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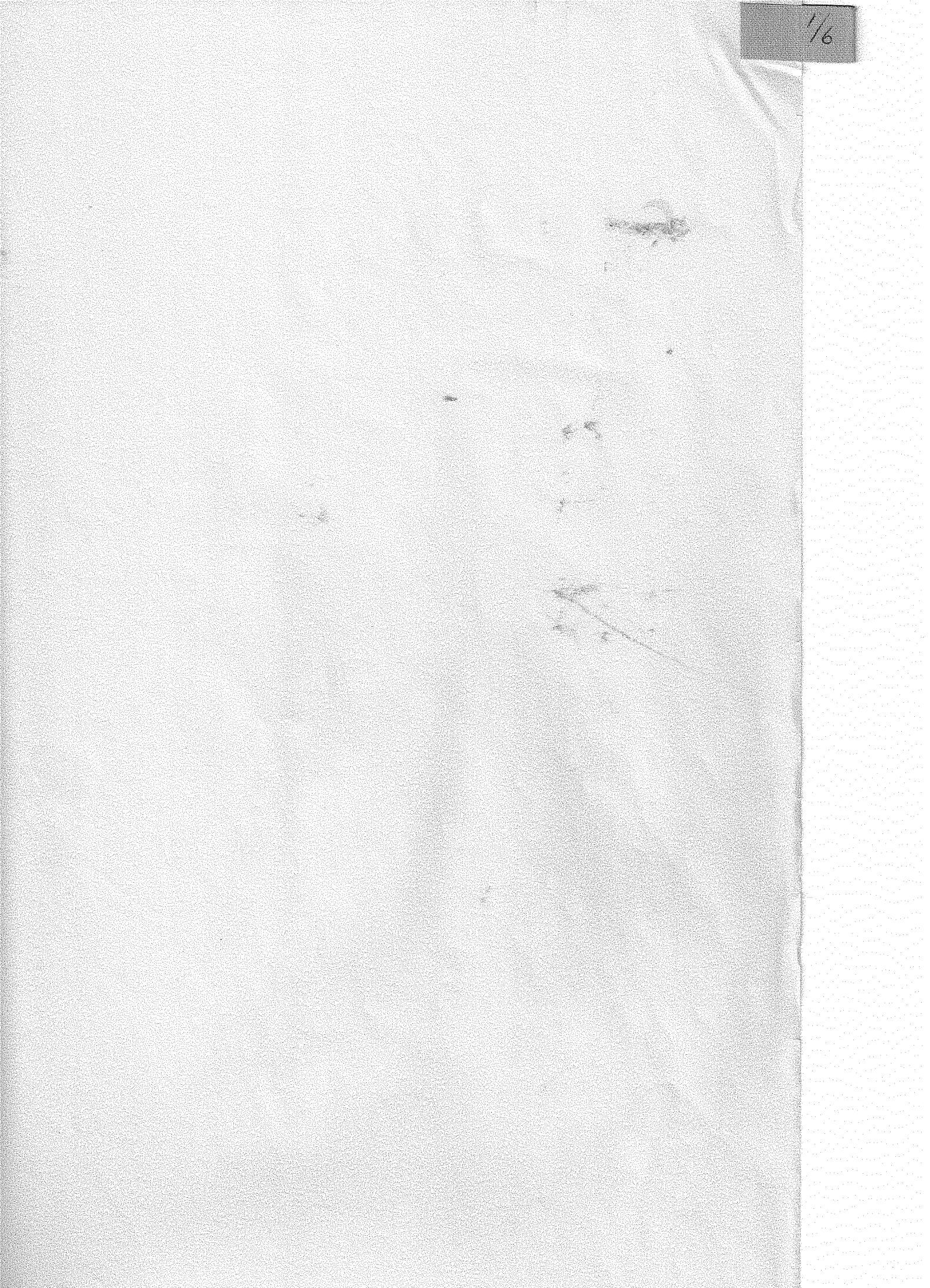
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FOR P.M.'S RELEASE

JAN 6 1970

To the Honorable Members of the Senate and Assembly:

It is in the nature of things that at such a joint session of this Legislature I'm expected to deliver a State of the State Message boasting about some of the things this administration has already done---and listing some of the programs we intend to launch during the coming year. Traditionally this recital of hoped-for legislation is referred to as "the laundry list."

It is also in the nature of things that such messages be debated, sometimes with more heat than light. Rebuttals are prepared even before the remarks are formally delivered; some excoriate and some defend, some decry omissions and others praise inclusions.

But now and then a people in a particular moment of time are called upon to rise above the norm. Their chosen representatives, elevated from politics to statesmanship, make land-mark decisions---and men for decades to come hark back to those decisions and are guided in their own deliberations.

I believe we are met in such a moment of time---a moment when we should be more concerned with the next generation than the next election.

Just six days ago the world embarked upon a new decade. It brought with it the achievements and the scars of the sixties. It signifies more than just a measured span of years---it introduces its own imperatives, and it stirs our souls for a new spirit.

Since we last met like this--on January 7, 1969--about 300,000 individuals have been added to our state's population. It is predicted that by 1980 there may well be some 25 million people living within our state.

Every year, as our population grows and our problems increase, we are called upon to perform minor, even major, miracles for, while such growth can mean progress, it can also mean degradation.

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We are already faced with a chronic shortage of funds for such capital facilities as the State Water Project because of the tight money market. The proposition on the June ballot, which will allow us to raise our interest rate ceiling, must pass or we will face serious, almost chaotic, contractual and construction problems.

We are challenged to protect the safety and the liberty of our citizens and to provide the proper climate for economic development while preserving our priceless, irreplaceable natural resources. We seek ways to accommodate those who want to share in the magic of California, without allowing that magic to be swept away by a wave of people and pollution.

And, we must provide all of these services and all of these protections without confiscating more and more of the taxpayers' earnings--and without depleting the risk capital which is vital to our economic expansion--and to jobs and job opportunities for our growing population.

These are some of the imperatives of the seventies that should bind us together in common effort. They demand a common commitment greater than any personal ambition and stronger than any partisanship.

This being an election year, there will no doubt be many evidences of partisanship---and properly so. The two-party system is essential to our government of free men. It ranks with our federal system of sovereign states as the great safeguard of our freedom. It is important that we argue things out---so long as we argue about the right things.

In the coming weeks and days, I will deliver to you definitive messages and specific requests for legislation dealing with some of the imperatives of the seventies. The laundry list will come in installments.

QUALITY OF LIFE

There is no subject more on our minds than the preservation of our environment, and the absolute necessity of waging an all-out war against the debauching of that environment. A booming economy and the "good life" will be no good at all if our air is too dirty to breathe, our water too polluted to use, our surroundings too noisy and our land too cluttered and littered to allow us to live decently.

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One of the great bays of our state is already so badly polluted it is unsafe for many water sports---and yet every day some one hundred million gallons of human and industrial wastes are dumped into it. And, along the Santa Barbara coast, seeping oil continues to ruin the beauty and endanger wildlife---and it is nothing less than irresponsible demagoguery to pretend that the turn of a valve or a simple edict can resolve this tragedy. No one can be indifferent to the distress of those along that scenic coastline. It goes without saying that the oil pollution plaguing them will be cleaned up---and, that must be a permanent guaranty.

We stand ready to use the tough provisions of the Porter-Cologne Water Quality Control Act if necessary, including the requirement that those who are responsible for oil spills are responsible for cleaning them up.

But, it is even more important to find a way to end the threat of such pollution. When the federal government began granting leases outside the three-mile limit--more than year prior to the disaster off Santa Barbara--we urged that before either the federal government or the leasing companies took any profit, a percentage be set aside as insurance for the nearby coastal areas. This proposal was ignored.

When we learned that federal drilling regulations were only one-third as effective as those we insist on in California State leases, we urged the federal government to adopt our standards---and we offered to take over the policing of the federal leases. This suggestion also was ignored. There is general agreement that the oil spill of last year could not have taken place had the drilling been done under our state regulations and policing. The incumbent Secretary of the Interior adopted our standards almost immediately upon taking office.

ADMINISTRATION POLICY ON SANTA BARBARA

We support the State Lands Commission ban on any new drilling on off-shore lands under state jurisdiction while we make certain that safety and containment devices are adequate to protect the public interest. We have urged the federal government to do the same.

We have already joined with local governments to force the revocation of recent federal drilling and platform permits pending public hearings.

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And, while we continue to seek scientific information and opinion on the long-range answer, we cannot ignore the findings of the scientific panel chaired by Dr. Lee DuBridge that pumping should be accelerated to relieve pressure build-ups which cause seepage through the fractured and unstable channel bottom. The most recent oil spill would seem to lend support to the DuBridge theory, since it resulted not from drilling but from a four-day halt in pumping; there is also the history of oil seeps in the Santa Barbara channel going back long before any drilling or pumping began.

The other part of this whole off-shore oil problem has to do with esthetics---the unsightliness of the drilling platforms. The new Secretary of the Interior has agreed to extend into federal waters the sanctuary boundaries we have established to ban drilling in areas of great scenic beauty. This had not been done before and as a result, the sanctuaries ended at the three-mile limit.

The real answer can come, of course, through technology---the development of submerged and unitized structures for drilling and subsequent pumping. We will be ready to move on this as soon as such installations can be certified as practical.

But, one thing is certain: the people of Santa Barbara, and all our coastal communities, have and will continue to have our help to solve this tragedy and to prevent future occurrences.

AIR POLLUTION

Back in the forties, smog was something radio comedians joked about; now, it is hard to find any humor in the some 13,000 tons of air pollutants descending every day on the inhabitants of just one of our metropolitan areas.

We have already made some progress in fighting air pollution---although it's hard to believe when the skyline dims and the air we breathe is made visible by the pollutants it contains. But, we did turn the tide in 1966, and despite the increased number of cars on our streets, air pollution is on the decline. Our job now is to speed that decline.

Last year, together we passed the toughest water quality control laws in the nation. We must have the same kind of tough laws to protect us from air pollution. Our state laws governing motor vehicle emissions are the toughest in the country, but they must be made even tougher.

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We must seriously consider whether propulsion systems other than the internal combustion engine are practical, and we will continue our tests in this field. In the meantime, the stringent vehicle emission standards we have established must be enforced and the Air Resources Board is developing more effective emission test techniques so that every new vehicle can be checked before certification and sale.

And, we must move quickly against those stationary sources which continue to spew debris into our skies.

During this session I will seek your support for the passage of an Omnibus Clean Air Law. It would establish a statewide, comprehensive monitoring and control program; require compliance with even stiffer motor vehicle emission standards; include new standards for the composition and volatility of gasoline, and set forth a regulatory program for agricultural and other open burning.

There are some other key environmental goals which we should achieve this year:

--The preservation of our relatively few estuaries, particularly in Southern California;

--Opening up more of our coastal areas and beaches to public use;

--Initiating a broad program of conservation education in our schools;

--Encouraging the further preservation and enhancement of the San Francisco Bay;

--Encouraging the preservation of the natural environment of the Tahoe Basin, and

--Instituting stricter pesticide controls.

As a partner in government, I applaud the proposal for an Environmental Committee in the Assembly; recently a State Environmental Policy Council was formed in the executive branch. Lieutenant Governor Ed Reinecke is the chairman of that council which is now reviewing the many suggestions emanating from the recent Conference on Changing Environment. Some of those suggestions came from young people who represented college campuses throughout the state.

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But, in seeking to preserve the magic of California, we must avoid those extremes on either end which could destroy our state. We cannot go all the way with those who cry, "No more roads, or factories, or power plants." Neither can we go all the way with those who justify everything in the name of progress---refusing to count the consequences; the obvious destruction of our environment is far too great a price to pay.

Progress and preservation are compatible; it is the refusal to work together for the proper balance that is incompatible with the spirit of the seventies. We must be concerned about the quality of our environment; we must also be concerned with the quality of government, and the integrity of those who serve in it.

CONFLICT OF INTEREST

Last year you passed and I signed a conflict-of-interest law which, while it was a start in the right direction, failed to give us what we really need to assure our fellow citizens that government in California will be beholden to the people. Therefore this year, in cooperation with the leadership of both houses, I will again propose conflict-of-interest legislation which will give California the most comprehensive laws of any state.

This legislation will extend disclosure provisions to cover all state civil service employees as well as all elective and appointive officials, including all constitutional officers, all salaried appointive officers, all judges, and the immediate families of each. It will also cover local public officials---mayors, city councilmen, county supervisors, and the officers of boards and commissions.

Under the provisions of the law, all state civil servants and non-salaried appointive officials--and their immediate families--would be required to disclose only those investments in activities directly regulated by the agency, department or board of which the person was an employee or member.

CONSUMER PROTECTION

Just as we protect the public from the possibility of an unscrupulous public servant, so we must also protect the consumer from the possibility of the unscrupulous entrepreneur. We shall accelerate the programs in the area of consumer protection.

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We will submit to you a reorganization proposal which would create within state government a Department of Consumer Affairs--- the first of its kind in the nation. We will also move on several other administrative fronts.

We will again this year recommend that public membership be increased on many of the state's regulatory boards and commissions, and I hope that together we can do this to give the people a greater direct voice in the regulatory process.

We operate on the free competitive enterprise system in this nation and it has served America well. Business must, and generally does, serve the people honestly and fairly. We must be careful that we do not penalize or harass the multitude of honest businessmen for the sins of a few; those few must be brought into line, or put out of operation.

In the final analysis, the best protection for the consumer is to be fully armed with the facts about fair value, full measure, and safety. An important part of our consumer protection program will be to develop consumer education courses in our schools in cooperation with the Department of Education.

DRUG ABUSE AND NARCOTICS

We enter the seventies with a continuing and tremendous concern about the increasing problem of drug abuse and narcotics addiction. The problem has not been exaggerated; it is, in fact, more serious than appears in the news media. The physical and mental destruction of youth is far greater than the public is led to believe. Just as alarming is the growth of the "drug culture" which is tolerated--even touted--by many who influence our youth; it is a culture which glorifies and justifies the drugged and the drop-out, and it reaches into our high schools and even our junior high schools; the suburbs as well as the slums.

Together we have already taken significant legislative and administrative steps to wage a war against the peddler and the pusher, and to help those who are desperately trying to free themselves from their drug-induced nightmares. Working with the private sector, we have already embarked upon a widescale public education campaign to bring the facts of the horrors of drug abuse to our young people.

We will create a State Office of Narcotics and Drug Abuse Coordination. All agencies and departments in state government will be instructed to cooperate with this office in the total fight against narcotics and dangerous drugs. This is a war we intend to escalate, and win.

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The laws we seek will involve the manufacture and sale of dangerous drugs, including licensing and bonding shippers and warehouses, expanding the duties and the powers of the State Board of Pharmacy, making the penalties for the sale or manufacture of restricted and dangerous drugs consistent with the penalties for possession of such drugs, and using electronic surveillance equipment under proper judicial safeguards.

We must all be deeply concerned about what J. Edgar Hoover called the "wretched record of crime and violence during the sixties." Law enforcement, on the whole, has done an excellent job in spite of increasing demands and obstacles. Perhaps the thrust in the seventies should be on the correctional system; it is the repeating offender who causes the bulk of our problem. There must be a new strategy in the search for answers. I propose an immediate major in-depth study of all correctional processes in California and will make the details of this proposal available to you shortly.

WELFARE

Even in these times of high employment, welfare costs in California continue to climb at a rate beyond the capacity of our tax structure to keep pace. This increase each year is almost three times as great as the increase in our revenues. During a period when we added 600,000 to our population, 400,000 were added to the welfare rolls.

We can, and we are reducing the administrative costs of welfare, and we are eliminating welfare fraud which not only robs the taxpayer but victimizes the legitimate welfare recipient. But this is not enough. We must be permitted to develop and implement a new approach---for welfare's purpose should be to eliminate, as far as possible, the need for its own existence.

The newly-created Department of Human Resources Development is a good start in that direction. Its goal is rehabilitation, and the transfer of the rehabilitated from the welfare rolls to payrolls. Later in this session I will make a special message to you on welfare, including the findings of an independent fraud review panel.

And, I will propose the organization of a new, streamlined Department of Health so that we can more effectively administer and control the Medi-Cal program, which, like welfare, is one of the major and fastest-rising costs of state government.

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We must have the courage to face up to some hard decisions. There is just so much money in the government pot and it can only be spent once. It is our responsibility to establish priorities so that our limited funds can be put to the best possible use. How much, for example, should be spent on welfare as compared to education? We know that education offers the greatest opportunity for breaking the welfare cycle, yet the increase each year in welfare costs is almost double the increase we are able to give our schools.

EDUCATION

Education is still the high priority. Last year the commission I appointed on educational reform completed the first phase of its work and made certain recommendations to me. These will be translated into concrete programs and legislation with reference to such important areas as teacher training, technical or vocational education, improved governance of the public education system, and education finance.

As long as school financing comes almost solely from the accidental method of property taxation, primary and secondary education will continue to experience serious fiscal difficulties and serious inequities between school districts. We must enact new ways to help finance schools and at the same time provide relief from the far-too-heavy property tax burden. During this session we must enact a tax reform package that will get that job done. Meanwhile, Californians should be leery of pseudo-tax reform measures which could well cost them one billion dollars a year in increased taxes.

The task in higher education poses as great a challenge and is as great an imperative. We must achieve a greater measure of accountability from these public institutions. We must achieve greater effectiveness in the management and priority of expenditures. Colleges must make full utilization of existing facilities and faculty before the taxpayer is asked to foot the bill for expansion.

Faculty members and administrators must continually remind themselves--or be reminded--that their fundamental purpose is to provide the conditions for effective learning, and to give the students the first priority. The student must not be forgotten in the competition for the academic establishment's drive for prestige and power.

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The tone and the spirit of the 70s must be on quality rather than quantity. Education must be adequately financed; but we must not judge excellence solely in terms of dollars spent. The true measure is achievement of the students---in the trades, the technical skills, the professions, the arts...and in the progress made by each as an individual.

ECONOMY IN GOVERNMENT

There is another area I must emphasize as we enter the seventies: that is the need--the absolute necessity--to hold down the cost of government. I'm sure you expected me to get around to that.

It is a harsh fact of life--upon which most economists and historians agree--that once the level of taxation reaches and remains at 35 percent of the national income for a period of time, that nation cannot remain solvent--or free. Today, in our nation, the level of confiscation by taxation has reached approximately 37 percent---37 cents out of each dollar earned is taken to pay the cost of government.

In a few weeks the budget for the fiscal year beginning next July will be submitted to you. I'll resist the temptation to find some adjectives to apply as a title to this budget; to tell you the truth, I don't think an adequate word has yet been coined.

Very simply, no area of government will receive all it asked for; unlike the federal government, we can't print money, and the State Constitution says we cannot spend beyond our revenues. So, taking the estimated total to be collected in taxes (and, for more than two decades those estimates have averaged within 1½ percent of being correct), we have distributed these revenues in the most part in proportions similar to the budget of last year. However, we asked each department to submit its own priorities in order of importance and the final decisions had to be made then on a comparison of some lower priority items of one department against another.

There may be difference of opinion regarding priorities--and this is certainly an area for a legitimate debate; but, the budget as a whole is up to the limit of estimated revenues. Anyone suggesting additions should be prepared to recommend an additional tax to pay for them. Frankly, I hope no one will. Government, as well as the individual, must share the pain of inflation.

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Bastiat said, "The state is the great fictitious entity by which each one is led to believe he can exist at the expense of someone else." It's time to recognize we are all that "someone else." The individual's earnings which are taken for taxes--directly or indirectly--cannot be spent for food, or clothes, or education, or retirement savings. Money taken by government cannot be used to provide jobs or higher wages for a growing labor force.

"THE ARROGANCE OF OFFICIALDOM"

And, that brings me to another "must"--the need to bring government to heel; to make it not only more economical, but also more responsive, so that the individual citizen can once again exercise control over the affairs of state.

By now we should have learned our lesson: the more government does for the people, the more it does to them, and then follows what Cicero called "the arrogance of officialdom." Those who want to give the citizens more and more government usually end up giving them just that---and little else. Our task for the seventies is not more government, but better government.

At the beginning of the last decade, a young leader stood on the steps of the nation's Capitol and exhorted America: "Ask not what your country can do for you; ask what you can do for your country." His challenge struck a chord in our hearts. Now, on the threshold of a new decade, we might well add: "Ask what we can do for ourselves," ask "what we can do to solve the problems of human misery without waiting for yet another government program."

Now, I know that this will fall harshly on the ears of those who say that government and government spending is the only answer to our problems. But the great social ills are with us not because of indifference or lack of government effort--on the contrary there have been massive and costly welfare programs. Too often government is an unwarranted and an unwanted middle-man who becomes a part of the problem--and in the government's war against poverty, for example, poverty is winning. On the other hand, in the war that the private sector is waging against poverty, hundreds of thousands of individuals not only have new jobs and an income---they have a new sense of individual pride.

The question is not whether the unfortunate should, or should not be cared for; the real question is "How can we best care for them, at the same time that we help those who can help themselves."

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THE SPIRIT OF THE SEVENTIES

Today, many of our young people are critical of what they call "The Establishment." Frankly, I think they have much to be critical about. There is a certain validity to many of the points they raise; there is a certain legitimacy about many of the grievances they list. But, in their impatience and their exuberance to build a better world, they have at times been misled to premature or excessive action by those who took advantage of their concern. But now they are wiser to the ways of the zealots, including some of their own teachers, who used them for non-constructive purposes.

Many of our young people talk about greater participation in our American democracy, and when asked about their plans for the future, they say they want to serve---to become, as they put it, "meaningfully involved."

Well, meaningful involvement is the very heart of the Creative Society. It's exactly what we mean when we say that government once again should be of and by--as well as for--the people; that no government and no government program can ever do away with the need for individual participation. And if the young people are really looking for action--constructive action which can make the decade of the seventies a benchmark in man's search for a better world---they can find it by working within the system, reforming it, making it more responsive to the citizenry, and helping to get it out of our pockets and off our backs.

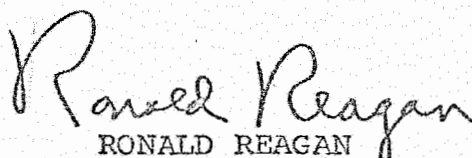
Some of our young people have said that what they are really looking for, what they are working for, is a return to the original purpose and the original spirit of America; the spirit which seems to them to have been pushed aside in this centralized, computerized, contemporary world. Well, that spirit may be lost, but it hasn't died. Has democracy failed in America---or, has it ever really been tried? That idea that all men were created equal; that each man should be free to fly as high as his ability and his drive will take him; that each man counts and is accountable, beholden only to God for his sovereign rights.

Just past the mid-way point in this new decade we will observe the 200th anniversary of the founding of this nation. Dare we imagine what the 1970s could be if the spirit of those first American seventies--the 1770s--could be reawakened in our land? Dare we envision what heights we could reach if that spirit became the spirit of the 1970s?

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More than a footprint on the moon--as great as that is--we could together leave an imprint on all time, and we could reaffirm the true yardstick by which to judge the state of the State for decades to come.

Respectfully,


RONALD REAGAN
Governor

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
U.S.C. Seaver Science Center Dedication
Los Angeles, California
January 22, 1970

Earlier today you dedicated the new Frank R. Seaver Science Center. I am sorry that I could not have been with you at the actual dedication ceremonies; but, I am honored and delighted that I can be with you this evening.

For, that science center was made possible in large measure by the genius, the work, the thrift and the unselfishness of a wonderful man who used to call himself "just a plain old duffer who kept his nose to the grindstone." But "that old duffer"---Frank Seaver---left his mark... and a good mark it is...on the oil industry, on aviation, on Los Angeles County, on California...and on the future.

And Frank Seaver had a partner---a life-long partner in his work, in his life and his love. It was a partnership which helped make this great science center possible---as well as some 10 other science facilities and other buildings on the campus at U.S.C. and other schools in Southern California. That partner is with us tonight: Blanche Seaver, Frank's beloved wife and helpmate.

This evening, with the aura of dedication and the spirit of hope among us, I should like to discuss with you some thoughts about the importance of higher education and science and technology and engineering; about matching the rapidity of technical progress with social development and maturity; about using the advancing science and technology to the fullest, achieving the promises that are ahead and minimizing---if not eliminating---the negatives resulting from the recent decades of scientific and technological change. And, I should like to raise the question of how our handling of expanding science and technology affects the individual, his independence, his well-being, his creativity, and his freedom.

Science and technology together represent a powerful force engaged in improving our world; changing it for the better but adding to problems as well as benefits. There are real dangers to freedom of the individual in the technological society, if we do not see to it that we protect our freedom and our well-being at the same time that we advance our technological and scientific expertise.

We need to match science with a skill which applies the findings of science for the good of society. A university is not simply a vending machine which dispenses prepackaged knowledge; it must also be a repository and a distribution center for a certain kind of wisdom.

We stand in awe as man encapsulates some of his species and sends them speeding through space to the moon. We are amazed as man probes the inner universe and discovers molecular structures which are indispensable in understanding the physical life process. As laymen, we find incredible the breakthroughs in the work with the laser beam and the linear accelerator; the computer sciences promise whole new worlds of processing and transmitting information; and, each day, it seems we come a step closer to controlling and curing diseases so that we can increase man's well-being and his longevity. The potential good for all mankind is enormous.

But such developments can be thwarted, neutralized, even turned against us, if we do not match them with significant---and perhaps, even greater, social advances.

From what I am ready to believe, our knowledge of matter is now at the point where we may someday have even greater amounts of energy than we can now unleash. We shall be able to move mountains, to rearrange the earth's terrain and to change the weather above it and to desalt the oceans if we choose.

Yet the scriptures warn that though we have this power to move mountains, and have the knowledge to understand all mysteries---without love, we have nothing; for then the power of that energy might well be used for society's destruction.

We wait with more than idle curiosity to learn someday if there is intelligent life on some distant planet or star. But at times we wonder if we have intelligent life on earth.

Electronics and the computer sciences extend man's intellect and soon the magnetic bubble will make possible a giant breakthrough in storing our vast memory banks, to process this at tremendous rates, with pervasive capacity and availability. This will, without doubt, enable us to automate and enhance greatly, the material operations of society.

Some worry about the three-day week and fear the spectre of unemployment /as

I find the physical means and the systems to provide for our people, materially. My own concern is the spectre of some giant centralized data bank which gives national impact to the fear that even our young people sense as they reject the anonymity of digits and the possibility of being folded, or stapled; or mutilated.

It was never part of the American dream that we evolve into a robot society run by computers, centralized in thought and values and action. That's not what the Boston tea party was all about; or Valley Forge, or Appomatox. Science and technology are for the expansion of man, not the diminution; for the extension of man, not extermination of the soul. We had better match our technological advances with social understanding of the dynamics of free men---so that machines, and energies, and data banks bring not only material well-being but, more importantly, greater personal freedom, more versatility, unfettered skills---incentive, creativity, and living.

Now, I take the time to express these concerns this evening---about the danger of imbalance and mismatch of the scientific and the social---not because I reject science---I am, in fact, here to extoll it. Perhaps I am presumptuous but also I exhort those who teach, and those who learn, who research, and apply, to couple their work with reason and conscience and heart. It will be at such seats of learning as U.S.C. that this balance between the solid state of matter and the inner state of man will be redressed. That while you probe for the exactness in the measurement of things physical---you also comprehend the immeasurable dimensions of man's spirit; the complete companionship of things finite and infinite, the metaphysical as well as the physical.

And when you have refined and reapplied this, you will indeed be extending the secret which Frank Seaver found in his own personal life.

Some of you may remember Dr. Louis Evans. For years he moved great congregations here in our city. He used to say---we must add soul to science; God to gold and love to life. Frank Seaver would have agreed with that. Blanche Seaver agrees with it, I know.

How will this great new science center they have helped make possible be used? By men and women who see science and engineering as an expansion of man's total dimensions. If they walk in the steps of Frank Seaver they will seek to harness power to conscience, brilliance to wisdom and become ethical giants as well as nuclear geniuses.

All of us are greatly concerned about the quality of life---the degradation of the environment in which we live. And, we have reason to be. Every day, 13,000 tons of air pollutants descend on us here in Los Angeles. Every year 10,000 people leave here on the advice of their physicians because of the smog; others stay and die prematurely. Every year the average Californian contributes some 1,800 pounds of rubbish to the scene---and it is getting harder and harder to rid ourselves of this rubbish. The cost of doing so in California alone totals more than one-half billion dollars a year. That would educate a lot of children.

There are those who wring their hands in despair and despondency and feel that it is too late to save the environment. I am more optimistic. We can repair and save our ecosystem.

There are those who place the blame solely on technology. But, to simply state that the new materials and the new processes are the total fault is like blaming the weapon for the crime. Weapons are neutral, it is how we use them that determines whether they are a blessing or a blight.

Yes, the toys we use to have that "improved standard of living"--- that "better life" have been the poisoners of our environment. But the technology that gave them to us was also the discoverer that traced pollution back to them and the source. And that technology will find an answer more sensible than returning to the oxcart and the spinning wheel.

I am convinced that a large part of the answer to the pollution problem will come when we have found ways to make use of what we now throw away.

Recently, at our conference on California's Changing Environment, I held in my hand a small cube of material, useful in paving and road building, which had started out as a barrel of waste materials. More of this must be done---and this is an assignment which science and technology must take on if we are to win the war on pollution.

The second source of pollution is the individual---and the unwillingness of the individual to shoulder his responsibility to keep the air clean and the water pure and the land open. Sometimes I do fret over this for it will not be until the individual cares enough to control his appetites and his laxities that we will really make headway in preserving our environment.

It is not the engineer who dumps his waste on the beach; it is not the technician who throws the rust-proof beer can on the roadside. As Pogo of comic strip fame once quipped, "we have met the enemy and they is us." I have wondered what it might do if we had a law that read--- "no one can complain of smog while driving a car and throwing wadded up kleenex or empty containers out the car window."

It is not too late to be ambitious about tomorrow. It is perhaps a bit premature to say that all of our grander dreams can be fulfilled right today. But those who fall by the wayside out of despair or impatience or lack of self-restraint not only fail to solve the problem--- they compound it.

Science informs us that human beings have a history of more than 500,000 years---but that only during the last 5,000 years have we begun to make any measurable progress---and only in the last 500 years have we really had anything more than a toehold on longevity. Before that we were easy prey for every microbe and every hostile element.

I once read a story illustrating the brevity of our history and our great capacity for destruction. Visitors from an older planet visited earth with a film of earth's history from its first appearance as a flaming, gaseous ball---the film took one year to play. Man did not appear on that film until two minutes to midnight on the last day of the year. In those two minutes he reduced the forests by half, eroded the top soil, muddied the rivers and polluted the air. What will we do in the next two minutes?

It is in the enlargement of the human empire---the redress of "earth's metabolism," if you will---that the sciences must truly be concerned; and to be not an end in themselves but a means to the end of the human victory. This, more than the concrete and steel and glass---or the slide rules and laser beams and laboratories---is the essence of the science center we dedicate. This, not wealth or earthly fame, was the issue and the essence of the holy partnership of Frank and Blanche Seaver. It is the essence of their gift to you.

I am mindful that this dinner this evening was primarily sponsored by the members of the Archimedes Circle---which, during recent years, has done so much for the U.S.C. School of Engineering.

It is part of the story of Archimedes that once, while at the baths, he came up with one of his great discoveries. Archimedes was so excited that he dashed out of the bath and down the street shouting, "Eureka!" "Eureka!" meaning "I have found it."

Perhaps we shall find the proper balance---the right mix---between technological progress and spiritual maturity, so that the two can walk in proper partnership. Then we, too, can shout "Eureka." And, when that happens, I suspect we will find that Frank and Blanche Seaver said "Eureka" a long time ago.

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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.)

1/22

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 1-22-70

RELEASE: Immediate

To the Members of the Legislature of California:

SMOG ✓

In my State-of-the-State message, I reaffirmed this administration's continuing commitment to an all-out war against the debauching of our environment.

And, it is a continuing commitment.

When I became governor, I pledged that we would work to achieve the reforms necessary to make our air cleaner and our water purer.

Together, we are keeping that promise.

California's passage of the toughest air and water quality control laws in history bears witness to the significant progress we are making.

Despite the increasing number of motor vehicles on our streets and highways, air pollution in California is on the decline. Working together, we can and must help speed that decline.

To accomplish this goal, I am today asking your support of a legislative program which will not only further strengthen California's already tough controls on smog, but also provide the teeth needed to enforce them.

It represents the most comprehensive and far-reaching Omnibus Clean Air Law to battle air pollution ever proposed by any state or nation.

The program will give California the long-range tools necessary to crack down even harder on the two main causes of smog:

- 1) the internal combustion engine.
- 2) Open burning and industrial smoke.

VEHICLE EMISSION STANDARDS

As you know, California's current motor vehicle emission standards are the toughest, most stringent in the world---stricter than those imposed by any other state, or the federal government.

And, they will become progressively tougher in the years ahead so that by 1975---if they are enforced---they can reduce smog-causing exhaust fumes from the engines of new model cars by fully 75 percent below the present level.

The enforcement and testing provisions of our proposed Clean Air Law, coupled with our increasingly stringent emission standards, will provide an overall reduction in hydrocarbon fumes---from all cars, new and old---of 80 percent by the end of this decade. Nitrogen oxide emissions from these same cars, in 1980, will be 50 percent under what they are today, assuming proper enforcement.

Just this year, our exhaust emission standards made it necessary for all new vehicles to be equipped with carburetor and fuel tank devices to control the evaporation of gasoline.

The plan of action being followed by our Air Resources Board to increasingly toughen the standards is both dramatic and innovative. It is a challenging roadmap into the future.

But, vehicle emission standards, however, tough, cannot by themselves solve our smog problems.

The standards must be enforced.

CERTIFICATION AND TESTING

To provide the teeth necessary to make our vehicle pollution standards truly effective, I am proposing to you a program which will require the testing and certification of smog controls on every new car sold in California.

I am asking Senator Lewis Sherman to introduce legislation---on an urgency basis---to assure that before a new automobile is sold it is properly adjusted for optimum emission control.

The dealer will be required to file a certificate of compliance with the Department of Motor Vehicles before the car can be registered.

False certification will subject a dealer to criminal prosecution.

Not only will each new vehicle have to meet our standards when it is sold, it should be maintained properly in order to continue to comply. Full assurance of such compliance during the subsequent operation of the vehicle can best be obtained by means of random roadside testing by the California Highway Patrol as well as normal dealer service on the car.

The Highway Patrol is now working with the Air Resources Board to develop a workable quick-test device which can be used along the roadside to measure the effectiveness of a car's smog control system.

I also have asked the Air Resources Board to come up with a practical assembly-line method of testing the smog control systems of every 1972 model car sold in California. As soon as such a procedure is perfected, auto manufacturers will be required to apply the test to those automobiles on their assembly lines which are destined for California customers.

COMPOSITION OF GASOLINE

If clamping tighter controls on the internal combustion engine is one effective way to battle smog, then reducing the pollutants in the fuel it burns is another.

For this reason, I am asking your support of two bills by Assemblyman Schabarum which will give our Air Resources Board the power to require oil companies to significantly alter the chemical make-up of gasoline.

One measure will help insure that a car's evaporative smog control system is operating at full efficiency.

The other bill will reduce hydrocarbon exhaust fumes by regulating the volume of olefins in gasoline. This legislation will be limited initially to gasoline sold in the Los Angeles-South Coast Basin where air pollution is the most severe.

These companion bills alone will result in a 10 percent reduction in smog-causing vehicle emissions.

Meanwhile, the Air Resources Board is studying other possible ways in which the chemical composition of gasoline might be modified, including those areas relating to lead compounds and fuel detergents.

As you may recall, last month I initiated a program to convert a number of state vehicles to a dual fuel system which enables them to operate on either regular gasoline or compressed natural gas. The cars, located in four major metropolitan areas of the state, will increase in number on a programmed, continuing basis. The use of natural gas can reduce automobile pollution by 90 percent.

In urging private fleet operators to follow the state's example, I proposed that as an attractive incentive the fuel tax on natural gas be reduced from seven to three cents per 100 cubic feet---the amount comparable to a gallon of gasoline.

This incentive is being embodied in a bill to be carried by Assemblyman Schabarum. It is a program which has been extensively tested. The measure merits your strong support.

Research into the causes of, and possible additional solutions to, automobile-produced smog is continuing. The California Highway Commission has allocated \$1.1 million of its funds this year to such research. My budget also includes the money required to build a new Motor Vehicle Testing Laboratory.

Last week I proposed a plan to raise additional millions of dollars to finance the war against smog by selling personalized vehicle license plates.

The legislation which will make this program possible---by authorizing sale of the plates and placing the proceeds in a special environmental protection fund---is being carried by Senator Milton Marks and is a key part of our proposed Clean Air Law.

If only two percent of the owners of registered motor vehicles in California apply for the plates, revenue for the fund will amount to nearly \$3.8 million the first year alone.

The plan will provide every motorist with the opportunity to help solve the problem he has helped to create. The personalized plates will serve as a symbol of his concern for improving our environment.

STATIONARY SOURCES OF SMOG

Although the internal combustion engine is the major culprit in the creation of smog, stationary sources such as industrial, agricultural and open dump burning, and heavy smokestack emissions also are responsible for spewing a huge volume of debris into our skies.

In a number of areas in California, where motor vehicle registration is comparatively low, these non-vehicular sources constitute the major air pollution problem.

The responsibility for controlling these smog sources is currently in the hands of local governments. Where air pollution control districts have been formed, varying degrees of control exist. Outside these districts, virtually no control is exercised.

The Clean Air Law I am proposing is intended to resolve such problems and plug existing loopholes by providing a series of specific, long range solutions.

AIR POLLUTION CONTROL DISTRICTS

Assemblyman Don Mulford has agreed to introduce legislation which would strengthen the Mulford-Carrell Act by activating an air pollution control district in each county which has not established one of its own or is not included in a regional air pollution control district.

Each new district would then be required to file a plan prior to July 1, 1971, for controlling smog. If the State Air Resources Board determines the plan is inadequate to achieve the state's air quality standards, or if the separate agencies in a particular basin area cannot agree on a coordinated plan, the Board would then conduct public hearings and adopt a plan itself. Compliance would be mandatory.

While we believe in doing what must be done at the lowest level of government possible, if local jurisdictions cannot solve the problems themselves, we have no alternative but to establish guidelines and enforcement procedures to assist them.

Air pollution is a statewide hazard, and just as we have moved, statewide; on vehicle emission standards, we must insure that non-vehicular standards are observed and controls exercised, on a statewide basis.

AGRICULTURAL BURNING

Many farm and semi-rural areas of California, especially in the great Central Valley, are exposed to large volumes of smoke from open agricultural burning and large orchard heaters during particular seasons of the year.

Such operations are virtually exempt from regulation under present law.

I am asking your support of legislation which will require that air pollution control districts regulate agricultural burning by designating those agricultural wastes which can be burned and specifying the conditions under which it may be done.

In addition, the Air Resources Board would be authorized to conduct a study of alternatives to open burning for such purposes as weed control on levees, ditches and roadways.

The Board also (uld be authorized to issue a list of approved orchard heaters.

As a companion measure, I request your approval of legislation which will establish statewide limits on smoke, dust, soot and nuisance matter. It also will bring control of such matter, including odor, under the State Health and Safety Code.

The bill will empower local agencies to establish even more stringent measures should they wish, but not to lessen the standards it contains.

BURNING DUMPS

Smoke from burning dumps also is a source of air pollution in many areas of the state---inside and outside air pollution districts. Yet this kind of burning is banned only in some of the larger air pollution control districts.

Because our air quality standards cannot be achieved unless the smoke from such dumps is completely eliminated, and the burning stopped, I am asking Senator Fred Marler to introduce an administration measure which will:

1) Ban the disposal of combustible refuse in open fires, except in single and two-family dwellings.

2) Prohibit open burning at private dumps, auto wrecking yards, scrap yards and industrial dumps.

3) Require that each air pollution control district---or each city and/or county---submit to the Air Resources Board no later than June 30, 1971, a plan to phase out all open burning public dumps within their jurisdictions.

I also seek your support for a bill by Assemblyman Craig Biddle which would correct another pollution problem by establishing a statewide Air Monitoring Network to measure air quality.

Although the Mulford-Carrell Air Resources Act and federal law require data on air quality, such measurements are not currently made throughout the state. Furthermore, there is no clear state policy on the responsibility for air monitoring.

A few local agencies conduct their own monitoring operations without state support, some receive state assistance and in other instances the state alone does the monitoring.

This measure would authorize the State Air Resources Board to develop a plan for statewide air quality surveillance, including the measurements to be made and the methods of measurements to be used.

It also would provide for state operation of the Air Monitoring Network.

Should local air pollution control agencies wish to develop air monitoring facilities at locations on the state network, the state would support such efforts, as long as they were conducted in line with the procedures approved by the State Air Monitoring Agency.

POWER PLANT SITES

The final bill in our Omnibus Clean Air package will give us the necessary tools to prevent future air pollution---caused by the over-concentration of fuel-burning power generating plants along the coast---by providing a 20-year master plan for the location of such facilities.

Even though huge amounts of power are now generated in our South Coast Basin alone, the demands for electricity are expected to continue to double every eight years. This ever increasing demand for power makes it imperative that additional generating capacity be added as soon as possible. Yet, at the same time, we must not allow our environment to suffer further damage. To satisfy these conflicting demands I am calling for the establishment of a Power Plant Siting Act.

This legislation, authored by Assemblyman John Briggs, would direct our State Resources Agency, in concert with municipally and investor-owned electric utilities, to develop a 20-year master plan for location of power generating facilities.

Such a plan would identify the locations suitable for necessary plants and contain recommendations as to the most desirable fuel sources for each location, selected on the basis of having the least adverse effect on the environment.

It would also require that all proposals for the construction and expansion of existing facilities would be subject to the review of the Secretary of Resources as to their impact on the surrounding environment. This would formalize the agreement process now used by the Resources Agency and power generating firms.

SCIENTIFIC ADVISORS

I have already asked Lt. Governor Ed Reinecke and the State Environmental Policy Committee, which he chairs, to expand their relations with the scientific community. This would include pursuing with Dr. Glenn Seaborg, Chairman of the Atomic Energy Commission, the possibility of developing breeder reactors to operate in the multi-million kilowatt range. If this becomes possible and practical, we may well be able to produce very large amounts of electricity very cheaply and to do so without adversely affecting our environment.

In addition, the availability of such a great volume of power would bring us much closer to the dream of economical desalting of the sea, another goal which we believe should be pursued.

Finally, let me again urge your support of the many elements which comprise this far-reaching and comprehensive program for a Clean Air Law.

The opportunity to make such a law a reality, for the benefit of all the people of California, has never been greater.

With your help we will be well down the road toward final victory.

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1/28

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 1-29-70

MEMO TO THE PRESS

C O R R E C T I O N

Please correct the second line, third paragraph, page 12, of the governor's drug abuse message (January 28, 1970) to read:

Assemblyman Harvey Johnson (D-El Monte) and Gordon Duffy
(R-Hanford) which provides for.....

#

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 1-28-70

Release: 5 P.M. WEDNESDAY
January 28, 1970

PLEASE GUARD AGAINST PREMATURE
RELEASE.

To the Members of the Legislature of California:

DRUG ABUSE

I want to share with you the following statement, volunteered by a young high school student. "I have seen what narcotics can do. A friend of mine had offered me some LSD for free. I told him if he kept this up, he and I were through. We are through...he's dead."

I am addressing this message to all the people of the State of California as well as to the legislature. I do so because the subject matter of this message concerns a problem which quite literally threatens a generation and thus society as a whole. That problem is drug abuse.

The extent to which drug abuse and narcotics addiction has infected the youth of this state is in fact much greater than it appears in news accounts. The physical and mental destruction of our young people is tragic and far more serious than the public has been led to believe.

The marketplace is the schoolground, the parks---anywhere young people congregate. The product---marijuana, hashish, heroin, LSD, pills. The kids are even smoking wheat, lettuce and carrot tops...with crushed aspirin.

I could detail the cases in our mental wards, the suicides, the drug-induced crimes, the broken homes, the families in despair, the costs to society financially, and, more important, the staggering costs in terms of human tragedy.

Just as alarming is the growth of the "drug culture" itself which is touted or tolerated by those with vast influence on youth. This culture glorifies and justifies the drugged and the drop-out. Many believe that a substantial portion of our young generation has already been "lost" never to return to productive or responsible citizenship.

We must respond to this crisis with an all encompassing and intensive program to prevent drug abuse and to rehabilitate those who have become its victims.

I am proposing, therefore, a total program approach to the problem of narcotics addiction and drug abuse. Some of the specific proposals will be accomplished by legislation, (some bills have been introduced already), others by executive order or administrative action, and others by a combination of these methods.

Whatever the method, one thing should be absolutely clear: this administration intends to escalate the war against the menace of drug abuse---and to win that war.

COORDINATION

Coordination of statewide efforts in this fight is a must.

Accordingly, I have created by executive order a State Office of Narcotics and Drug Abuse Coordination. This office has been funded through the California Council on Criminal Justice with monies made available by the Omnibus Crime Control and Safe Streets Act of 1968.

The office of coordination will be operational by February 1. It will coordinate the many drug abuse preventive and treatment programs, both state and local, public and private, which now exist and which will be started during the coming months.

It also will be a central information resource on preventive and treatment programs and on research projects with respect to narcotics and dangerous drugs.

The drug abuse problem can be partially understood from the point of view of its several subsections---such as its legal, medical, education educational, and cultural implications. It is not solely a law enforcement problem, however, nor can we rely just on our teachers or police or upon any one sector of society to resolve it.

Drug abuse is a community problem, and it will never be resolved except by a total community attack. Therefore, the State Office of Narcotics and Drug Abuse Coordination will assist local groups, upon request, in initiating effective programs which involve a significant community effort. I have instructed all agencies and departments in state government to cooperate with this office in this endeavor.

During the past year in an innovative partnership between the public and private sector, the California Interagency Council on Drug Abuse has performed vital work and should be commended.

This unique group has served as a vehicle to bring professionals from the private sector together with agencies of the federal, state, and local governments and has provided state government with well-considered recommendations.

Through efforts of my office, the Interagency Council received partial funding through the California Council on Criminal Justice for this coming year's work. The remainder is supported by the California Medical Association.

I will, during the next two months, request each task force of the Interagency Council to report to me on specific problems bearing upon research, treatment, education, and law enforcement.

RESEARCH

The State of California in the next year will also take a central role in the coordination of research into narcotics and dangerous drugs.

We intend to carefully evaluate all such research programs now being conducted. Those which are ineffective will be eliminated. Needed areas not now being studied will be studied, with special emphasis on research into the physiological and psychological effects of marijuana.

By this process we will be able to determine whether any additional funds for research are necessary. We intend to direct and provide funds first for that research which is most needed.

In performing this role through the State Coordinator's Office I will seek the advice of the Research Task Force of the Interagency Council on Drug Abuse, the Research Advisory Panel, the California Council on Criminal Justice, the Department of Mental Hygiene and the Drug Abuse Information Project at the University of California Medical Center in San Francisco.

We also intend to determine exactly what research is being conducted at the federal level so that we may avoid any duplication.

I have called upon the California Crime Technological Research Foundation and the private sector to stimulate and fund research into scientific and technological aids to law enforcement, such as sensor devices, radar, and computer application to pharmaceutical control requirements. Experts in the field of criminal justice feel that this decade should produce major scientific and technological breakthroughs to aid in the war on crime.

LAW ENFORCEMENT

Our law enforcement officers, particularly those who specialize in narcotics enforcement, have literally been overwhelmed by the upsurge in drug abuse. We have been consulting with narcotics officers throughout the state on their problems. Lieutenant Governor Ed Reinecke has held a series of meetings with narcotics officers from federal, state and local agencies on the problems of law enforcement at the Mexican border.

My budget for fiscal 1970-71 will include funds for twenty-one additional positions for the state Bureau of Narcotic Enforcement, plus a new system of compensation for state narcotic agents which recognizes the hazards and long hours of extra duty which go with their work. It is unjust to ask these dedicated men to work the hundreds of hours of overtime they have up to now been volunteering without special compensation. We intend to remedy that situation this year.

Secondly, I will propose to the legislature a comprehensive plan for the intrastate control of the inventory, shipment and sale of restricted dangerous drugs. This legislation will be carried by Assemblyman Pete Wilson (R-San Diego).

There is solid evidence that millions of dangerous pills are diverted from legitimate distribution channels into the illicit market where they are sold to our young people. This is a problem which must be attacked through the cooperative efforts of the state and federal governments since there is only so much that one state can do with regard to controlling the activities of out-of-state manufacturers and distributors.

Nonetheless, the diversion of amphetamines, barbituates and other dangerous drugs in this state is of such serious proportions that we must propose strict recordkeeping requirements from the point of origin of the drug to the point at which the drug is retailed. This legislation will ensure that responsible state agencies can trace shipments of drugs from the manufacturer through the various distribution channels to the physician, pharmacy or hospital and will enable us to pinpoint the person or firm who diverts these drugs.

To make this program complete, we intend to expand the jurisdiction of the State Board of Pharmacy to include warehouses within the state used for the storage of drugs and customs brokers who deal in drugs at the Mexican border.

We intend to put out of business anyone who either knowingly or through extreme negligence permits or participates in the diversion of dangerous drugs into illegal channels. We will examine carefully the entire field of mail order drugs in order to protect the public.

In addition, we intend to introduce legislation that will:

- (1) Require all warehouses that store drugs to be bonded.
- (2) Require that all shippers that transport drugs place a bond guaranteeing delivery of the shipment as received by the shipper.
- (3) Require that customs brokers ascertain that recipients of dangerous drug shipments are either licensed persons in California or a person or entity with a legitimate reason for possession of restricted dangerous drugs if the recipient is outside of California.
- (4) Empower the State Board of Pharmacy to prescribe regulations concerning the security of drugs in the possession of manufacturer's agents or salesmen.
- (5) Require chemical manufacturers to report the sale of active components of or any precursor chemical of any restricted dangerous drug to the Board of Pharmacy. This will help our law enforcement agencies in tracking down illegal laboratories which are making dangerous drugs for sale to our children and youth.

To facilitate the recordkeeping required by the above proposals, I have called upon the State Office of Management Services to determine whether any state equipment is available to do the job, and if not, I will request the assistance of the Office of Management Services and the Crime Technological Research Foundation to assist in the development of data processing and computer technology. Thus, the required recordkeeping would not be an undue burden on those subject to it and rapid evaluation by enforcement officials of the information could be made.

Another area of great concern is the so-called "merchant-physician," the doctor who makes a living from selling pills for alleged dietary purposes. Some of these physicians sell drugs for purposes other than weight control. One such doctor was recently arrested after he sold 18,000 pills to an undercover investigator.

This doctor had been ordering between 80,000 and 120,000 pills a week from one pharmaceutical firm. We intend to bring these physicians under the control of the State Board of Pharmacy insofar as sale of drugs is concerned.

I have asked the State Board of Medical Examiners to review its disciplinary action policies with respect to the prescription of dangerous drugs for weight control. We hope regulations can be promulgated by the board to provide guidelines for the prescription of pills medically necessary for weight control under certain limited circumstances and to prohibit the wholesale prescription and sale of pills for which there is no legitimate medical necessity.

We intend to declare an all-out war on the drug pusher. We will continue to consult with narcotics officers throughout the state to determine whether any new legal tools are necessary to remove the drug peddler from society. The following measures which I will propose to the legislature will significantly aid in this effort:

(1) I will propose legislation which will, among other things, impose a restriction on driving privileges of any person found to be in possession of dangerous drugs.

(2) I will propose legislation to permit the detention without bail of any person who commits a serious crime, including narcotic or dangerous drug offenses, while free on bail on any criminal charge.

(3) I will propose legislation to require dealers in new or used cars to report the license numbers and other relevant identification information to the Department of Motor Vehicles of any vehicles destined for sale out of the state. This information will be integrated in the computer operation now in existence at the border and will assist law enforcement officers in detecting vehicles used to smuggle drugs into this country. This bill will be carried by Assemblyman John Stull (R-Encinitas).

We will continue our computer operation at the U.S.-Mexican border in accordance with our policy of complete cooperation with federal authorities to halt the drug traffic across that border. This computer assists law enforcement offices in detecting cars used in smuggling drugs and narcotics into this state.

Thousands of citizens, in corresponding with my office, have brought to my attention the fact that some courts in this state are dealing so leniently with narcotics and drug offenders that a return to their former criminal conduct is virtually guaranteed.

Just this month a report was submitted to Mayor Sam Yorty of Los Angeles by a distinguished citizens committee which made the same point, backed up by evidence of specific cases in specific courts.

That study infers that the fantastic numbers of criminal cases in our metropolitan areas result from the fact that the same individuals keep showing up in court because they previously received probation or a light sentence.

The Mayor's committee is of the opinion that concern over stringent penalties is unwarranted and suggests that the real concern is the manner in which the judiciary sentences offenders for major violations under the existing law.

While there may be disagreement over the inferences drawn by the committee, nevertheless, I will recommend to the Judicial Council that it immediately begin to plan a training institute for judges and probation officers in narcotics and dangerous drugs to acquaint our court personnel with the very real and serious ramifications of this problem. We are prepared to cooperate fully in planning such an institute.

One major breakdown in handling narcotics and drug offenders occurs when a defendant is placed on probation and then is almost forgotten or ignored by the court or probation department; consequently such probation means little except that a jail term was avoided.

Therefore, I will propose legislation which will be introduced by Assemblyman Newt Russell ^{/(R-Burbank)} to require, where probation is granted in possession cases, referral to some community agency for education or treatment purposes. In the case of a minor, the parents will also be required to attend. The court will retain jurisdiction and supervision to ensure that the education or treatment program is fulfilled.

The new State Office of Narcotics and Drug Abuse Coordination will assist groups and communities in developing programs to comply with this requirement.

Recent appellate court decisions have made the gathering and admissibility of evidence very difficult, particularly with regard to narcotics and dangerous drug violations.

It is my intention to explore the possibility of seeking changes in the search and seizure law, even if it requires a constitutional amendment. We must restore the balance which now favors the rights of a defendant over the rights of law-abiding citizens.

I will also propose the following law enforcement measures:

(1) Legislation to provide for a method and to require the destruction or disposal of hypodermic needles, syringes and old drugs by physicians, clinics and hospitals. This will be introduced by Assemblyman Hank Arklin, (R-Mission Hills).

(2) Legislation to limit purchases of hypodermic needles and syringes to persons with a legitimate purpose in having them.

(3) Legislation to require sample drugs to be destroyed by physicians if not prescribed for patients.

(4) Legislation making it illegal to disclose without authorization the names and addresses of members of any law enforcement agency. The author of this bill will be Assemblyman William Campbell, (R-Hacienda Heights)

I have, in addition, asked the Commission on Peace Officers Standards and Training to develop training programs for local law enforcement officers in the detection and apprehension of dangerous drug and narcotics violators.

I will make certain that the State of California continues its present communication and cooperation with federal and local narcotics officers and will ask that this communication be increased so that a greater joint effort against those making vast profits from this tragic problem will occur.

I strongly reaffirm the following recommendations which we have already made to the federal government:

(1) Surveillance and apprehension operations at the U.S.-Mexican border should be continued.

(2) The use at the border of pursuit planes and boats by federal authorities should be increased.

(3) The federal government should seek to devise detection devices to discover concealed narcotics or drugs at the border. California will make available to federal authorities any technological or scientific advance made by state agencies working on the development of such devices.

(4) Flight plans should be required of all aircraft departing on flights to Mexico.

(5) The number of federal customs agents should be substantially increased to provide for manning all gates at the border.

(6) Federal customs agents should be stationed at small craft harbors near the border.

(7) There should be continued attempts at cooperation with the Mexican government concerning the narcotic and drug problem.

Specifically, (a) technical and financial assistance should be provided to the Mexican government for the detection and apprehension of those either growing opium poppies or marijuana or illegally selling narcotics and dangerous drugs; (b) U.S. advisors should be made available to Mexico; (c) U.S. facilities should be available for training Mexican officials; (d) attempts should be made to eliminate cumbersome procedures which, in effect, prevent the extradition of fugitives from one country to another.

For our part, I will urge California representatives on the Commission of the Californias to continue efforts to strengthen ties while at the same time recognizing the need for Mexico's cooperation in resolving narcotics and drug problems.

(8) The U.S. Attorney's staff at the border should be increased to process the caseload adequately.

(9) In addition, I commend to the President the detailed recommendations with respect to the Mexican border problems of the Special Presidential Task Force Relating to Narcotics, Marijuana and Dangerous Drugs.

(10) The federal government should impose export controls on drug manufacturing.

(11) The federal government should impose strict inventory and shipping controls on all interstate shipments of dangerous drugs. I have offered the federal government our complete cooperation in this effort due to our proposed comprehensive plan to impose similar controls on shipments in California.

I am asking Lieutenant Governor Ed Reinecke to continue to serve as a chief administration spokesman in the field of narcotics and drug abuse. He has already been particularly effective in insuring the federal government's cooperation.

The Lieutenant Governor now heads a task force of federal, state, and local narcotics enforcement officers, representatives of the legislature and the private sector, and will continue his consultations with these groups.

EDUCATION

We must make a massive effort to prevent drug abuse. Strict law enforcement, apprehension of those who profit financially from this human tragedy, is one way. Education is the other. I will propose programs for education in the schools for teacher training, parent education, and for the education of the general public.

With respect to education in the schools, I have asked the State Department of Education to develop a program of in-service training for teachers so that they can better teach students the basic principles of health education with appropriate emphasis on narcotics and dangerous drugs.

I have also asked the State Department of Education to develop a comprehensive curriculum of health education for students, including appropriate instruction on narcotics, drug abuse, excessive use of alcohol, and the dangers of tobacco, which would commence in the first grade.

At the request of the legislature, the Department of Education is already studying several such programs in school districts in California. This study should be completed as quickly as possible, and a model curriculum proposed which will bring uniformity to health education statewide, yet will have sufficient flexibility to account for differences among school districts.

I have asked the Department of Education to expand its development of educational materials with respect to drug abuse, including pamphlets for both teachers and students, audio-visual aids and exhibits. This should be done in concert with the State Office of Narcotics and Drug Abuse Coordination. I will also propose mandatory health training in drug abuse in the college curriculum for those aspiring to become teachers.

Through the State Office of Narcotics and Drug Abuse Coordination, we will continue to encourage and assist PTAs, school districts and local community organizations in developing educational forums for parents.

We have already embarked upon a wide scale public education campaign over television, radio, and in newspapers to bring the facts about drug abuse to our young people.

This communication program, organized by members of my staff in coordination with the private sector, will be expanded into a series of documentary filmed reports. These reports, some of which will be aimed specifically at parents and some at young people, will be made available to local community organizations and to schools as part of our overall educational program.

We will make use of the many volunteer service organizations throughout the state who are concerned with youth and with drug abuse in this educational effort.

Many of these service organizations, in addition to people in the entertainment industry, with state leadership and coordination, are willing to expend great efforts in community drug abuse campaigns, utilizing films, mobile drug abuse education units and a variety of other novel techniques.

For too long now we have left education of drugs to apologists for the drug culture.

Our youth have been bombarded with propaganda from those who profit from drug abuse or who feel in some misguided way that today's problems can be solved---or at least avoided---by a chemical escape from reality.

We intend to make this "public education" program a major all out effort. We intend to bring together top people and fashion top programs to make drug use the "out" thing rather than the "in" thing to do.

TREATMENT AND REHABILITATION

As I mentioned before, drug abuse is a community problem. One of the most critical community efforts must be in treating and rehabilitating victims of drug abuse.

Our hospitals, particularly in metropolitan areas, are faced with increasing numbers of emergency cases for drug overdose.

I have asked the State Department of Public Health to distribute an Emergency Room Manual prepared by the Task Force on Treatment of the Interagency Council on Drug Abuse. Further, the state will assist local communities in establishing emergency procedures for victims of drug abuse.

I would like to commend the Department of Corrections for its able work with hard core narcotics addicts. The Department intends to establish special programs within correctional facilities designed to attack the addict's psychological dependence. This will be in addition to the current efforts at the California Rehabilitation Center.

I would also like to mention the training program now in operation for former women addicts at Patton State Hospital. These women are being trained to help the mentally ill and are thereby discovering that they have much to offer to people more unfortunate than they.

The most critical need, however, is to establish local treatment and counselling facilities for drug abusers.

Through the State Office of Narcotics and Drug Abuse Coordination, the state will assist communities and local organizations, advise on where to seek funding, what kind of a facility, if any, is needed for the particular community, how to initiate the project, and make referrals to other successful local projects.

Among other agencies, the Departments of Mental Hygiene, Public Health, Corrections, Youth Authority and Rehabilitation will be involved. This assistance will include an evaluation follow-up and the development of guidelines to further assist other communities in the organization of such programs.

It would be appropriate at this time to mention the several innovative community projects recently funded in part by the California Council on Criminal Justice. These include a Salvation Army live-in project, a drug abuse education program based at the U.C.L.A. Neuropsychiatric Institute, and a "reach-out" drug abuse prevention project in Monrovia.

There is no one answer to the problem of drug abuse. We must, therefore, provide funds for a variety of new and creative programs designed to stop drug abuse. This we are doing through the California Council on Criminal Justice, and we intend to evaluate the success of these various projects over the next year so that we may help other organizations and communities who wish to start similar programs.

Last year the legislature passed and I signed a bill, authored by Assemblymen Johnson^(R-Chico) and Duffy^(R-Hanford), which provides for the involuntary commitment of these who are in danger to themselves or to the public as a result of drug addiction. I think this is a step in the right direction.

I have asked the Treatment Task Force of the California Interagency Council on Drug Abuse to report to me on the effectiveness of the implementation of this bill, in particular, whether the local facilities and personnel are adequate to carry out the intent of the legislation.

With regard to specific departments within state government, I have instructed the Department of Mental Hygiene to develop special treatment programs for drug abusers at each of the state's hospitals for the mentally ill.

The Department of Mental Hygiene is presently operating two very successful programs at Napa and Mendocino State Hospitals, and I am hopeful that these programs can be developed in other hospitals as well.

I have also asked the Department of Mental Hygiene to develop concurrently special services for drug users which can be used by local mental health programs, support and foster the development of community treatment facilities, encourage general psychiatric hospitals to develop residential care programs for victims of drug abuse, train personnel to work in the above-mentioned treatment programs, and evaluate the above local programs in cooperation with the Interagency Council on Drug Abuse.

I have instructed the Department of Rehabilitation to evaluate its vocational job rehabilitation efforts to see that victims of drug abuse have the opportunity to participate in effective job rehabilitation programs. The department in cooperation with the state coordinator will also provide advice to community rehabilitation programs.

I have instructed the Department of Corrections, with the cooperation of the Department of Mental Hygiene and the state coordinator to assist local correctional agencies in developing treatment programs; and assist local public and private agencies in developing community treatment programs on both a residential and ambulatory basis.

I have instructed the Youth Authority to expand its current efforts in treating inmates who are victims of drug abuse and institute special follow-up programs; to continue to publish pamphlets on drug abuse and continue its cooperative efforts in working with the Interagency Council on Drug Abuse and other groups on drug prevention programs; to provide financial assistance to local public and private agencies for delinquency prevention projects designed to attack the problem of drug abuse; and to continue to subsidize a control station at the California-Mexican border designed to prevent unescorted juveniles from crossing the border.

MISCELLANEOUS

A serious problem not spoken of very often is that of the physician addict.

Doctors are subject to intense pressures as they perform their jobs, and have ready access to narcotics and dangerous drugs. Well over half of the disciplinary cases before the State Board of Medical Examiners in a recent year were brought because of narcotic or drug abuse. While this represents a small portion of the physicians in California, it nonetheless represents a tragic waste of professional manpower.

Therefore, I have urged the Board of Medical Examiners to develop an educational and informational campaign on the mental, physical and professional dangers of narcotics and dangerous drug abuse by physicians.

We have found that drug abuse, like the excessive use of alcohol, leads to tragic results on our public roads and highways.

Therefore, I am asking the California Highway Patrol and the Department of Motor Vehicles to define the role of drug abuse in traffic safety, the Department of Public Health to investigate the development of chemical blood tests for the detection of drug abuse and all three departments to develop legislation to curb drug abuse as it affects traffic safety.

We must not ignore in our efforts to launch an intensive battle against drug abuse, a problem that has been with us for a long time.

Alcoholism is one of the more serious ills in society. It takes thousands of lives and costs society billions of dollars. It is time we studied this problem in depth, not simply from a law enforcement standpoint but from a community standpoint. Like drug abuse, alcoholism is a community problem; it is a public health problem as well as a law enforcement problem.

I have asked the California Council on Criminal Justice to study the problem of alcoholism in California and to provide me with priorities with regard to programs which will effectively reduce this problem.

In addition, I have asked the California Highway Patrol, in cooperation with the California Traffic Safety Council, to immediately develop a public education campaign against the drinking driver. This should complement the strict presumptive limits law we successfully proposed and supported last year which was designed to keep the drinking driver off the road.

CONCLUSION

This decade holds the promise of greater opportunity for more people than at any other time in the history of man. Our problems are legion, but the task of solving them poses a challenge both awesome and exciting. Will our young people participate in resolving the issues of the seventies? The plague of drug abuse threatens to sap the life and vitality of our youth and rob them of the chance of meaningful involvement.

The program I have presented is a total, all-out, assault on drug abuse. The problem deserves nothing less. I don't think it is too much or too late to ask that each of us make a personal commitment to do everything possible to eradicate this plague.

I ask the people of this state now to give of their time and effort and join with us in a battle which must be won---a battle that involves the very integrity of society itself.

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WAS

1/30

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
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RELEASE: P.Ms. FRIDAY
January 30, 1970

PLEASE GUARD AGAINST PREMATURE
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
YMCA Model Legislature, Assembly Chambers
January 30, 1970.

youth

Not too long ago---on January 6, to be exact---I stood where I stand now and addressed a Joint Session of the California State Legislature. At that time I delivered my annual State-of-the-State message.

Traditionally, such a message outlines some of the major areas of concern and details some of the action programs which will be called for. Quite often it incorporates a so-called "laundry list" of bills the governor would like to see passed.

This year, in addition, I took a long range view of certain aspects of California's government because it was not only the start of a New Year, it was the beginning of a new decade. And, I took the long view because, as I said to the legislature, we live in a particular moment of history when we should be more concerned with the next generation than the next election; this is a time for men to rise from politics to statesmanship and to have the courage to make some hard decisions.

In the course of that message I suggested that the state of the seventies could be greatly enhanced if we were to apply the spirit of America's first seventies---the 1770s; that we could together reach great heights if the spirit of those first seventies became the spirit of the 1970s.

Your generation is the generation of the seventies. Before this decade is out, all of you will be out of your teens and into your twenties and most of you will be making your own way in life. Some of you may even be sitting in this very chamber.

When that time comes you will wrestle with the problems of that time, and the needs and concerns of your constituents. But today and tomorrow, you will discuss and debate and act on the issues as you see them now and you will make recommendations and resolutions which will express this point-in-time in your thinking.

I hope---that part of your deliberations here this weekend will deal with what we call "the quality of life," the problems of environment.

Several years ago, in introducing a series of papers on the future of our state, I asked this question:

"What kind of a California do we want in the future---in the next ten or twenty years? What kind of place do we want for ourselves, for our children---for succeeding generations? What kind of schools? What kind of jobs? What kind of cities and parks and highways? What kind of government?"

How will you measure "quality of life." Part of the measurement---a good part of it---must be based on ethical, moral, spiritual values as well as on material standards.

You must be sure to determine what impact a new technique, a new engine, a new fertilizer or pesticide, will have on the environment. And you must dig beneath the surface of issues to discover how many sides each problem really has.

If, years ago, we had taken the time and the concern to project the impact of the internal combustion engine on our air, would we have banned it? And if we had, what would California be like today?

We cannot answer that question. But, we must answer---now, before the fact---that from now on such considerations will be cranked into the information we need to make similar decisions for the future.

At the present time, there is wide concern over the population explosion and the impact it has on our economy, our schools, our highways, our environment.

There are those who advocate population control as one answer to this problem. If, by this, they mean a wide-scale effort on the part of public and private organizations to inform the people on the need for birth control---based on individual and family decision--I would be in accord.

If, however, they are advocating some form of compulsory sterility on a mass basis, then I would be strongly opposed.

Who would play God? Is it less barbaric to stop a life from starting than it is to stop a life from continuing?

Give government the power to pre-empt what should be a matter of individual choice and conscience, and you will have given government the power to control every other aspect of personal life.

One thing which faces every responsible public servant up here--- is the problem of finding the money to pay for the government programs we recommend. Government is only the people and government money is only the people's money and maybe the best things in life are free, but government is not.

Don't lose your idealism---maintain your enthusiasm---but keep in mind the costs involved. In your eagerness to build a better world you will want to do great things and to help those in distress. There is no quarrel with that; we all want to help those in need. But take care that when you recommend programs to help some, you do not cause an even greater distress among those who must foot the bill.

You are not really doing anything for anybody if all you do is take from one person to give to another. When you do this you become--- at best---a middleman, and at worst, a tyrant, benevolent or not.

Someone has said "the hardest thing to conserve are public funds--- they seemingly belong to no one and the urge to bestow them on someone is irresistible."

This is not to say that the average citizen is not willing to pay his fair share for schools and highways and welfare; he is. But, he expects every other citizen to pay his fair share too. He expects that money to be spent wisely and equitably for the common good and not for some special class or privilege, and he expects the money he pays to be spent in an order of priority which reflects his own priorities as to what government should do.

We hear quite a bit, these days, about our "affluent society" and there is no doubt that America today is affluent. If, for example, we wanted to "match" the Soviet standard of living we would have to tear down 60 percent of our homes; demolish 60 percent of our steel mills; rip up two-thirds of our railroad tracks; destroy nine out of every ten of our telephones...and reduce our own standard of living by a full 50 percent!

But, when our national wealth---the sum total of what our people have---is measured against the things we would like to do, then we see that ours is not so much an affluent society as it is an over-spent society.

YMCA Model Legislature

The increase in the cost of welfare is soaring at a rate almost three times the rise in state revenues. (During that period when our state's population was increasing by some 600,000, the number of people receiving government payments in welfare, Medi-Cal, etc., increased by 400,000!)

Already the total "tax take"---from federal, state and local government and not counting the cost of inflation---the total tax take is 37 cents out of every income dollar and if you add in the actual cost of government, that deficit spending for which we will get the bill later, government actually costs us 44 cents out of every dollar earned.

This is something you must think about, something you must face up to. Our citizens are tired of feeding the hand that bites them.

We all condemn fascism. We are strongly opposed to what happened in Germany under Hitler in the thirties and forties. We must never forget what happened there; we must never allow it to happen here.

You may protest that in Germany the people were to blame; the people should have stopped it before it got started. And, you are right. It is just that the people did not see it---in the beginning. Hitler moved slowly, subtly at first, under the guise of doing good for the people. He said: "We shall banish want. We shall banish fear. The essence of National socialism is human welfare rooted in a fuller life for every German from childhood to old age." The gas ovens, the genocide, the concentration camps came later.

Tyranny always wears a disguise---until it is strong enough to show itself. In everything we do in government, and in everything the people permit the government to do for them, we must be careful to see ahead to the end results so that we can resist the beginning if the end is evil.

How can you measure the end so that you can resist the beginnings? Let me leave you with a few basic rules of government which---I submit---are part of the foundation of our government of free men.

Never ask government to do something for you that you, personally, would not be willing to do yourself.

Never ask government to do anything to anyone else that you would not want the government to do to you.

Remember that government among free men is the people and that those who serve in government---elected, appointed, or employed---are only agents of the people, i.e., citizens temporarily in service, as it were. There is no room in this nation or this state for the "arrogance of

Remember that each man counts and that each man should be accountable. To ignore this, to stretch it, can result in what Ortega Y. Gasset called "hyperdemocracy"---wherein the masses are no longer accountable to the law, where they abolish the structure of government. This not only breeds anarchy, it diminishes the dignity, the stature and the security of each individual.

Never ask government to spend the public money in a way you would not be willing to have it spend your money. Let me go back to the cost of the middleman I mentioned a while ago: suppose we want to give a dollar to a needy person. According to a recent survey of these costs, for every dollar given to a needy person, there is no cost to get it to him when you give it yourself.

It costs 27 cents to get it to the needy when you give through a voluntary organization; it costs one dollar to give that one dollar through the typical state government distribution---and when you give that dollar through the puzzle palace in Washington, it costs three dollars to get that one dollar to those who need it.

Never ask government to do for you what you know you can and should do for yourself.

Some of you may say these few basic rules are too simplistic; that they are too confining; that if they are followed, government will never do anything. But, you would be wrong. If they were followed, government would be able to do everything that the people have given it license to do; and, government would be required to find the better way to do things instead of the easy way. When in doubt run this easy test on yourself---government derives all its power from the people---government can have no power not granted to it by the people. Then can any of us give to government a power we do not have as individuals?

These basic rules are amplified and codified in the Declaration of Independence and the Constitution---to make sure that government upholds and protects the freedom of each individual to fly as high and as free as his drive and his abilities and his faith will take him. And that, I believe, is what the American dream is all about.

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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.)

2/2

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
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RELEASE: Immediate

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Inaugurating Governor's Program to Reduce
Occupational Injuries
Capitol Rotunda, February 2, 1970

The program we are here to inaugurate today---and which we MUST commit ourselves---is symbolized very effectively, I might say bluntly, right here.....by this stylized drop of blood.

This symbol must serve not only as a reminder, but as an INCENTIVE to all of us to dramatically curtail the needless waste of valuable resources which result from on-the-job-injuries of state employees every year in California.

The most graphic description of the problem is to simply point out that during the ten minutes or so we are here this morning, the State of California will lose almost \$1,000 through employee injury. By the end of this day, the cost will be nearly \$50,000. By this time next year, the taxpayers of this state will have spent almost TEN MILLION DOLLARS for mistakes that are labeled "ACCIDENTS." Ten million dollars which could have---and should have---been devoted to more productive purposes. Then double this by adding the cost of unproductive manpower, idle equipment, disability payments and other hidden costs.

And we have not even touched on the most important "cost" of all---the "cost" to the injured state worker in human suffering---and the added suffering and hardship of that employee's family.

These costs---in dollars and in human suffering---resulting from occupational injuries by state employees---have risen at an average rate of over 15 percent per year for the past ten years, almost twice the rate of increase for California industry as a whole---and California industry includes a lot of very hazardous jobs.

This trend must be stopped. And today, we are taking the first step in turning the tide.

We are going to apply BUSINESS practices to government. The kind of business practice that has enabled Pacific Telephone, for example, to achieve a 1.69 disabling injury rate per million man hours for its 92,000 employees, or General Electric's 1.59 for its 400,000. We have a long way to go when you compare those 1.69 and 1.59 rates to California's 17.4 rate for our some 100,000 state employees.

Governor's Program to Reduce Occupational Injuries

How do we explain an accident rate more than 10 times as great as their's? It is ridiculous. What is more, it is tragic and unfair to our state employees, to their families and to the taxpayers of this state.

Using this symbol as our banner, and with what we look for as the complete cooperation of the California State Employees Association, we are today firing the first salvo in our war against occupational injuries---on-the-job-injuries---by our state employees.

At this moment, material is being distributed---and displayed---in all state buildings throughout California. For the next three years, a contest will be run in which annual recognition will be given agencies and departments for achievement in the drastic reduction of on-the-job-injuries. An integral part of this overall effort is---and must be---total employee involvement and the full commitment of the California State Employees Association and other employee organizations.

Together, we will develop new policies and procedures affecting management and employee practices. Personnel policy, claims administration and medical rehabilitation services will be among the areas given major consideration.

The choice is ours. If we allow the trend of state employees' accidents to continue to soar for the next two years as it has for the past ten, by 1972 on-the-job injuries will cost us a base of TWELVE AND ONE HALF MILLION DOLLARS. It is that or, face up to the problem squarely. Put into effect sound business practices in this area as we are doing elsewhere in government---enlist the complete cooperation of our state employees, their associations...and all levels of management and reverse the trend.

A ten percent cut in a single year can provide nearly a million dollars for essential services. It would, for example, allow us to assume another \$2 a month of the cost of employees' health insurance.

During the three years this special program is intended to run, we can save the taxpayers over EIGHT MILLION DOLLARS, and our state employees double or triple that amount in the grief, anguish and suffering they incur from disabling occupational accidents.

Our decision is clear...and it is made.

I, therefore, declare this Program to Reduce Occupational Injuries to be the policy of this administration and in effect as of this moment.

Governor's Program to Reduce Occupational Injuries

Your cooperation is both invited...and requested.

Let us remember, WE, too, are taxpayers. The money being wasted through on-the-job carelessness and neglect is ours.

Now I would like to thank Jerry Hull, the president of Pacific Telephone, for being with us today as a representative of his company and of the private sector.

Al Roseberry....your participation here today is most important...and greatly appreciated. It is proof that we can count on you and the California State Employees Association to work with us in a team effort to reduce occupational injuries by our state employees.

Earl Coke....you and I will be conferring together---and with the full cabinet---on the results of this important program at regular intervals.

And, most important, Paul Cossaboon, here....from the State Compensation Insurance Fund....is the man I have asked to head up our Governor's Program to reduce occupational injuries. Paul....you know we are all looking to you and your leadership to make this program the success that it must be. You will have the full support of all of us in the executive branch.

And ladies and gentlemen....state employees and all employees of private business, housewives, young people....please know that while this program....and this symbol....is designed specifically to assist us in reducing on-the-job injuries of state employees....the principles we are applying here apply to all of you, too. Injuries on and off the job are not necessary. They cost all of us too much financially and in human suffering.

They can be prevented. So join us in our crusade....and thank you all for being with us today.

Thank you.

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2/7

OFFICE OF THE GOVERNOR
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Contact: Paul Beck
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RELEASE: SUNDAY A.M.s.
February 8, 1970

PLEASE GUARD AGAINST PREMATURE
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
California Young Republican Convention Dinner,
Airport Marina Hotel, Los Angeles
February 7, 1970

Everything that we have been working for since the Republican debacle of 1958 is just now coming to be.

For the first time since the 1966 election we started a legislative session with a full Republican team in the executive and legislative branches---as slim as our majorities may be in the Assembly and Senate.

All of the work, sweat and volunteers of all those years are starting to produce results.

There is a new Republican enthusiasm---a real Republican team effort---in Sacramento.

Already the per capita cost of government has decreased---we have held the line on the number of state employees. If we had continued the government employment trends we found when we went to Sacramento in 1967, there would be 15,000 more on the state payrolls. On January 1, 1967 there were just 80 more than when we started---because Republicans are on the job.

Tax relief is greater---because Republicans are there.

Sure, we had to increase taxes in 1967---to pay for the inherited deficits and the unfunded programs and the accrual gimmicks of the previous administration. But show me any other state where the taxpayers got a tax rebate last year. Show me any other state where the taxpayers will get a tax rebate this year. Show me any other state where the administration is calling for a tax rebate next year, too. Sacramento is better, because Republicans are on the job.

California has the toughest air pollution control laws and the toughest water quality control laws in the nation, and is taking the lead in other environmental programs---because Republicans are on the job. Not just me, not just the new blood---the agency secretaries and the department directors---who are part of the administration, but because of the whole Republican team---because we are there!

Today, California is spending more for higher education---and making it possible for more young people to go to our state colleges and universities. During the past three years, the taxpayer funds for higher education have increased 54 percent....because Republicans are on the job

And, today, more individuals are actively involved in the affairs of state government than ever before---not just on the various boards and commissions, not because there is a bigger bureaucracy (there isn't, it's smaller) but because we have gone out and sought the ideas, the advice and the participation of the private sector in every area where they could properly get involved---in job recruiting and job-training programs for the disadvantaged; in fighting narcotics and drug abuse; in organizing person-to-person flood relief programs; in developing great new recreational areas; in running county fairs instead of sitting back and letting big government take over...in countless ways, this is becoming more and more of a government of and by as well as for the people---because Republicans are on the job.

Throughout the nation, more and more states are looking to California and picking up our ideas; putting the Creative Society approach to work on their problems, in their states.

And, it is up to you and me---all of us working together---to make sure that this prairie fire we started in 1966 spreads and keeps growing this year so that we can continue the job we have started.

Together we have a great Republican team in California---the Republicans in office in Sacramento and Washington, the Republican workers in the precincts, the Republican volunteer groups like you YRs...a team that is essential to victory in November, to a victory which will elect Republicans to all six state constitutional offices, and a victory which will increase our Republican majorities in both the Assembly and the State Senate and pick up seats in Congress and make sure that California continues on the right road as it enters the decade of the seventies.

This is an election year, and there are those who say that we should play it cozy. That we are 'way ahead and that we should not do anything to rock the boat. That everything should be based on politics, and that, where we have to, we should pick up votes with gimmicks and pork barrels.

Well, that is not what this Republican effort is all about and that is not why I ran for public office.

We work in the precincts, and we build our party, and we give of our time and our money and ourselves, because we want to make a difference. I went to Sacramento, because of the work of volunteers just such as all of you and because of the public's mandate, because I wanted to make a difference---to do a job. We have been working at that job for just over three years---and just because this is an election year is no reason to stop trying to do that job or to slow down on the things that have to be done.

Just about one month ago, I addressed a joint session of the legislature. I would like to repeat what I think were the most important words of that address.

"Now and then people in a particular moment of time are called upon to rise above the norm. Their chosen representatives, elevated from politics to statesmanship, make land-mark decisions---and men, for decades to come, hark back to those decisions and are guided in their own deliberations.

"I believe we are met in such a moment of time---a moment when we should be more concerned with the next generation than the next election."

We are met in such a moment in Sacramento.

It would have been a lot more cozy not to tackle tax reform this year. Strictly political animals always say that you never get into such tough battles in election years; you wait until just after an election so that the sound and the fury can die down and there is time to smooth out the ruffled feathers.

May be that is what the politicians would do---but we have all worked very hard to keep from being politicians in these past three years. The people of California cannot wait on politics. They need tax reform---they need relief from the overburden of property taxes, they need help in financing their schools. They need fair-share tax reform---and they need it now.

Working together, Republicans and some public-spirited Democrats, are going to give it to them---this year.

The tax reform package we presented last Tuesday is a good package. It will be the first real tax reform this state has had in more than 30 years.

For the vast majority of homeowners, it will mean a cut in their property taxes ranging anywhere from 20 percent to 40 percent. For every renter who files a state income tax return, it will mean a \$50 credit against those taxes and, if his state income tax is less than \$50, the entire tax will be forgiven.

It includes a special school equalization program which will produce additional funds for about 80 percent of the school districts. It will take the first \$2.05 in the existing school tax and place it equally behind all the school children in California. It is a redirection of existing revenues into an equal educational opportunity program. It will break the chains of the accidental and antiquated school finance system we have been trying to rid ourselves of for years. And it will do this without interfering with the local school boards or the operations of their schools. As a matter of fact, it will greatly reduce red-tape and bureaucratic trivia.

The tax reform package will also help the counties get a better handle on the rising costs of welfare and at the same time provide some relief on that part of the property tax used to pay the costs of these programs.

And, it calls for a permanent reduction to 50 percent of the business inventory tax which for years has been putting California business at a disadvantage. Now when we need more jobs and more job opportunities for our people, this tax relief for the free enterprise private sector is essential.

To pay for these tax cuts, these are some of the shifts we propose...

--an increase of one cent on the state sales tax,

--a new rate bracket on the personal income tax for those filing joint returns of \$32,000 taxable income.

--an equitable adjustment in the capital gains tax

--an increase of one-half of one percent on the bank and corporations tax, and

--a minimum income tax to close the loopholes on some, in the higher income levels, who pay no income taxes.

I am sure you are waiting for me to mention that one other source of revenue we needed to help finance property tax relief. And, I am sure many of you are displeased by the decision I made.

Well, turn yourselves inside out, put yourselves through a wringer, walk barefoot on hot coals and you will feel almost half as bad as I do.

Beginning about last May, our own surveys and soundings revealed a curious thing. Those who opposed withholding and who had always been in the majority had become a definite minority. I was tempted to use that as justification for my decision, and say I was simply abiding by the will of the people.

But, I would have been rationalizing. The plain truth is---honest, fiscal responsibility forced me to give in.

I am still philosophically opposed to withholding, as I have always been.

Very simply, we projected our cash flow for about three years ahead. As the state's dependence on the income tax increased in recent years, the period between January and income tax day in April---when we were short of cash and had to borrow to pay the bills---found us with an ever-increasing need. In two years our need would be greater than the amount of borrowable funds, unless we liquidated the state's permanent investment. In three years, our cash flow shortage would exceed our borrowing capacity---including those liquid investments.

Our tax reform proposal would compound that problem because under it we must deliver the property tax replacement funds to local government in the same low cash period before the April tax date.

A 10 percent income tax increase across the boards would give us the revenue we needed for our tax reform program---but it would do nothing to solve our cash flow problem.

Withholding would provide the same increase in revenue and at the same time solve our cash flow problem. I could not in clear conscience choose my philosophy over my clear obligation to preserve fiscal responsibility.

If our proposal is approved by the legislature, there will be a one time windfall in the year of transition--of about \$450 million. That entire windfall will be returned to the taxpayers. In April, 1971, each taxpayer will deduct somewhere in the neighborhood of 40 percent of his income tax to get his share of that windfall.

There are two major, all-important differences between our reluctant endorsement of withholding and the intentions of those who proposed withholding in past years.

They would have kept the windfall and used it to increase state spending.

And a very important part of our tax reform proposal is my request for legislation to require a two-third majority vote in the legislature for any future increases in the income tax.

It is irresponsible to talk about tax reform and tax relief unless we at the same time act to cut government spending.

That is why, on the same day that we introduced the tax reform, we also presented the state's budget for fiscal year 1970-71.

We have managed to come up with a Hold-the-Line budget--the tightest California budget in many years. Overall, it is about one percent less than what we expect to spend this year.

We have had to cut back some programs and delay others, some we would have preferred to maintain or expand. But, we had no choice... except to increase taxes and take more money from the people...and that's no choice at all.

One of the biggest items--and one of the largest cost increases--in the 1970-71 budget is social welfare and Medi-Cal. Together, these two demand over \$1 billion of the total \$6.5 billion budget. (And that does not include the federal and county funds which are also spent on these public assistance programs.)

The cost of welfare in California has increased 85 percent in the past four years; it is rising at three times the increase in annual revenue. During a two year period when our population grew by 600,000, the number of people receiving checks and payments from government increased by 400,000.

This year alone, we have cut those costs over which we have control--the administration of these programs--by \$56 million. But we cannot make the progress which must be made unless and until the laws--both federal and state-- are changed

If we are to meet the demands of the future in legitimate areas of government concern--such as educational facilities, the attack against air and water pollution, the creation of additional park and recreational facilities, the fight against crime and narcotics--we must have a complete reform of our welfare system; not just a tightening of administrative overhead, but the basic approach and philosophy involved.

Government has been fighting the war against poverty for years and years---and poverty is winning.

There comes a time when we have to take a stand and say we are not going down this road anymore; when we have to face up to the fact that the whole approach is wrong and that just because something has been on the books for years does not make it right...and is no reason to continue the failures of the past.

One of my colleagues--a Governor of a southern state--once challenged me when I charged that welfare and many social reform programs have been failures. He cited the millions who have been fed and housed--and even suggested that without welfare there would have been a revolution.

He misses the point.

No one denies that needy people have been fed and housed and helped--or that they should have been. But few can deny that the programs have almost entirely failed to help the disadvantaged make themselves self-supporting; or that many programs have actually robbed not only the taxpayer but the legitimate welfare recipient--the aged, the infirm, the disabled, the children--by misdirecting and wasting money on those who should get off their seat and get to work.

What I am talking about when I say many of these programs have been failures is that government's good intentions have too often defeated government's good intentions.

During the past three years, we have introduced--and re-introduced--legislation to halt some of these abuses. Time after time these bills have been killed.

It was only after June of last year--when Bob Wood was elected in a special election--that Republicans finally had a slim majority in both houses of the legislature. By then it was too late in that session to really make the reforms that are needed. This year we have re-introduced bills that could mean some \$130 million in welfare reforms. We expect to see some substantive changes made, now that the Republican team is finally running the show.

But there is still little to be happy about. Time after time we have tried to protect the best interests of the taxpayer---and time after time we have been struck down.

We have lost six court decisions regarding major welfare reforms. In the past three years, court decisions in the area of welfare have cost the taxpayers of this state \$86 million...over and above the amounts originally budgeted.

There are six more welfare matters pending before the courts. If the court rules as it has in the past, another \$316 million a year will be added to the California taxpayers' burden. This would bring the grand total cost of these budgeted and pending cases to \$403 million.

These largely uncontrollable expenditures are eating away at your future. Taxpayer funds which should be used for education, or cleaning up the environment, are being arbitrarily pulled off into questionable welfare programs.

There are those who will say that we cannot build for the seventies by ignoring the disadvantaged and the needy---and I would agree. There is no desire to ignore those who need help---there is every desire to help the vast majority of people on welfare break loose from the web from which they, themselves, would like to escape.

The legitimate welfare recipient wants a helping hand up to self-sufficiency, to respect and independence. But more and more there are disturbing signs that in the eyes of some poverty has become an occupation

And, as it is with any other occupation, the more alert and the more energetic usually make the most money. As Milton Friedman puts it: "when we pay people to be poor, there are always going to be more poor people."

The question is not whether the unfortunate should be cared for, and helped: the real question is "How can we best care for them? How can we best help those who can help themselves? How can we best make sure that those who should, get off the welfare rolls and onto payrolls? Do we give them a sense of pride, and importance?"

Just past the mid-way point in this decade we will observe the 200th anniversary of the founding of this nation. Dare we imagine what the 1970s could be for California---for the nation---if the spirit of those first American seventies...the 1770s...could be re-awakened in our land? Dare we envision what heights we could reach together if that spirit became the spirit and the state of the seventies?

YR Convention Dinner

NASA has recently announced that it plans a space shot to land an unmanned space probe on Mars in 1976.

As thrilling as that may be, how much more appropriate it would be if, in 1976, we could honestly say we had regained that same spiritual plateau Americans had reached some 200 years ago. That would really be a rocket for freedom---a light that men everywhere could see for years---and decades---to come.

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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.)

2/
28

PLEASE GUARD AGAINST PREMATURE
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Republican State Central Committee Luncheon
Hilton Hotel, S.F., February 28, 1970

Republicans--working together--have written a good record in Sacramento during the past three years. We've straightened out most of the mess we inherited; checked the growth of big government; taken the lead in the fight for clean air and clean water; reorganized and streamlined the executive branch of government....instituted economies and introduced fresh, creative thinking so that the winds of change are clearing the air in the halls in Sacramento.

Ivy Baker Priest outlined some of our Republican accomplishments in her keynote address to you this morning. I won't plough the same ground.

But, it is what we do in Sacramento from here on out that really counts. For the first time since 1958, we have a Republican majority in both houses. (Now, we can see to it that important bills don't get bottled up in committee, or side-tracked on the floor...if Republicans will stand together.)

For ten years, while we were in the minority in Sacramento, we talked about what we could do if we were in power.

Were we just talking big---just whistling past the graveyard? Or, did we really mean what we said? We must have meant it during those years of work and sweat and volunteers; those hours of pounding the precinct pavements; those vacations that were never taken.

It was part dream and part ^{prairie} fire and it put us in a position to turn this State around.

Our opponents chide us because in three years, we have not produced tax reform. We could answer that our excuse has been their opposition and we could ask why they never delivered tax reform during the eight years they were virtually unopposed. But we have a better answer: over their protests and roadblocks, we have returned more than \$600 million to the property taxpayers already, eliminated the tax on household furnishings, cut the inventory tax back to 30 percent and given special relief to senior citizens. And, April 15, you will take a ten percent rebate on your state income tax. We have even cut the tolls on most of our toll bridges.

But, we say that isn't near enough.

Last month, we called a press conference to announce a tax reform package for 1970. We had a united Republican front---the leadership of both houses, the State Controller, the Chairman of the Assembly, Revenue and Taxation Committee, the director of Finance, and myself. Doesn't sound like an earth shattering event, does it? But, I can assure you that press conference really rocked the Democrats.

We can have tax reform. We can have it this year...if Republicans will stand and work together.

I am sure that many of you are unhappy about one part of the tax reform program.

Well, turn yourself inside out, put yourself through a wringer, wrestle with yourself through sleepless nights, walk barefooted over red hot coals---and you may feel just half as bad as I do about that.

But there is one burden I cannot share with anyone in this room, or in this party, and that is a clear and constitutional obligation to protect and preserve the fiscal integrity of California's state government.

Examine the entire tax reform proposal. You will find that it reflects our Republican philosophy. There is one provision which would require a two-thirds majority vote by the legislature before there could be any increase in state taxes.

But, most important, it makes possible a guaranteed reduction of the homeowners tax of from 20 to 40 percent, depending on the value of each home. We can have this if Republicans stick together.

The cost of welfare and Medi-Cal is leaping ahead at the rate of almost 20 percent a year....three times the rate of increase in our state revenues.

We have tightened up the administration of these programs and cut down on the overhead. But real reform requires legislation.

Now, Republicans are in the majority...we can make that start on welfare reform...if Republicans will stand together.

We have smog on the run---we must keep up the fight. Working with Republicans in both houses, we have led the way on this, and just recently Republicans introduced our Omnibus Clean Air Law of 1970... the toughest air pollution control law in any state or any nation.

We can enact that law this year....if Republicans will stand together.

Last month we introduced our 1970-71 budget. It is the toughest, tightest budget in years. Democrats have been trying to attack it--- and already they have splitting headaches: they are split between trying to attack the budget for being too big and their own overpowering desire to spend more money on more programs they think the people must have.

We can pass that budget--if Republicans will stand together.

We can get on with our war against narcotics and dangerous drugs, and do many of the things which must be done. We can come out of this 1970 session with a record of accomplishment on which Republicans can win in November.

That is more important than any special bloc or interest group. That is more important than personal ambitions.

It is our Republican opportunity!

And, it is up to all of us---in the precincts, in the campaign headquarters, and in the halls of Sacramento, to make the most of this opportunity by proving that we have made the transition from the loyal opposition to the responsible majority--that we have the guts to push forward with the principles and the programs which brought us together and have held us together all through these lean and empty years. We fought hard for the opportunity to rock the boat.

This is no time for politics as usual.

You sent us to Sacramento to do something about that leaky old barge that was plowing around the Sacramento River and you didn't intend that we should just rename it the SS Republican and pretend it was suddenly a cruise ship headed for the promised land.

In my January 1970 State of the State message, I talked about the need for a new spirit in government and about the spirit of the first American seventies--the 1770s. And I asked:

"Dare we imagine what the 1970s could be if the spirit of those first American seventies could be reawakened in our land? Dare we envision what heights we could reach if that spirit became the spirit of the 1970s?"

That's what the Republican opportunity is all about...a new spirit... strong enough, deep enough, bright enough to guide this state through the changing times ahead...to reclaim the magic of California and the promise of the future for ourselves and our children.

In 1966, we made certain commitments to the voters; we took a stand on certain principles. And statewide and in the districts up and down this state, the voters made their wishes clear: they wanted our principles and our programs.

That mandate was repeated in district after district in 1968... and it was again made clear in the special elections of 1969.

We are well on our way toward keeping those commitments and living up to that mandate.

In the days ahead, many special interest groups will be exerting tremendous pressures on the legislators. But the group which must be heard from--loudly and clearly--is the Republican rank and file. Your voices must be louder than the special interest groups. Your support must be stronger---in Sacramento, in the precincts, and across the backyard fence.

Just a little more than a year ago, in Sacramento at another Republican state convention, I stood before you and talked about the grass-roots prairie fire we had started in California---the Creative Society, and the common-sense reforms we were making so that our state could once again have a government of and by, as well as for, the people.

I want to repeat some of the words I used that Sunday:

"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.

"Not one of us in this room--or in this party--can afford the misbegotten luxury of removing ourselves from the common cause--or the uncommon task--which confronts us.

"There is no petty jealousy, no personal ambition, no internal rivalry, which can rank with the high purpose of this party.

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

"Let no one in this great hall ever have to answer to the question: 'Just what in heaven's name was more important than working together---for the best interests of California and the Republican party?'"

The Republicans--and the people of California--have been living in the shadow of the inequities of gerrymandering for the past 10 years.

We have seen districts drawn out of the political machine like pretzels, designed to include--or exclude--a favored legislator. We have seen communities with little in common, and not even contiguous, thrown together; we have seen districts shaped like doughnuts and districts shaped like banjos---jiggered to diminish the equity of the Republican vote.

It is a miracle of campaign organization and precinct work---and it is a tribute to the solid, good sense of the California voters, that Republicans were ever able to elect more than a handful of men to the state and federal legislatures.

Every Republican worker knows the importance and the success of the Cal Plan and how, under Parky and Jim Halley, it served to bring Republicans to the majority position in both houses in Sacramento. And now, under Denny Carpenter and Pat Livermore, we aim for even greater victories this fall.

It is important that we maintain these majorities, so that we can realign the district boundaries on the basis of the 1970 census, and redress the inequities of the past decade. District lines must be drawn to favor the best interests of representative government.

Republicans stand on the brink of success.

Everything we have worked for since 1958--everything we have planned for and built for--can happen this year.

Standing together--working together--we can pass our Republican legislative program this year. We can have tax reform, welfare reform, a winning war against narcotics, and clean air and clear water.

We can make a sweep of the constitutional offices, including a Republican attorney general and a Republican secretary of state.

We can increase our majorities in the Assembly and Senate, and, we can increase the size of the Republican bloc in California's congressional delegation.

The opposition is split six ways to Sunday. They can't agree on principle. They can't agree on issues. They can't agree on candidates. And, those who can will vote for us again if we have kept faith with them.

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

3/5

PLEASE GUARD AGAINST PREMATURE
RELEASE.

To the Members of the Legislature of California:

CONSUMER PROTECTION

The fundamental tenets of our free American way of life are rooted in the competitive free enterprise system. It has brought this nation the highest standard of living ever known to man.

Free enterprise has prospered in our society because, on the whole, it has served our people honestly and fairly.

Over the years, it has stimulated and encouraged the inventor, the manufacturer, the merchandiser and financier to seek out and provide for the demands of the buying public with constantly improving goods and services.

The fact that this nation's free enterprise system has survived the continued attempts at harrassment and interference by bureaucratic government down through the decades---and continues, today, to meet the growing and evermore complex needs of our technological society---is a tribute to its virility and inherent rightness.

There will be some persons, of course, who will always try to misuse and exploit the system through dishonest and unethical operating methods. And while these unrepresentative few must be brought into line, or put out of business, we must, at the same time, be scrupulously careful not to penalize the vast multitude of hard working, honest and legitimate businessmen for the sins of the few.

The policy of this administration, therefore, is that government does have a proper, indeed, vital, role to play in looking out for the consumer interests of private citizens, so long as this does not interfere with, or impair, the legitimate, balanced workings of our competitive free enterprise system.

Keeping this policy in mind, I am today asking your approval of a far-reaching series of legislative and administrative proposals which will further strengthen the state's overall program to protect consumers and legitimate businessmen from the unscrupulous entrepreneur.

I want to emphasize at the outset that even as we accelerate our programs in this area, the best protection for the consumer is that he be fully armed with the facts about fair value, full measure and safety.

For, in the final analysis, the consumer will be better able to protect his interests as he becomes better able to understand the workings of the marketplace. I am pleased that business also recognizes this need, and is stepping up its own efforts to inform the public. This administration will continue to encourage the intensification of such programs by better business bureaus, chambers of commerce, trade organizations and businesses themselves.

In my State-of-the-State message, I said that an important part of our consumer protection program would focus on the need to develop consumer education courses in our schools. We are now working with the Commission on Educational Reform on this matter to determine how consumer education can best be integrated into our total public education process, at all levels.

In my view, there are five basic areas in which government must take the responsibility to protect both the consumer and the legitimate businessman:

1) Consumer protection against fraud. With the growth of corporate enterprise and the complexities of our economic system, individuals often have too little opportunity to investigate the integrity of a business before making a purchase.

2) The consumer's right to know that the goods he purchases are safe for himself and his family.

3) The consumer's assurance that he has the most advantageous selection and free choice in the marketplace---the result of true competition, without conspiracy or artificial restraints.

4) Adequate and responsive channels through which he can present legitimate grievances. Such channels are available through our court system as well as the more direct mechanism of boards, bureaus and commissions empowered to act on consumer complaints in specific areas.

5) Consumer education to help buyers become more competent in exercising free choice among the goods and services available to them.

With respect to consumer fraud, California has a myriad of laws on the books to deal with the fraudulent businessman. However, even though California has been a leader in aggressively prosecuting such cases---from get-rich-quick schemes and blue-sky land promotions to deceptive advertising and dishonest home improvement rackets---they are becoming increasingly more difficult to control because of their diversity

Law enforcement in the area of consumer fraud is spread over an immense field---the State Attorney General's Office, 58 county district attorneys (3 with consumer fraud units), and some 1500 local city attorneys and police jurisdictions. How much intelligence is exchanged between these agencies? What gaps exist between jurisdictions? What better techniques are there in detection and prosecution of fraud?

Because we need answers to these questions, I will soon appoint a special fact finding task force of experts to investigate the problems associated with consumer fraud---to sift through the facts and fictions---and to make recommendations for significantly improving our statewide enforcement capabilities. The findings will surely contribute greatly to enabling California lawmakers and law enforcement officials to deal more effectively with fraud.

Before moving on to the list of specific legislative proposals in our program for this year, I would first like to briefly review the progress we made during the 1969 session.

Last year, I signed into law a number of major administration-backed consumer protection measures. As a result, California consumers are now receiving more protection against:

--Unsolicited merchandise in the mail.

--Unscrupulous merchants who try to force citizens to pay for things they haven't ordered and don't want.

--Being charged for unrequested goods and services on lost or unsolicited credit cards.

--Unethical land promoters.

--Fly-by-night swimming pool contractors.

This year, I am urging your approval of another important legislative package to further strengthen the administration's consumer protection program.

TAX CONSULTANTS

As federal and state income tax returns have become more complicated for the average citizen to fill out, tax consulting offices have multiplied to meet the growing taxpayer demand for such services.

There are indications that some tax consulting firms are selling computerized information, including mailing addresses, gained from clients---but without the expressed knowledge or approval of these clients---to organizations which, in turn, use the information for their own purposes.

Because I believe this to be an intolerable invasion of privacy---especially where the private and confidential client-professional relationship exists---I intend to propose legislation which will make such a practice unlawful.

I have asked Senator Lou Cusanovich to introduce the measure on behalf of the administration.

TIRE STANDARDS

Because worn tires are much more likely to fail and skid, particularly on wet surfaces, they constitute a particular hazard to safety on the highway.

California does not now prescribe standards for vehicle tires after they have been sold or installed for the first time.

To better protect tire users, Assemblyman Jerry Lewis has submitted an administration bill (AB-733) which will permit setting high safety standards for all tires, resold or new, in use on motor vehicles in the state.

The law will define the minimum amount of tire tread and durability necessary for a vehicle to operate safely on our highways. It will also prohibit the sale of used and recap tires which fail to meet safety standards established by the California Highway Patrol.

EXCESSIVE MEDICAL SERVICES

Assemblyman James Hayes/^{will} author a particularly important bill which will enable the boards of Medical and Dental examiners to take disciplinary action against those who impose unnecessary or excessive services on their patients.

The legislation will apply to such persons as physicians, dentists, physical therapists, psychologists, and others in the healing arts field.

With this authority, the state will be better able to prevent excessive expenditures of Medi-Cal funds, and to help curb similar practices against the private patient.

SANITATION AND HEALTH

Assemblyman Tom Hom is carrying legislation (AB-910) to make sanitation and health requirements uniform for all grocery stores and retail food markets, throughout the state.

The bill will protect virtually every citizen---young or old---who has occasion to make food purchases by upgrading the minimum sanitation requirements in these establishments, particularly relating to perishable foods. It deserves your support.

FRANCHISE INDUSTRY

The growing popularity of the franchise industry has prompted some shady operators and confidence men to enter the field. Complaints received by my office, the Department of Corporations and the Attorney General have all pointed to the need for legislation in this field.

Senator Clark Bradley will submit an administration bill which will require that sellers of franchises fully disclose the financial capabilities of the firms they represent, and clearly spell out the obligations of the franchise buyer.

The legislation will combat the problem of misleading and deceptive practices engaged in by those franchisors whose activities reflect unfairly on the rest of the industry.

PROTECTION FOR THE INSURED

At the present time, property insurers may cancel residential fire and homeowner protection policies at their pleasure, without giving a reason for such cancellation. Recently we have witnessed instances where policies were summarily cancelled on a broad scale in areas hit by fires as well as by urban riots.

When an insurer contracts to provide one, two or three years of insurance protection he should be bound by that contract unless the insured violates the contract.

Therefore, I am calling for passage of administration-sponsored legislation which would restrict the cancellation of such property insurance, while protecting the right of cancellation for such specified reasons as non-payment of premiums, conviction of an arrest arising out of acts increasing the hazard insured against, discovery of fraud or misrepresentation in obtaining the insurance, and physical changes in the property which make it uninsurable.

This legislation (AB-165) to protect the insurance-buying public, is being carried by Assemblyman Robert Beverly.

INDUSTRIAL LOANS

Because the deposits of thrift holders in industrial loan companies are not insured (unlike those in banks and savings and loan institutions), I am asking your approval of a bill which will guarantee that the accounts of small investors in financially troubled firms of this type be protected from loss---up to \$10,000

The consumer confusion and hardship which results when a company fails, emphasizes the need for legislation which will guarantee greater consumer protection against such losses.

The bill will be introduced by Senator Lewis Sherman.

AUTOMOTIVE REPAIRS

I also believe much more must be done in the field of automotive repair service. There have been too many consumer complaints alleging fraudulent practices in this field.

I know that a number of the problems which appear to exist in this area are of as much concern to the responsible members of the industry as they are to the consumer.

I, therefore, call upon the responsible members of the automotive repair service industry to join us in finding a way to give the consumer protection in this field. The fraudulent practices are not only adversely affecting the public, but are---at the same time---giving the majority of the industry a name and a reputation which they do not deserve.

Failure to act quickly on this recommendation can only lead to the imposition of what might be considered overly restrictive and unnecessarily costly laws.

DEPARTMENT OF CONSUMER AFFAIRS

I have already submitted to you a detailed reorganization plan which will create the first Department of Consumer Affairs of any state in the nation.

Actually, the origins of the plan go back to 1967, shortly after I assumed office, when we began implementing a number of key recommendations by the Little Hoover Commission to revitalize the Department of Professional and Vocational Standards.

Originally established in 1929 as a licensing agency for professional practitioners, the department was seen by Governor Young as a legitimate means through which government could exercise various degrees of control and regulation over certain professions which, in turn, could, and did, influence the public's health, safety and well-being.

It was a good step.

Unfortunately, over the years and down through the course of various administrations, things changed until the department was ultimately criticized by the Little Hoover Commission as a gathering of bodies representing self-serving interest groups.

As a part of our continuing program to revitalize the department, we created a new Division of Consumer Affairs last year. It included the Office of Consumer Counsel.

In renaming the department, to be more appropriately known and operated as the Department of Consumer Affairs, Californians will be able to direct consumer complaints to a more easily identifiable central contact point in state government.

The change in orientation also will enable citizens to call the new department and know that their complaints will be processed there, or referred to the proper agency.

Besides enhancing the coordination of the state's many consumer protection activities, the reorganization will increase the number of public members on many regulatory boards and commissions in the new department---a step which is absolutely necessary if we are to give the people a greater direct voice in the regulatory process.

OVERALL STATE PROGRAM

Finally, I want to make it clear that while the proposals I have outlined are necessary if the state is to exercise greater muscle in the consumer protection field, the fact remains that the day-to-day activities of literally thousands of dedicated state employees, from one end of California to the other, are already---today---responsible for protecting a vast galaxy of interests of the buying public.

The scope of any legislative package in this field must be seen, therefore, against the immense backdrop of the state's current overall consumer protection functions---ranging from the Department of Motor Vehicles' protection of citizens from false advertising in the sale of automobiles, to the Department of Insurance protecting citizens from arbitrary cancellation of their car insurance, to the Real Estate Department protecting funds in escrow, and to the Department of Public Health protecting citizens against a myriad of substances dangerous to health.

And, these are only a few examples, out of the dozens upon dozens which could be cited.

We are protecting the interests of the consumer and the legitimate businessman. To allege otherwise is to simply ignore the facts.

The program I have presented to you will further strengthen our demonstrated commitment to equitable and responsible consumer protection.

3/19

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 3-19-70

RELEASE: Immediate

C O R R E C T I O N

The first sentence of the second paragraph under the heading FOOD on page 9 of the message to the legislature on WELFARE, dated today, should read as follows:

"The \$20 million in funds the measure will provide will result in school lunches for nearly a half million needy school age children."

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EJG

To the Members of the Legislature of California:

WELFARE

"We are a humane and generous people. We accept without reservation our obligation to help the aged, disabled and those unfortunates, who through no fault of their own, must depend on their fellow man.

"But there is no humanity or charity in destroying self-reliance, dignity and self-respect---the very substance of moral fiber.

"We are not going to perpetuate poverty by substituting a permanent dole for a paycheck. We seek reforms which, wherever possible, will change relief checks to paychecks."

The above statement---from my inaugural address January 5, 1967---articulates today, as it did when I took office, the basic policy of this administration on public assistance.

During the past three years, we have worked diligently to make this common sense approach to welfare more than just a series of worthy goals; rather a practical program of functioning realities.

We have proposed and supported numerous bills to reform the system and enable the state to get a firm handle on the soaring costs of welfare.

If our many legislative initiatives have met with only very limited success in the past, certainly there are today far more compelling reasons than ever before to bring California's unbridled welfare spending in check.

For one thing, the taxpayers of this state are literally depending on you---as never before---to make the kinds of changes in our welfare laws which will bring such spending back under control.

The welfare system runs on taxes.

And, the taxpayer foots the bill.

Changes in our laws are imperative if we are to restore the balance between the legitimate interests of the taxpayer, and those of the honest, truly dependent welfare recipient.

The citizens of this state are not unmindful of the fact that welfare costs are continuing to climb at a faster pace than the revenues generated by our tax structure,

WELFARE MESSAGE

Over the past decade, the number of welfare and Medi-Cal recipients has more than tripled. In fact, today, one out of every 10 California citizens is receiving welfare, or a combination of welfare and Medi-Cal assistance.

As I said in my budget message to you last month, California's increase in welfare and Medi-Cal in just four years, over and above what might be considered justifiable increases for inflation and population growth, is roughly equivalent to state support funding for an additional nine-campus university system.

I am, of course, painfully aware of the effect on California's financial resources of a variety of judicial decisions handed down during the past several years in the public assistance area.

The Supreme Court decision which abolished state residency requirements for welfare and other court rulings have substantially increased both caseload and unit costs in California.

If we do not take effective measures to make the best possible use of every welfare dollar spent, the impact of additional adverse court decisions will severely strain our ability to even keep up with the growing costs of public assistance.

I have already submitted to you a tax reform program which will relieve the property taxpayer of much of the welfare burden.

I propose that we probe the very limits of the existing system, testing and challenging those elements we find unduly restricting. I propose that together we look afresh at all elements of the problem. I propose, too, that we continue to look outside the system for the solution, as we did in creation of the Human Resources Development Department.

I also ask you to carefully consider the legislation I am proposing. When you do, I am confident that you will agree that it merits support.

Together with the administrative efforts we are making to cut red tape and constricting regulations in welfare, the new laws will enable the state to more effectively carry out its responsibilities in the framework of real fiscal responsibility.

In the area over which this administration exercises direct control, we have:

WELFARE MESSAGE

--Developed stronger regulations aimed at discontinuing welfare grants to individuals who no longer reside in the state, or who seemingly use the grant for the purpose of travel abroad.

--Separated the determination of eligibility from the provision of social services, releasing trained social workers to provide needed services rather than do paperwork which could be done more economically by others.

--Extended simplified eligibility methods to all adult aid categories and implemented a more uniform basic standard.

--Greatly reduced the volume and complexity of regulations. We intend to go still further. In the next year, we hope to cut the regulations in half again, clarifying and simplifying them, and computerizing them for rapid cross indexing.

--Closely scrutinized applicants for Aid to the Disabled to insure that the existing broad eligibility standards were met.

--Terminated, to the full extent permitted by law, aid to those persons who have refused to accept job training or employment without good cause.

--Closed loopholes that have permitted legal abuse, whenever possible.

And, these are merely a handful of examples from among many which could be cited.

We must continue to reform welfare administration.

We must continue to fight fraud.

But, most important, we must take all possible steps to break the chain of dependency, to make present and prospective welfare recipients self-sufficient, and to help them attain the self-respect and dignity that comes with independence.

RESIDENCY REQUIREMENTS ✓

As a result of the Supreme Court's abolition of our residency requirements last year, most of those persons who flock to California from other states are receiving significantly larger welfare grants than they could get at home.

One-way migration of applicants to California from other states continues to more than offset all our efforts to reduce caseloads.

WELFARE MESSAGE

We are still studying alternative courses of action. But, in the meantime, I believe we can limit this influx of such persons into the state by legislation. I am sponsoring legislation to limit the amount of aid they may receive during their first year in California---to the level of that lesser amount they would have received at home.

DISABILITY

California has so liberalized the definition of disability down through the years that the number of welfare cases in the state's Aid to Disabled rolls has more than doubled since 1965, and tripled since 1964.

Our current ATD caseload is nearly three times larger than that of New York. And, our expenditures are more than three times as great.

In fact, California's ATD caseload is almost one-fifth of the national total, and we spend more than a quarter of the national total.

Yet, our population suggests that these figures should be about 12 percent, not nearly 20 and 28 percent, respectively.

Accordingly, I am asking for legislation to more realistically define disability by relating it to the need for continuous care and supervision.

MEDICAL

It is time, too, that we recognize we have provided a billion dollar health program. In adult categories we permit recipients to possess personal property reserves, such as bank accounts of \$1,200 each. These were, I am informed, designed to meet catastrophic medical emergencies.

Since we now provide full medical care to welfare recipients, such reserves are not only unnecessary, but result in our paying welfare to persons who could support themselves. I propose, therefore, that we cut this reserve to \$600---still a substantial amount, and certainly a reserve that many persons who pay their own way do not have.

It is estimated the reduction could save California taxpayers as much as \$73 million a year without depriving anyone of needed care.

Our public assistance laws also have a cost of living escalator built into them which adjusts grant maximums in accord with changes in the consumer price index. One of the components of the index is the cost of medical care.

WELFARE MESSAGE

Since the medical needs of public assistance recipients are paid by Medi-Cal, that cost is not relevant to the grant. It results in increases which cannot be justified logically. Therefore, I am asking that you exclude the medical care component from the consumer price index when cost of living adjustments are calculated.

FRAUD

Fraud has been draining away welfare resources from those who need them most---not only wasting the hard-pressed taxpayer's money, but also seriously eroding public confidence in the integrity of the welfare system itself.

As you know, I requested an independent, impartial study to determine with greater precision than ever before the extent of welfare fraud in California. Its findings showed that 15.85 percent of the families on the Aid to Dependent Children rolls were receiving aid fraudulently. The report also estimated that this cheating was costing the taxpayers at least \$59 million a year.

We must take every possible step to cut this loss.

I have instructed the Department of Social Welfare to implement as quickly as possible those recommendations in the study which can be effected administratively. In addition, I am asking your support of a series of legislative measures to put the remaining recommendations into action.

First, in order to assure that recipients are aware of their responsibility in determining their eligibility, I am asking that instructions requiring the applicant to disclose the earnings and social security numbers of all members of his household be printed in both Spanish and English. Changes in the composition of the household or earnings will have to be reported by the recipient promptly. In the case of aid for children, both parents will be required to sign applications to obtain such aid.

I am submitting legislation to make the penalties for welfare fraud consistent with those provided in the Penal Code for similar offenses.

Welfare fraud involving less than \$200 will constitute petty theft, and welfare fraud involving more than \$200 will constitute grand theft.

I also urge you to provide for appropriate disciplinary or legal action against any caseworker who deliberately aids or abets a recipient to defraud.

WELFARE MESSAGE

To improve our ability in this area, I am proposing legislation which will require that caseworkers be trained in investigative techniques designed specifically for detecting welfare fraud.

I am also requesting passage of legislation to authorize welfare departments to contract for investigative services. The laws outlining the duties of District Attorneys relating to the enforcement of support liability of persons responsible for the support of children on welfare should be clarified.

In addition to those steps recommended by the independent panel which made the fraud study, I am directing that a special office be established in the Department of Social Welfare to provide technical assistance to the counties in setting up new and improved fraud control procedures. The new office also will assist in developing better methods of collecting child support payments.

I have asked Social Welfare Director Robert Martin to determine the feasibility of setting up a pilot project designed to provide financial incentives to counties for improvement of fraud control procedures. Certainly legislation permitting counties to recoup their costs, "off the top" of the monies recovered, would stimulate greater attention to this problem.

The enactment of strong anti-fraud legislation is imperative if we are to assure the fiscal integrity of a legitimate public assistance system---not only for the protection of the taxpayer, but also for the protection of the honest needy.

JOBS

Our Department of Human Resources Development was created for the primary purpose of helping disadvantaged citizens to obtain jobs.

The Work Incentive Program (WIN), administered by HRD, is providing a significant step in this direction. The program has already resulted in jobs for 7,000 persons in California.

By removing them and their families from welfare support, in whole or in part, the taxpayers have saved some \$13 million.

In order to strengthen our ability to help recipients get off the welfare rolls and on to payrolls, flexibility in the funding of training and placement programs is essential.

WELFARE MESSAGE

The directors of Social Welfare and Human Resources Development, along with the Secretary of the Human Relations Agency, are now exploring the possibilities of transferring some of the state's portion of welfare funds into manpower programs---to help get more people off welfare and into meaningful and productive jobs.

We have intensified our efforts to rehabilitate persons who are now unemployable because of physical or mental handicap. Last year 3,600 welfare recipients obtained employment through the efforts of the department of rehabilitation---twice the number rehabilitated during the previous fiscal year.

Currently the department is completing a massive, unprecedented review of the files of some 241,000 handicapped persons receiving welfare aid to identify those with the potential for rehabilitation and to offer them the opportunity.

I urge also that we correct an inequity that now limits help to the self-employed blind.

We have a special revolving fund from which we provide loans to blind persons who wish to set themselves up in business. But we lack authority to lend money to those who have already undertaken efforts to support themselves.

This bill will expand our lending authority to include those who are already engaged in such business activities.

I have stressed employment because it represents much more than a means of support. It is an essential element of personal worth. And, in most cases, it is the principal means by which the family unit is maintained.

THE FAMILY UNIT

Conversely, the disintegration of the family unit is a major cause of dependence on public assistance.

I am, therefore, urging your approval of a five-point program to strengthen the family unit in our society.

To insure that mothers receiving aid for their dependent children receive the practical assistance they need, I am proposing that AFDC mothers be given required training in child-rearing and homemaking, from qualified instructors.

WELFARE MESSAGE

Costs of such instruction would be met by shifting expenditures away from the less practical, more generalized "handholding" sort of counselling currently in effect.

While the federal government requires that certain social services be available in all counties to qualify for federal matching funds, there is no mandate that we force them on all recipients, whether they are needed or not. I am, therefore, asking adoption of legislation clarifying the voluntary nature of these services and granting counties the freedom to provide them only on request.

Another basic approach is aimed at preventing family disintegration. Many children are on welfare rolls because absent fathers refuse to meet their obligations for support and authorities are unable to make them pay. These difficulties of enforcement encourage family breakup.

I urge, therefore, that you adopt amendments to the Uniform Reciprocal Support Law recommended by the Council of State Governments. The amendments are based on 17 years' experience with the Act.

In addition, I am asking that you require county welfare departments to refer all applicants requesting aid---because of the absence of a parent---to the District Attorney at the time the application is made. The present 45-day delay virtually assures a cold trail, making it far more difficult to locate the missing parent and initiate support action.

The availability of welfare encourages the proliferation of fatherless families. Young girls, anxious to escape parental control can, by becoming pregnant, qualify for state support. With it, they can set up their own homes, at taxpayer expense, without any regard to the financial capabilities of their parents.

For this reason, I propose that we hold the parents financially responsible for their support. Support from the absent father of the unborn child will, of course, be pursued.

Only in this way can we remove a tax paid incentive to immorality and imposition of the welfare cycle on a new generation.

I am requesting your approval of legislation which would require families with adequate incomes to contribute to the support of those of their members who are now receiving public assistance. The legislation will establish an up-to-date scale by which to measure a family's ability to contribute.

WELFARE MESSAGE

In addition, where the welfare department must intervene to obtain support, I am asking that the responsible relative make the payment through the welfare department, thus relieving the welfare recipient of the unpleasant need to inform the department that the required payments are not being made.

I include as responsible relatives, those men who assume the role of spouse and the benefits that go with it. I believe it is appropriate that they accept the responsibilities that go with the role of spouse.

If relatives are not to be responsible for support, and the obligation becomes that of the taxpayer, it seems only reasonable to me that the taxpayer should be reimbursed from any estate.

Therefore, I ask your support of legislation that would provide that the aid paid be a lien against any real property owned by a recipient. Such liens would be executed in a manner that would not harm survivors.

I am also proposing adoption of family living standards in the state's public assistance categories. This legislation emphasizes treatment as a family unit, not as separate individuals. The adjustment would be made in phase with cost of living increases so that no grants would be reduced below the present level.

The primary purpose of developing family stability is to insure the opportunity of the 850,000 children now in welfare families to grow up in an atmosphere that will assist them in becoming ultimately self-reliant.

FOOD

As I announced earlier this year, this administration is sponsoring legislation to improve the effectiveness of the school lunch program as a means of insuring that the child on welfare gets enough nutritious food to eat.

The \$20 million in funds the measure will provide will result in school lunches for nearly a half million needy school age children. This is one of the most productive investments we can make to improve the current and future prospects of these children.

I am also proposing that the food stamp program be extended statewide with a voluntary "check off" system provided for welfare recipients.

WELFARE MESSAGE

Such a system will increase assurances that the money provided is actually spent for nutritious food for the family. On the other hand, the legislation will include stiff penalties---up to six months in jail---for the misuse of food by either merchants or recipients.

AFDC

I am also urging passage of legislation to thoroughly revise the manner in which basic Aid to Families with Dependent Children grants are made.

The measure would repeal the present excessively detailed method of computing the minimum basic standard of need, and the table of maximum allowances that seldom meets that need. They would be replaced with a schedule of family allowances, revised annually.

Under the proposal the Department of Social Welfare would conduct annual family budget studies and submit recommendations to the legislature in much the same manner as the State Personnel Board handles salaries.

With the data, the legislature would then determine the appropriation for AFDC, doing away with the uncertain "open-end" appropriation which causes yearly fiscal crises.

Finally, there are today families on public assistance in California with such relatively high incomes that I cannot believe welfare was ever intended for them. That they are even on welfare is, I believe, the unforeseen consequence of the complex regulations and the myriad of income exemptions now allowed.

To cut through this red tape, and to insure that we are providing welfare to the needy, I propose that we limit Aid to Families with Dependent Children to those whose gross family incomes are no greater than 25 percent of all California families. In simple terms, a family could not be eligible for welfare if its income were in the upper 75 percent.

Unless we can obtain the kind of effective legislative tools I am proposing, to check the state's spiraling welfare costs, California's ability to meet its obligations to the taxpaying public and the truly needy will be seriously jeopardized.

The adoption of this package alone could reduce the state's welfare burden by at least \$100 million per year.

It deserves your support.

4/4

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
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RELEASE: SUNDAY A.Ms.
APRIL 5, 1970

PLEASE GUARD AGAINST PREMATURE
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
California Republican Assembly Convention Dinner
Woodlake Inn, Sacramento.

The Judeo-Christian tradition is based on a belief in tithing--- that one tenth of a man's earnings is the Lord's share. But Caesar is not satisfied with such a paltry sum. Last year California's total personal income was \$82 billion and from that amount tax collection--- federal, state and local---took almost \$31 billion.

Those who now stand in the wings of history remind us that once a government takes more than a third of the producer's income, government also takes freedom, and freedom once lost is seldom, if ever, regained.

Those in the past who have lost freedom, invariably cry out--- how did this happen? On what day was freedom lost?

There was no one certain day. For every time that freedom is lost to the swift sword of the conqueror it is lost 100 times slowly, silently by erosion. Bit by bit---tax by tax. People get the government they resemble and those who take will inevitably be taken.

The gap between the realities of life and the fantasies of bureaucracy keep growing. The utopian dreamers focus our eyes on pie in the sky but our feet take us ever downward.

If I remember correctly, four years ago we talked of digging in our heels, ending the downward slide and starting the long steep climb out of the bottomless, bureaucratic pit. We have started that climb.

It has not been easy and it will not be any easier in the future. But it can be done---indeed it is being done. Yes, back in 1967 we increased taxes. If we had not, the deficit today would be \$2½ billion. We have paid off the debts, pulled government back from the brink of insolvency, funded the unfunded programs our opponents had passed back in the warm summer of their junior grade, great society. Now we are trying to bring every day reality to some of those euphoric spasms.

In a few days you will take a 10 percent rebate on your state income tax---about \$85 million we are returning as a partial measure of our promise to reduce the cost of government as quickly as we could. Make no mistake about it this \$85 million is only partial because so far we have returned to the citizens almost \$1.3 billion---\$633 million in direct property tax relief and more than \$650 million in indirect relief---reimbursing local governments for expenses that would otherwise fall on the property taxpayer.

California Republican Assembly Convention Dinner

Billions in budgets and billions in savings are hard to visualize, particularly when the budget seems to be ever increasing. Well let me point out that inflation alone adds \$360 million to the cost of state government if we make no provision for growth in population at all. The budget proposed for next year actively increases less than the rate of inflation which means we have reduced the size of government.

I would like to talk to you about the one cost of government we have been unable to control---that increases even in the face of millions of dollars of economies. And I would like to use this to illustrate what is at stake in this coming election.

Welfare and Medi-Cal is budgeted next year at \$1.1 billion---that is almost one third of the total general fund expenditure and more than twice as much as we spend on higher education. Our total revenue from the state ~~income~~ tax is only \$1.3 billion.

Nowhere have we tried harder to effect savings. We have reduced the administration's overhead by \$56 million and yet the cost of welfare in California continues to increase almost three times as fast as the rate of increase in state revenues.

During the time it took California to increase in population by 600,000, the number of people receiving benefit payments from government increased 400,000.

Right now, one of every nine persons in San Francisco County is on welfare, one out of ten in Sacramento and one out of 11 in Los Angeles.

If we had raised your taxes to keep up with the increase in welfare costs---forced on us by state and federal statutes and regulations---we would have taken another \$466 million from the taxpayers. Instead, we managed to pay those increases out of the savings we have made by our cut, squeeze and trim policies in other areas of government. ^{/Four hundred and sixty six} million would buy a lot of education or reduce the income tax by one third.

Just recently Sacramento county had to stop all public construction, lay off all temporary employees and stop all new hirings because of the unanticipated increase in the cost of welfare. The county's chief administrator warned the board of supervisors: unless the welfare spiral could be checked, the county would be in the red by June.

Where did it all start? How did it all come to pass?

It started with the natural human desire to help those in need, the traditional American trait of giving someone a hand.

It changed course when enough people came to believe that the state was the shepherd authorized to take from some and give to others. Thousands of volunteer organizations were replaced by a faceless middleman whose greatest accomplishment was in the domestication and transformation of a great mass of individuals into a faceless political bloc of tenants on the federal plantation. They dispersed handouts---but seldom took pains to provide a hand-up.

And so the government spending continues to increase---most of it for the expansion of the social welfare state.

As Milton Friedman once said: "When you pay people to be poor, you're going to have a lot of poor people." And now we have a poverty-industry. The OEO (Office of Economic Opportunity) has 271 contracts with outside organizations. None of those contracts is for less than \$100,000. And al together they cost \$103 million. Many of these contracts have been awarded to government employees or consultants who once worked for various OEO projects but now have gone into business for themselves.

A chapter I will not go into here has to do with the OEO officials and lawyers who turn up in so many side line activities---like the rent strike in Berkeley.

Then we watch such strange antics as the self-supporting man suing the department of Health, Education and Welfare. He claims they should pay him the difference between what he is earning on his job and what he could get if he quit and goes on welfare.

Programs intended to help deserving poor folks are perverted to subsidize hippie communes. Poverty-stricken mothers stand in line at the market to buy meager amounts of beans and dried milk and watch shaggy dropouts use food stamps to pay for steaks and butter. The Age of Aquarius smells a little fishy.

Last fall, Congresswoman Edith Green asked the Library of Congress to figure out what a family could receive from the federal government if it took advantage of all the public assistance programs available. The researchers took a hypothetical family of five---a mother and four children; one child was in pre-school, one child in elementary school, one in high school and one in college.

California Republican Assembly Convention Dinner

The family is legally entitled to \$2,800 public assistance; \$618 medical assistance; \$336 food stamps; \$75 for legal services; \$125 under OEO's comprehensive health program; \$1,050 for the preschool child in the Headstart program; \$406 under public housing; \$1,440 for the child of high school age under OEO's Upward Bound program; up to \$1,000 for the college-age child under a federal educational opportunity grant; \$3,000 to the mother if she participated in the job opportunity program, and \$150 to the high school child for participating in the Neighborhood Youth Corps. Well anyway, it adds up to \$11,300.

Then the Library took a look at a hypothetical family of nine---a mother and eight children. If the mother took advantage of all the programs, she could have an annual income of \$21,093!

All of this is tax free. And no one in either family would have to work a single day. How many men and women do you know with families to support work 8 hours a day, 5 days a week, moonlight on a second job, earn less than \$11,000 and pay taxes to make possible such a welfare never, never land. Sound harsh?

Just recently the supervisors of Santa Barbara County voted to stop welfare benefits for five recipients. Three were living in England, one in Canada and one in the Phillipines. Their checks were being delivered to them by an international social agency.

Bastiat said, "The state is the great fictitious entity by which each is led to believe that he can exist at the expense of someone else." Well, we are all someone else.

You sent us to Sacramento to do something about this and right about now you are probably saying---well? So---

We have greatly simplified regulations and reduced the volume of paperwork. Next year we hope to cut the regulations in half, again.... and computerize them.

To the full extent permitted by the law, we have stopped welfare for those who refuse to accept a job, or job training, without good cause. I have already told you of the millions of dollars we have saved in administration. But that is not nearly enough.

Since our first year, we have introduced---and re-introduced---welfare reform legislation. Each year up to now the bills have been killed or defeated. In those three years, someone else was running the legislature. Well now we will try again.

California Republican Assembly Convention Dinner

California has so liberalized the definition of disability that the number of people on the Aid to Disabled rolls has more than doubled since 1965, and more than tripled since 1964. Today, on Aid to Disabled, we spend three times as much as New York State.

We have asked the legislature to redefine disability, to make it more realistic.

Right now you can have \$1,200 in your bank account and still go on welfare---and receive full medical care. We propose the personal reserve level be cut to \$600. This could save the taxpayers as much as \$73 million a year...without depriving anyone of needed care.

Earlier this year we got the results of an independent, impartial study on welfare fraud in California. It showed that almost 16 percent of Aid to Dependent Children families were receiving benefits fraudulently at a cost to the taxpayer of at least \$59 million. We have introduced anti-fraud legislation---including a bill which would call for legal action against social welfare caseworkers who deliberately help a recipient engage in such fraud.

In 207,700 welfare families with dependent children the father is estranged from the mother. Seventy-nine percent of those fathers are not contributing to the support of their children. It is time we stopped subsidizing irresponsibility. We are asking for a law to do that.

Today, young girls who want to escape their parents can go on welfare by getting pregnant. They move out and set up their own homes---at the taxpayers' expense. We have proposed legislation to make both the father of the unborn child and the parents of the girl financially responsible.

Special interest pleaders will scream but passage of these laws could save the taxpayer at least \$100 million a year, ^{and} /at the same time help maintain the family as a basic unit. ^{This would} / insure that 850,000 children now in welfare families can grow up to be self-reliant, productive individuals.

Court decisions reflecting the permissive policies of the last two or three decades continue to plague us. On at least six occasions the courts have forced California to spend on welfare \$86 million over and above the amounts already budgeted.

California Republican Assembly Convention Dinner

Just last week the United States Supreme Court did it to us again. In a five-to-three decision, it held that even though we have good reason to believe a welfare recipient should not be getting a penny in payments, we cannot stop the benefits until there is a full-scale hearing. The time between the original complaint and the hearing could take months. And California must keep on paying even though it is established later the person was absolutely ineligible for welfare.

In his dissent, Justice Black wrote "Although some recipients might be on the lists for payment wholly because of deliberate fraud on their parts, the court holds that the government is helpless and must continue to pay money that it does not owe, never has owed, and never could owe..."

Justice Black pointed out "There is no provision in our constitution that should thus paralyze the government's efforts to protect itself against making payments to people who are not entitled to them."

Right now there are 40 welfare cases before the California courts. If the taxpayer loses all of these, it will add another \$973 million---\$332 million from the state, \$152 million from the counties, and \$482 million federal, and as taxpayers you pay all three.

There was another court decision the people lost. The so-called residency requirement for welfare recipients and we don't know what the ultimate cost of that one will be. The court held that anybody could come from any state and be eligible for welfare immediately upon arrival. It has long been true that many people want to live in California regardless of cost. Now there is an added incentive for some. California has the highest welfare benefits in the nation. The national average for old age security payments is \$71.35 a month. We pay \$106.20.

The national average for aid to the blind is \$95.80; in California it is \$149.05. For aid to the disabled/^{it is} \$87.10 a month---we pay \$122.80.

The Los Angeles Herald Examiner reports that welfare recipients are arriving in California from other low paying states with the addresses of our local welfare offices on a printed card.

Well, there is no question but that we must abide by the Supreme Court's decision and enroll them as welfare recipients without requiring a year's residency first.

Therefore, I am asking the legislature for a law permitting us to pay them exactly what they were receiving in the state from whence they came---no more---no less.

California Republican Assembly Convention Dinner

I told you this would illustrate what is at stake in this election. Our opponents will oppose every reform measure I have suggested. For two years, as the majority in the legislature, they blocked welfare reform.

The simple truth is they are philosophically in favor of the very things you and I think are wrong. They have no quarrel with a welfare state enrolling an ever-increasing number of our citizens.

They have no quarrel with redistributing the earnings of the productive to the non-productive until we achieve the monotonous mediocrity of the ant heap.

There is a better way---our way. Compassion for the truly needy and work for those who are able even though perhaps unwilling in some cases.

#

(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.)

4/7

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Council of California Growers, Yosemite
April 7, 1970

Let me talk for a few moments about an area in which you as agricultural producers may be vulnerable---at least some of you in certain localities. That is the matter of sanitary conditions for your workers in the fields.

Our present state laws are quite clear on this and are adequate to deal with the problem. Charges have been made that some growers have violated these sanitation laws. The claim is two-fold: that farm workers are being subjected to health hazards and that consumers are being endangered by contaminated produce because of inadequate sanitary facilities in the field.

Without commenting on the validity of the charges, which are being investigated, I want you to know exactly where I stand on this issue.

The state legislature has found---and I concur, completely---that the people of California have a direct and primary interest in the sanitary conditions under which agricultural crops are grown. These findings are set forth in a set of laws in the State Health and Safety Code. I am quite certain that you are familiar with them.

These laws---on toilet, handwashing and drinking facilities in the field---will be strictly enforced. But our state agency people cannot be everywhere at all times. Agriculture in California is virtually a year-round, statewide operation. Thorough and constant statewide surveillance and enforcement is often difficult---and, should not be necessary. The answer lies not alone with regulatory and enforcement powers of the state; it lies with you---the leaders of the world's most advanced, diversified and sophisticated agricultural industry.

This is not the first time you have heard this message. Our state director of agriculture, Jerry Fielder, hammers away at it constantly. Last year, the California Farm Bureau---of which many of you are members---vigorously promoted the type of self-regulation program I'm talking about. I applaud that program. It is the nature of this administration to work cooperatively with the private sector for the best interests of our citizens.

It is the abiding philosophy of this administration that we should get government off the backs of our people so that they are as free as possible from undue controls and restraints. But this philosophy will work only if the individual will do the right thing on his own---without being coerced. Don't let a few violators give your fine industry a black-eye. Help us and yourselves by self policing and enforcing our farm sanitation laws.

Now, on another subject---you growers, of all Californians, know that water was one of the prime factors in turning our state into the nation's vegetable garden. Without water, the crops on our rich agricultural fields would wither and die---some areas would dry up and blow away.

The California Water Project must be completed if we are to continue to provide abundant water for agriculture which provides the food and fibers for our people and our industries.

Right now about \$600 million in bonds for the water project cannot be sold. They must be sold if we are to complete the project. The tight money market prevents us from selling these bonds at our existing five percent ceiling. Proposition Seven was put on the June ballot to remove this roadblock. It would permit us to increase our payment of interest rates up to seven percent---if interest rates ever went that high on such bonds. This would enable us to sell those bonds and complete the project, as well as bonds for public school construction, veterans home loans, beaches and parks and junior colleges. All of these bonds have already been approved by the voters in past elections.

Some, who are opposed to the water project, are urging the public to vote "No" on Proposition Seven.

Their opposition is short-sighted. It is destructive. It could ruin vast segments of agriculture. It could wreck California's economy. As one San Francisco paper put it, a call for a "No" vote on Proposition Seven is "a call to taxpayers to line up at the voting booth and cut their own throats."

Whether you voted for or against the state water project bonds back in 1960, the fact remains that today it is not up for a vote; it is no longer an idea---90 percent is either completed or under construction.

More than \$1.6 billion of public bond money has been already spent or committed. Water deliveries are already being made as far south as Kern county. Power is already being generated at the dams which are an integral part of the project. The money from the sale of water and power are the sources of revenue to pay back the project's bonded indebtedness.

If Proposition Seven were to fail and we had to shut down the project, it would not only turn off the faucet for the San Joaquin Valley it would mean that the taxpayers would have to pay back most of the money already spent and already received from the various water agencies that have bonded and taxed themselves to support the cost of the construction in advance of water delivery.

At the present time, it will cost the taxpayers more to stop the project than it will to complete it.

Halting the project would mean that over \$2 billion in principle and interest would be transferred to the general taxpayer---in other words the taxpayer would be stuck with most of the bill. We in Sacramento would have no choice but to find some other way to fund the project---at least on a temporary basis until the money market changed or the voters approved another request for raising the interest ceiling.

Too many people have worked too hard for too many years to build this great San Joaquin valley to let it turn into a dust bowl. Too many people depend too much on the food and fibers of California agriculture to let it wither away. We must not force the consumer to turn to other areas and higher prices just because someone turned off your water.

One of the real travesties in all of this is that much of the opposition to the water project has been mixed up in concern about protecting environment. Those who buy that line are being hoodwinked. There is no conservation in lost crops. There is no good environment in fields that turn brown and soil that blows away for lack of water. Can anyone claim they are protecting the environment by proposing that areas of this great state be allowed to revert to dry and fruitless plains?

There are some who claim that the water project is simply a grab scheme to rob Northern California of its water just to fill the swimming pools of Los Angeles.

The water transported by the project is surplus water---winter flood water---which over the years has run unchecked through the Golden Gate and into the Pacific---wasted forever. We must conserve that water.. it is needed by our people.

Only about half of the water in the project goes through the Tehachapis---the other half will be used here in the San Joaquin Valley, and in Northern and Southern San Francisco Bay areas.

I urge you to vote "yes" on Proposition Seven---not just to protect the best interests of agriculture---but to help insure a good future for California.

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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.)

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Annual CSEA Institute on Government
Woodlake Inn, Sacramento
April 16, 1970

As in so many fields, California leads in the calibre of its public employees. We have an exceptionally high-type of public employee in our State government and the vast majority serve the public with competency and pride. It was a real matter of personal pride to be able to appoint one civil servant---Pat Sullivan---to the high office of Secretary of State.

I could not make reference to you and your fellow employees without pausing to pay tribute to the four young California Highway Patrolmen who were viciously and wantonly gunned down ten days ago.

These young men gave their lives to protect their fellow citizens. They did so without hesitation. Devotion to duty was something they simply accepted as part of their task---and the heroism which we acclaim, they---and their colleagues in the patrol---count as just doing the job. They were committed to fulfilling the oath they took to protect you and me and 20 million Californians and they died in fulfilling that oath.

There are those today who deride and decry the work and the code of our peace officers; who villify them, who harrass their families, who sneer and shout "Pig" in their faces. Well they take that in stride also---the other day they presented me with a tie-tack they are all buying and wearing---it's a gold pig. Pig new stands for pride, integrity and guts.

Often the only thing that stands between the citizen and the loss of everything he holds dear---including his life and lives of his loved ones---is the man who wears the badge. Every Californian should pause to consider the sacrifices these four young men made---and consider the individual greatness and the quiet courage of the men of the Highway Patrol who daily demonstrate the basic truth of what law and order and justice is all about in a free society.

The members of CSEA should have an extra measure of pride in these men---for they were members of your organization and they, like you, chose to serve the people of this great state.