are maintained without constantly returning to the taxpayer for more money through new guises and gimmicks.

These principles may seem so basic that they beg the issue. But it is important to frankly recite them here because over the years they have too often been ignored or violated. As a result our existing tax structure is neither equitable nor efficient. It is not always visible and too often it has not proved elastic enough to keep pace with the growth and changes in our economy or our priorities. What is presented through this tax reform program contains the seeds and the root structure of a system that can fulfill these requirements and meet these principles.

Minimum Disruption

The first facet of tax reform is the design of the program. The second is the way in which it is implemented. Tax reform measures must be invoked and applied in such a way that they cause a minimum of disruption to our economy and a minimum of hardship to our citizens. A minimum of hardship is crucial because, over the years, our tax structure has become encrusted with add-ons and offsets. Most of these have been precariously balanced like a teeter-totter, so that an attempt to correct one fault or one evil sometimes results in setting off a complicated chain of harmful disruptions. Therefore, any practical major tax reform program must be phased into operation over a period of years to give the economy and the taxpayer time to adjust to the changes.

In view of this, the administration's proposal envisions a multi-phase reform program to be implemented over a period of years, starting with specific legislative measures which should be enacted during this 1969 session. Additional long-range and more far-reaching proposals are embodied in a proposed Constitutional Amendment, which should be placed on the ballot in 1970. Since this tax reform program will have an impact on every citizen and every segment of our economy, it should be given sufficient time and proper discussion, and the electorate should be provided with the opportunity to vote on its major aspects.

There is no pretense that these measures presented today are, in themselves, a Utopian tax reform program. Many legislators, and--certainly--the members of the Flounoy tax reform commission and its predecessors, know the problems and the intricacies involved in this complex subject. And, incidentally, members of those bodies will recognize various of their recommendations which have been incorporated in this tax reform proposal. The fact that no one report was incorporate in toto does not diminish the importance of that work nor the fact that the people of California owe the men and women who gave so freely of their time and talents a great debt of gratitude.

\$100 Million Rebate

Finally, before setting forth in detail the various parts of this tax reform proposal, one thing should be made perfectly clear:

The administration's proposal to provide a rebate of \$100 million in personal income taxes is totally separate and in addition to this overall tax reform package. The one-time rebate is designed to return to the taxpayer a surplus, produced by our economies and by national inflation, rather than spending it here in Sacramento. The multi-phased tax reform program which follows is an effort to achieve a long-term overhaul of our tax system on a relatively permanent basis. There should be no confusion or distortion on this particular detail.

I am pleased to announce that Assemblyman Craig Biddle of Riverside will introduce today on behalf of the administration a series of landmark tax reform proposals. These proposals are designed to achieve the objectives and are based on the principles set forth in the preamble to this message.

In order to move in an orderly and responsible manner, we are submitting a two-part tax reform package. The first part would be immediately implemented upon enactment of the various bills by the 1969 legislature. The second part will require a Constitutional Amendment which, if approved by the legislature in 1969 or 1970, would be placed on the ballot in 1970. If approved by the voters, it would become effective in 1971.

PART ONE -- THIS YEAR

First, we are proposing that the homeowners property tax exemption be increased to \$1,000. This is an increase of \$250 above the \$750 exemption provided by the passage of Proposition 1-A in 1968.

(The total cost to the state for this increased exemption would be \$102 million, including \$49 million in additional monies for the counties replacing revenues previously lost because of the veterans' exemptions.)

Second, we propose that the counties use the revenues realized from the elimination of the counties' need to provide the veterans' exemption, plus \$26 million in additional revenues realized from removal of various sales tax exemptions, to reduce the business inventory tax by an additional 23 percent. (The state revenue necessary for the implementation of this proposal would be approximately \$77 million.)

Third, The current payment schedule for the Bank and Corporations Tax should be maintained rather than deferred as is scheduled in 1970-71. The one-time cash flow resulting from this (revenues: \$60 million in 1969-70 and \$30 million in 1970-71) should be used to finance another 15 percent reduction in the business inventory tax for a two-year period. This additional 15 percent business inventory tax reduction would be financed after 1971-72 by some less onerous business tax than the inventory tax.

(It should be pointed out that these proposed reductions in the business inventory tax rates are in addition to the 15 percent reduction authorized by the voters in 1968. The reduction in the business inventory tax rates, therefore, will total 53% by 1970, an achievement no one thought possible last year. Future replacement revenues for these reductions would be limited to the 1969 inventory level with an annual incremental percentage to allow for economic growth.) This business inventory tax relief will benefit our entire economy and help provide many more jobs for California's labor force.

Eliminate Unwarranted Sales Tax Exemptions

An additional \$103 million will be required to provide local government with the replacement revenue needed to finance the balance of the property tax relief measures.

We propose the elimination of unwarranted sales tax exemptions---on containers, repair services and magazines. These exemptions tend to make the sales tax less equitable than it should be. The revenue which would be realized by state and local governments through the elimination of those exemptions are:

<u>Item</u>	<u>Revenue</u>	
	<u>State</u>	<u>Local</u>
Containers	\$ 45.0 million	\$ 11.3 million
Repair Services	50.0	12.5
Magazines	8.5	2.1
	\$103.5 million	\$ 25.9 million

Other 1969 Proposals

Several other items are included in this Part One, 1969, of the total tax reform package. While they would have little or no revenue effect, they would simplify and improve our tax collection system.

--We are proposing a return to the use of personal exemptions on the state income tax, thereby relieving the extra heavy burden on large, middle income families;

--We are proposing that all counties be authorized to permit property tax payers to pay their property taxes on a quarterly basis; and

--We are restating our proposal that a Department of Revenue be established through which the bulk of state tax-collecting functions would be consolidated and coordinated. This department would be organized as are all major departments. We have every reason to believe that very substantial sums can be saved annually in administrative costs, as well as eliminating much of the harassment of the taxpayers now caused by the unwarranted number of agencies presently administering the various taxes.

AB 2 (Bagley) would accomplish this desirable result.

The foregoing proposals comprise Part One of our total tax reform program. They are important in themselves. They are also important as the initial steps of a long-range tax reform program. I respectfully seek your support for these measures.

This second portion of our tax reform proposal is related to the first in its emphasis on achieving a more balanced tax structure through a reduced reliance on property taxes. The long-range program will require amendment of the Constitution and a series of legislative bills.

Equality of Educational Opportunity

The first proposal in this category is the most far-reaching---not only in tax reform but also in its salutary impact on our public school system. Its approval and application would be a giant step in the direction of equality of educational opportunity for all children in the state's public school system. It would reduce the far too heavy burden now borne by the residential property taxpayer. It would shift the tax incidence from the inelastic and regressive property tax to the more equitable income tax. It would provide for greater flexibility and home rule for the local school district. And it would provide an effective guarantee that property tax rates would not be raised at the local level to offset the reductions proposed under this plan.

There is widespread agreement that we must overhaul the taxing structure used to finance our public school system. Certain changes in this area were proposed last July in the administration's creative paper on education. Further studies have reaffirmed our conclusion that the existing financing program for elementary and secondary schools in California does not provide equal education opportunities for all children in this state. Elementary school district expenditures, for example, range from as little as \$289 per average daily attendance to as high as \$2662 per ADA. Some low wealth districts struggle under an intolerable property tax burden while some high wealth districts are not so burdened. And, in various parts of the state, specially incorporated areas have become virtual "tax havens," thus escaping a fair share of the costs of education while benefiting from the economic, sociological and industrial byproducts of the school system.

We propose to correct these situations in the following manner:

--80 percent of the residential property tax, now levied by the local school districts, would be replaced by a statewide Educational Opportunity Tax of one percent on adjusted gross personal income. This, plus the increase in the homeowners' exemption, would reduce the average residential property tax throughout the state by well over 50 percent.

We would hope, and will certainly urge, that the federal government permit California taxpayers to allow this school opportunity tax as credit against their federal income tax payments.

We also are proposing that landlords be required to notify their tenants of that portion of the monthly or annual rent which can be directly attributable to reduced property tax costs. Such a notification, we feel, will stimulate the free play of the rental market. We anticipate this will encourage the landlord to share his property tax reductions with the tenant through reduced rent.

For many generations, the primary support of local government has been the property tax which years ago was a reasonable measure of income and ability to pay taxes. That is no longer true in most cases, and far too heavy a share of the total tax burden is now borne by the homeowner and the owner of residential property. This has meant increasingly heavy payments both by owners and renters to the point where actual home ownership in many cases is being discouraged by government policy, despite the fact that home ownership should be encouraged to preserve the stability and enjoyment of both urban and rural life.

On the other hand, an income tax properly administered with a minimum of exemptions and with a requirement that all bear a fair share, but no more, in proportion to their ability to pay, offers a much better hope of achieving tax equity than continued reliance on the residential property tax.

At the same time, a statewide educational opportunity tax on nonresidential property would be established, replacing 80 percent of the nonresidential property taxes now collected by the local school districts. This statewide nonresidential property tax rate would be approximately \$3.50 per \$100 assessed valuation.

The funds from both of these statewide educational taxes--the tax on adjusted gross personal income and the nonresidential property tax--would be deposited in an education fund and would then be distributed to the various school districts on the basis of average daily attendance. These funds (which this year would total approximately \$1.6 billion) would be in addition to the existing \$1.3 billion in state subventions to school districts.

--The funds would be subvented to the various school districts on the basis of a flat dollar amount per ADA, thus eliminating the extremely complex financial structure, and undesirable state mandates,

currently employed. The only requirement that would be attached to the distribution of these vastly increased state funds would be a constant review of the effectiveness of such expenditures. Cost effectiveness yardsticks would be devised and instituted to evaluate the performance of our educational system---in effect, we would require that "report cards" be given for our schools and our school systems. In that way the people of California could be assured that they were getting a full measure of results for each dollar spent.

--This flat dollar ADA amount subvened to the school districts would increase at various grade levels, from kindergarten to junior colleges, in recognition of the higher educational costs involved as the student progresses through the school system.

The proposed subventions, by grade level, range from \$500 per ADA for kindergarten through the sixth grade; \$600 per ADA for grades seven through nine; \$700 per ADA for grades 10 through 12, and \$725 per ADA for junior colleges (13-14). An average \$400 ADA also would be subvened for adult education courses. The proposed subvention levels would be adjusted annually to reflect reasonable changes in the cost of living index.

Local Option Overrides

These state subvened funds totaling approximately \$3 billion should help to provide true equality of educational opportunity throughout the state, and to provide virtually every school district with a solid foundation program.

In addition, under the terms of this proposal, local school districts would have the ability to enrich their programs through additional expenditures should they decide to do so.

However, to assure property owners that their tax rates do not creep back to absorb the proposed 50 percent reduction, the property tax rate levied by the local school board would be limited to \$1.10 per \$100 of assessed valuation for all grades, kindergarten through 14, or the current level, whichever is lower. Bond redemptions as previously authorized would, of course, be continued.

Should a school district wish to exceed this tax rate, such a permissive override would require the approval of 60 percent of the voters.

Over the years, each time more state revenue has been raised to ease the burden of residential property taxpayers for the support of the schools, the result has simply been a higher total tax burden for each of us. This 60 percent voter-supported requirement is designed to protect the taxpayer from just such an occurrence.

City, County and Special Districts

One of the major objectives of this reform proposal is to reduce the present heavy burden carried by property tax payers. And, to assure the property owner that his taxes will not be increased to negate the relief provided through this reform proposal, we are asking that counties, cities and special districts be required to retain their present property tax structure with an established maximum limit which would be based on their existing rates plus 10 percent.

As provided for the school districts, there would be an option allowing that set maximum to be exceeded and this, too, would require the approval of 60 percent of the voters. We believe it is essential to assure property tax payers that their tax will increase only if 60 percent of the voters so decide.

Responsible local government representatives should not object to the electorate having a voice in determining the level of spending their own money. What we are proposing for local governments we also advocate, in substance, for state government: that the people themselves pass on this proposal, by approving a Constitutional Amendment, which would provide that any increase in taxes at the state level thereafter require a two-thirds vote of the Legislature. (At present, only the Bank and Corporation Franchise tax and gross premiums insurance tax requires a two-thirds legislative approval.)

In a further effort to insure the integrity of local government, we are proposing legislation as part of this package which will require that any future mandates from the State to local government for new programs carry with them sufficient revenue or revenue sources for local government to finance the programs involved. The state must not force upon the local governments costly programs without also making the necessary funds available. This habit, too often practiced by the Federal government in its relations with the states, is one of the reasons why state expenditures are constantly forced upward. We should not compound this inequity within California.

Since this total tax reform program represents a partial shift from property taxes to personal income taxes, we are also proposing a voluntary prepayment plan, with four options: for those taxpayers who had filed a state income tax return the prior year:

- The employer can withhold the income tax payments at the employee's request and remit these funds to the state, receiving a credit to make up for the cost of the employer's added accounting expenses. The employee also would receive an annual tax credit of two percent for voluntarily participating in such a program.

- The individual taxpayer can pay his state personal income tax on a quarterly basis, in advance, basing his payments on the previous year's tax. For this he would receive a two percent credit on his taxes at the end of the year.

- The individual employee could make his own arrangements, with the cooperation of his employer, to deposit in an account under the employer's control, the monthly amount necessary to pay the estimated tax at the end of the year.

- The individual taxpayer need not participate in any form of tax withholding, but could continue to pay the tax annually or semi-annually as he does at the present time.

The provisions for these voluntary options would simply be a convenience for the taxpayer. The state would not make money on any of these plans, and if any "windfall" were realized, this would be placed in a special tax relief fund and be returned to the taxpayers as a one-time rebate, as we are advocating be done with the \$100 million next spring.

Additional Proposals

The remainder of our long-range tax reform proposals, which will also require voter approval, are important but less far-reaching. Each, however, seeks to achieve certain significant goals and each is important to the overall reform program:

- In order to alleviate the double misery of figuring separate tax returns every April, the state income tax return should be essentially a "carbon copy" of the form used in making out the federal individual income tax return;

- In order to achieve greater equity, insurance companies should be taxed as are other companies, rather than on the basis of their gross premiums;

- In order not to encourage land speculation, the capital gains treatment of the sale of unimproved property held less than 10 years should be removed and such tax paid on a straight personal income basis.

- The revenues realized by the state through such a modification should be used to help finance open space programs in and around our growing urban areas. Also, to retain California's competitive position, under our proposal agricultural property would be taxed solely on its agricultural use. The legislation also would provide that if the land is converted from agricultural to non-agricultural use (such as a subdivision), counties would be given the means of recapturing lost tax revenues.

- In order to assist the old-age property owner, we are proposing that needy individuals over 65 be permitted voluntarily to postpone payment of the taxes on their property if they authorize the county to secure eventual payment of those taxes, following the transfer of the property, and that this be counted as a lien against the property.

As I stated at the outset, the details of all of these proposals--- both Part One and Part Two---are spelled out in the bills being introduced today by Assemblyman Biddle. We believe that these bills merit careful consideration and thorough examination by the members of the legislature, and by the taxpayers.

In no sense are these proposals intended as unalterable or unchangeable. We must work together to achieve a practical, honest and common sense tax reform program. If modifications or other proposals will help us achieve our goals---particularly in the important matter of providing assurance against further property tax increases---without voter approval, such modifications will be given thoughtful and thorough consideration by the members of this administration and, I am sure, by the legislature.

As I said at the beginning, the principal part of total tax reform can be enacted only by the federal government since it has such a major role in the total tax picture. I am encouraged by the amount of discussion in the present federal administration about the need for tax reform. I think ultimately the only true tax reform will be that which involves a major reliance upon a more fair and more equitable income tax in which various exemptions are virtually eliminated, a much lower total tax rate is imposed, and a great many of the existing inconsistencies and loopholes are terminated.

In far too many cases our tax policy is at direct variance with the other policies of sound economics and good business. For example, our tax system puts a tremendous premium on business failure---that is, a company with a large loss record has many very desirable advantages under our present curious tax system.

Another example is that there are far too many instances in which income is taxed at least twice. I agree with the Carter Commission of Canada that a corporation income tax should not have to be paid again by those receiving dividends.

As another example, I do not believe that we should put such a penalty on the young and middle-aged who now have little or no opportunity to save.

The result of all this would be that there would be a substantially broadened definition of taxable income, but a far lower income tax rate.

Furthermore, the federal government must share some of the income tax revenues that our citizens send to Washington each year, by returning to the states a portion of these revenues, without strings attached, just as we propose to return state revenues to school districts.

At present federal, state and local taxes take about 30 percent of our total national product---a figure that has been increasing far too steadily for far too many years.

We see the effect of incipient taxpayer revolts in the defeat of school tax overrides, bond issues and other similar issues. We must act and act now. The immediate and long range proposals that I have made---offering the opportunity to hold down our State and local tax burden, to shift it so that it would be more equitably borne by all, to improve the quality of education throughout the state, and to simplify tax problems for us all---these should be enacted now so that we can assure our taxpayers that California is doing its part in what must be a nationwide effort to reform the whole tax structure.

Economics

But, with all of this, there is one irrefutable, unyielding fact of government life which must also be faced squarely and coped with constantly:

there is only one way to reduce taxes and that is to reduce government spending. One is impossible without the other, especially under our State Constitution which prohibits deficit spending.

I do not mean to minimize the accomplishments of economy during the past two years. In fact, I commend those members of our management team who have reduced costs and increased efficiency throughout the executive branch. But, there is still a great deal more to be done---and we are determined to do it.

I feel so strongly about this that, within a few weeks, I will announce specific steps which will be taken to add additional limitations on government spending in those areas over which the administration has direct control.

At this time, when our citizens witness their spendable income being whittled away because of mounting inflation, increasing interest rates and rising taxes at various levels of government, it is mandatory that we here in Sacramento do everything possible to reduce the cost of State government.

Only in this way can we have tax relief as well as tax reform. Working together we can achieve both these objectives.

4/10

To the Members of the Legislature of California:

CRIMINAL JUSTICE

Crime is America's most important internal problem. Crime statistics show a continual increase during the past ten years which will extend into the foreseeable future.

No one could deny that there is now a national demand for public order, which has focused the attention of citizens and public officials on our criminal justice system.

A recent national survey reveals that one-third of all Americans believe it is unsafe to walk alone at night in their own neighborhoods. More than one-third of all Americans state that they have firearms in their homes for protection against criminals.

Last month, the FBI released its 1968 crime statistics. They showed that crime increased a full 17 percent over the previous year. We in California have reason for great concern. Our crime rate is the highest in the nation. In fact, it approaches a rate almost twice that of the national average.

All this becomes especially important when one takes into account that only a very minor portion of all crimes are reported to the police. Furthermore, crime solutions continue to decline.

I recognize that a successful attack on crime must come through a multi-discipline approach. A victory in the war on crime will be achieved only through a coordinated attack by all agencies of government, supported and assisted by concerned citizens.

Together, during the past two years, we have made considerable progress in the field of law enforcement and crime control. I hope that 1969 will be a year of even greater progress.

The California Council on Criminal Justice is now in operation and for the first time we have a professional statewide planning agency working for the development of modern techniques in the prevention and control of crime and the treatment of criminal offenders.

A comprehensive plan for the total field of criminal justice has just been completed. It includes a substantial contribution of ideas from local government. Implementation is scheduled to begin very soon. This will require the coordinated efforts of the executive, legislative and judicial branches of government.

Other developments have been described in my State-of-the-State Message. Many citizen groups have undertaken subjects of crime control as priority projects. Foundations are pouring millions of dollars into schools of law, criminology and related fields to fund criminal justice studies.

While all of this is important and helpful, new laws are also necessary. We must fix responsibility for individual conduct. We must improve our ability to protect the safety of the public.

Members of this administration have been working very closely with legislative leaders to develop proposals intended to prevent and control crime and rehabilitate criminal offenders. I, therefore, urge you to consider and enact measures to accomplish the following:

1. Prohibit the sale or distribution of harmful pornographic matter to juveniles. This will assist in keeping objectionable material out of the hands of persons under the age of 18.

The publication and production of obscene and harmful pornographic matter is big business. California is one of the principal areas of origin and distribution. Experts indicate, and experience would corroborate, that this filth poisons the minds of our youth.

This proposal would establish a new standard for determining obscenity for children. It would stop the peddling of smut which may have little effect on adults, but which is harmful to juveniles. This is the area in which the courts have said legislation is not only permissible but "legitimate and indeed exigent." With this obvious need and with this directed invitation by the judiciary, the Legislature should be quick to respond.

2. Provide that in obscenity prosecutions, evidence may be introduced concerning the circumstances of presentation, sale or distribution, when that evidence indicates the material is being exploited commercially for the sake of prurient appeal. This evidence may be considered with respect to the nature of the material and may justify the conclusion that the matter is obscene.

This would help to eliminate any false defense by distributors that they do not know the nature of the material. Methods of sale, advertisement, and other business practices would be used to show knowledge and to prove obscenity.

This proposal would conform California statutes to federal law and permit the state to use evidence of pandering which the United States Supreme Court declares relevant and admissible.

3. Provide that matter which appeals to deviant sexual interests can be prosecuted. This would allow a jury to consider whether or not such material is obscene, when directed to specific vulnerable groups, even though it may not affect the average person.

More and more material is directed toward deviant groups such as homosexuals, sadists, etc. The average person may not be attracted to such matter; others may be specially susceptible to such an appeal. Obscenity should be judged with reference to its intended recipient. This has been indicated by the United States Supreme Court and is similar to the approach in the juvenile bill.

4. Permit law enforcement to utilize modern technical methods of surveillance, when authorized pursuant to a judicial warrant, to investigate serious crimes. This would implement the federal "Omnibus Crime Control and Safe Streets Act of 1968" with regard to its electronic surveillance provisions.

Organized crime uses the best and most modern scientific devices to rob, cheat and destroy. Vice operations, including narcotics traffic, make widespread use of communications services. With proper safeguards against the invasion of personal privacy, there is no sound reason why law enforcement should not be able to utilize modern technological advances in waging war against organized crime---the biggest single industry in America.

5. Authorize the admission of evidence concerning information communicated to a peace officer by an informant who will remain confidential. This evidence must be for the purpose of showing reasonable cause for making an arrest or search. Confidentiality cannot be maintained if the informant is a material witness to the guilt or innocence of the accused.

This would extend the protection of confidentiality which is now guaranteed to informants in narcotic cases or to those who furnish information in any criminal case.

In the investigation of crime, police investigators must use informants, particularly in cases relating to serious crimes, including vice and organized criminal activities. This source of information is destroyed when informers are revealed. When an informant is disclosed, he becomes subject to possible violence and retribution; he also is no longer in a position to gain information. His usefulness is ended.

The procedure protecting confidentiality of informants, when their authenticity and reliability is demonstrated to a judge, has worked well with regard to hard narcotic prosecutions. It is, therefore, appropriate to use this procedure in other types of offenses.

6. Restore to cities and counties the ability to enact ordinances relating to local problems of public safety. This would define rule of statutory construction to remove confusion concerning the application of state preemption.

A great deal of confusion and consternation has resulted from a series of judicial decisions attempting to determine legislative intent on the question of state preemption. The decisions are both inconsistent and irrational. The judicially imposed doctrine of "implied preemption" has become a symbol of concern and frustration. There is no need for this situation to continue. It can be corrected by a simple process, in which the legislature clearly specifies those areas within which it intends to "occupy the field," so that entities cannot enact ordinances on such subjects.

The ability of organized society to conduct and regulate its affairs in an orderly fashion is dependent upon the foreseeability and clarity of its law. The Constitution empowers local governments to legislate on a wide variety of subjects so long as there is no conflict with state laws. The Legislature is the proper forum to debate whether any given area should be preempted. But this should be done by express, rather than implied, preemption. No longer should a city or county have to speculate as to what an appellate court may guess the intent of the legislature to have been.

7. Provide effective control of the use of firearms by criminals. Any person armed with a firearm during the commission of a crime or at the time of his arrest should not be granted probation. Exceptions would be made in unusual cases only, and then only with the consent of the district attorney, and only after the judge in open court states the reasons for the exception. Both the reasons and the consent must be entered in the court minutes.

This will make it clear that the criminal who arms himself with a gun will be dealt with more severely in every case. The penalties for illegal use of weapons are thus strengthened without interfering with the legitimate use of firearms by law-abiding citizens.

8. Strengthen our laws concerning riot control by removing restrictive language which inhibits action against those who incite riots and disorders.

The present law prohibiting the urging of a riot was enacted in 1966. It was requested by the City of Los Angeles after the Watts riot. The initial draft did not contain the present restrictive language which requires proof of "specific intent." Such language has prevented law enforcement agencies from taking positive action against persons who are inciting to riot.

Presently, there are persons in California engaging in activities which are inflammatory and which directly cause riots. Yet police and prosecutors cannot act because they cannot prove the subjective intent lurking inside the mind of the activist.

Removal of the requirement will permit the bringing to justice of those terrorists who are now in fact engaging in conduct which encourages rioting and disorder.

9. Request the federal government to take all possible steps to stop immediately the flow of narcotics and other drugs over the border from Mexico into California.

Effective action at the California-Mexican border could stop about 90 percent of the narcotics and drugs from entering our state.

The juvenile delinquency problem is tied closely to use of narcotics and drugs. In fact, the sudden rise in the rate of major juvenile arrest is entirely due to the drug problem. In 1966, a total of 4,824 juvenile cases involved drug law violations; in 1967, these cases rose to a total of 13,911, showing an increase of 183.4 percent. In the first half of 1968, more than 15,000 youngsters under 18 were arrested for drug law violations; this is three times the figure for the first half of 1967.

This administration is working very hard to control drug abuse. Programs are now operating in the departments of Corrections, Education, Mental Hygiene, Rehabilitation and the Youth Authority. The Council on Criminal Justice has established a task force on this critical problem.

We are also receiving assistance from the private sector. The Inter-Agency Council on Drug Abuse has been formed in cooperation with the California Medical Association to coordinate and develop the efforts of federal, state and local governments, the various professions, and citizen groups in the war on dangerous drugs.

Another approach is a public education campaign scheduled to begin soon in the state. One of the country's leading advertising agencies has volunteered to conduct the program, and the communications media have pledged their strong support. It will be the first full-scale public service advertising program on drug abuse in the country.

10. Increase the penalties for attacks on campus police. This would bring the penalties for attacks on campus police into conformity with the present aggravated penalties for attacks on other law enforcement officers.

There has been a significant increase in the number and the seriousness of attacks on campus police officers. The criminal anarchists now on our campuses have used mass disorder situations to assault these law enforcement officers. Such criminal conduct should be treated severely on the same basis as are attacks on other peace officers.

11. Continue and broaden the local probation subsidy program for the rehabilitation of criminal offenders.

The probation subsidy program was created in 1966. This state-county cost-sharing program now provides the best public protection and the most effective supervision of probationers in the history of California's correctional system. Without an extension, this program would terminate in 1969. New legislation is needed to provide for the continuation of this method of rehabilitation. In addition, we should eliminate restrictions currently placed on special supervision programs so as to make it applicable to certain misdemeanants and also broaden other provisions to make the program more flexible.

The need for this comprehensive extension and revision can be seen in the history and current projections of the program. Presently, 41 counties representing 94.9 percent of the total state population, participate in the subsidy program. Over 26,650 probationers will be served in the current year under this method. Counties have added over 530 probation officers to provide special supervision as a result of this program.

this legislation will extend the protective and preventive features of the program, without requiring additional state appropriation of funds.

12. Provide work furlough programs for Youth Authority wards.

This will authorize the Youth Authority Director, with approval of the Youth Authority Board, to assign wards to counties which currently have work furlough programs.

Presently, the Youth Authority may establish work furlough rehabilitation programs only within its own institutions. This procedure will permit wards to be placed in county facilities in the very community into which that ward will be returned.

This will provide much more flexibility for the Director. A growing number of California communities already have adopted work furlough programs for adult and juvenile inmates in county detention facilities. This proposal will allow those counties to accept Youth Authority wards for those programs.

13. Provide work furlough programs for narcotic addicts who are civilly committed. This proposal would permit the temporary removal of residents of the California Rehabilitation Center for necessary work in connection with their rehabilitation and in connection with the institution program.

Present law permits work furlough programs for narcotic addicts who are serving time in our prisons for felony convictions. This proposal would extend the availability of such programs to narcotic addicts who have been civilly confined in the California Rehabilitation Center. The advantages of a work furlough program are at least equally applicable to a civil commitment as they are to a criminal confinement.

The assignment of civil addicts to conservation camps and other programs will relieve serious overcrowding in the California Rehabilitation Center and permit meaningful training while these addicts are in confinement.

These proposals on criminal justice cover the areas of principal concern where legislative action can be very helpful. It is imperative that legislative action keep pace with the efforts of local government and law enforcement agencies in the war on crime.

I note with pleasure that the legislature has already acted favorably on some of these proposals; I am confident that all of these measures will receive your careful consideration and support.

I believe we can work together to make California a safer and better place for all. We must if our people are to be safe and free.

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4/11

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 4-11-69

RELEASE: Friday P.M.'s

EXCERPTS OF PREPARED REMARKS BY GOVERNOR RONALD REAGAN

Bakersfield State College Groundbreaking Ceremony
Bakersfield
April 11, 1969

To help our young people--and to build and preserve society--it is vital that we create and maintain the very finest of educational systems...a system which is responsive to the times and relevant to the times to come...a system which takes advantage of the great innovations of society--thus, to provide a learning which makes sense to both the individual student and the taxpayer--whereby every dollar counts for positive achievement. I would like to suggest to you some of my basic convictions regarding education, believing that they mirror the convictions and concerns of most Californians:

--A free society, to remain free, must provide that education which is appropriate to the capabilities and the motivations of its citizens. Men may be born free, but they are not born wise. The purpose of education in our society is to help free men judge well.

--Our public educational institutions have been established and are financed by the people. They are the vehicles for the expression of cultural values and goals of the people, as well as the repository of knowledge and the distributor of truth. The members of the various education boards are all agents of the people, and the school administrators are employees of the people. Through these instruments the people should have not only a voice but also accountability and recourse.

--Quality education requires the dedicated services of well-prepared teachers whose primary interest and motivation are the education of students--for the student is what teaching is all about. The teaching profession should continue to be one of our most respected professions and the rewards for service must be commensurate with the importance of the responsibilities involved. One of these major responsibilities is to accept the notion, I believe, that little attention should be paid to the political or ideological belief of the faculty, and competence should always be based on the ability to keep bias from destroying teaching and scholarship. Personal bias and prejudice should be kept out of the classroom as violence should be kept out of campus. We ask a great deal of our teachers and professors. And, they have a significant obligation to society, for they are dealing with young minds and unfettered spirits. We therefore look for learning, not indoctrination--

for truth, not propaganda. This is the true nature of academic freedom.

--There are those who press for standardization, but our value is for diversity in education---diversity in content, methods and objectives. We are committed to vocational and technical programs in education in the same strength to which we are committed to programs leading to academic attainments and communication of a culture. Even while we stand here at the site of what will be a splendid state college, we know that some 70 percent of our young people will never seek a baccalaureate degree.

--No individual should be deprived of the opportunity for higher education because of economic circumstances or prejudice.

--It is essential to our total educational system that private schools survive along with our public institutions. Private institutions often serve as pace setters, enrich the range of possible education experience, tend to hone the cutting edge of educational excellence and make possible wider educational opportunities---they are partners in the pursuit of knowledge.

It is the function of education to help each individual to grow to the maximum extent of his capability, to help him fulfill his great individual potential. This is the proper preoccupation of our schools and colleges.

Today's system of higher education is expected to be all things to all people. Governments subsidize it to solve social problems; industry pays to conduct research. Spreading itself too thin, more and more of the university's time and money, talents, buildings and equipment is used for purposes not consonant with its proper functioning, which is teaching and learning. Teaching and learning...easy words to say, but difficult to achieve.

If a school is to transmit the intellectual and cultural heritage and develop in students a proper sense of morality, it must begin by teaching them to think---not necessarily what to think, but how to think.

Conversely, if we would help our young people to think, we must provide a cultural and moral framework within which their intellectual capacities may be exercised. Yet, this disciplined thought is precisely what is lacking in the home and in the school. You, ladies and gentlemen have an opportunity to change that.

We laugh at honor, patriotism and even brotherhood. Many say that God is dead; he is not dead. He is merely forgotten. Once God is dead, then man begins dying, and the machine begins to take his place.

You here are about to embark on a noble venture---an institution of higher learning can be one of the great hopes for free men. However, at the same time it can also be an Achilles Heel of society. By its nature, a modern college or university is uniquely vulnerable to the use of force. The use of force contradicts the very premise of the academy. When, therefore, a rebellious and fanatical minority throws away that premise and resorts to coercion, the academy is ill prepared to meet the challenge. We, here, can learn from past mistakes. Here, you can meet the challenge.

The institutions which have been the targets of rebellion vary widely. Some are small and rural. Others are great cosmopolitan institutions. Their internal structures and curricula differ. They vary geographically and socially. The grievances of the rebellious student at a local junior college in no way resembles those of a student of a large university and neither institution has much in common with the Sorbonne or the University of Caracas or the University of London, or Tokyo. Yet, we all have felt rebellion and violence by a small minority who do not conceal their aims and who are well organized, effective and dangerous.

The threat they pose is real. How can we meet it?

--The hardcore rebels must be isolated. When legitimate student grievances exist, these should be remedied, thus depriving the rebels of temporary allies. Procedures for communication between students and administrators should be reviewed constantly. Reasonable persons can arrive at an equitable decision; recognizing that those who come to learn do not always have maturity and wisdom of those who administer.

--Administration and faculty and students---as well as citizens---must refuse to tolerate force on campus.

--Those assuming the student role but whose real goals patently non-academic must be expelled. Those who want to learn are waiting for their places.

--Faculty members who betray their academic calling through disruptive or violent activities on the campus should be dismissed on professional grounds. This has nothing to do with political views, rather it is because of actions relating to responsibilities as a faculty member.

--The vast majority of students and faculty members who are loyal, to academic goals must become more protective of their own interests; they must help to bring order and sanity to the campus. Rights are not the exclusive preserve of the dissidents and the disrupters. The minority have the right to be heard---it does not have the license to prevail. The academy is not an island outside the law; it is not to be a privileged sanctuary for those who would destroy society; it must not be used as a staging area for insurrection.

To help reduce trouble on the campuses priority must be given to establishing closer contact between colleges and universities on the one hand and citizens and communities served by the institution on the other.

In California today, there is continuous concern about campus problems and violence at all levels of government, including the governing boards of the universities and colleges. The concern of all is for the protection of students, for the integrity of the learning process and for society itself. A democratic society depends upon an active majority of civilized individuals who express---each in his own way---the values of culture. In this way the tradition of fair play, of freedom of speech, of equal opportunity to learn, even of the right of life, are protected. The democratic society develops laws largely

to protect the individuals from the extreme behavior of those who are not bound by the cultural values---those who are not persuaded by the normal expressions of approval and disapproval by their peers. It is obvious---but so important that it bears repeating---that as an increasing number of citizens refuse to become involved, society, for its own survival, must depend increasingly upon law enforcement. Laws---and thus law enforcement---keep the peace and keep men free. However, there is no reason that laws---or law enforcement---become a substitute for the moral suasion exercised by the people themselves.

In considering laws to govern campus behavior, and the use of law enforcement on our campuses, it is important to recall the words of Dr. Hayakawa who stated: "In a democratic society, the police are there for the protection of our liberties. It is in a totalitarian society that police take away our liberties."

Let me, here, make one thing clear regarding our liberties and academic freedom. Recently there have been some gross, indeed deliberate, misinterpretations of my remarks about faculty balance on some of our campuses.

I am happy to say that most who heard those comments understood them and reported them accurately. Another, however, not only coined the term "political test" but claimed that I advocated such an approach. Let me make it perfectly clear, once and for all; that term is foreign to my vocabulary; it does violence to my personal philosophy---the idea is opposite to my way of thinking---and, indeed, such a test would be illegal. Distorted reporting of this nature does a tremendous disservice to the academic community and to the citizens of California.

My dismay is at an existing political test. My plea is for removing such a test---not adding one.

Twice in formal press conferences and several times in impromptu meetings with the press, I have expressed my dismay at reports from campus officials and from members of the faculty that in some departments on some campuses the faculty itself has been selecting its members on the basis of political or ideological position.

Dr. Hayakawa has stated: "I think I know what the governor was driving at. At some departments, one point of view prevails. For example, in certain psychology departments, experimental psychologists prevail over phenomonologists."

"And actually, there are political tests in certain departments of the state colleges now. If a man is not far enough left, he doesn't get hired. This is true if you have a leftist clique in the department. You almost never have a rightist clique.

"The answer is to make the department responsible to the outside intellectual community and how to do that I do not know."

I have repeatedly urged the academic community to recognize this problem because it is a problem that only they---in their proper role---can solve. It is dangerous---and sad---that in some departments on some campuses the faculty has failed to uphold their professional ethics and to exercise that self-discipline that is so vital to quality education... a self-discipline which is essential if we are to be equal to the opportunities and the problems of tomorrow.

To freely discuss on all sides of all questions, without standards, without values, is to insure the creation of a generation of uninformed and talkative minds, a living demonstration of the decline of the intellect.

St. Thomas Aquinas always warned students never to leave any difficulty unresolved in their study, to always fully understand whatever they read or heard, and to avoid speechifying on anything whatsoever. He also warned teachers that they must never dig a ditch in front of a student that they failed to fill.

St. Thomas knew that to doubt---to forever seek and never to find--was, when carried to the extreme, the enemy of both education and thought and thus, progress.

The challenge is to search for meaning in a worried world, but the obligation is to help young people find truth and purpose, to find an identity.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)

4/14

To the Members of the Legislature of California:

TERMS OF OFFICE
GOVERNOR AND LIEUTENANT GOVERNOR

I have often urged that the governorship of California be limited to two consecutive four-year terms.

I have also urged, on numerous occasions, that candidates for governor and lieutenant governor---of a particular political party---run as a team in general elections, just as the president and vice president run on a single ticket at the national level.

You have been sent proposed constitutional amendments (ACA-43, Conrad, and ACA-42, Conrad) which would allow the people of California to express their views on these two important issues.

I urge strongly, therefore, that you give thoughtful attention and consideration to both of these proposals. I am, of course, hopeful that you will concur with me that they are deserving of bi-partisan support in both houses of the legislature.

The voters of this state should be given the opportunity to express their will on these issues at the ballot box in the November, 1970, general election.

As governor, I am dedicated to the proposition that any chief executive of California state government should step aside after eight years in office. This would insure new blood, new vigor, new ideas, and renewed sense of urgency combining new approaches and innovations to meet the challenges facing the state.

Certainly, after eight years, the incumbent governor should be willing to step aside and permit others---within his own party as well as the opposition---to express their ideas and present their platforms in order that the people have a meaningful choice.

With respect to the other issue, I believe that the governor and lieutenant governor should be a team before they are elected---in order to make certain that they function as a team after they are elected.

The constitutional amendment pertaining to this issue would correct a problem area which now exists in the line of succession and the close working relationship which must be present between the governor and lieutenant governor.

Message to Legislature---TERMS OF OFFICE

The lieutenant governor is only a heartbeat away from the governorship. He acts as governor when the chief executive is out of state, with every power, and every responsibility vested in the governor, until the chief executive returns.

Of course, in the event of the governor's death, the lieutenant governor is immediately sworn in as governor to serve out his predecessor's total remaining term of office.

In both cases, I believe the lieutenant governor should continue to carry out the goals and objectives of the governor, either during the absence of the chief executive---or, in the event of his death---until the end of the term. For, the lieutenant governor assumes the office of the man whom the people have chosen as their chief executive, on the basis of commitments to, or reforms of, programs and approaches to the operation of state government.

However, under current California law, a weak link exists in this vital line of succession and continuity. Because candidates for governor and lieutenant governor now run for office separately, and are elected separately, it is possible for a governor to be elected from one party, and the lieutenant governor from the other.

Even though none of us may wish to contemplate the possibility of someone, elected to such high office, taking undue or improper advantage of such a situation, the possibility, nevertheless, does exist. The fact is, it is possible for a lieutenant governor of an opposing political party to act to undermine the work of a governor---even while serving as acting governor when the chief executive is out of state.

I do want to emphasize that the proposed constitutional amendment would, in no way, change the present primary election process which assures the voters an opportunity to select whomever they wish as nominees for the offices of governor and lieutenant governor, from each party. It would provide, however, that after the nominees were selected from each party, the candidates for governor and lieutenant governor would be united on a single ballot, as a team---and elected as a team---just as the president and vice president on the national level.

Again, I urge you to give strong and favorable consideration to both these measures in order that the voters may have an opportunity to make the final decision.

4/17

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 4-17-69

RELEASE: Immediate

To the Members of the Legislature of California:

PROPERTY TAX RELIEF ✓

It has come to my attention that many thousands of Californians apparently have failed to file applications to receive property tax relief to which they are entitled.

As you know, the filing deadline to make such applications---to enable homeowners to individually receive a \$70 property tax relief refund and to be eligible for a future yearly \$750 exemption on the assessed value of their homes---was April 15.

This was made possible by our joint action at last year's special session of the legislature, and subsequent approval of Proposition 1-A by the voters in the last general election.

The Los Angeles County Assessor has advised me that, as of April 15, he had received less than one million forms of the more than 1,600,000 which were mailed in that county alone. We believe that this situation is indicative of many other counties around the state.

I, therefore, want to take this opportunity to urge each of you to act favorably, and at the earliest possible time, on emergency legislation which has been introduced by Assemblyman George Milias (R-Gilroy) which would extend the deadline for filing these applications to May 30, 1969.

Again, I want to emphasize, and I am confident that you will agree, that the taxpayers of this state are entitled to the refunds which were made available to them, and which they themselves approved last November. With your help, we can all assure that they are given every possible opportunity to claim these benefits, which are rightfully theirs, and which they should take advantage of.

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EJG

4/24

EXCERPTS OF PREPARED REMARKS BY GOVERNOR RONALD REAGAN

Third Annual Nuevas Vistas Conference
Biltmore Hotel, Los Angeles
April 24, 1969

Since the first Nuevas Vistas Conference two years ago, the efforts of a great many educators, public officials, legislators and concerned citizens have been devoted to identifying the special problems that confront the Spanish-speaking youngster in our schools. Many of you here tonight are leaders in these efforts to stimulate a new awareness of the instructional needs of thousands of youngsters who enter California schools from non-English speaking homes each year.

And while we in state government would be the first to concede that much more needs to be done, we have made some significant progress.

Within a month after your first Nuevas Vistas conference, I was pleased to sign into law Senator Short's bill permitting bilingual instruction in California schools. This measure, which had bipartisan support, has made it legally possible for local school districts to develop new and effective programs to help the Spanish-speaking youngster make the difficult transition to English-language instruction.

Everyone here is aware, I am sure, of the tragic social and individual consequences that have resulted in the past from our failure to recognize the language barrier as a major educational problem for California youngsters of Mexican descent. This language barrier is one of the reasons for the dishearteningly high drop-out rate among Spanish-speaking students. It is a source of frustration from the time they start school because they begin their educational experience with a double handicap. The California student from a Spanish-speaking background is attempting to master basic subject matter that is difficult enough even for the English-speaking student. And he is trying to accomplish this learning process in a language that is often totally unfamiliar to him.

Bilingual instruction is one of the major efforts to eliminate this handicap so that the Mexican-American youngster will have a fair opportunity to succeed in school.

The State Department of Education is participating in this effort in a variety of ways. Under the leadership of Dr. Gonzales, the department has initiated a number of pilot projects to promote bilingual instruction.

Nuevas Vistas Conference

It has sponsored demonstration projects to reach the children of migrant families. It has produced a series of video tapes in Spanish to explain the various state educational programs to this community. And it is working to develop texts and supplementary materials to help California students of Mexican descent understand their native tongue and the rich cultural legacy of their early California ancestors.

Along with these varied and ongoing projects, the State Department of Education also is helping implement the federal program of financial assistance for bilingual instruction.

We must also recognize the educational problems that confront the Spanish surname youngster do not all stem from his different cultural background. Overcrowded classrooms, inadequate local school financing and insufficient educational programs, unfortunately, cause students of all races and cultural backgrounds to suffer equally from these deficiencies.

One of the most critical problems affecting the ability of the schools to overcome these deficiencies is simply one of finances. For too long, local school districts have been too dependent on local property taxes for too great a share of the revenue needed to finance the school program.

It has been obvious for some time that something must be done to relieve the massive burden on the local property taxpayer. Between 1958 and 1968, overall property taxes levied by all taxing jurisdictions in California rose by an average of almost 10 percent a year---from a total of \$2 billion to more than \$4 billion.

As a result of this tremendous increase, the property taxpayer has become increasingly resistant to school bond issues, over-rides or any other proposal that might add to his financial burden.

The property tax has been regressive in other ways, too. It has become a factor that is discouraging home ownership at the very time when every community needs from every citizen the sense of commitment and belonging, the stability that comes with owning your own home. Moreover, the present school financing system is inequitable because it does not provide equal education opportunities for all children, whether they live in a low wealth district or a high-income area.

Nuevas Vistas Conference

We found, for example, that elementary school district expenditures range from as little as \$289 per average daily attendance to as high as \$2,662 per ADA. Some wealthy districts have a relatively low property tax burden while others--located in areas with a static or declining tax base--struggle to find operating revenues although the residents of those areas pay an intolerably high property tax rate.

That is why this administration has made property tax relief and tax reform a major goal. It must be accomplished if the state is to provide the quality education and the variety of educational opportunities that our young people deserve.

That is why this administration has made a massive commitment to equality of educational opportunity.

In addition to the present level of financial support, which totals some \$1,284 million in 1969-70, the budget I submitted to the legislature this year would provide an additional \$105.5 million for support of the kindergarten through grade 12 school program.

--\$76.5 million of that is intended to help those districts with the most serious current financial problems.

--\$9.5 million would extend the state's compensatory education program.

--\$16 million is earmarked for the Special Elementary School Reading Instruction program.

The Spanish-speaking youngster would benefit from all of those programs. So would thousands of Anglo and black students in low wealth districts.

But we realize that even with this additional support, many districts face critical fiscal problems. There must be a completely new approach to school financing. The state must assume a greater and fairer share of the financial burden if equality of educational opportunity is to be achieved in every school district in California.

That is what this administration is attempting to accomplish with the tax reform proposals that were announced earlier this month.

While the major emphasis of this program is one of tax reform, the impact of this readjustment would have a widespread and tremendously beneficial effect on education---particularly in improving the educational opportunities for students from low-wealth districts or from districts already taxed to the limit.

Nuevas Vistas Conference

The statewide educational opportunity tax would permit the state to increase its share of state school financing from the present \$1.3 billion a year to nearly \$3 billion a year. This tax shift would allow local taxing districts to reduce the average residential property tax throughout the state by well over 50 percent.

These proposals represent an effort to make a massive overhaul of California's school financing system, a realignment of responsibility that must be made if we are to make certain that every student has an equal opportunity to realize his maximum educational potential.

To give you an idea of what this would mean in terms of equalizing educational opportunity, the proposed tax reform would mean that the state would be assuming most of the basic foundation support for local school districts. By grade level, this support would range from \$500 per average daily attendance (ADA) for kindergarten through the sixth grade; \$600 per ADA for grades 7 through 9; \$700 per ADA for grades 10 through 12, and \$725 per ADA for junior colleges (13-14).

This would give every school district in California a solid foundation program, primarily financed by the state.

Although money is such a central part of the educational dilemma, it is not the only part.

Those who are vitally concerned with education---public officials, professional educators, parents and legislators---all must join in asking some searching and fundamental questions about the overall direction of our educational programs.

Are we doing the best we can for the greatest number of students? Is the nation as a whole devoting a disproportionate amount of emphasis (and educational dollars) to the 20 percent of young people who will go on to complete a college degree? Should we not now take a hard look at our priorities and determine whether we might profitably upgrade and refine the educational opportunities that we offer to the majority of students who will enter the job market without finishing college?

This is a particularly timely question today when there is a desperate demand for trained technical experts in a variety of occupations and skills. In the past, schools too often have viewed technical education and vocational training as the stepchild of education. There has been a patronizing attitude toward preparing students to directly enter the job market from our secondary schools.

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The result is that schools send inadequately prepared youngsters off to compete for a job on their own. This occurs at all levels of education. There are entirely too many high school graduates and dropouts; junior college graduates and college drop-outs who haven't been sufficiently trained to do anything that is immediately marketable in the job market.

The non-college bound youngster is thrust on his own into an increasingly technically-oriented labor market without the foundation of thorough preparation and education that his college-bound counterpart receives from the public school system. These are more "push-outs" from our educational system than drop-outs.

We must question the priorities of a system that produces such an imbalance. We must begin a serious effort to provide within our public schools a far broader and more effective variety of educational opportunity for those students who prefer a technically-oriented public school program. The doctor's son in Bel Air may want to become a skilled television technician or a racing car mechanic instead of following his father into medicine. The Spanish-speaking auto mechanic's son in East Los Angeles may wish to study for a Ph.D in physics. The black student in Watts may want to pursue a program that could qualify him to be an astronaut.

Here, I would like to stress once again the importance of adequate financial support to the total concept of equality of educational opportunity...what this administration's tuition plan for higher education can mean to the student who is qualified but financially unable to go to college. The Equal Education Plan which I outline in the "Creative Society" study program proposes to set aside up to 50 percent of all tuition revenues and use it each year for scholarships and loans to deserving students who otherwise would not be able to attend our state colleges or the University of California.

At the present time, the student population in all our institutions of higher learning is heavily dominated by students from above-average income groups. But why must the mailman in Watts or East Los Angeles subsidize the operation of higher educational facilities which he knows has not always been available to his youngster? Under the scholarship program that would be part of my Equal Education Plan, the doors of higher education would be opened wider...to a far greater number of deserving youngsters from all cultural and ethnic backgrounds.

The point of all of this is that we must make it possible for all youngsters to pursue their different educational goals within the public school system. The educational program that is offered must be sufficiently broad in all districts to permit a student to prepare for whatever professional or occupational field he desires. That can only be done if the financial base that supports the local school district is sufficiently broad to provide the necessary revenue on an equal basis. That is what we are trying to do.

Equality of Educational Opportunity is not just a slogan. It must become a fact.

You can help make it a fact.

More than any other group, the educator who himself is of Mexican heritage is uniquely equipped to help government and our overall society learn how to most effectively motivate students from a Spanish cultural background.

Besides teaching the formal academic subjects, I'm sure that every one of you is involved every day in the effort to rekindle among Spanish surname youth a strong sense of identity with their proud Hispanic culture.

Throughout history, this culture has been one that expressed both in thought and deed a great respect for learning.

This respect for learning that is so fundamentally a part of your heritage can be constructively enlisted in helping youngsters of Mexican descent to realize their full educational potential.

And here, ladies and gentlemen, I would like to frankly issue a challenge to you as educators and as representatives of the two million Californians of Mexican descent.

I call upon you to tell us what we can do to help. We in government look to you to counsel us on the most effective ways to reach the youngster from a Latin cultural background and motivate him to make the adjustment into our competitive, English-speaking society.

We must find ways to preserve among those of Spanish heritage a proud sense of cultural identity, yet at the same time equip the youngster from a bilingual home to compete and to succeed in the pluralistic melting pot society that we call American.

Every day, each of us mixes comfortably within and as a part of several communities.

Doctors of all races work with doctors in the medical profession and become, in the process, not representatives of any particular ethnic group or culture. They are just doctors. Teachers of many cultural backgrounds meld together to become simply teachers during the school day. Every cultural group must find ways to retain its own distinct identity and yet adjust to living with and within a number of other communities at the same time.

I ask you---as educators of Mexican descent---to help us help youngsters from your cultural community make this adjustment.

I call upon you to tell us what texts we need to adopt. Tell us what additional programs are necessary to help more Spanish-surname students complete high school and college. Tell us how we can preserve the best of the Spanish cultural influence upon your young people and yet teach them how to adjust easily to the competitive, English-language society in which most of them will live and work.

I call upon you to tell us. And I promise you that we will listen. No one pretends that this job of motivation and education will be an easy task.

More than two thousand years ago, Seneca, the first great Spanish philosopher, put into a few short words the challenge that confronts us today:

"It is a rough road," he said, "that leads to the heights of greatness."

We can reach the heights of greatness in California, ladies and gentlemen, if we travel that road together---in the same spirit of togetherness that has made California the confluence of two great cultures.

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But physical plants provide merely the setting for education. What goes on inside these plants is just as important.

Because we are in a swiftly-changing period of our history, serious questions are being raised about both the quality and the content of the education we offer to our young people. To help analyze the root problems of education, I am establishing a Governor's Commission on Educational Reform. Among other things, I am asking this group to seriously assess the need for, and the potential benefits of, a system of technical institutes to help serve the needs of the vast majority of our youth who will never complete college. In the seventies, California will need 2.4 million more technically-trained young men and women. We must begin now to determine whether our existing educational system is best geared to provide the non-college bound youngster with skills that are in demand in the job market.

While I'm on the subject of technical training, I'd like to point out that our concern is not just with the young people now in school. We are just as concerned with a variety of programs to reach the hard-core unemployed and help them learn a marketable skill. We have established a Department of Human Resources Development to coordinate job training and development programs that previously were administered by four separate agencies.

The aim of these programs is to get people off our welfare rolls and onto job payrolls. This two-edged approach will produce double benefits for the state. Every person placed in productive employment will add one more taxpayer and subtract one tax consumer. Each newly-trained worker will increase our net tax revenues and reduce our welfare costs.

The second major area of investment is our water program. I am sure most of you are familiar with California's ambitious system to transport water.

It may be of interest to you that when our astronauts land on the moon, the two man-made structures they will be able to trace from there will be the California Water System and the Great China Wall. Incidentally, much of the scientific and technical "know-how" that will help land the astronauts on the lunar surface also is a product of California's research and development capability.

This remarkable water system begins in the foothills of the Sierra Nevada in Northern California and winds for 600 miles through virtually every region of the state. By 1990, it will be moving more water, further, than any other distribution system on the face of the earth.

Not only does this program transport water to Southern California--where the majority of our population lives--it also supplies thirst in new agricultural fields along the way. Only a few years ago, there were dire forecasts that California's massively-productive agricultural industry was on the decline. Urban encroachment on rich agricultural lands, high-cost labor crops and outside competition were cited as contributing factors. But the transport of water to new and potentially rich areas changed this forecast.

As a result of the aqueduct system through the Sacramento and San Joaquin valleys, thousands of acres never before utilized in irrigated farming will now be available for producing food and fiber. By 1990, our estimates show that about 350,000 acres of land on the west side of the great central valley will be irrigated by the state water project. And 250,000 of those acres will be land never before under irrigation. This will assure a tremendous increase in productivity.

Most of the 50,000 acres of new land, irrigated for the first time this year by the project, is within Kern County, in the southernmost part of the San Joaquin Valley. Here the average cotton yield in 1968 was two bales to the acre. On the 22,000 acres of "new lands," the cotton yield was $2\frac{1}{2}$ to 3 bales to the acre.

The sugar beet yield from newly irrigated land demonstrated a similar trend. Up to 30 tons of sugar beets were harvested from every acre of "new land" while the county average was 23 to 25 tons per acre.

That leads us to the third profitable investment that we are making in California's future--our investment in agricultural research.

A great part of the credit for the remarkable productivity of our state's agricultural industry must go to the innovations associated with research programs conducted by the University of California. Let me just cite a few of many, many examples.

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In a matter of only a few years, research has increased the production of tomatoes from 18 tons per acre to almost 40 tons per acre. To accomplish this, it was necessary to invent and perfect a mechanical tomato picker and to culture a new strain of tomato plant adaptable to mechanical harvesting. Through these developments, the cost of harvesting tomatoes has been cut in half---from \$20 to \$10 per ton.

Mechanical harvesting of fruits is also advancing rapidly, with the promise of similar savings.

Yet the dollar benefits from agriculture cannot be measured only in gross farm income. The effects multiply in related projects and services.

Agriculture is California's No. 1 industry. In 1968, the gross farm income was \$4 $\frac{1}{4}$ billion. But the agri-business industry associated with such a vast enterprise is closer to being an \$18 billion industry. Both are growth industries.

Now, how does all this relate to your business--the bond business? Your business is very important to this development because it is through California bonds that we have been able to make this vast investment in our state's future.

Because of the inflationary fiscal policy and the inflationary psychology that developed during the previous national administration, there was a move away from bonds as an investment--corporate bonds as well as municipal bonds.

We have been experiencing the results of that inflationary psychology. Current yields on corporate bonds are nearly 8 percent and municipal bonds are almost 6 percent. The past year has been a difficult one for floating new issues. Recently, I signed legislation raising the maximum permissible interest rate on state water revenue bonds from 5.5 percent to 6.5 percent. Several weeks ago, Blyth and Co. headed an underwriting with many others of the firms represented here today for the issuance of \$94 million in water bonds with a net interest rate of 5.76 percent. In view of the subsequent market change, we consider this to be good financing.

Yet with a new administration in Washington(trying to bring monetary restraint and fiscal responsibility to the national government, we are confident there will be a renewed interest in bond investments.

We expect California bonds, always highly-regarded by investors, to be an object of this heightened interest. While most of our current revenues come from sales, corporate and personal income taxes, the majority of our long-term financing is done through state bonds. As of April, 1969, California had a total of \$4.8 billion in state bonds outstanding. Of these, 60 percent are self-liquidating. The total bonded indebtedness of California, including local cities and counties, was \$13.4 billion.

How does this rank with other states? New York is the best example for comparison. Your bonded indebtedness is \$18.4 billion-- of which \$4.8 billion is state and the remaining local.

Since our populations are about the same (20 million) and our assessed valuation is comparable (at about \$52 billion), it is clear that our total bonded indebtedness compares quite favorably with New York's--\$13 billion versus \$18 billion.

We also rank well in terms of debt per capita.

Our future plans for additional state bonds, of course, depend upon market conditions. The state has approximately \$1.3 billion in authorized but unsold bonds at this time. The timing and the amount of their sale is under the capable direction of State Treasurer, Ivy Baker Priest--a lady who is no stranger in this forum.

Our fiscal experts are exploring suggestions to improve our ability to market California bonds by such means as shorter maturity dates, smaller issues and increasing the interest ceiling.

But we tend to view the sluggish bond market these past months as a temporary situation. The new fiscal atmosphere is already having an impact on the market. We are confident that the bond market is going to continue to recognize the greatest value in the world--- an investment in California's future.

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