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PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
ASSOCIATION OF INDEPENDENT CALIFORNIA  
COLLEGES AND UNIVERSITIES  
Los Angeles  
April 30, 1973

First, I want to commend your 50 member institutions for the vital and necessary contribution you are making to higher education in California.

The schools you represent, indeed all of the private colleges and universities across America, occupy a unique place of importance in higher education. They provide a continuation of a long and proud history of academic excellence. They offer educational leadership far out of proportion to the numbers of private institutions in this country or the percentage of students they enroll.

You serve as a balance wheel to our great network of public institutions of higher learning. You preserve a precious ingredient necessary to the success of our entire educational system, an alternative; competition in our constant striving for excellence.

The very existence of the independent college and university helps to assure and safeguard academic freedom for both students and faculty. This competition, the fact that you are still in business, gives the educational consumer (the student) a greater variety of choice, not only to meet his academic goals, but also to nurture and provide for the spiritual experience that is part of any complete educational program.

I have always felt that within the proper Constitutional restraints in our system of government, America can make no better investment than to assure the survival and the unique values of the independent college and university.

As you well know, the price of higher education has been going up for both public and private institutions. And this is occurring at a time when there are many other demands on the public's financial resources, and a corresponding need on the part of the taxpaying citizen for some relief from the staggering fiscal burdens that are placed on our people.

The inflation and higher costs that cause you to raise tuition rates also affect the citizens, the businesses and the individuals who provide the great bulk of your financial support.

## Independent Colleges

In Sacramento, we are well aware of the problem. In these past six years we have been striving to do what we can within a constitutional framework to alleviate the plight of the youngster who wants to attend a private college or university.

In 1967, the budget for the state Scholarship and Loan Commission was less than \$5 million.

This year (1973-74), our scholarship and loan budget is more than \$38 million. Almost half (46 percent) of the students receiving state scholarship assistance are enrolled in private colleges or universities. Three-fourths of the funds (76 percent) devoted to state scholarships go to students attending private institutions, to help them meet their college expenses.

The fact that you are able to attract this proportion of our scholarship students is a tribute to the reputation you have established in the academic world. Each of the students who chooses a private college does so because he believes he will find there the precise type of disciplined educational experience he seeks.

I used the word disciplined advisedly because I am convinced that at least part of the increased cost of higher education is because a few in the academic community sometimes forget what education is and what it is supposed to be.

A century ago, his eminence Cardinal John Henry Newman observed that education is not recreation or amusement. It is hard, demanding mental discipline applied to a serious purpose.

"Do not say the people must be educated when, after all, you mean amused, refreshed, soothed, put into good spirits and good humor or kept from vicious excesses."

If the good Cardinal could have been around for the campus ferment of the 1960s, he would have found that his words still have great validity.

During that period of turmoil and unrest, there were those on campus who seemed to believe that it was a proper role of the university or college to amuse rather than to educate. And there were a lot of people off campus who did not find that amusing.

But the eminent Cardinal's definition of what education is not was not completely reversed. Being on campus then certainly did not protect all students from "vicious excesses."

And this too, the advocacy of the drug culture and violence, was and is a matter of concern to most of our citizens---the very people to whom the university or college, public and private, must turn for financial support.



The phenomenon of the student upheavals, whatever the cause, baffled and upset the American public because our people have and cherish a tradition of civility. And they expect civil conduct at institutions of higher learning, by students and faculty alike.

Those who have wondered about the campus disruptions might find at least a partial answer to student unrest in the polls of student opinion taken throughout this period. From beginning to end---and unfortunately, it is still true today---the grievances cited most frequently by students involved what they perceived to be faculty neglect of the student and his needs.

It was not Vietnam. It was not student power. The grievance mentioned most frequently was the student's inability to find the professor, the too common use of graduate teaching assistants in the classroom rather than the professors and faculty the students expected to find there.

If the professor whose name they read in the catalogue is seldom in the classroom or in contact with them, the students obviously do not believe they can get the education they seek. And too often, the professor was not in the classroom often enough to make them believe otherwise. Research and other activities took too much of their time.

However successful we are in balancing teaching and research in public institutions, this is a situation that offers the independent college a great opportunity---not only to further the cause of academic excellence, but to survive as an alternative choice for those seeking higher education.

By being better, by providing the type of intimate student-faculty contact that you are known for now; by filling the educational need that many students rank highest, the independent college or university will not lack for students. There is and I believe there always will be a need and a demand for the type of educational experience your institutions offer.

Now, it seems, a great part of the campus unrest has ebbed. But the states and national government are taking a closer look at higher education, its role, its efficiency in carrying out its purpose and its costs. This searching reappraisal is not only a result of fiscal necessity, it also is a deeply-felt desire for a reaffirmation of the traditional values inherent in higher education.

## Independent Colleges

Our people want higher education to fulfill the noble role it has always played in our culture. But they do not want to be taxed more to finance frivolous amusements and/or the non-academic activities of a few who claim the status of an academic elite.

It was interesting to note in the presentation outlining the fiscal problems you face that you mentioned the tuition gap between private institutions and public institutions.

It is wider in California than in any other state. We know about the tuition gap.

But we have been trying to do something about it.

One of our first goals in higher education when we went to Sacramento was to strike some sort of reasonable balance in this matter of tuition. The Regents of the University of California have established a tuition now.

We believed then and we believe now that tuition is essential for a number of reasons, but not to present any kind of barrier to higher education. Our scholarships and other programs are specifically aimed at eliminating financial barriers. Instead, we believe that the students who benefit most from higher education have some obligation to help pay for it. The whole load cannot be left to the taxpayers.

Scholarships, deferred repayment plans, all these types of avenues must be explored to assure that no student is denied an opportunity of going to college.

As you know, we have recommended that a reasonable tuition be extended to the state University and College system, too. We could use your help in this...in correcting the imbalance in the present tuition structure.

Again, I want to emphasize that our goal is greater opportunity for more students, not less. Yet those who benefit most from higher education do have an obligation to help finance the cost of their advanced education. Millions of taxpaying citizens did not have that opportunity yet they contribute their taxes to make it possible for others.

In the past year, a state income tax credit was authorized for parents of youngsters attending private schools in the lower and secondary grades (K-12). This is not a deduction, it is a dollar for dollar tax credit that will help ease the financial burden of California families who are taxed to support a public school system and who also pay tuition to send their children to private institutions.

This same concept is one that I believe must ultimately be extended to higher education. I realize, and I know you do too, that a state tax credit is not the sole answer simply because our share of the tax dollar is not that significant. The real need is for federal income tax credits and I support that, too. I have for years.

Some of you have noted a decline in your enrollment growth, especially students from families in the middle income brackets. This is a familiar pattern that is evident in too many areas. The most affluent of our citizens can finance their own needs, whether it be education or health care. And our society has accepted the obligation to provide for the least affluent, the disadvantaged.

In between is the vast majority of working, taxpaying middle-income citizens. And these are the same families that provide the great majority of your enrollment and the enrollment in most colleges and universities.

They are the people who feel the pinch of rising tuition costs, simply because it costs more now for a higher education in a private school. But they also are the same people constantly struggling to pay the increasing share of their earnings that government consumes in taxes.

There is no mystery about why you may be seeing fewer middle income students in private schools. Some of these families simply do not have enough of their own earnings left after taxes to send them to your institutions.

Right now, the average family in California pays more to finance government at all levels than they do for their food, their housing and their clothing combined.

The typical citizen works almost six months of the year to pay his per capita share of the total tax burden. One of the best ways you could ease their financial plight, and yours, too, would be to support every reasonable effort to reduce the total tax burden.

That is what our Revenue Control and Tax Limit program is trying to do. Now, do not bolt for the doors yet. I am going to let you off lightly. I am not giving you my complete briefing on this subject. I can't. I left my charts at home.

And I know most of you are probably familiar with its points anyway. But I would like to point out your interest in reducing the tax burden. And I would like to ask for your support, both as individuals and as a group of vitally needed institutions which rely on the private sector for the greatest part of your financial support.

We utilized the talents of some of the nation's finest economists in drafting this plan. Our task force discovered that the private sector---which provides most of your support---is shouldering a staggering financial burden, one that has become intolerable.

In 1930, government at all levels took only about 15 percent of this country's total personal income. By 1950, this had grown to 32 percent. Today, it is more than 44 percent. Almost half of every income dollar in our state goes to finance government.

The state's share of that is roughly 8-3/4 cents. That percentage would be reduced to around 7 percent over a period of 15 years, in steps of one tenth of one percent each year.

I know it does not sound like much. But in 15 years, if you compound that yearly savings in taxes, it amounts to more than \$118 billion!

That is how much more money would be left with the private sector, that is how much more money the people would have left of their own earnings to spend for their needs, to pay, among other things, the higher tuition costs that you must charge in private institutions of higher learning.

The average family's per capita share of the total tax burden would be reduced by more than \$17,000 if we enact this plan, over a period of the next 15 years. That is a pretty fair start toward paying for a college education, even with today's tuition.

Our plan gives the people the right to raise the tax limit any time they feel new programs justify it, yet our plan also contains flexibility to allow an expansion of the budget, to cover inflation and population growth, to finance essential new programs. There is a reserve fund, for emergencies and additional safety valve features if that is not enough.

But here, when you talk about emergencies, you get into the problem of definitions. Every new program that anyone in government wants qualifies as an emergency. And if it takes a declaration of emergency to get it, you can be sure there will be a lot of emergencies.

To give you some perspective of the present tax load, I would like to recall the days back in World War II. I think you will agree that was an emergency of a pretty high magnitude. Yet during the peak of the war, the total cost of government never reached a third of our national resources, it was around 28 percent to be exact.

Today, it is 44 percent. And unless we do something, it will be 55 percent in 15 years. The state budget alone will grow from \$9 to \$47 billion.

What we propose to do is simply slow down the growth of government spending at the state level, allow the take-home pay of our people to grow faster than their tax deductions. That is important to the economy of California, to the prosperity of our people and it is important to you and the institutions you represent. Tuition costs come out of take-home pay. You do not have a stake in higher taxes. On the contrary, it is in your interest that taxes be reduced so more people can afford to send their children to private institutions if they wish.

But this is not just a matter of money. There is a far greater principle involved, that of freedom. If government is taking more than half of every income dollar, how long can freedom survive? How long can free institutions like yours retain their independence, without being forced to either shut down or become publicly-financed institutions, controlled by government.

The importance of maintaining an independent system of higher education is underscored by a debate that has been going on in Britain. In that country, as many of you may know, higher education receives more than 90 percent of its support from state sources.

A few years ago, a distinguished group of British scholars started a movement, not for more government aid, but for a new university that would be totally free of dependence on state funds.

It would be supported by something quite familiar to you---by private contributions, by tuition. But the tuition would not be a financial obstacle because there also would be a system of loans which would be repaid after the student graduated, over a long period of time.

Admission standards would be strict. The sponsors also wanted to make a special effort to attract students strongly motivated toward learning---students who wanted intellectual challenge, and who did not mind working hard to measure up to rigid standards.

Well, you can imagine what happened. The proposal was vigorously attacked by some of Britain's academic establishment---the public university administrators and faculty. These opponents said a new institution might divert private funds away from existing public institutions. They did not say they feared competition, they just wanted to stifle it.



## Independent Colleges

The sponsors of the drive for a new university in England felt strongly enough about the principle involved to battle the entire public academic establishment in that country.

They believe independent scholarship is essential to preserve the best traditions of the British University.

They know that the kind of encroachment and control they fear can never occur so long as there is another system. Control and conformity cannot co-exist or be enforced with competition.

Those of you who administer and help sponsor the private colleges in this country provide that kind of competition. And by doing so you are helping preserve the best traditions of American education.

Believe me, there is no greater service that you could possibly perform. Freedom can never be lost when there is a free choice, an alternative.

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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  
LEAGUE OF CALIFORNIA CITIES  
MAYORS' AND COUNCILMEN'S LEGISLATIVE INSTITUTE  
Sacramento, California  
May 16, 1973

A few months ago we announced plans for a Task Force on Local Government to take a comprehensive look at the entire structure of government in California and recommend ways to improve it.

Today, I would like to give you just a brief review of our efforts so far and to emphasize again---as we did at the start---that we do not regard this as something that will present only the view from Sacramento. We want and we need your participation and your recommendations. We want to open this up to all levels of local government so that we can get a comprehensive grasp of your problems from the perspective of the largest county down to the smallest special district.

As you know, the initial planning for the project was headed by Lieutenant Governor Ed Reinecke. He and members of our Cabinet are continuing to operate as a steering committee to provide overall policy guidance and to help in charting the goals of the program.

The project itself is headed by Robert Hawkins and a few weeks ago we appointed the Task Force which will provide the necessary staff work and consulting services.

One member of our task force is probably well known to you: John Phillips, recently retired city manager of Pasadena, a former president of the city managers' department of the League of Cities and a man with more than 30 years experience in city government in California.

Another member is Earl J. Stratham, the former county administrator in Alameda County. Mr. Stratham is a past president of the County Personnel Administrator's Association of California, a former director of the Western Governmental Research Association and a former vice president of the American Society for Public Administration.

Both these gentlemen bring to their assignments broad backgrounds in city and county government. The other staff people have their own special talents and expertise.

In addition to the steering committee and the task force, the overall program will include the participation of advisory committees made up of local government officials, public administrators, representatives of the academic community and private citizens. The Council on Intergovernmental Relations is a key part of the effort and has been conducting a series of hearings around the state.

## League of Cities

Our task force and other staff people have been maintaining a close liaison with Don Benninghoven, your executive director; with officials and staff members from the County Supervisors Association of California and with representatives of the various special districts.

Up to now, this has been largely on an information basis, to keep you informed of the program and its direction and to provide an initial point of contact for relaying your concerns and recommendations.

In August, I am told, a more extensive public hearing will be held so that representatives from your organization and individual cities may present their ideas, recommendations and perhaps outline in more depth the problems you see in reorganizing local government.

We know there will be no shortage of problems. But we hope and expect, with your cooperation, that we will be able to develop some answers, too.

Your own reorganization studies, the Action Plan for the future of California Cities and the County Supervisors' research into the same subject, can provide valuable insight and first hand knowledge in this effort to streamline the local governmental structure of California.

Right now, the task force is analyzing all available sources of information and beginning to develop a detailed program to cover all the various phases of the project.

The five major subject areas include:

- an analysis of the present structure of local government;
- a review of public service responsibilities to determine which level of government is best equipped to provide the various services required by the people;
- a look at the financial resources available or potentially available to help carry out these public service responsibilities;
- a comprehensive review of current geographic boundaries of counties
- and last, but certainly not least, we want to examine the relationship of the state and all of those local governmental units with which we must deal in carrying out our differing responsibilities.

As I told the county supervisors, we are entering into this with no preconceived ideas. No suggestion, however innovative it may be, will be ignored.

In my charge to the task force I posed one question: "ask yourselves: if you were starting all over again, how would you structure local government to make it the most efficient, most responsive and least costly instrument of the people at the local level."

## League of Cities

In years past, especially in the days of rapid growth following World War II, the number of governmental units in California proliferated along with the population. And today, California has about 5,800 separate units of government below the state level. It includes your 407 incorporated cities, 58 counties, more than 1100 school districts and roughly 4,200 special districts.

Each of these districts was organized to provide a specific service and we have no quarrel with that. But the sheer numbers involved now have made this almost an invisible layer of government. There are an estimated 585 taxing jurisdictions in Los Angeles County alone, including 77 cities, 107 school districts and 349 special districts, not counting water districts.

The average citizen has little idea of all these districts unless he scans the breakdown on his property tax bill. At that time, I am sure the people must wonder if all these different units of government are necessary, if essential services might not be provided more efficiently and at less cost with fewer districts.

A citizens' committee in Los Angeles thinks so. In a report last year, one of these committees said consolidation could not only save money, but could mean better service in the specific area of fire protection.

Each separate special district requires a separate layer of administration and as you all know, this kind of duplication costs money.

In considering county boundary lines, we want to frankly look at what we have now and see whether something else might be better.

Is there an ideal geographic or population size for the various segments of local government? If so, what is it? At what point does size become a barrier to efficiency and what is it?

Los Angeles County has the same number of supervisors as Alpine County, but there is a difference of seven million people in their respective populations.

We want to analyze the financial problems and assets of local government, to see what is available now, what savings might be realized through reforms.

These are the kinds of things the task force will be looking at. We want your suggestions and your ideas on what would be the best system of local government for California, not only in the decade ahead, but in the next century.



Yet in accomplishing this, we do not want change just for the sake of change. We want to preserve home rule, to keep intact the best of the present structure of government and concentrate on eliminating the inefficient or inappropriate parts.

We know there must always be a level of government to provide the essential services the people need. Yet if we can provide those services at less cost, we must do it.

That's where we are on the task force. I just want to say that out of their work, with the cooperation of all the different levels of government involved, we hope to develop an administrative structure that will make California a model of governmental efficiency and economy.

We want a system that gives every citizen an opportunity<sup>to</sup> know which governmental unit provides a service and how much it costs....a government that is responsive to changing needs and equipped to deal with those changing needs.

The other subject I want to discuss today is our Revenue Control and Tax Reduction proposal. I realize that most of you are familiar with the program in a general sense and probably in many of the specifics.

This was the result of another task force we appointed last year. It consisted of key members of our cabinet and senior staff and a group of some of the finest economists and management consultants in America.

We asked them to look into the entire subject of taxation, to tell us where we are, to determine the real cost of government and to make recommendations on how we can reduce the tax burden of the people of California while retaining the fiscal resources and flexibility government needs to develop and finance essential services.

There really are two issues involved: what to do with the state's present budget surplus and how to reduce the tax burden on a permanent long range basis.

There has been a lot of rhetoric on both subjects. Our position is that the surplus, which will be somewhere between \$700 and \$852 million, should be returned to the people who paid it. It was not needed and it should be returned.

We have proposed what we believe is a reasonable and equitable way to return this one-time surplus.

First, we want to defer the one cent sales tax increase scheduled to go into effect at the end of this fiscal year. This increase is part of the homeowner property tax relief and school finance program of last year. It amounts to a shifting of part of the tax burden away from homeowners and renters to the broader based sales tax.

League of Cities

Next, because the surplus came from a variety of sources, income and sales tax, we want to provide every taxpayer a one-time 20 percent tax credit or rebate on this year's state income tax.

And we want to simply eliminate the state income tax obligation for couples with an adjusted gross income of \$8,000 or less and single individuals with \$4,000 or less.

With what is left over, we propose to earthquake proof the Capitol building in Sacramento and buy some more beach and park lands to serve the recreational needs of the people.

The second and long range part of the plan is our Revenue Control and Tax Reduction Program.

Briefly, we want to place an upper limit on the amount of taxes the state can take out of California's total personal income.

In their studies, our task force found that government's total revenues at all levels---federal, state and local---amount to about 44 percent of total personal income.

Some of you may be confused by some of the challenges to this figure. It is true that you can, as one critic did, match the tax burden against the gross state product and you will come up with a figure of 36.7 percent. By not counting Social Security and other similar taxes, or by using net gross product, you can reduce it a little more. If you do that, you are just kidding yourself. Even if 33 or 37 percent were used, that is still too much. And if anyone does not think it is, just ask the typical taxpayer. The only true measure of the tax burden is to match what the people have in total income against what government spends....against what government takes out of personal income and the private sector. That adds up to about 44.7 percent. And unless something is done to slow down the growth of government spending, that will reach almost 55 percent in just 15 years.

The state budget would grow from \$9 billion this year to about \$47 billion by 1990.

Of that 44 percent total cost of government, the state's percentage share is roughly 8.75 percent---that is how much state government is costing the people out of their total personal income.

Under our plan, which was developed over a period of more than six months, we want to gradually reduce the total state tax burden. Right now, it is about 8.75 percent. We want to reduce this slowly, in steps of 1/10 of 1 percent a year, so that it will gradually decline to around 7 percent in 15 years.

I know that does not sound like much. But when you compound the money that would be saved over a period of 15 years it adds up to more than \$118 billion.

That is how much money state government would not be taking out of the California economy. And that's how much more the people would have to spend as they wish, to meet their own needs, to improve their standard of living.

Along with this limit, we propose to include an immediate 7½ percent ongoing reduction in state income taxes and to permanently eliminate the income tax obligation of families earning \$8,000 or less or \$4,000 for individuals.

We have proposed both these plans to the legislature as a constitutional amendment to be voted on by the people. If the legislature does not approve it, we have an initiative campaign under way to qualify it for the ballot that way.

From a philosophical standpoint, the issue is clear. We believe the people have a right to decide how much of their own earnings they can afford to pay for government. And we believe they have an absolute right to vote on whether they want to place a lid on state spending.

The last time I read the Constitution, the power to make such decisions is granted---in the final analysis---to the people.

I know you have heard some of the objections that have been voiced about our program, and you are interested in how it will affect local government.

Well, some groups simply reject entirely the idea of a spending ceiling in the Constitution. City government in California has been operating for years with limited tax rates and it has not meant an end to city government, even though I know many of you have difficult financial problems.

Furthermore, we already have a Constitutional requirement that the governor submit a balanced budget each year. And if spending gets out of hand, it is the governor's constitutional duty to use the blue pencil to make sure we do not have deficit spending.

That limitation imposes only one major difficulty for state government: it requires that the legislature or the governor exercise the kind of fiscal restraint that the people expect you to demonstrate in managing the state's affairs. I do not regard that as a handicap. It is why we have a system of checks and balances.

## League of Cities

Placing a percentage limit on government spending is not a new or a radical idea. It is the same thing that every family has to do to avoid bankruptcy.

Every family in California has a built-in limit on spending. It is determined by their income and by how much they have left after taxes and all their other deductions.

Under this program, the state budget could triple over those 15 years, from \$9 to \$27 billion. State support for education, for health care, for all legitimate spending could also triple.

It would be up to the legislature to decide how much each program would receive. We have included a permanent fund for emergencies and there is a built-in safeguard to permit the people---if they wish---to raise the limit any time they feel there is a need for it.

Your own major sources of income would not be affected by this reasonable limit.

You would still get your share of the gasoline and sales tax revenues. You do not have to worry that the state might saddle you with some new mandated services. Under SB 90 and under our plan, if the state did mandate new costs on local government, the state would have to pay for it.

I know this has been one of your concerns for many years. We believe it is a legitimate concern, that is why we have included these safeguards.

The real issue in the debate about whether a spending ceiling is a good thing or not really amounts to a difference of philosophy.

We simply do not believe the people of California can go on paying as much of their earnings and income in taxes as they have been paying. When government starts taking more than a third of the people's resources, the impact of this massive burden acts as a barrier to prosperity.

In the next decade, California must find 200,000 new jobs every year just to provide economic opportunities for its growing work force.

Four-fifths of all jobs are in the private sector and the private sector generates all of the taxes to support government at every level. We cannot afford to stifle business and industrial expansion by giving government a blank check. There is a limit to what people can or will pay for government and we think that limit has been reached, not in total dollars, but as a percentage of their total income.

Under our plan, state revenues still could grow to three times the present total. That does not mean the legislature would have to spend it all, but that does provide plenty of flexibility to meet changing needs and priorities.

There is room for population growth, for the additional cost of inflation and for financing new programs. The spending ceiling merely requires that the legislative and executive branches take a long hard look at each new spending program to make sure that it is a priority need.

Finally, there is the issue of freedom.

Under our system, we all are public servants. Yet, at what point does government become the dominant force in the economy? When does government become the master, instead of the servant? When government takes almost half or more than half of the people's earnings, freedom is clearly threatened.

The entire free economic structure of this state and this country, the very system that generates the revenue to support all levels of government, cannot indefinitely shoulder the tax burden it is now bearing. Indeed, no society has ever long survived a tax burden that takes one third or more of the people's earnings.

Those who oppose the idea of spending ceilings apparently believe otherwise.

They apparently believe that the people can afford to pay more in taxes. They apparently believe the people do not have the right to even vote on an alternative.

We believe we have reached the upper limits of what the people can afford to pay for government, without dangerously threatening the ability of our economic system to function efficiently.

When government adds to its total revenue, the people must subtract from theirs. When government increases its percentage share of total income, the people are forced to reduce their standard of living.

You are quite familiar with this because it works with government, too. When one level of government takes more than its fair share, the other levels of government are left to scratch for the funds necessary to meet their responsibilities. The concept of revenue sharing and the current attempts to limit federal spending demonstrate clearly that all this is recognized by people in both parties.



It is not a partisan issue. High taxes affect everybody--- Democrats, Republicans and Independents. The only way to reduce this burden is to slow down the growth of government spending, to allow the take-home pay of the people to grow faster than their tax deductions.

There's ample room in this revenue control program to provide for all necessary government spending and leave flexibility for new or changing needs. The legislature retains full authority to reallocate tax resources under the limit. And there are built-in safeguards to assure that a limit on state spending will not become a burden on local government.

I know you plan to study and analyze the program in its entirety. And I urge you to do so.

Even some of the critics concede that there will not be the same need for massive increases in tax rates in the future. School enrollment is declining.

The water project is nearing completion. The slowdown in population growth does not mean we will not have new expenses, but it does mean that they will not require the same percentage of increased taxes in the future.

We have reached a unique point in our state's history. We have an opportunity to take a step that will permanently reduce the overall tax burden of our people.

We believe we must take that step, not next year or the year after, but this year.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
DEDICATION OF THE CALIFORNIA STATE WATER PROJECT  
PERRIS DAM, RIVERSIDE  
May 18, 1973

There are times when words are not always adequate to match the dimensions of the achievement being recognized. Today is one of those occasions.

This is truly a great moment in the history of California. We are formally noting the completion of the massive California State Water Project, and the opening of a new fresh-water recreation lake which soon will have a ten mile shoreline.

But more than that, we are acknowledging the successful completion of a project that will rank for all time as a monument to the vision of man, a tribute to the creative talents and the tenacity of a people constantly seeking to create a better life and environment.

It is no exaggeration to describe what has been accomplished with those words.

The project we are dedicating today is one of the most daring, imaginative and difficult engineering feats ever attempted. It is the world's largest and most comprehensive system of water conservation and delivery. It is the only system ever to have been financed as a single unit. And it is the only system of its kind that included recreation as a primary purpose from the very beginning.

In these past 6½ years, I have been privileged to attend a number of similar occasions marking the completion of one phase or another of the Water Project. At each, I have marveled anew at the immensity of the task that first began taking shape two decades ago.

Throughout its construction, from the initial planning to this very moment, the state Water Project has been the product of a bipartisan spirit of cooperation.

Three of my distinguished predecessors---Earl Warren, Goodwin Knight and Pat Brown---all were involved in major phases of the planning and construction. And each of them deserves the thanks and the gratitude of the people of California for their diligence in carrying forward what once was a daring concept---the idea of saving the massive surplus water runoff in Northern California and using it for the benefit of millions of Californians, even those living hundreds of miles away.

The earliest planning took place during Governor Warren's administration. And all that we see before us today, stretching hundreds of miles from Oroville in the north to the spot we stand on today, can be traced to those first bold steps.

Governor Knight's administration took a giant stride toward assuring completion through the reorganization of many separate agencies into the Department of Water Resources. And almost 16 years ago, he turned the first shovel of earth to relocate the Western Pacific Railroad so that Lake Oroville could become a reality.

And it was the administration of Pat Brown which provided the key financial decision that led to this day, through his support for the Burns-Porter Act that authorized the \$1.75 billion bond sale approved by the voters in 1960.

Perhaps only one who has shared the experience can fully appreciate the tremendous difficulties that were faced in making all these momentous decisions. As Pat well knows, during those days of controversy, it got pretty hot in the kitchen.

But through political skill and determination, they overcame the obstacles and won the necessary support to carry forward the plan.

For almost 13 years, the state Water Project has been in various stages of construction and operation.

And while it falls to me to mark "job finished" on the basic construction, we cannot view this accomplishment without paying tribute to the contributions made by Earl Warren, Goodwin Knight and Pat Brown. And all the hundreds and thousands of other Californians who helped turn the state Water Project into an operational reality.

It would be impossible to list them all, but there are two men whose contributions deserve special notice today. One is the late Arthur Edmonston, the former state engineer who originated the project in the 1950s. The pumping plant that carries water over the Tehachapi mountains is named after him.

The other is a gentleman who is with us today, Bill Gianelli, our state Director of Water Resources. Shortly after I went to Sacramento, the project was confronted by a serious financial stalemate.

Inflation during the Vietnam war had sharply escalated construction costs, interest rates went up and this threatened the orderly completion of the basic system.

We organized a task force to go to work on this.



Some facilities had to be deferred, some plans were adjusted, and we obtained some other additional financing.

It was with Bill's strong leadership that the financial crisis was solved. There was no delay in completing the basic delivery system on schedule.

This herculean fiscal task is seldom recognized. But, it is an achievement matched only by the magnitude of the Water Project itself.

Long before the 49'ers arrived in California, our state suffered from a natural imbalance in distribution and source of the most vital resource of all: water. And this imbalance was aggravated by the growth of our population. Most of the water was in the north and most of the people were in the south. We had an oversupply in the winter and spring, causing devastating floods that threatened the lives and property of hundreds of thousands of our people in northern California.

The primary purpose of the plan was to lend nature a hand, to conserve water that otherwise would run unused into the sea or cause disastrous flooding, and to store that water safely until it could be transported through a massive network of dams, reservoirs and aqueducts to areas where it was needed and could benefit both man and the environment.

It was a great dream, shared by many great Californians. And today is a day to pay honor and tribute to all who helped make it come true.

It is a tribute to our system that despite differing philosophies those who shared the leadership role in this great undertaking, never permitted political conflict to interfere with meeting this challenge, with getting the job done.

We have demonstrated on this, as well as in many other ways, what can be accomplished by working together. The partnership between government and the private sector in building and financing the Water Project is perhaps the most satisfying achievement.

While it will benefit our entire state in one way or another, the costs of constructing, operating and maintaining this 600 mile system will be largely paid by the people who benefit most directly, those who use the water and the power the project produces.

When we consider the massive recreational, agricultural and financial benefits it will mean for our people now and in the future, it is difficult to believe there are those who still oppose both the concept and the reality of sharing California's natural water resources among all our people.



## Perris Dam

Every now and then, we still receive letters demanding that we call a halt to the entire program, stop construction and turn the clock back so everything associated with the Water Project will revert to the way it was.

Sometimes I wonder if those who raise these kinds of objections really mean it. Do they really want a return to the constant danger of floods that swept away homes and jeopardized the lives of our people?

Do they want the richest agricultural area in our country to once again become a semi-arid stretch of geography where growing a crop would be a capricious gamble with nature?

Do we want to go back to a time when the lush farm lands of the Delta were often rendered useless by salt water intrusion?

To return to a time when lack of sufficient water was a constant threat to an area which now supports one million people, some of the most advanced technical and industrial complexes in the world?

If those were the good old days, they were not all that good.

Fortunately, a majority of our people recognize and support the concept of making use of all our natural resources, not only to meet the needs of man, but to enhance the once hostile natural environment.

Wise conservation has provided a stable water supply for domestic and municipal uses to a massive geographic region in which two thirds of our state's people live and work.

Vast amounts of clean, smog free, hydroelectric power are being generated to help meet our constantly increasing need for energy to fuel our homes, schools, hospitals and the industries and businesses which provide economic opportunity for our people.

The California Water Project has provided needed water for many areas of the San Joaquin Valley. And in 1972, the fact that we had the water available prevented millions of dollars in crop losses in a critically dry year.

The lakes and other recreational areas that have been developed along the route of the state Water Project have been in operation for a number of years.

Today, on the spot where we are standing, another fresh water lake is beginning to form. This summer, the Department of Fish and Game will be stocking Lake Perris with fish that will be big enough to catch by next summer.

By the first of the year, I am told the state Department of Parks and Recreation plans to have in operation some interim facilities for southern Californians seeking relaxation away from the cities. The permanent facilities will be installed and ready for use within another year.

All of those things represent the kind of environmental achievements that can be realized when we make the most out of what nature has located within our borders.

When it is fully operational, by the turn of this century, the state Water Project will be serving 7 out of every 10 Californians.

There is not now and there never has been any conflict between the conservation and wise use of our water and the equally desirable goal of preserving the environment. We must do both.

Opening up vast new acreage to irrigated farming in once desert lands means continued prosperity for California's number one industry: agriculture. The rich valleys and farm lands which produce so much of our country's food supplies would not be possible without water. And the jobs that this great industry generates would not be available to our people if Californians had not demonstrated the courage to plan for prosperity, by taming the rivers and turning potential floods to constructive and beneficial uses.

Generations long after our time will benefit from the wisdom that our people and their leaders have shown in carrying forward the Water Project. Just as we now honor those pioneers who opened this land, they will acknowledge and cherish the foresight of the generations that did so much to make it bountiful, to turn unproductive land into lush green fields.

When some of our ancestors were crossing the plains in their Conestoga wagons, braving the elements, risking disease, starvation and death in the wilderness, they had a blunt saying that symbolized their determination.

In the great move West, they said: "The cowards never started and the weak died on the way."

Throughout man's history, there have always been doubters and cynics, people who said it cannot be done and did not want anyone to try.

But the history of our civilization, the great advances that made it possible, is not a story of cynics or doomcriers. It is a gallant chronicle of the optimists, the determined people, men and women who dreamed great dreams and dared to try whatever it takes to make them come true.

The people of California are still guided by that daring spirit of adventure and the unconquerable determination of those early pioneers.

And our people have demonstrated it time and again. They created a great state from a wilderness of desert, mountain and seashore. The ancestors of those early pioneers and millions more who followed in their path, created not merely a great state, but a way of life, a place where talent and ingenuity have literally lifted man's horizons to the stars.

We must never lose that sense of adventure, that thirst for knowledge---or the determination to explore the outer limits of our own abilities.

Those are the intangible things that will really shape our future and the future of our state. And it is the result of this dynamic drive for excellence, translated into beneficial achievement, that will be the most valued and lasting legacy we can possibly leave to our children.

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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).

5/22



PLEASE GUARD AGAINST PREMATURE  
RELEASE:

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
CALIFORNIA FEDERATION OF WOMEN'S CLUBS  
Hilton Hotel, San Francisco  
May 22, 1973

Several years ago, when I became governor, I had a strong belief, a conviction, that in recent years government had strayed from the limitations on what constitutes its real responsibility--that government was indeed seeking not only to protect us from each other, which is and should be government's function, but that government was trying to protect us from ourselves. We cannot possibly afford the government it would take to do that. Even worse, for government to attempt such a thing, government would have to assume powers not granted it by the people and thus our freedom would be curtailed to a dangerous degree.

The machinery of state government I inherited those several years ago, was fast losing the capacity to meet its responsibilities. The twelve month budget for 1966-67 was to be funded by 15 months' revenues. This, of course, meant either drastic cut backs or a giant tax increase. We had to do both. The tax increase was mandatory because government had spent itself into debt and was continuing to spend a million dollars more each day than it was taking in. But we also started to locate and eliminate what seemed to be useless fat in government.

This brought down on our heads the wrath of all those who believe government has some kind of omnipotence and can solve any problem by throwing money at it. I doubt if anyone here can recall one single instance of criticism in these past six years directed at us for spending. But every effort we made at economy was attacked <sup>For</sup> ~~by~~ destroying government effectiveness. When we made changes in hidebound procedures to improve those services which are government's legitimate responsibilities, we were assailed as destroying government on the false altar of penny pinching. There was no recognition of the fact that the tactic of "cut, squeeze, and trim" applied only to reduction of fat. The muscle fibre necessary to meet the legitimate tasks of government was actually being strengthened.

Almost 1000 highway projects were built with money formerly spent on administrative overhead. The number of full-time government employees, which had increased more than 25% in the preceding six years has remained virtually unchanged. At the same time, we have been able to double the highway patrol and take over policing of the freeways in our metropolitan areas, freeing the police for crime fighting duties. We are virtually the only state with a steadily declining fatality rate on our streets and highways.



We have also added 400 correctional officers in our prisons because of the higher ratio of violent to non-violent type inmates. Yet while we have held the overall number of employees level, we have appointed more members of minority groups to policy making positions than all the previous administrations combined.

In the treatment of the mentally ill, we have been constantly accused of closing hospitals to achieve economy when in truth we were changing from the old fashioned concept of life time warehousing of mental patients to the newer idea of better treatment in smaller, more personal community health centers aimed at curing and returning them to normal living. The budget for community mental health program has increased from \$18 billion to more than \$134 billion. The increases have paid off--we are recognized as a leader in this field throughout the nation.

Charges of false economies in education were made. Yet the budget for the University of California has gone from \$240 million to \$429 million, a 78% increase in spending to cover a 38% increase in enrollment. There were dire threats that quality would suffer. Well, it has not. In state aid to public schools, K-12, the 6-year increase in dollars has been almost 16 times greater than the percentage increase in enrollment.

Two years ago, the welfare caseload was increasing 40,000 a month and 16% of the nation's welfare recipients were in California. We proposed a total overhaul and reform of welfare and Medi-Cal. For months the legislative leadership held out against these reforms until public opinion finally persuaded them to concur. Today, there are 263,000 fewer people on welfare than there were two years ago. The economies were sizeable, but the truly deserving who depend on us for support had their grants increased 30%.

This record of improvement in service to the people is the same throughout the other agencies and departments of government. Parks and recreational facilities have been expanded and improved and any number of services have been speeded up, eliminating tiresome delays.

I have told you these things because right now we have proposed a reform in taxation that we believe will have an even greater effect on life in California than those very successful welfare reforms. But the same complaining voices--the doom criers who have been so consistently wrong--are at it again. They are sure that our tax proposal will put government in a straitjacket and halt progress for all time to come.

This we categorically deny. But let me tell you how we came to propose this program of tax control and limitation. In all our efforts to curb spending these past several years the clinching argument that curbed the excesses of the big spenders was: "We do not have the money." I am sure you have run up against that line at home now and then--it is sort of unanswerable. And yet it never stopped some from trying. During these last six years, even when the state was virtually insolvent they would add hundreds of millions of dollars to the budgets with no thought of where and how this spending would be funded. I have vetoed more than a billion dollars out of the legislation returned to me for signature over these past few years. If I had not, the present budget would be a billion dollars higher than it is. But instead, our constant search for economies plus the reduced costs of welfare and Medi-Cal have at last resulted in a surplus and the prospect of an ongoing surplus which makes possible a tax reduction. By the same token, having a surplus makes holding the line against increased spending more difficult. By June 30, we will have a surplus in the neighborhood of \$750 to \$850 million. And that is a very nice neighborhood. But spending proposals for that one-time surplus total more than a billion dollars already. And some of these would be for ongoing programs which means that for the second year of the program you would have to have a tax increase. That is the way government got as big as it is.

Knowing we were coming to a day when we could begin to cut back on that tax increase of 1967, we appointed a Task Force to go to work on the whole subject of taxes and learn how this constant increase in government costs could be controlled. We no longer have the unanswerable argument of "no money."

This task force attracted some of the most distinguished economists in the United States. Dr. Milton Friedman of the University of Chicago, Peter Drucker of Claremont; Roger Freeman of the Hoover Institute, Stanford; Professor C. Lowell Harriss of Columbia University; Professor James Buchanan of Virginia Polytechnic Institute; Professor William Niskanen of the University of California at Berkeley, and Professor Phoebe Dymally of U.C.L.A.

These men are of the opinion that government spending in the United States is out of control and that we are at a crossroad. Either we take action not only to halt the ever rising cost of government, but to reduce it, or we face economic disaster. It was because of this strongly held belief that they were willing, indeed eager to help our task force.

## Federation of Women

Acting on the findings of the task force, we have embarked on a plan to return the one time surplus to the taxpayers. This has not been received with unrestrained joy by some of the legislative leadership. Suggesting that government return money to the people instead of spending it is a little like getting caught between the hog and the bucket---one gets buffeted about a bit.

But the surplus is the same as an overpayment you might have made on your utility bill. Unable to accurately forecast the savings from the welfare reforms and our other economies, we overcharged you. We took more from you in taxes last year and this year than we needed to pay the ongoing costs of government. This overpayment should be returned to those who paid it. One of those in opposition has called this "an unnecessary expenditure of public funds."

The homeowners and renters property tax relief passed last year was to be funded by a 1-cent increase in the sales tax starting June 1. We had hoped the legislature would delay this increase until January 1, thus using some of the surplus to subsidize the property tax relief.

This would in effect be a return to those who contributed to the surplus by way of the sales tax. Most of the surplus, however, can be attributed to the income tax so an amount roughly equal to that sales tax rebate would be returned as a credit of up to 20% on this year's income tax.

The second part of our plan has to do with that ongoing surplus I mentioned. We propose an ongoing cut in the income tax of  $7\frac{1}{2}\%$  beginning January 1. For both the one time rebate and the ongoing tax cut, we would also completely wipe out the income tax for families with incomes of \$8,000 or less and individuals below \$4,000 a year.

Third and most important, we propose a long range plan involving an amendment to the State Constitution. The present tax structure of our state takes 8.75% out of every income dollar in California. We propose reducing this by .1% each year for 15 years until the percentage of the people's total income the state takes in taxes is about 7%. This would then become a ceiling beyond which the state could not go without a vote of the people.

Our economic experts pointed out to us that in 1930 governments, --federal, state and local combined--only took 15% of the people's earnings. By 1950, this had become 32% and today government at all levels is taking 44.7 cents out of every income dollar. Projecting this steady rate of increase forward for 15 years, government will be taking more than half, 54.7 cents, from each dollar.

Government is an umpire--a policeman if you will. It is not a producer of goods or wealth. When government takes this much of the people's money, it creates a drag on the economy, causing economic slump and unemployment. History reveals that no society has long survived a tax burden that reached one-third of the people's earnings. Looking back on the fallen empires of the past one sees the first warning signs appear. As the burden grows heavier, there is growing a lack of respect for government and the law. Fraud becomes widespread and crime increases. Are we to say none of those things are taking place here?

Is it so radical to suggest that we have the knowledge and intelligence in this land of free enterprise to find that percentage of the people's earnings which must be left in their hands if free enterprise is to continue?

Most of the opposition to this idea has come from within government. One legislator has told us such a plan would make it impossible for government to "continue re-distributing the earnings of the people." I submit that that is not a proper function of government. You and I do not have the right to take the earnings of one to give to another and therefore we cannot give such power to government.

A number of points, none of them valid, have been raised in an effort to cast doubt on this <sup>(tax)</sup> proposal.

The legislative analyst assails our figures--claiming we have exaggerated--that people are not paying 44.7% in taxes. We arrived at our figure by taking the total cost of all governmental institutions and simply determining what percentage that is compared to the total revenues of the people. There actually is no other true way than to relate the cost of government to the income of those who pay for government.

Nevertheless we rechecked with our original source the Tax Foundation in New York and submitted the legislative analyst figures to them.

Quoting from their reply--"an estimate of taxes as a proportion of personal income in California of 40% would not be far off. The figures for total revenues would of course be several percentage points higher."

In other words "40% or 40 plus several percentage" points--the point is taxes are too high and every citizen knows it.

An equally spurious and somewhat demagogic objection is that our proposal benefits the rich at the expense of the poor. Our legislative leader cites the case of an individual who would only get a \$2.50 rebate from the surplus while another would be \$250. Well, possibly there would be such cases. But the man who would get \$2.50 only had a \$12.50 tax bill to begin with. The one getting \$250 owed \$1,250 and after his rebate he will still owe \$1,000 while the other individual will owe only \$10.

Again, let me point out this is not a case of government largesse or handing out charity or gifts. We are talking about the return--as fairly as it can be worked out--of over-payments the people made.



## Federation of Women

As one of our cabinet members, Frank Walton, said the other day: "If you over pay your utility bill, the company returns the over-payment to you. It doesn't divide it up among your neighbors."

As I told you, families with earnings of \$8,000 or less will get a 100% rebate.

Attempts have been made to confuse you by charging the <sup>(tax)</sup> plan we have proposed invades the prerogative of the legislature and will tie the legislature's hands in the future by fixing tax rates in the constitution. It will do no such thing. The Constitution will simply place a limit on the percentage of the combined income of all the people that the state can take in taxes. The people, by a simple majority vote, can raise that limit any time they choose and the legislature can do so in emergency situations. Beyond that, however, nothing in this proposal changes the legislature's right to alter the tax structure by raising or lowering specific taxes---adopting new ones or cancelling old ones. One assemblyman has protested because our program does not eliminate the oil depletion allowance. Of course it does not---the legislature has the power to do this and it always has had such power.

The truth about the nit picking and carping criticism is that many of those who are talking the loudest in the legislative chambers do not even believe their own words. The have admitted to us that <sup>while</sup> they will continue to block the people's right to vote on this they really can not find anything wrong with our proposal, anything wrong, that is, except that philosophically they believe government should take even more of the people's earnings because only government has the wisdom to spend that money properly for the people's own good.

Because of this we have gone to you--the people, asking you to place this on the ballot by petition. Only a vote of the people can amend the Constitution and two methods provide for such a vote. The legislature can by a two-thirds majority place it on the ballot as they did with 11 measures in the last election; or the people can do it by petition. We submitted this to the legislature and it has been blocked by the assembly leadership, just as that same leadership refused to implement the death penalty approved overwhelmingly by the people at the last election.

If you are wondering why we have decided on a special election, (which incidentally will cost about \$3 million not \$10 million), it is to begin the income tax reduction by January 1. Waiting for the next general election would delay the cost one and possibly two years. Since the savings to you in that one part of the plan alone amounts to some \$200 million a year, a \$3 million investment in a special election seems like a good idea.



Those who say the Tax Control and Tax Limitation Plan will not work or that it will raise your local taxes are the same ones who said the welfare reforms would not work and that property taxes would have to be raised. Well, the reforms have worked better than we predicted they would. The President has taken our people to H.E.W. in Washington to try to put them into effect nationally and 42 of our 58 California counties were able to lower their taxes.

These are the same people who told us loudly and at great length two years ago that we faced a gigantic deficit unless we had a \$750 million tax increase. We did not have the tax increase and we wound up the year with a \$250 million surplus.

But you know, as I said earlier, that this household we call California must have the resources to meet its responsibilities; to see that education is provided for your children, care is given to those in need and the battle to preserve the environment carried on. You want an answer to the charge that a tax limit would put the state in a fiscal straitjacket?

Under the limit we have proposed, the state will be able to double its budget in the next 10 years and triple it in 15. The revenues will be sufficient to meet all the increased costs due to inflation and population growth, and will provide an additional \$41.5 billion for new programs and services in the next 15 years. If that is a straitjacket, it's a pretty loose fit.

This is an idea whose time has come. Taxes are the biggest cost item your family has. It costs you more to pay for government than it does to feed, clothe and provide housing for your entire family.

It is an arrogant denial of the democratic process for a few legislators to say the people must not even be allowed to vote on something as fundamental as their right to their own earnings.

The petitions now being circulated do not ask for approval of the plan; they simply ask that it be put on the ballot. The people then will have until next November to inform themselves and determine whether they do or do not want a return of their money and a reduction in the present tax burden.

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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).

5/30

OFFICE OF GOVERNOR RONALD REAGAN  
Sacramento, California 95814  
Ed Gray, Press Secretary  
916-445-4571 5-29-73

RELEASE: WEDNESDAY P.Ms.  
May 30, 1973

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
STATE WOMEN'S AND MEN'S CLUB LUNCHEON  
Sacramento  
May 30, 1973

Two years ago, we met during a period of austerity for state government. I am sure you recall the national economic decline and the severe economic pinch which had forced us to forego the usual cost of living salary increases. You, however, were as warm and kind in your welcome as you have always been. I told you that we had high hopes that our belt-tightening would bring us through the temporary economic dislocation and back to a sound fiscal basis where such measures would no longer be necessary. We were asking for approval of a comprehensive overhaul of the state's public assistance programs so that welfare costs could be finally brought under reasonable control.

Many of the reforms were adopted. And this, plus a sharp upturn in the economy brought us through that period of austerity.

There was never any question in our minds about what we would do when the financial picture brightened.

Now, we have been able to see a lot more sunshine. We have embarked on a two phase program to not only provide a cost-of-living salary increase, but also to correct some of the long standing inequities in state pay levels.

We proposed a total pay package last year averaging 8.4 percent and got almost all of it. Ninetenths of one percent was held back by the national pay board because of the wage and price controls then in effect. But that portion of the salary increase temporarily held back did not go back to the treasury.

It has been included in the second phase of the two part program of salary adjustments. That pay package totals more than \$227 million and averages 12.9 percent---the full amount recommended by the State Personnel Board.

The full amount is included in the 1973-74 state budget which I submitted to the legislature.

Our administration is making every effort to assure that these salary increases remain in the budget throughout the legislative process.

And the state will vigorously seek to gain approval for the full amount from the national Cost of Living Council.

The Personnel Board has been holding hearings and will determine the exact amounts of the inequity adjustments for various classifications.

You were patient during a lean year. Now that the state is in much better financial shape, we intend to upgrade state salary levels.

As many of you know, there is another part of our long range program involving state salaries.

That is a study by private consultants of the state's overall system for administering salaries and employee benefits.

It was commissioned last year by the State Personnel Board in cooperation with the Department of Finance and the Public Employee's Retirement System, and was conducted by the internationally known management consulting firm of Cresap, McCormick and Paget. They had the help of other specialists from the Wyatt Company, actuaries and benefits consultants and from Charles Bonini, Associate Professor of Management Science at the Stanford University Graduate School of Business.

Phase one of this study, involving the methods used by the Personnel Board in developing various classifications and the means by which salaries are established, was completed late in February of this year.

The second phase involves an evaluation of the state's compensation policies and practices. This was presented to the State Personnel Board last week.

In a subsequent presentation, the board will be given a survey of the benefit preferences of state employees. This is simply a survey that will give the Personnel Board a view of what priorities you yourselves place on various employee benefits and should be very helpful in developing future improvements in our benefit structure.

These three reports, taken together, represent the first major review of the state's salary and benefit program in many years and may well be the most comprehensive overview of this vast and complex part of state government in California's history.

The firm conducting this study has recognized the vital interest that state employees and others have in this overall subject. So before they forward their final recommendations to James Stearns, the secretary for Agriculture and Services and my representative in employer-employee matters, they have recommended that a measured and exhaustive series of public hearings be held.



Women's/Men's Club

I have written to Robert Wald, the president of the Personnel Board, urging the Board to conduct such hearings on the reports and findings of the various study groups.

In this way, we hope and we expect that every one will have an opportunity to make their views known in detail. This includes state employees and their organizations, the people of California and their elected representatives as well as representatives of the administration and the managers of the executive branch of state government.

This free and open discussion will assure that the ultimate outcome will be of lasting benefit. And that from these studies and hearings will come a legislative package developed from the Personnel Board's recommendations and including their considered evaluation of all the recommendations presented to the board by employees, their organizations and all others who will participate in the hearings.

Our goal is an equitable salary and benefit program that is fair to employees and which recognizes their contribution to an efficient and effective state government.

Feeling sure of your interest in this subject, I wanted to bring you up to date on the status of these important studies as well as our salary recommendations for the coming year.

Now let me ask you to put on the other hat we all wear. We are taxpaying citizens and, as such, have a vital stake in how efficiently and effectively the state government is conducted.

You have a double interest because when government's resources are stretched too thin, it makes it that much more difficult for the state to properly fund its other priorities, including salary adjustments.

We experienced that when welfare costs went out of control and we don't want to see it happen again.

And it need not happen. The state's financial picture is much brighter now than it was a couple of years ago. In fact, we have a surplus that will total about \$829 million---according to the latest official estimates.

You also know that we have proposed returning this surplus to the people as part of a two-part program to achieve a measure of tax relief for our people, not just this year but permanently.

The surplus resulted from a variety of sources, and we believe the state has an obligation to return it in as fair and equitable a way as we can without incurring unnecessary administrative costs.



We have proposed deferring the scheduled one cent sales tax increase until January of next year (this is part of the bipartisan tax reform program the legislature adopted last year to provide homeowner and renter tax relief).

In this way, all those who pay sales taxes will receive a proportionate share of the surplus.

The major part of the surplus resulted from income taxes. We want to recognize this through a 20 percent income tax rebate or credit. Next April 15, you would figure up what you owe and deduct 20 percent, or if it has already been taken out of your pay, it will be returned as an overpayment.

To ease the tax burden of those in the lowest income brackets, we have proposed a 100 percent income tax rebate, an elimination of the state income tax obligation of all families with incomes of \$8,000 or less and \$4,000 for individuals.

Most of you have been around Sacramento longer than I have. And I know you have heard that there are other proposals for disposing of the surplus. Some want to simply spend it and others want to give it all to only one group of taxpayers.

Well, this is not the state's money to spend. In that lean year I spoke of, when the income of our people was down, I did not hear any suggestions that we reduce taxes. There were plenty of voices raised demanding they be increased by more than \$700 million.

The plain truth is this surplus represents an overcharge and it should be returned to the people who paid it. And like any other rebate of an overcharge, it should be returned as proportionately as possible.

I know you have heard criticism of this as favoring the rich or the more affluent middle class. It is said that a 20 percent rebate will return only \$2.50 to one taxpayer while someone in the higher brackets would receive \$250.

Well, I am sure there can be such cases. But the citizen who will get back only \$2.50, only paid \$12.50. And the person whose 20 percent rebate amounts to \$250, paid a total tax bill of \$1,250. After the refunds, he will still be paying \$1,000 to the other fellow's \$10.

One of our cabinet members, Frank Walton, made the point another way. When the local utility overcharges you and makes a refund, you get it back. They do not distribute it down the block among your neighbors.

By dividing the surplus through a sales tax deferral and income tax rebate and by eliminating the total tax burden of those making less than \$8,000, we will be returning this surplus in the fairest possible manner plus giving extra relief to those who need it most.

Just as with the state salary adjustments, our effort to reduce taxes also comes in two parts. The second part involves a longer range program designed to gradually reduce the percentage of the people's income that the state takes in state taxes.

I know you have heard about it. But let me explain the philosophy behind it and the reasons we feel that it is so necessary to bring total government spending under control.

Until 1930, total government spending averaged out to about 15 percent of the people's income. By 1950, that had grown to around 32 percent and this year, it will run around 44 percent.

This percentage has grown through good times and bad. Somehow, the law of gravity does not seem to work with government spending.

Last year we appointed a task force to look into the overall tax policy and to see if we could devise some way to reduce the tax burden of the people---and yet still assure ample revenues to finance necessary and ongoing expenses of government---providing revenue to cover new programs as well as the impact of inflation and population growth.

Our task force, which included some of the finest economists and management consultants in America, worked for more than six months---and did not, as some would lead you to believe---suggest simply cutting government spending in large chunks with no regard for essential services

They recognize that government is an essential function and taxes are necessary to pay for it. But they also recognized something that many people are unwilling to concede: that the total cost of government has grown to an intolerable level. If the same rate of growth continues, in 15 short years almost 55 percent of the people's income will be going for government.

No country in history has ever long survived a tax burden that reached one third of its citizens' earnings. Indeed, the first signs of disintegration begin when the total tax burden hits 25 percent.

We must start bringing government costs under control. When government increases its share of the people's income, the people---and that includes you and your families---have less of their own earnings to spend or invest to improve their own standard of living.

A recent national poll showed that 76 percent of the people in America recognize government spending, mainly at the federal level, as a major cause of inflation.

If we can bring government spending under control, it will go a long way toward controlling inflation. And if we control inflation, the salary increases you get will be worth more in real terms, rather than representing simply a new set of numbers on your check stub---the part you can't cash.

Last year, we adopted a major program of homeowner tax relief. Whatever your partisan affiliation and regardless of how you feel about our current program, I believe you will agree that if ever there was a consensus on anything, that consensus was reached last year. Major leaders of both parties agreed that the homeowner's property taxes had reached an intolerable level and simply had to be scaled back. So we got together on tax reform. But that was a shift from one unfair tax to a broader based tax.

Now we must deal with the problem of reducing the entire tax burden. Unless we do something, there will come a day when our free private economy will simply be unable to generate the jobs and the expansion of business necessary to shoulder such a massive burden.

I do not have to tell you that what happens in the private sector concerns you. We learned that during the economic downturn a couple of years ago.

Eighty percent of the jobs in this country are in the private sector and it is from the private sector, from business, industry and from individuals, that government receives its operating funds.

If taxation becomes a drag on the private sector, we do not have a healthy economy, and if we do not have that, we will not have a healthy balance in the state's accounts, and we will not be able to properly fund essential programs.

The plain truth again is: it is time to slow down the rate of government's total spending so that the real income of the people can increase.

School enrollment is declining. We just dedicated the last major segment of the great water project. The latest census report shows the population has reached a level of zero growth nationally.

All this does not mean we will not have additional costs for government. But it does mean the need for sharply increased revenues will not be as great as it was during the years of post-war growth.

If our plan is adopted, it will mean an additional ongoing 7½ percent income tax reduction in addition to this year's 20 percent rebate. Families earning \$8,000 or less will have their state income tax burden eliminated permanently, not just this year. In 10 years, the state could provide another 60 percent reduction in state income taxes or a cut of two cents in the sales tax or any combination of those or other taxes---as the legislature chooses. And this could be accomplished within a revenue limit that still would allow the state to have a budget twice the size of this year's budget---\$18.6 billion.

The legislature would retain full authority to decide on program priorities and it would have the right to decide which taxes to reduce and by how much.

The important thing is, we will be stabilizing government costs at a more reasonable percentage of the peoples' income. And this can help reduce inflationary pressures so that the pay increases you receive in the future will be worth more in actual purchasing power.

We believe the people have a right to decide how much of their income they can afford to spend for government. And we believe that they have an absolute right to at least vote on this proposal, just as they do on other major issues. That is all we are asking in our initiative campaign.

Career state workers are just as interested in efficient government and lower taxes as any other group of citizens. I have told you before we have the finest group of state employees of any state in the country. I believe you deserve the pay raises and inequity adjustments we have proposed this year.

And I believe that the state should make all reasonable efforts to continue to upgrade salary and benefit programs.

And I also know that you are intelligent enough to realize that the total tax burden has reached an intolerable level. When spending exceeds outgo over a period of time, bankruptcy is the result.

If we continue to saddle our people and the private sector with a tax burden that takes half or more of their income, there will come a day when the free economic system that generates all taxes will be simply unable to carry the load.

If we are to have stable government and stable career employment opportunities in government, we must have a stable private economy. If the private economy falters or collapses under its tax burden, the entire structure of government can fall with it---it has done so in the past. We have testimony to that in the bones of dead empires.

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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).



6/8



PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
UNITED STATES CONFERENCE OF MAYORS  
San Francisco  
June 18, 1973

More than three-fourths of America's population now live and work in so-called urban clusters. And these areas---which you largely govern--present some of the most critical problems facing our country.

It has been fashionable in some circles to suggest that cities are simply ungovernable, the problems too complex, and the resources too limited.

That, of course, is no answer. The two levels of government we represent are the very foundation of America's federalist system. And you are perhaps most important of all.

It is at your level that government is in direct contact with people, their problems and their needs. And through various administrative machinery, the state is a partner in helping provide essential services---everything from schools to highways and health services.

There was a time---and not too long ago---that this was recognized in the tax structure. Local government received most of the revenue because it provided most of the services the people want and need. States received somewhat less of the total and the federal government received the smallest share of all.

Those ratios have long since been reversed. Today, Washington collects two-thirds of all tax dollars. And we divide what is left.

It is true that state and local governments receive grants through specific federal programs. But somehow, a funny thing happens to money making the round trip through those puzzle palaces on the Potomac. The returning dollar never seems to stretch as far as the dollar produced through our own revenue sources. For one thing, they come wrapped in red tape which cannot be unravelled without a costly administrative structure.

The concept of revenue sharing---advocated and supported by many mayors and governors---is an acknowledgement of the administrative impossibility of trying to run government from the federal level.

Some of you may not agree that revenue sharing is the final answer to the financial problems confronting our cities and other areas of local government. In my view, it is an important step in the right direction. It returns to state and local government the authority to establish our own financial priorities---and gives us flexibility in decision-making---essential to efficient government at any level.

In this land of such great diversity, we must never lose that flexibility. The simple truth is that state and local governments are best equipped to meet and solve the problems of day to day living.

Whatever methods we develop to improve financial support of these areas of government must recognize that fact.

The environmental challenge continues to be a major factor in many of the decisions made at your level of government as well as in the legislatures of the states.

Yet the need to develop additional job opportunities for our people, particularly those in the cities, requires an orderly and balanced expansion of business and industry. In preserving the environment, we cannot afford to adopt policies that stagnate or retard the necessary expansion of our economy.

The direction of the 1970s and 1980s may not simply be finding ways to accommodate more people, but more toward improving the quality of life for a more stable population, catching up on the problems that have evolved during the earlier years of swift growth.

Local and state government can be the catalyst for constructive change.

California had to be a pioneer in the fight against air pollution, and this led us into the whole arena of environmental protection. We are proud of what we have accomplished in that field and in some other areas.

Many of the welfare reforms we adopted in our state two years ago are now being carried to other states and the federal government. Other states are embarked on similar innovations, which may prove useful on a national scale.

This cross-pollination of ideas, sort of a pilot program test of new concepts, is an important part of our overall system. It is one of our greatest strengths and it can be maintained only by preserving a strong structure of local and state government. I am sure many of you will have an opportunity to ride on the Bay Area Rapid Transit System while you are visiting with us this week. Systems such as BART and other types of urban mass transportation offer another great area of challenge for government below the federal level.

## Conference of Mayors

Right now in California, we have a task force on local government taking a look at our state's multi-layer structure of government below the state level.

We have some 5,800 separate units of local government. There are 58 counties, 407 incorporated cities, about 1,150 school districts and almost 4,200 special service districts, meeting every type of public need from mosquito abatement to cemetery services.

I am sure the same growth pattern has occurred in many of your own states, too.

Because this proliferation occurred over a long period of time, with each particular unit established for one specific purpose, we now have what appears to the average citizen as literally a maze of government.

The purpose of our task force study is to try to chart a clearer path through that maze, to make the most searching appraisal ever undertaken of the strengths and weaknesses of our present structure of local government. We want to build on the strengths and eliminate the weaknesses.

We are looking into the financing of local government and the public service responsibilities assigned to each level. We want to know if the responsibilities for providing various services are assigned in a logical and efficient way and whether the financial support necessary to maintain these services is sufficient.

We are looking at boundary lines and other geographic divisions of responsibility. If size is a problem, we want to know it. Perhaps some of our governmental units are too big or too small in area or population for the most efficient operation. If there is an ideal size, we want to find out what it is. We already know that there may be substantial savings in consolidation of certain services, eliminating administrative costs that may unnecessarily increase the property owner's tax bill or the cost of the service provided.

In some of our larger counties, a certain degree of decentralization of services is desirable, both for operating efficiency and to assure maximum service to the public. We want to find out if a consolidation of some functions, such as fire protection, may offer a way to improve service, reduce costs and even have a favorable impact on homeowner fire insurance rates.

We are working with your colleagues in the California League of Cities, the County Supervisors association and the special districts.

We want their suggestions, their recommendations and their ideas for strengthening local government to make it more responsive to the people's needs and better equipped to meet those needs.

We value the opinions of mayors and county government leaders. You have been on the firing line, you know where the wheels of government have been squeaking and you can help us find where to put in the oil.

Our goal is simple! We told the task force to ask themselves, if they had to do the job from scratch, would they develop the present widely divergent and multi-layer structure of local government we have now?

If there is a better way, a way that will help save money, provide better service and make government more accountable to the people, we want to find what it is. And we want to implement it, but only if the people agree.

For what it may be worth, you have my sincere wishes for a constructive and productive convention here this week.

I do not accept the view that any of our urban problems are beyond solution, even those that may seem staggering at first. If we can develop the means of sending a man to the moon and bringing him back safely, surely we can develop a way to collect the garbage efficiently, and provide a safe, healthful and productive environment for the people in our urban areas.

Former President Harry Truman, who took on some pretty formidable tasks himself in his lifetime, once said that if he could have drafted his own epitaph, it would be simply: "He done his damndest."

If we do the same, I am confident that the American people, working together through elected representatives, will be able to find the right answers to whatever problems we have in our cities or anywhere else.

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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).



6/22



OFFICE OF GOVERNOR RONALD REAGAN  
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RELEASE: FRIDAY P.Ms.  
June 22, 1973

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
AMERICAN LEGION CONVENTION, ANAHEIM  
June 22, 1973

Last year when we met at San Jose, I mentioned the signing of a certain bill in which you were very interested. And I got the best round of applause of the day.

Well, the business I used to be in taught me the value of a good opening line when I find it, so I will start on the same subject again.

Actually, there have been some developments on this bill---designed to provide property tax exemptions for charitable veterans' organizations. It turned out there were some technical corrections to be made, so I have signed urgency legislation to implement the corrections. The measure took effect last March 5.

And a few days ago, the Attorney General upheld the constitutionality of the legislation. I thought you would be interested in both those developments.

Because of all the charitable activities your organization sponsors, this exemption is justified and I hope the issue is settled.

We don't always have that kind of luck with court rulings. I sometimes think if someone appealed the 10 Commandments to some of our courts they would rule---"thou shalt not, unless you feel strongly to the contrary."

Much has happened since we met together last year.

After almost a decade of war in Southeast Asia, the ground fighting in Vietnam is over for America and our troops have come home. Best of all, the known prisoners of war are back with their families and loved ones.

Recall, if you will, this time last year when we met at San Jose. The President was being urged to simply pull out of Vietnam and abandon the last bargaining power we had to secure the release of those POWs.

Voices were raised in protest against mining the harbor at Haiphong, the entry port for the munitions that had been used to maim and kill our young men. It was said that this would prolong the conflict. Then when the enemy rejected a generous offer of peace and launched a new offensive, the nation found it necessary to resume bombing in North Vietnam. And again the enemy was encouraged in its aggression by a chorus of "made in America" criticism.

## American Legion

There were dire predictions that the raids would mean a longer war, that it would mean even more years in communist prison camps for the POWS

But according to those imprisoned men, their treatment improved mightily when we mined the harbor and resumed the bombing.

I asked some of these men when they really felt in their hearts that they would be returned to their homes and loved ones. To a man, they said "on December 18 when the B-52s started hitting Hanoi." They told me they stood and cheered when they saw and heard the planes over Hanoi. They knew then, as they saw their captors cower in fear and dissolve in hysteria, that the end was near. And they added---"had we done it years earlier, we would have been home years earlier."

There is a lesson in the Vietnam war for all of us. If military power must be exerted to preserve our freedom or that of our allies, the purpose must be clearly spelled out for the people---before the first troops go ashore.

And young Americans must never again be forced to fight under limitations that give all the advantage to the enemy. If a man is asked to fight and, if need be, die for his country---his country has an obligation to support him in winning and ending the conflict as quickly as possible.

The draft has been suspended, no longer are young men being called up at the rate of 50,000 a month. The tensions and the conflict associated with the Vietnam war have subsided.

And there are encouraging signs on the international scene that we have a great opportunity to secure the lasting peace we have always wanted.

But peace treaties and non-aggression pacts are effective only if both sides sincerely want peace and are willing to abide by all the terms.

The dust-bin of history is littered with the remains of those countries which relied only on diplomacy to secure their freedom. We must never forget---in the final analysis---that it is our military, industrial and economic strength that offers the best guarantee of peace for America in times of danger.

We dare not heed the counsel of those who would risk America's freedom through one-sided disarmament proposals that our country would carry out honorably, but which the other side might evade or ignore.

Our first commitment must be to maintain and nourish in the hearts and the minds of our young people the love of freedom that you and millions like you have exhibited during times of crisis.

## American Legion

Our young people, who offer such great promise, must learn to appreciate this heritage of freedom for which our people have paid such an awesome price.

In a little more than two years, the United States will observe its 200th anniversary as a nation. And we have our own state program under way to mark this historic event. It is called the American Revolution Bicentennial Commission of California and its major function is to coordinate all the varied and different activities that will be part of the observance.

California will be emphasizing its contribution to the growth and progress of our country. Groups throughout the state will be sponsoring different programs, contests and ceremonies as part of the bicentennial observance.

There will be projects to recognize almost every aspect of our culture, our history and the part that different groups played in creating the California and the United States of today.

As part of this, a replica of the USS President, one of the first six frigates in the U.S. navy, is being built. The original ship was launched in April 1800 and was the flagship of the American fleet during the War of 1812.

The replica is scheduled to tour ports of call throughout the United States and the world for three years and after that, it is to become a permanent exhibition with a home berth in California.

The overall California observance will feature the Gold Rush theme because that great migration played such a major role in our history.

The bicentennial commission has established an office in Sacramento and can provide you with information on the various projects now under way or being planned. I mention this because I know many of your organizations will want to participate with their own projects. And I can think of no more appropriate group to help mark this 200th anniversary of a free America than the American Legion.

The pessimists who say the American dream is a nightmare have been pretty vocal in these past few years. But they have not had as much success as they would like to think.

A few weeks ago, I had the privilege of visiting the San Diego Naval Training Center on the occasion of its 50th anniversary. During the ceremony, they presented an award to the outstanding recruit. He was a fine young man, and he had demonstrated his determination to do his best for his country during those early weeks of military service.

## American Legion

His mother was there for the ceremony, full of pride in her son. And as we stood there, looking out at the assembled ranks, young men from the farmlands of the midwest, from the cities, from every part of America, I could not help but think of the hundreds of thousands of similar young men who have answered the call to duty over these past 50 years.

Many of them went on to take part in some of the bloodiest battles our country has ever had to fight. And some of them did not come back.

But they were all there that day, in spirit at least. The memory of their service and their sacrifice is always present.

Whenever America has faced a crisis, we somehow always produce the leaders and the men needed to carry us through to victory. That is part of the strength of our system. It cannot be explained with the logical precision of a computer program.

Perhaps that is because spiritual values can never be adequately measured in material terms. Things like faith, love of country, courage and dedication---they are all part of the inner strength of America. And sometimes, they do not become self-evident until there is a time of crisis.

But those values are part of our heritage. And so long as a majority of our people never lose them we do not have to worry about the future.

In a way, the ending of the Vietnam War is the beginning of a new and perhaps even more difficult era for America.

We can no longer afford the luxury of ignoring the economic barometer. Right now, our national debt is more than \$450 billion. The interest on this debt alone is four times what the entire federal budget cost 40 years ago.

We have a balance of payments deficit. Those countries we helped after World War II have rebuilt their industrial strength---with our help and our blessings.

And our own products must compete against theirs in the world market place.

Our productivity---the amount of goods and services produced per man per man hour---has lagged far behind that of other industrial nations.

The constant battle to contain inflation, has been aggravated by the high tax burden our people have borne so long and so patiently.

At this time in our history, we have reached the moment of truth. Today, the challenge before America is not only one of potential external force.



It is, instead, a threat of internal economic decay, a faltering of purpose in our long history of progress. It is a cynicism, a national mood of indifference toward critical problems involving our economy that can no longer be ignored.

We will not whip inflation by shrugging our shoulders and saying it is somebody else's problem. It is everybody's problem.

If we are to have lower prices, there must be greater efficiency, in our factories, on our farms, in our offices. And if we are to assure our prosperity, our people can no longer afford to pay a higher and higher percentage of their income in taxes.

We must bring government spending under control if the wage gains our people make are to be real instead of an endless cycle of pay increases followed by higher tax deductions, followed by legitimate demands for even higher wages so that the people can pay even higher taxes.

This is the classic cycle that leads to inflation. And, that, along with our other economic problems, is why our people have difficulty making ends meet.

Government takes the first and largest slice of everyone's income. In 1930, total government spending took about 15 percent of the people's income. Twenty years later, it was around 32 percent. And today the combined total government spending---federal, state and local---has reached a level that represents 44.7 percent of total personal income.

As you well know, we have embarked on an unprecedented program to deal with this problem, at least at the state level.

I have always tried to avoid partisan topics in my meetings with you and while a few would have you believe this is a partisan issue, it is not.

High taxes affect us all---Democrats, Republicans and Independents. The tax burden today has become so great that it threatens to undermine our free enterprise economy, the economy that provides job opportunities for 4/5ths of our people and pays the freight for all of government at every level.

After 6½ years of cutting, squeezing and trimming in every way we can, we believe we have a pretty lean and efficient state government. At least, our critics keep telling us it ought to be a lot fatter---even if it means higher taxes.

But we believe it is time for America to put its economic house in order. And part of this demands a leveling off in the tax burden, a reduction of taxes so that the take home pay of the people can be allowed to grow a little faster than their tax deduction.

I know you have probably heard about our tax limit plan and I will not belabor you with all the details today.

It includes a 20 percent one time rebate in state income taxes and an ongoing 7½ percent income tax reduction after it is adopted.

By putting this revenue limit in effect, in five years, there could be another 25 percent reduction in income taxes. In 10 years the cut could be another 60 percent, or the sales tax could be reduced by a third---from 6 to 4 cents.

It will still provide ample money for government's legitimate functions to expand. In 10 years, the budget could triple from \$9 to \$27 billion, and spending for education, for mental health, for all the vital functions of government could also go up at the same pace.

But there would be a big difference between the system we have now, a system in which government literally has a blank check in the matter of taxes. And when they issue that check, it is drawn on your account, in the form of higher taxes.

We do not believe this can go on. Somewhere, someplace, someone has to draw the line against excessive government spending and all the wasteful practices that are inherent in allowing blank check financing.

California is the place to draw the line. We can meet all of the legitimate needs of government without bankrupting the people; we can have an orderly growth in the budget for essential programs and at the same time we can be planning for tax reductions instead of tax increases.

That is what our tax limit program is designed to accomplish. It was drafted by a task force that had the help of some of this country's most distinguished economists.

It can be a major step in bringing to a halt the constant need for higher taxes. Putting a reasonable ceiling on the amount of your income that government can take is the only way to restore a stable tax structure. By doing so, California will be taking a major step toward helping America slow down inflation.

In 15 years, this program will leave more than \$118 billion in the pockets of the people who earned it rather than having that staggering amount of money taken out of the economy in non-productive taxes.

If people spend this money for their own needs, their own priorities, it will provide a massive boost to our economy, it will stimulate investments and jobs and a more stable economic climate. If government takes it, all those problems will be aggravated.

American Legion

That is why we are giving this program our highest priority. That is why we are going to the people for a decision. We believe they have a right to vote on it, to tell government that there is a limit to what our people must pay in taxes.

You will be hearing a lot about this in the months ahead. All that I ask is that you study our proposal, and consider the alternative that the critics offer: the same unlimited, blank check financing that government has had up to now. It is because there have been no fiscal restraints that government costs have grown so steeply in the past two generations. If this trend continues, we may never be able to cope with inflation or any of the other economic difficulties we face.

I cannot believe that America is doomed to follow the path of other nations that have fallen into internal decay.

I cannot believe that our people lack the self-discipline to face up to the economic necessity of bringing both inflation and excessive government spending under some degree of reasonable control.

The people of America and the people of California are made of sterner stuff. They built this country, made it prosperous and they have protected it through 200 years of periodic war and crisis.

Surely, in this time of affluence and prosperity, we can take the steps necessary to maintain that prosperity.

Regardless of what others do, California has an opportunity to do something constructive to restore economic stability, by reducing taxes. And with the help of those of you who share our views, we are going to try to do it.

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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).

6/25



OFFICE OF GOVERNOR RONALD REAGAN  
Sacramento, California 95814  
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RELEASE: MONDAY P.Ms.  
JUNE 25, 1973

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
GOVERNOR'S SYMPOSIUM ON TRANSPORTATION  
Los Angeles  
June 25, 1973

First, let me say I am delighted to see all of you here today. You have already heard from Frank Walton and Jim Moe the purpose of our meeting. It is to acquaint you with the operations of the new unified Department of Transportation just getting under way. And it will, we hope, open up lines of communications which will enable all of us to carry out a difficult and challenging assignment in the years ahead--- planning for and solving California's need for an efficient and well balanced total system of transportation.

The subject is one of vital concern to every citizen of California.

I know you will be hearing from many experts here today. And I know too that everyone here is very familiar with the important role of transportation in our society.

But I would like to sketch for you in a general way the dimensions of the challenge we face during the years ahead. And I would like to tell you just a little about the things we are doing and still must do to meet that challenge.

I realize there are those who are quite pessimistic about the prospect of ever solving the myriad of problems associated with the kind of massive transportation systems we have now and must develop in the future. When you hear some of the dire forecasts, it does sound a bit like trying to bail out the Queen Mary with a leaky bucket.

But, I am not one of the pessimists. Those who would just give up, or who advocate extreme and impractical solutions that could seriously damage our economy, are underestimating the enormous reservoir of talent, ingenuity and vision we have here in California.

Some of the things we have already accomplished in the field of transportation are miracles of progress, on a scale undreamed of in other countries and in most other states.

Ever since the first settlers arrived on horseback and covered wagon, California has been developing a fantastically efficient and varied system of transportation.

Our oldest highway, El Camino Real, first laid out along its present route more than 200 years ago by the early missionaries, is a symbol of the progress that transportation has meant to the people of California. That early roadway has now grown into a vast transportation corridor, stretching today between San Diego, Los Angeles and San Francisco, urban areas where more than 15 million of our people live and work.

It is one of the busiest transportation networks in the world. More passengers fly between Los Angeles and San Francisco every year than between any two other cities in the world. And air travel is only part of this vast structure.

The movement of goods and people back and forth along the rail lines, sea lanes, freeways and pipelines in this corridor have helped California become the world's seventh largest economy.

Between those cities I have named virtually every type of economic activity known in the state takes place, everything from the making of heavy industrial products to the harvesting of artichokes, the operation of massive research and educational institutions and the functioning of vast centers of commerce, finance, entertainment, and recreation.

This giant network and the many other important links in our overall transportation system are absolutely vital to the prosperity of our state and the convenience of our people. All of the commercial activities I have mentioned depend on an efficient transportation to function properly, to move goods from the farms and factories to market, to enable our people to get to work and back again safely and conveniently.

California has almost 15 million vehicles of all kinds---including 12-1/2 million cars and trucks operating every day along a 16,000 mile highway system under the state's jurisdiction. And by 1990, we must be prepared to accommodate a projected 20 million vehicles.

Every 24 hours, more than 80,000 people fly somewhere aboard the scores of commercial airlines which serve California, including 56,000 people traveling in and out of our state on flights going to or coming from the major cities of America and the world.

Hundreds of thousands of other people use our urban and commuter rail and bus and rapid transit systems. Along with all this, there is a constant stream of rail and sea traffic serving both passengers and the freight and cargo shipping needs of our industries, our farms and our businesses.

Keeping this system operating at peak efficiency, with maximum concern for environmental protection and the safety of those who use it, is one of the major responsibilities of government at all levels.

The modern transport system we have in California has evolved over the years to meet our changing needs. And since we have been in Sacramento, our major goal has been to improve that system, to anticipate the changes necessary and to take the steps necessary to make those changes efficiently and at the least possible cost.

Since 1967, we have built 1,472 miles of freeway and 125 miles of expressway. The total mileage of the state highway system has increased by 800 miles.

At the same time, we have recognized the need to make our roads and highways compatible with the natural environment and as safe as modern engineering practices can make them.

One of our first major efforts in 1967 was to appoint a task force of professionals in the transportation field. We gave them the task of defining the state's role in transportation planning and asked them to recommend the organizational structure that would best enable us to plan for and meet California's transportation needs in the future.

Our unified Department of Transportation is the result.

Our people must have a variety of transportation choices to meet their varied needs, a total network that offers flexibility and comfort as well as economy, swift movement as well as convenience.

Moving people within our great urban areas requires one particular combination of transportation facilities. Longer trips between cities, freight and cargo hauling, call for a different combination. And to get people to and from recreational areas quickly and conveniently involves different and totally separate transportation needs. It will be the goal of the Department of Transportation to develop, with your help, a logical efficient and economical arrangement of the various transportation networks we need to serve all the people and the businesses and industries which employ them and make possible a modern and prosperous society.

Many of the other recommendations made by our task force and implemented earlier are part of the administrative structure we will need to carry forward our transportation planning.

The California Transportation Board, established in 1970 and now headed by Richard Brown, serves as the key policy making body in comprehensive transportation planning.

We must and shall continue to develop and improve the state Highway System because the automobile is the dominant means of transportation for most of our cities. And it will remain the major mode of transportation in the years ahead, even while we are developing alternatives.

We recognize that alternatives are needed, that any modern transportation system, particularly that serving great metropolitan areas, must include a proper balance of transportation choices. That means developing and encouraging better and more efficient means of rapid mass transit.

The Bay Area Rapid Transit system is now getting under way. Tolls from San Francisco area bridges are helping finance BART's under the Bay tube connecting San Francisco and Oakland. We have reduced the tolls for commuter buses on eight state-owned toll bridges and established reserved bus lanes on the Golden Gate bridge to help encourage a greater use of this form of mass transit.

In the Los Angeles area, an 11-mile express busway is now under construction along the San Bernardino Freeway, and about 7 miles of this are already in use. This new bus route connects the Los Angeles central business district with cities to the east and the project also provides a major test of the effectiveness of a combined transportation link, utilizing rail, auto and bus transportation on a single facility.

Air transport and aeronautics is an increasingly vital element in both passenger and freight service. The state has recognized this by starting to develop a statewide master plan to coordinate this phase of our transportation needs.

Because of sheer numbers involved, automobile traffic safety has been one of our primary concerns. And we have made remarkable progress in reducing the slaughter on the highways.

The overall fatality rate on California's highways has declined from 5.0 in 1966 to 3.6 per 100 million vehicle miles in 1971. It was 3.9 last year, but we are determined to get back to the lower figure in 1973. Translating that statistic into terms we can all understand, that means over these past six years, 5,103 lives have been saved.

We have doubled the manpower strength of the Highway Patrol, enabling cities to devote their own law enforcement personnel to crime fighting. We have adopted stringent laws to crack down on the drunk drivers who cause so many of the fatal accidents on our highways. And we have applied the latest and most sophisticated engineering techniques to eliminate the dangerous road and highway hazards which cause injury and death.



We can all be pleased with these results. But we must never allow our success to lull us into thinking that the job is complete. It can never be complete. One traffic or pedestrian death is one too many.

To focus attention on the continuing need for utilizing every means at our command to further reduce traffic casualties, I am designating the week of September 24 through September 30, 1973 as California Traffic Safety Week. And I have asked the Business and Transportation Agency, through the Office of Traffic Safety, to coordinate this joint effort.

To be successful, it will require the cooperation of all---the state, local government, community action groups and those private sector groups which have and are still doing so much to help educate our people on the constant need for traffic safety. This includes the California Traffic Safety Foundation, the California Association of Women Highway Safety Leaders, all automobile clubs and similar organizations.

The campaign must be a continuing one, carried on as long as necessary to cut to the absolute minimum the anguish, suffering and the economic loss that results from unnecessary accidents.

Traffic safety, like the planning necessary for our total transportation system, is a job that requires the best efforts of all of us.

The area transportation districts which many of you represent provide the means of carrying out one of the other major recommendations of our transportation task force: maximum participation of local government and local people in transportation planning.

Of all the services that government provides for the people, transportation is one that must recognize local needs and local sentiment.

Yet in this field, as with many other governmental functions, there is too often a tendency to look to Washington for the answers. The problem of moving commuters in and around Los Angeles or any other local area cannot be effectively solved in Washington. And the people recognize this. A recent national poll indicates that two thirds of our people believe transportation decisions should be made at the state and local level.

It will be the purpose of the Department of Transportation to help assure that California's transportation needs are solved through the greatest possible coordination and cooperation between all levels of government. And these solutions must include the desires of the people most affected at the local level.

The department's task will be:

--to resolve the differences that may exist or develop about the various transportation alternatives available to us;

--to eliminate fragmentation in transportation planning and provide a more efficient, unified approach to our transportation problems in all areas and involving all modes of moving people and goods;

--to hear and resolve, on a logical and fair basis, the legitimate concerns our people have about the impact of transportation facilities and rights-of-way on our environment.

We already have the basic working elements of the transportation system we will have in the future, the planes, automobiles, trucks, trains, buses, ships and harbors and the rapid transit cars. We also have the technical capacity to improve on all these elements, to provide both a better network of transportation and a mix of systems plus technological improvements that will help us reduce air noise and environmental pollution.

What we need to develop in the years ahead is a way to take these various systems and coordinate them into an efficient and interrelated transportation network.

This will be the department's goal, to determine whether all the various elements of our present and planned transportation network are being developed properly, in the right places, to serve the people in various areas and the overall transport needs of the state.

To give the proper direction to the different areas of transportation, the department will have a Division of Highways, the Division of Aeronautics and the Division of Mass Transportation.

And to coordinate the work of these departments, there will be a Division of Transportation Planning. Its prime function will be to make sure that whatever facilities we add will all mesh together to provide the most efficient and balanced transportation system possible.

We know that will require planning, but we want it to be logical, realistic, and sensible. We sure don't want to be like the Soviet architect who designed a 12-story apartment house and forgot to put in the elevators. They gave him the worst punishment they could think of--- he was condemned to live in an apartment on the 12th floor.

Those of you here today will play a vital role in helping us make the many choices that must be made in local areas of the state, what type of transportation mix will be most efficient for any given area, where the facilities should be located and how to accomplish all this with a minimum of disruption of the environment and maximum attention to the needs and desires of the people who live where these facilities will be located.

We know there will be many problems. Our meeting today comes during a time when there is a convergence of many trends and developments which will have a bearing on the work ahead.

We are committed to protecting the environment against unnecessary encroachment, reducing smog, and noise pollution and minimizing the adverse impact of our transportation system on the overall environment. Yet we cannot forget the positive and essential beneficial impact that an efficient transportation network has on the total environment of the people. It is necessary for the orderly functioning of our economy and for the convenience of the people.

So there will be a need for cooperation, for understanding and compromise.

The energy crisis, which has suddenly become a matter of urgent concern, makes our job that much more difficult. The United States uses about 16½ million barrels of oil every day, about 3½ gallons for every man, woman and child. Yet our domestic resources supply only about 70 percent of this. The remainder---about 30 percent---is imported. In 1960, our proven domestic reserves of crude oil amounted to about 12½ times our annual production of petroleum and oil. Last year, the amount of proven oil in the ground was down to less than nine times our annual oil output.

This means that we face some difficult choices in the years ahead. Certainly we must do all we can to protect the environment. But we cannot stop drilling for oil everywhere, we must permit our oil and petroleum industry to explore and expand our oil reserves. This is not simply a matter of convenience for the average motorist, although that is a legitimate goal in itself.

We simply cannot afford to become overly dependent on foreign sources of oil because in a time of crisis or war, those sources would not be available. Western Europe learned that lesson during the Suez crisis. And one result of that experience has been the wide-ranging effort to develop new oil sources closer to home, in the North Sea and elsewhere. A modern economy cannot operate without sufficient energy supplies. And until technology provides us with other alternatives, we must make sure that America has the oil it needs to protect both our prosperity and our freedom.

Nor can we adopt extreme measures that could paralyze our economy. The proposal that would virtually ban automobile traffic in the Los Angeles area by 1977 may possibly have upset many people. Well, it is my understanding that this is just that, a preliminary proposal. It emphasizes the need for action. Yet we all know a total ban on cars would be an economic disaster and I am quite sure that is not what Congress intended. We must work together to develop more feasible alternatives that can reduce and eliminate smog without doing away with private automobile travel.

Frankly, I have always felt that the ultimate answer lies in technology, the development of alternate power sources or technical refinements. Industry should be encouraged and assisted in their efforts to eliminate smog on the assembly line rather than attempting to solve the problem after the cars and trucks are on the roads and streets.

When I mentioned the problems we face, I saved the big one for last. And you all know what it is: money. The United States Department of Transportation estimates the cost of meeting all of California's transportation needs between now and 1990 at \$60 billion. That includes public transportation, highways, streets, roads and air travel facilities

We will need \$40 billion to maintain, improve and expand our network of highways, streets and roads, \$15 billion for mass transportation systems and \$5 billion for air facilities.

Yet, the dollars we have available for transportation are limited, because of other essential needs and the need to keep from piling additional taxes on our people.

Because California has more people and vehicles than any other state, we have been a principal contributor to the federal highway fund. We are---in the jargon of government---"a donor state." We send about \$200 million more a year to Washington than we get back for our own transportation needs.

So the new Department of Transportation, under Jim Moe, has a big job cut out for it in the area of financing. They will serve as the principal advocate for obtaining a greater return of the highway funds California sends to Washington so that we can maintain and improve the highway system that generates this tax revenue.



## Transportation Symposium

They will also be giving a high priority to meeting the urban transportation needs of areas such as Los Angeles and other cities. In this, we plan to work closely with local officials. Together, I believe we can take the steps necessary to develop logical and realistic ways of meeting our urban mass transit needs.

All of this, I know, may sound beyond reach. Yet our people have never been intimidated or even long deferred by ambitious plans or massive problems.

A week ago, I told the U.S. Conference of Mayors that I believe we have the talent and the capacity to solve whatever problems we face, in the cities or the states. If we can land a man on the moon, develop space ships that can travel to other planets, getting people to the shopping center or between cities swiftly, safely and conveniently is certainly not an impossible dream.

Sure, it will take a lot of work, some sweat---and just possibly a few arguments here and there---but I believe it can be done. And we have the most basic ingredient for success man has ever known: we will do it because we have to do it.

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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  
CITIZENS COMMITTEE FOR LAW ENFORCEMENT NEEDS  
Los Angeles  
August 1, 1973

You wouldn't be here today if you didn't agree with many others that the scales of justice have been tilted out of balance in recent years for a variety of reasons. We are all concerned with a legal and criminal justice system that is fair to society and protects the rights of the law abiding as well as assuring justice for accused lawbreakers.

The result of this imbalance is clearly evident in the sharply increased levels of crime over the past decade or so, both in California and throughout the nation.

Although we have made some progress in slowing down the overall crime totals, criminal activity is perhaps our society's most critical problem. A recent poll showed that crime is the number one concern of the people in California. And another poll provides the reason why: one out of every three people surveyed said they had within the past year either been a victim of some crime themselves or knew someone who had been a victim.

If it is true that humor is a reflection of society, the crime problem has indeed become a matter of widespread concern, even among people of different philosophies. Today's hardliner on law and order is yesterday's liberal who was mugged last night.

But it is too serious a matter for humor. Crime has become so pervasive within our society, it is now a dominant factor in the daily lives of many citizens. Fear of the mugger inhibits the enjoyment of a walk in the park or a stroll around the neighborhood after dark. Worst of all, despite the courageous dedication of our law enforcement officers, violent crime continues to go up. How can this be? Respect for the law is deeply rooted in America's culture. Our very system of government is based on the principle of rule by law. The question comes back again and again: Why?

Our police have the most modern crime fighting techniques ever known. We live in the most affluent period in our nation's history. Why does the crime rate continue to go up?

The answers cannot be found in sociological explanations as some would have you believe.

Certainly, we have had major social upheavals in our society over the past several decades. Great migrations of people, the growth of vast metropolitan areas, the decline of religious faith and ethical values, the advent of the so-called "New Morality," the drug culture and other fads plus the simple fact of population growth.

Some of these things are symptoms, not causes; some can help explain part of the increase. But they do not and cannot explain the total increase. In the darkest days of the Great Depression, the crime levels were far lower than they are today or have been for the past decade.

Poverty and unemployment cannot be blamed for the spread of crime. The answers lie elsewhere, in a variety of trends which have evolved in America during the past couple of decades.

Part of it is sociological, but not quite for the reasons that some imply. The increase of crime has come about at the very time when there has been a general acceptance of permissiveness throughout our society... the idea that the rule breaker and even the lawbreaker is not accountable for his or her individual acts, or the consequences of those actions. Instead, we have been asked to blame "society," economic problems, discrimination, anything but the individual act of individuals.

Part of it lies within the legal process itself, the clogged court calendars which delay trials, sometimes for years. Prolonged delay makes a mockery of the concept of a speedy trial and speedy justice---both for the accused and for the protection of society.

During this golden age of permissiveness, the crime rate has skyrocketed. Instead of coming to grips with the problem, the criminal justice system has become part of the problem. Sweeping court rulings involving the most technical (and yes, the most tortured) interpretation of law have made it harder, not easier, for our police to carry out their mission of protecting the public.

Some of these court rulings have had such a devastating result on the crime rate that they can no longer be ignored. Attorney General Evelle Younger recently pointed out some startling statistics that emphasize the very problem that brings us together today.

Last year in California fewer than 1 in 5 convicted heroin pushers actually were sentenced to prison.

--one survey shows that of 1,399 offenders convicted in Superior Court of first degree robbery, 886 did not go to prison.

--Still another case study reveals that 294 ex-convicts were convicted for possession of a deadly weapon. But of this number, only 62 went to prison for this new offense.



The result of this is quite predictable. At the precise time when the crime rate has been going up, the number of convicted offenders actually being sent to prison has been going down.

In 1971, fewer than 1 in 10 felonies processed through the Superior Court resulted in a prison sentence.

A study by the Rand Corporation showed that in one court, only 7 percent of those convicted of one of the seven most serious felonies received a prison sentence. In another court, in the same judicial district, more than half the convictions resulted in a prison sentence.

That is unequal justice. But the victim of this inequality is not the guilty offender who did not go to prison for committing the same crimes that caused others to be imprisoned. The real victim in this situation is society itself, the law abiding citizens who rely on the criminal justice system to protect them against the lawbreakers.

Court rulings stacked almost entirely on the side of the law breaker, a lack of uniform sentencing patterns for identical crimes, an over reliance on probation and perhaps, a too optimistic view that hardened criminals can be easily rehabilitated; all those things add up to a seeming inability, a failure of the criminal justice system to fulfill its basic purpose. To most of our people, the purpose of the law and the criminal justice system is clear and simple: it is to protect the innocent and bring the guilty to justice.

This does not mean that we have no regard for the Constitutional rights we are all sworn to protect. Safeguarding the rights of the accused is and must always be a legitimate and critical part of the judicial system.

But when you talk with people on the street, with frustrated law enforcement officers, with prosecutors who see the impact of unreasonable court rulings every day, even with many judges themselves, there is an unmistakable feeling that somehow in our zeal to be progressive and compassionate, the rights of society have been eroded.

There is a feeling that some judicial decisions go beyond an interpretation of the law and instead fall into the category of judicial legislating.

The layman, unsophisticated in legal terminology, may not be able to articulate the fine points of each specific case. But the people clearly see that some court actions are making it far more difficult for law enforcement to do its job.

## Citizens Committee

And they wonder how all these newly discovered legal technicalities have escaped the attention of all the great legal scholars of the past.

It is because we share this concern that last year I appointed a Select Committee on Law Enforcement Problems. This morning, this committee issued its report, possibly the most comprehensive view of our criminal justice system ever conducted.

They outlined the problems in detail, they talked with citizens, with prosecutors, with judges, with experts in the fields of correction and many other aspects of law enforcement and the criminal justice system.

When I appointed this committee, I asked them to look into a number of specific areas. The scope of their study and their recommendations are far too numerous to outline in our brief time here today.

But I would like to emphasize that the basic purpose was this: to see what we at the state level could do to improve the workings of our criminal justice system, to find out where the bottlenecks are and what we can do to unclog the courts and to otherwise streamline the criminal justice system. We want to take whatever action is necessary to make our criminal justice system function more efficiently and more forcefully in dealing with the problem of crime in California.

They made a number of recommendations. Some of them already are incorporated in legislation awaiting action now in Sacramento. Others require executive department changes and administrative reorganizations and local government action. And some may even require constitutional amendments.

We are going to take a good look at each of them and see if we can implement every one that holds forth a promise of stemming the crime rate in California.

As most of you are aware, one of the obstacles we have faced trying to tighten up law enforcement these past 6½ years is the fact that for only a brief period did we enjoy the support of a legislative majority that shared our belief about government's duty to protect the law abiding.

In that brief period, we succeeded in passing the most significant anti-crime legislation of the past decade.

--We passed a law cracking down on drunk driving, a factor in more than 35 percent of all fatal traffic accidents. Since then, there has been a tremendous increase in the number of arrests for drunk driving (it is part of the overall increase in the crime statistics). But these tougher laws are having an impact. We have had an overall reduction in the traffic death rate.

## Citizens Committee

--We tightened up penalties for drug related offenses. We passed and are now implementing the nation's most comprehensive inventory control program on dangerous drugs. The goal is to prevent legitimate drugs from being diverted into illicit channels where they could contribute to the crime problem in California.

--And we enacted the first anti-pornography laws to be passed in California in 8 years. Although court challenges have held up enforcement of these laws, the recent ruling by the U.S. Supreme Court may at last make it possible for each community to establish its own standards of decency. Unless they find another technicality that hangs the matter up in court for another few years, it should be possible for every community to crack down on smut. That is what our laws were intended to do.

But we were not able to do all that we would like to do---or all that we know must be done to combat crime.

We are still sponsoring just as many laws to fight crime, but we are running into the same old bottlenecks, key committees controlled by a legislative majority which---by its actions---has demonstrated that it is hostile to effective crime legislation.

A year ago, the people of California passed a constitutional amendment to reinstate capital punishment as the ultimate deterrent to murder and other violent crimes. The vote was more than 2 to 1. In my State-of-the-State message this year, I asked the legislature to carry out this clear and unmistakable mandate.

A bill to restore capital punishment was submitted to the legislature early this year. It was carefully drawn to conform to the U.S. Supreme Court guidelines.

It is still bottled up in committee. We do not really expect the opponents of capital punishment to see the light. If they are ever to be moved on this measure, it will have to be because they feel the heat of public opinion.

Whenever one speaks of capital punishment, there is a danger of being cast as a zealot, waving the bloody shirt. And I am fully aware that many citizens honestly oppose capital punishment on moral grounds or because of their own compassionate views. I respect their opinions. They are entitled to express them and to seek to convince others of the validity of their belief.

But a majority of our citizens strongly believe that capital punishment is a deterrent to crime. And I cannot help but draw some degree of significance from the fact that during the time we have had an almost total moratorium on capital punishment, the rate of violent crime has escalated steadily.

## Citizens Committee

In fact, it might be said that this issue, more than any other, is a signal to the criminal element of just how determined society is to protect itself.

When a law breaker can kill without facing the prospect of the ultimate penalty, when most convicted criminals know that they probably will not wind up in prison, we cannot say we have effective deterrents to even more criminal activity.

The committee recommended that the state adopt and enforce a clear state policy that criminals who use firearms in committing a crime should go to jail.

The committee recommended state assistance to help local law enforcement officials improve and finance mutual aid programs to control riots or other mass disturbances or disasters. We have a bill in the legislature to accomplish this.

The legislature has also been asked to tighten up our juvenile crime laws, particularly since the age of adulthood has now been reduced to 18.

With their many other recommendations, the committee proposed that the state abolish the so-called "exclusionary rule" and instead adopt a substitute that would allow the victims of illegal search and seizures to recover damages, but would not result in suppressing evidence that might otherwise convict a guilty offender. More than any other single court decision, the "exclusionary rule" has had the most devastating impact on effective law enforcement.

I know many of you are familiar with it and how it has frustrated the goal of justice. For those who are not, the exclusionary rule is a constitutional interpretation of the Fourth Amendment of the U.S. Constitution and Article 1, Section 19 of the state Constitution. It provides that if a law enforcement officer obtains evidence of a crime by what a court later decides was an unreasonable search or seizure, that evidence cannot be admitted in court and cannot be considered in trying to determine a defendant's guilt.

It was not proposed specifically by any language placed within the state or U.S. Constitutions. Nor was it adopted by Congress or a legislature. It was created by judicial decision.

It was first adopted by the U.S. Supreme Court for federal courts in 1914 and in 1955 the Supreme Court of California extended it to include California courts. The U.S. Supreme Court applied the "exclusionary rule" to all the states in 1961.



## Citizens Committee

From the time of its enactment, it has been a subject of controversy and dispute by some of America's greatest legal minds.

It also has been applied in cases that border on the ridiculous... interpretations of law that would be humorous if they did not involve serious crime, or did not complicate the very serious business of fighting crime in California and throughout the country.

One newspaper columnist described the "exclusionary rule" as meaning the murder weapon cannot be introduced into evidence unless the search warrant the police used to recover it was wrapped up in a neat red ribbon

That may sound exaggerated. But not when you examine some of the specific cases that involve the "exclusionary rule."

There was the so-called "trash barrel" decision, which in effect held that the Constitutional shield against unreasonable search and seizure extends to the trash barrel in the street.

In this case, the police had received a tip that some persons were engaged in illegal narcotics activities. The officers located the residence and when they arrived, they saw several trash barrels awaiting pickup. They asked the garbage collectors to pick up the cans in front of the suspected house and empty them. The officers found 5 paper sacks containing marijuana debris and seeds and six partially burned marijuana cigarettes. Later, they found additional marijuana inside the house.

But this evidence was suppressed on the grounds that it represented an unlawful search and seizure. That ruling was confirmed by the state Supreme Court and just recently it was upheld by the U.S. Supreme Court.

In case after case, police find evidence excluded from court because of this rule, even though there is a dispute among legal scholars whether it is valid, and even when judges themselves cannot decide what constitutes reasonable search and seizure.

Almost 50 years ago, the chief justice of the New York Court of Appeal (Justice Cardozo) strongly disagreed with the principle involved in the "exclusionary rule."

The impact, he said, means that "the criminal is to go free because the constable has blundered, a room is searched against the law, and the body of a murdered man is found, the privacy of the home has been infringed, and the murdered goes free."

In a more recent opinion, Chief Justice Burger of the U.S. Supreme Court strongly dissented in an "exclusionary rule case." He said:

## Citizens Committee

"Suppressing unchallenged truth has set guilty criminals free, but demonstratable has neither deterred deliberate violations of the Fourth Amendment nor decreased those errors in judgment which will inevitably occur given the pressures inherent in police work having to do with serious crimes."

In another case, he said he could not find the slightest Constitutional basis to reverse a conviction. "The court reaches out, strains and distorts rules which were showing some signs of stabilizing, and directs a new trial which will be held more than seven years after the criminal acts charged."

The interpretation which results in these misapplications of the "exclusionary rule" is unique to American justice. Although the British and Canadian systems of justice have the same common heritage in law, neither allows valid evidence to be suppressed in a way that permits guilty criminals to go free.

The Select Committee found the "exclusionary rule" to be one of the greatest inhibiting factors in achieving more effective law enforcement. And they recommend that California adopt a substitute that would better serve the cause of justice.

Many legal scholars have made the same suggestion. Chief Justice Burger, who advocates adopting a substitute, says "the experience of over half a century has shown (that the 'exclusionary rule') neither deters errant officers nor affords a remedy to the totally innocent victims of official misconduct."

Our committee proposed that the public entity employing the policemen be made liable for ordinary damages plus attorney's fees for any unlawful searches and seizures by law enforcement officers. In this way, the law would provide an effective means of redress for the victims of unlawful searches. But it would not be at the cost of suppressing evidence necessary to bring the guilty to justice.

In the finaly analysis, the primary purpose of the trial, the whole reason for a court and a legal system, is to determine the truth.

When valid evidence is suppressed, the truth is mocked. And injustice is the result.

We must find ways of re-establishing the court as a citadel of truth. So we have asked the legislature to adopt a substitute for the "exclusionary rule," a step advocated by many legal scholars as the most effective remedy for this bottleneck to justice.

## Citizens Committee

The recommendations of the Select Committee and other reforms in our prison system and our parole and probation policy are part of our effort to assure that the criminal justice system regains an ability to function effectively for the protection of the people.

At the same time, we are seeking reforms that assure a compassionate approach to first time offenders, to the casual lawbreaker who can be rehabilitated. But we also must recognize that rehabilitation is not something that can be accomplished easily. It requires most of all, the cooperation of the offenders themselves. If the individual offender lacks a desire to become again a useful and productive citizen of society it is unlikely that any prison rehabilitation program can succeed, however well intended it may be.

Finally, we must recognize that preserving and protecting a lawful society is a responsibility of every citizen. The law cannot assure justice unless a majority of our people are willing to accept the rule of law, not because a police car is patrolling nearby, but because it is morally right.

With freedom goes responsibility. Sir Winston Churchill once said you can have 10,000 regulations and still not have respect for law. We might start with the 10 Commandments. If we lived by the Golden Rule, there would be no need for other laws.

But men have not reached that degree of enlightened moral responsibility. We know there is a criminal element that will challenge our legal system. And we know that our system of criminal justice must always be prepared to vigorously act to protect society. There can be no compromise with chronic, deliberate lawlessness.

Almost 150 years ago, the French traveler Alexis de Tocqueville said: "Justice is the end of government, it has ever been and ever will be pursued, until it either will be obtained or until liberty be lost in the pursuit."

It is our job to pursue justice for everyone until it is obtained and secured. To do this, we know we will need the help of groups such as yours, people who are concerned enough about crime to do something about it.

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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).

8/6



EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
COMSTOCK CLUB, WOODLAKE INN, SACRAMENTO  
August 6, 1973

Since your club was founded, I know you have heard from some of the nation's most distinguished leaders, in a wide variety of fields. I am greatly honored to be your 200th speaker even though some might interpret this to mean you have reached the bottom of the barrel.

The name you selected for your club---Comstock---evokes an image of Sacramento's long and rich history: the western terminus of the Pony Express and the collecting point for the gold flowing out of the Mother Lode Country.

That has not changed too much. It is still a collecting point and the home of big spenders---of someone else's money.

Nancy and I mulepacked into the High Sierras a few weeks ago. We thought it might be nice to really get away from it all. The rocky trail and all those mules---it really was not that much of a change.

Seriously, it is a pleasure to meet with you who represent a cross section of this city's leadership. Sacramento is the capitol of the nation's largest state and you who live and work here are uniquely important.

What happens here has an impact on the rest of the nation and sometimes on the rest of the world. We have become a mirror of the future and whether we like it or not, we all have a part in shaping the future.

California has led the nation in sophisticated technology, in finding new ways to build better products, to create a more prosperous economy, and to provide greater opportunities for more and more people to share in that prosperity.

Much of the technology that makes America the world leader in computers was developed in California. For many years, we have been America's number one agricultural state and we pioneered most of the advanced farming methods. The Eastern cynicism that California is a good place to be if you are an orange is no longer heard. Others now look on California with both envy and awe.

It is true, however, that with material achievement have come problems. We were the first to discover and name smog. We were also the first to launch an effort to eliminate it.

We have become first in population and again found an accompanying increase in problems. Problems affecting the environment and massive new demands for such things as parks and recreational areas. These problems are being solved more effectively than many of our people realize.

We are living in a momentous era of economic change. California's great agricultural production is a tremendous economic asset. For too many decades, government policies born of the great depression continued to look upon the ability of our farmers to produce as a problem. Today, in an increasingly hungry world, we know it is an opportunity.

Last year, agricultural production brought in more than \$5 billion in California. And when the impact of this production ripples through the state's economy, in canning, processing, shipping and all the other ways in which a farm or ranch produced dollar multiplies, it means that agriculture accounted for about \$25 billion of the total California economy in 1972.

The same is true of many other California based industries, producing all manner of raw materials and industrial goods.

Prosperity is something created by people and their industries and business for which government takes credit. There are always those who insist government must keep pace with our free society by increasing in size, in cost and ultimately and inevitably in power. It will not come as a shock to you, I am sure, to hear that even though I am a part of government, I disagree.

Government must keep pace with the changing needs of our state and its people to be sure that government can fulfill its legitimate obligations.

But if our people are to enjoy the real income gains they have earned, government must not create inflation or siphon their increased earnings into government coffers.

Government has an inborn tendency to grow. And, left to itself, it will grow beyond the control of the people. Only constant complaint by the people will inhibit this growth.

And that means citizen participation in government to a greater extent than we have had in recent decades. This means more than just voting or writing letters to representatives. This means men and women of stature and achievement being willing to "do time" in government, taking leave from their careers and business to hold elective and appointed positions in government.

## Comstock Club

Most of you have heard me tell how in our first few months in Sacramento, we organized the businessman's task force on efficiency and economy. Indeed, some of you participated and your recommendations and managerial skill helped restore this state to fiscal solvency.

We turned again to the citizenry when it became evident that government alone could not or would not deal with the problem of runaway welfare that actually posed the threat of bankruptcy.

A little more than two years ago, we were adding 40,000 people a month to the welfare rolls and the cost was going up three times as fast as state revenues. We were spread so thin, we were not able to properly provide for the truly needy, those who through no fault of their own had to depend on us.

Our task force drafted a program of reform and redirection that became the most comprehensive overhaul of welfare ever undertaken anywhere. We began implementation---not without great opposition---two years ago last March.

There are today 352,000 fewer people on welfare. We have increased the benefits for the needy by 30 percent, provided cost of living adjustments for the blind and the disabled, and developed a work program for able-bodied welfare recipients, to eliminate the demeaning dead end that welfare had come to mean for those who could become productive and participating citizens in our economy and our society. And we have an \$826 million surplus in the treasury.

Some of those responsible for the reforms have been asked by the federal government to institute similar reforms in the other 49 states.

Last year, we launched another task force effort to study the maze of government that has come into being below the state level in California thousands of special districts, hundreds of cities and 58 counties, all with taxing power.

It is time to take an inventory, to survey the whole structure to see if it can be streamlined and made more efficient and less costly.

During the past decade or so, the crime rate has grown beyond any possible reconciliation with population growth or other factors that might cause increase. The truth is, some of the changes that have taken place in our society have been for the worse, not for the better. Too many people have tried to excuse lawlessness on sociological or economic grounds, ignoring the fact that our system of justice is based on the concept that the individual is accountable for his or her actions. Judicial rulings that handicap the prosecutors and the police, crowded court calendars, well intended but ineffective concepts of probation and parole, all those things have contributed to the problems involving public safety.

Again we turned to the people and put a task force to work. Last week, they issued their report covering the whole spectrum of law enforcement and the criminal justice system, everything from instituting uniform crime reports, to mandatory prison sentences for narcotics pushers and those who use a firearm in committing a crime. The goal is to do whatever is needed to give law enforcement and the criminal justice system the tools it takes to attack and reduce crime in every city and neighborhood in California.

I am sure I will get no argument if I say the cost of living is too high. I am getting an argument, however, for saying taxes are too high, that the best thing government can do to fight inflation is to let the people keep more of their own money.

Reducing the percentage that government takes out of the private sector is the best service government can perform for the people.

I hope you have noticed that in each of these accomplishments of government, they were achieved by turning to the people. Once again, we have turned to the private sector, to experts outside the formal structure of government, to find an effective way to reduce taxes and still meet the essential needs of the people. Again, a task force was created.

We consulted some of the finest economists in the country and they and the task force worked for many months. The result is the Tax Limit and Tax Reduction plan that Californians will vote on November 6.

They confirmed what most people have suspected. The total tax load has tripled in the past two generations in America. In 1930, the federal budget was only a fraction of the gross national product. Today it is 25 percent. In 1930, all government revenues---federal, state, and local---amounted to only 15 percent of the national income. Today, total government revenues---federal, state, and local---amount to 44.7 percent of every income dollar.

And unless we do something to reverse that trend, it will be more than 54 cents in 15 short years. Government is the biggest single cost item in the family budget. Right now, it costs the average citizen more than he spends for food, clothing and housing for his entire family.

State government takes 8.75 cents of that 44.7 cents tax burden. We propose reducing that 8.75 cents by 1/10 of 1 percent each year for 15 years until the state will be taking approximately 7 cents out of each dollar you earn. That will then become the limit as to the percentage the state can take except by a vote of the people.



Because of that one time surplus of \$826 million, we are also proposing an across-the-board rebate next April of 20 percent of this year's income tax, 100 percent forgiveness for families with incomes of \$8,000 or less and individuals with \$4,000 or less. And because we can see an ongoing surplus if we continue to be careful, we want to reduce income taxes on an ongoing basis: 7½ percent and continue the 100 percent cancellation for those lower income brackets.

We want to establish a permanent limit on taxes, not in dollars but in percentage, so that government's revenue can continue to grow to meet necessary needs. But also so that your own incomes can grow faster than the deductions taken out of those pay checks for taxes.

With this tax limit in effect, the state would continue to get the money it needs to meet the costs of inflation and growth plus tens of millions of dollars for new spending. The budget could double from \$9 to \$18 billion in 10 years and triple to \$27 billion in 15.

If the state continues the present rate of increase in revenues with no limit, it will be getting \$47 billion a year 15 years from now, and if it is getting it, that is what the budget will be: \$47 billion, more than five times the present level.

As the University of Chicago Economist Milton Friedman says, "Government always lives up to its income, and then some."

What is so horrendous about government putting a limit on the percentage it can take from the private sector? Why can't we have the expertise to determine the point at which government becomes a drag on the economy, so long as provision is made for emergencies? And we have made such provision in our proposal.

You have to live within a budget. If you operate a business you have to live within a budget. We already have a Constitutional requirement that the state must have a balanced budget.

But should government have an open end right to balance its budget by unbalancing yours?

When an individual or a business has a lean year, they have to prune expenses and work for better days. When government has a deficit, it expects to solve that deficit by handing you a higher tax bill.

Certainly, government must have income to operate. It must have flexibility. But we do not think it should have unlimited authority to raise your taxes unless at some point the people agree that the increase is necessary.

As I said before, all of these reforms, the ones we have made and the things we hope to achieve, have involved citizen participation in government. Contrary to what some may suggest, the wisdom of the ages is not neatly housed in government buildings.

We called on the private sector, outside experts and we asked for the help of the people to both draft these reforms, generate the support necessary to put them into effect and to make them work.

We will need the support of the people to reduce taxes, to streamline local government, to crack down on crime and make the criminal justice system more effective and better equipped to protect the people. That is the way our system of government is supposed to work. Lincoln said this is a government "of the people, by the people, and for the people."

The problems we face are problems that affect all our people. And all our people have both the right and the obligation to help solve them. Unless people control government, the government will control them.

Long ago, when man was first beginning to develop technology, Archimedes discovered that you can move any weight if you exert enough pressure, with the right amount of leverage.

And another philosopher, Plutarch, observed that "perseverance is more prevailing than violence....(that) many things which cannot be overcome when they are together....yield themselves when taken little by little."

That is what we want to do. We want to take on our problems, particularly the ones involving government, and little by little, overcome them, and make it possible for California to move confidently ahead, as we have done so dramatically in the past.

It can be done, if the people rise up and exert a little pressure in the right place.

And if anyone is wondering where the first big pressure point is, it is in the voting booth on November 6.

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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).