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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD MAY 16, 1967

Reported by

Beverly D. Toms, CSR

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

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GOVERNOR REAGAN: Full house. Good morning.
Good morning. No statements.

Q Governor, appropo of the disturbances in San Francisco in the past few days, one, what is your opinion of them; and two, does your administration have any contingency plan with which to deal with any mass outbreak of lawlessness?

A We have kept in contact with the local authorities in all of the major cities and have pledged our full cooperation and our alert or whatever may be asked of us. I think, like any citizen, I think those disturbances are a terrible thing and I think there is only one way to handle them. I think they have to be met and controlled and whatever force is necessary to preserve law and order must be exerted.

Q In light of the increased racial tensions in the last several summers, how do you view a possibility of another anti-Rumford Act initiative measure such as CREA is mentioning.

A I'm one who hopes that this will be handled in the Legislature. I think the people expressed their opinion in the last initiative and I would think that this now would indicate to the Legislature that they should take action in keeping with the people's ideas.

Q Would it be your feeling that if the Legislature

May
16

approves the Bagley Bill that it will then be its responsibility?

A Well, again you got me here, what may be a cat today and a rat by tomorrow. All of these bills are heading for a great discussion on a number of amendments up there and I would rather wait till I know.

Q The reason I ask, the CREA President, Reid Robbins, indicated they will settle for nothing but outright repeal. I wonder whether you share that view, we have to have full repeal of the Rumford Act.

A I thought they indicated they would settle for repeal of certain provisions.

Q Everything but the preamble.

A Well, I didn't gather it that way, so as I say, I'm going to wait and see what happens, because the bill is subject to amendment.

Q Governor, the President of the Real Estate Association said yesterday that the Bagley Act was not satisfactory, they were against it.

A I know they have expressed that, but again I have to assume that's of the bill as it is now and not as it might be amended.

Q Governor, if the Legislature does not act on the Rumford Act, what will your opinion then be of the possibility of another initiative?

A Well, I'd rather wait and talk about that when it happens.

Q Governor, if the Legislature does not -- if the Legislature acts and it is not satisfactory to the CREA, but it is satisfactory to a majority of the Legislature, both Democrats and Republicans, would you then oppose an initiative?

A Well, it isn't the case, is it, whether I oppose an initiative or not. An initiative gets on the ballot if enough people of the State of California wants it on the ballot and there is nothing I or the Legislature can do

about that.

Q Governor, do you think the Legislature ought to wait until the United States Supreme Court acts on the Proposition 14 case before legislating in this field?

A Not necessarily. They have a couple of bills before them up there and they certainly have an expression of the will of the people of California, and I think they should proceed.

Q Governor, the Rumford Act was one of the issues in your own successful campaign. Did either of these bills reflect your own program or your own position during that campaign?

A Well, yes, in the campaign when it -- actually, this was not an issue at all until the State Supreme Court came down with its ruling and they haven't expressed an opinion on that ruling. All of us in the campaign -- I expressed my opinion. The people of the State had made their desires known and that the -- the provisions -- I think the principal provisions, and the ones that are contained in both bills, are those that have to do with single family dwellings. Now, we get up into the other area of where and how many units and so forth in an apartment building. There are some other angles with regard to the Court handling cases or those cases being handled by a Commission, but the -- I think the principal thing that is of concern to most people, and this is contained in both bills, is the area the individual's right to dispose of his own property as he sees fit.

Q These are only the single-family dwellings that are publically financed. Otherwise the Rumford Act makes no provision for them, does it?

A Again I -- I don't think that the man that holds the mortgage has a right to dictate how you are going to dispose of your property.

Q Didn't you indicate during the campaign, though, that you felt that it possible for public-backed mortgage

might change it a bit?

A You are referring to one afternoon up north there.
I myself --

(laughter)

A I couldn't get out of there between the air and the
Eel River as to where I should go with this thing. Five
minutes later there wasn't any chance to go back and re-open
the subject, I settled it in my mind. Now, I don't just
think a mortgagor, whether it is public or private, has that
right.

Q Governor, one more question on the San Francisco
situation. Was there any alerting of the National Guard
over the week-end or any move toward mobilization at all?

A I don't know actually. I know that, as I say --
that there's been constant contact and Highway Patrol,
as well as the National Guard, all of them are in contact
with the local authorities on these things. Now, I don't
think that this reached any alert stage. I think I would
have heard of it if it had.

Q Governor, if we can move on to taxes. You said a
few weeks ago that you would watch very carefully the progress
of your tax bill in the Senate Governmental efficiency.
Well, the bill hasn't been set for a hearing and there is
no sign it ever will be. How do you feel about a situation
of your tax bill right now?

A Well, I would like to see it set for a hearing and
see it moving. The Senate, of course, is taking the position
on the Committee that they are waiting to see more what's
done in the budget before they move there. On the other
hand, over at the Assembly, other tax bills are moving.
But, yes, I'd like to see a lot of things that I've advocated
in my program moving faster than they are.

Q Governor, if the Legislature passes a bill to
abolish the appointment of inheritance tax appraisers by the
Controller, will you sign that bill?

A Yes.

Q Back to taxes a minute, and the question of Senate G.E. Last week Senator McAteer wrote a hot letter because you were accusing him of playing games with the Legislature on that Committee. Did you apologize to him or do you still feel he's playing games?

A I tell you, just about the time I received that, I then received a corrected copy of the letter because of an error in figures he put in the first letter. Then I received a very cordial and warm letter from Gene on that -- one of my judicial appointments, and I sat there with three letters on my desk deciding which one of them -- because you know with time the way it is, I couldn't answer all of them -- and I decided that maybe the best letter to answer would be the one about the Judge.

(Laughter)

And about that time he dropped in to see me and we had a very nice conversation, very pleasant conversation.

Q Did you happen to talk about the party campaign at any time?

A As a matter of fact, we both stayed away from that subject.

Q Do you plan to stay away from that subject all together?

A I'm going to stay away from any local election.

Q Governor, apropos of Senator McAteer and that Committee, did you meet with Senator Schrade Friday in regard with his vote on G. E.'s reorganization bill?

A I have had a couple of meetings, social and business with Senator Schrade.

Q Pertaining to that specific meeting, did he agree after that meeting that he might have seen the light and vote for your bill if it ever comes up again?

A Senator Schrade made it very plain that he intends to support my programs and is thus about helping me to do some of the things I've set out to do.

Q Did you promise to help him in any way with any of

his legislations?

A He didn't bring anything of that kind up, just talked about his desire to see the programs that I have advanced succeed.

Q Governor, who won the Reagan-Kennedy debate?

A Reagan-Kennedy debate? Was there one? I didn't know the program was supposed to be a contest. I just thought the kids were going to ask us questions and we'd answer them to the best of their ability -- or our ability. I tried.

Q Governor, there was some discussion during that quote "debate". One of the students asked you whether you felt the United States and the Viet Cong should be involved in peace talks, and you and Senator Kennedy had a disagreement on that. What, again, is your stand on whether the United States and the Viet Cong should be at the table?

A Well, I, of course -- I don't believe that the Viet Cong should. Now, first of all, as I say, this is a -- this is a law-breaking and rebellious group, but that I don't believe has earned any right to sit down and negotiate. The conflict now is between North Vietnam and -- and, of course, this country in conflict, and I just -- I don't believe the Viet Cong should be at the table.

Q You don't believe that they are a power to be reckoned with?

A Well, they are a power to be reckoned with, militarily. So is -- so is a gangster with a gun, but I don't think you sit down and negotiate with him.

Q Governor, on that same topic, what is your opinion of the 100 or so Bay Area Med students who have signed pledges refusing to serve in Vietnam?

A Well, I have an opinion. I've expressed it very often, about this. I think once your country is -- whether you agree or not -- your country is embarked on combat and is in a struggle with an enemy, armed combat, I just don't think any citizen has a right to refuse to serve his country.

Even the conscientious objector doesn't refuse to serve. He refuses to bear arms to take human life because of a religious belief, but he agrees to do whatever he can to help his country in that conflict. He serves in other ways.

Q What about the question of State funds that go to support the Cal-Med Center?

A Oh, well, now -- I don't believe that -- that we should start talking about using the pressure on an entire school system for what some group of students may decide to do. That's -- I wouldn't -- I wouldn't ever want to see us do that.

Q Governor, did you approve Premier ~~Kee~~^Y's position that press censorship in South Vietnam will continue throughout the coming election there?

A Well, there are a lot of countries in the world that have some attitude with regard to what the people have a right to know that differ from mine and differ from those that we believe in America. I think the press censorship is only justified with regard to security, actual security, and beyond that, of course, it gets into the area of censorship and the people's right to know. And I oppose.

Q Governor, one bill that is a cat today and quite likely to be a cat tomorrow is Lake Tahoe Regional Agency Bill. It has 53 pro in the Assembly and wide support in the Senate. Are you supporting that bill and will you sign it when it reaches your desk?

A Well, I haven't an answer on that yet. My view has been, and I expressed this to the Legislators, that I had hoped and still hope that we could get -- without forcing this on -- get the local agencies to get together on a voluntary basis. I know that some of the legislators are impatient because they feel that they have had an opportunity to do this and they haven't done it so far. But I have even proposed a meeting not only of our legislators, but of the local Government heads and will continue to do everything we can to try and get this voluntarily, back again.

Q Governor, in view of your meeting with Paul Laxalt -- or Governor Laxalt a few weeks ago, did you change your mind at all about regional authorities?

A No, and the Governor, of course he's a little bit in limbo right now because his Legislature isn't in session, but there is no question that he and I, and Nevada and California can get together on solving this, and we recognize that you just can't help the problem with one half of the lake, you got to go all the way around the lake to solve it.

Q Governor, I understand you have in your office the Resources Agency and Finance Department recommendations on new acquisitions, State Parks from bond funds, and I wonder when you'll make your recommendations to the Legislature.

A No, I have a hunch that that will probably come in today, by way of the cabinet meeting scheduled for today, but so far I haven't seen the actual specifics on that.

Q Governor, are you --

GOVERNOR REAGAN: There, and then you.

Q Governor, on Lake Tahoe, if the State and Regional Agencies do not get together a program, do you think the Federal Government will step in?

A Well, I hope -- no, now there I'd rather see the State handle it than the Federal Government. I think it is -- it should be a problem that we should be able to solve. It is a complicated problem and a very difficult problem for the people who are actually in the areas. You've got some 30,000 permanent residents up there who, as it stands now, are basically carrying the load for a couple of hundred thousand people who come in in vacation periods.

Q Governor, the big cities are in fighting the phone companies before the P.U.C. because they have so much to lose. The State, which has a lot more, maybe million dollars to lose, hasn't shown up. Why isn't the State in there opposing those increases?

A Well, I don't know, but I do know this, that the

phone company here in California has been in great difficulty because of some of the actions of the Public Utilities Commission, and I -- I think that hearings might develop that there is this problem and where they have the expansion to keep up with the State's growth, that we need, the P.U.C. is going to have to be more realistic in its approach and its permissions to the phone company.

Q Governor, are you familiar with the situation at Oroville where they are building a two and a half million dollar building alongside of an existing one that may be adequate?

A Yes.

Q Is there anything you can do about this or --

A No, and we tried. Mr. Gianelli found this out, a contract was let for this construction by the previous administration in February. Mr. Gianelli tried to get this taken out of the contract, tried to cancel this, and when he -- he appointed a committee. They came back with the information that it would cost more to try and change the contract than it would to go ahead with this building, but the building was unnecessary. And we now have rulings, including from the Attorney General's office, that we are just bound by the contract that was let by the previous administration and we have to go ahead. We are going to try to sell -- when it is no longer needed, the dwellings that were erected there for employees and we are also going to see what can be done by sale or lease of the unnecessary facilities when they are completed.

Q Wasn't this old building planned to be used by Fish and Game and Beaches and Parks? Wasn't that in the long-range scheme?

A That's right, but it just develops now that there was an over-estimate made on what was needed there.

Q Is that due to your economy moves?

A No, this is just a thing that we found out, that this thing was being built and we -- we discovered it just--

it is excess.

Q Governor, would you sign the Moretti Horse Racing Bill which now is on the Assembly floor, expanding horse racing?

A Well, I haven't checked to see what changes have been made, but the original legislation which was based on the Stanford Research Investigation of racing certainly had my approval. I think that it is high time that some changes have been made to bring racing up to date with the growth of California. There hasn't really been a change in the racing rules since 1937, and this -- this permitted simultaneous racing which I favored. It permitted an extension of the days of racing and I'm in favor.

Q Governor, I wonder if we might go back to the war discussion for just a moment. If you were invited by any group or individual to visit Vietnam this year, would you accept that invitation?

A It will be a great temptation, but I just don't see how I could. I'm having trouble getting home for lunch.

Q But you would like to go, if possible?

A I think any of us would love a chance to see that, but I can't really see that I have any place in going there as Governor of California.

Q I believe other Governors are going though, are they not?

A I know, and some of them have got more time than we have. Maybe some of them have got a Legislature of the same party and they have got more time to move, but I just don't see any chance to -- for my travel outside of the country. There have been some opportunities offered and some invitations based supposedly on California trade needs and so forth, but we have planned -- I have planned no trips at all.

Q Governor, going back to the telephone company, are you in favor of the proposed rate increase?

A Well, I would want to see what came out of a hearing. It is -- I have had indications that such a raise or that a raise -- I would -- I wouldn't say such a raise -- a raise is indicated that they are hard put now to have the capital, funds necessary for the expansion that we must have.

Q They have asked for 15 per cent, in this --

A As I say, I would like to see what comes out in the hearing to find out.

Q Governor, Assembly Speaker Unruh indicated that because of the deadlock on withholding, he thinks the only thing that might come out of this Legislature is a stop gap tax revenue. Do you agree with that and would you care to speculate on the chances for the property tax relief that was promised to people during the election campaign?

A Well, I'm still going to try for that property tax relief. I just believe this, that we have got to come out with a realistic budget and a budget that is as lean as we can make it; and we just have to come out with a tax program that will meet the needs of that budget. We know that the present tax structure won't meet them. At the same time, if you want to call it stop gap, I myself am committed to the -- to a program of study leading to tax reform. I do not think that the tax bills presently introduced constitute tax reform. They do nothing but choose different areas in which you increase taxes, but I think this, that the whole subject of tax reform, seeing whether we are even -- some types of tax should not be completely eliminated, you see.

Q Well, that -- your tax study committee is not going to come out with its recommendations for several months?

A That's right.

Q And what about in this session and the next session, do you think that the people will get the tax relief that was promised in your budget for this year and next year?

A If our programs are passed, they will. It was

computed that -- that this money would be available for that purpose.

Q Governor, will you accept a stop gap budget before you will accept your own?

A Well, I don't know what -- just what you mean by a stop gap budget.

Q As Speaker Unruh suggested you might end up with.

VOICE: Stop gap tax program.

A He was talking about a stop gap tax program.

Q That's what I mean, tax program, excuse me.

A It is possible what he has in mind is suggest to just to get it through the year and have to go back to the people and ask for another increase, which in an election year for some reason or another, he might believe is advantageous, although a great many people wouldn't figure it that way.

Q We have had stop gap taxes after stop gap taxes programs around here for years, and this is the year we were supposed to have reform, and the Veneman Bill is based on long studies and so forth. Don't you think --

A The Veneman program, other than its inclusion of withholding, which was an amendment put into his bill, doesn't vary a great deal from my own tax program that I introduced, except that he asks for more money in certain areas and higher increases in certain areas. I don't believe when you say this year, when this is the year we were supposed to have reform -- no, I think there is a certain time element that's involved when someone moves into this administration. I agree with you, with that stop gaps back through the years, and we have had gimmicks. And we were handed a desperate plight, part of this -- the state of this year, and it must be met. And we had two weeks from taking office before a budget had to be submitted. And a few more weeks than that, we had to draw up a tax program that would match the budget submitted. This has been done. This hardly is -- allows time for the real kind of tax study and let me add, that I -- I know of the many tax studies

that have been made. I have proposed that the first step in any tax study that we have is to coordinate and go through this tax studies that have been made in the past and they just seem to have been made and put on the shelf some place -- to find out what's in them.

Q Well, Governor, your own program seems to be a tax reform program with the property tax relief, and everything in it. Don't you regard your own bill that's on the Senate side as tax reform?

A No, other than that one thing of trying to give some needed relief at the local level, our tax program does nothing but increase already existing taxes in what we felt was the fairest way to distribute the burden over the greatest number of people. But this is not my idea of a study of the entire tax structure.

Q Governor, on another subject, a couple of weeks ago you expressed some concern about whether the State should order fluoridation of water. Now, there is a bill up in the Assembly Committee that would require that. Would you sign such a bill if it came to your desk?

A I don't know. This is -- of course, this whole fuss on both sides, I've never been quite able to understand. I would think there -- it is something for the people to decide at the local level.

Q Would you veto the bill then if it got to your desk?

A Well, now, don't pin me down on this. I'll see what happens, and decide on it.

Q Governor, the other day you said on fluoridation, you thought it should be a local level decision. And Robert Finch went down south and spoke to Dennis and said that they should hurry up and do it on the State level or the Federal Government will do it for them -- for you. Don't you think that the team should hold together a little better than that?

A Well, I don't know whether that's really a major division in the ranks or not. I didn't even know he said it.

As a matter of fact, he and I have never discussed our views on this.

Q Governor, on the P.U.C. with the telephone company, you said there were some things the P.U.C. should be -- they weren't operating -- or the things that they had done in the past, the telephone company has found itself in trouble. What are some of these things the P.U.C. has done that caused these problems?

A Well, there is no -- I'm not going into specific detail here other than to say that I think there is indications that they have been unduly restrictive on the -- on the telephone company.

Q Governor, the Police Chiefs and the State agree that unless something is done to keep the youth of the State off the streets this summer, there is going to be trouble. Can you tell us what progress Chad McClellan has made for providing jobs for the youth up and down the State.

A I haven't had a report recently enough to tell you beyond the organizing stage of what he's done. I know that he has now lined up 1500 industrialists in the Bay area or in San Francisco, just as he had 2600 lined up in the Los Angeles area pledged to provide work and to cooperate in this program.

Q Has he indicated when they will start to take on?

A No, as I say, I haven't had a recent report on that, but there are a number of things that can be done. We, ourselves, through State employment, have put a great emphasis on summer hiring, on the State level in this regard, to try and alleviate this. You know, it -- sometimes I wonder when you start talking about over-all reform, if the time hasn't come when every echelon of Government, particularly the Federal Government, shouldn't take a closer look at what contributions have been made to the unemployment of teenagers by some well-intentioned social welfare legislation. We have made it so complicated and difficult to hire that a person now -- where once upon a time they could get

some chores done and simply pay an employee out of the pocket, a youngster, teenager, out of a pocket in cash. Today, the many social welfare programs requiring all the paper work that goes with the fringe benefits, to what makes it just economic to hire them. So, we find them without the jobs that once were open to them as soon as summer came.

Q Are you talking about Child Labor Law?

A No, I'm talking about everything from Social Security, unemployment insurance to all of the many things that can include -- remember, I said that had a fine purpose and worthwhile programs, but when applied to these one-time part-time employees, these summer jobs, they have made it uneconomic and difficult. This would even include, as a matter of fact, such things as minimum wage laws, too. Some jobs that you can get along without them being done, just become so expensive that you continue to get along without them where once upon a time you may put someone to work for several weeks in the summer on a vacation job basis and got these things cleaned up, and I think we ought to take a second look at all of this and find out if we ourselves are not interfering with this kind of employment.

Q Governor -- organized labor restrictions on those problems, teenagers trying to get jobs?

A I don't know how much they might have contributed to this or not. I haven't gone into the study that will be necessary in all of that. I don't think that they would perhaps interfere as much as social legislation.

Q Governor, back to your tax program, if it please, for just a moment. There is some sentiment in the Assembly lacking withholding to put your entire tax increase on the income tax, forget the sales tax increase and all others, and lump it all on the income tax with the idea that it really ought to hurt, and once a year it would. What -- how would you react to a maneuver of that type?

A Well, do you mean in public or behind closed doors?
(Laughter)

I think we have faced one thing. I was just naive

and innocent enough, you see, to introduce what I thought was the budget the State needed for necessary services, and a tax bill that I believe was the fairest to the people to pay for that particular State budget. There are others who look towards such things as the 1968 election, and who look towards such things as political fun and games rather than what are the State's needs and meeting them, and I just have a hope that the people of this State are a little impatient with that kind of politicking and would support a common sense approach to financing the State's needs instead of trying to play games.

Q Governor, at the start of your administration, you agreed with Mr. Unruh that one of the most pressing that should come is property tax reform. Are you saying this morning that you think that may be secondary, the most pressing now is just to get enough money to carry your budget for the next fiscal year?

A To get enough money also included some relief, but let me recall to you that at the time we proposed giving some relief we said that this was interim, that this was to alleviate the immediate problem, the distress of the person paying the property tax today, while we study this thing that I have suggested, this over-all tax study which we are -- we are doing. The whole question of property tax and its place in the tax structure.

Now, I personally -- I'm speaking before the study is made. I personally question whether we have not outgrown the property tax as a legitimate source of large sums of revenue over and above those charges which necessarily accompany property such as fire protection, streets, garbage disposal, sewers and so forth. It just -- it is a difficult tax to fairly apply. It is a tax that depends on the individual judgment of someone as to values. It is a tax that doesn't take into consideration the fact that very few owners of the property actually own it. They only have an equity in it. This is -- this is something that requires

study, but I said the problem was so acute that if at all possible we were going to try to lift some of the burden right now by way of a broader base tax that was not just confined to the property owner, but had spread and more widely which was the only way you could approach this, just as if suppose a tax reform study, and the people should go along and agree with it would indicate that there should be no property tax at all -- I don't think this would be true, but if they did, we realize you would then have to find a wider tax levied against all people on ability to pay to compensate for that tax you are -- you are not going to cut the cost of the Government so much that you can drop it and not replace it with something.

Q Governor, when can the people expect a good solid meaningful property tax reform?

A Well, this is going to depend on what the study leads forth, but in the meantime we had pledged all of our figures, based of course on the estimates of revenue and outgo for the coming year were true and if our program had been adopted, then in the year following this we would be able to more than double the property tax relief that we had indicated for this year. Because the money that is now being used to get us out of the hole would then be available for that.

MR. BEHRENS: Governor, there is a question of Mary McGrory, from Washington.

Q Governor, could you explain how the California budget is affected by the 1968 election? Do you mean the national election?

A Oh, no, we have our own election here within the State for many of our Senators and our newly apportioned Senate and our Assemblymen that run every two years. All of our Assemblymen will be up for re-election in 1968.

Q It has nothing to do with you, personally, a possible --

A Oh, no, no, I get by '68 without -- I'm on a four-year contract.

Q Governor, would you prefer stop gap tax program than withholding this year?

A Prefer a --

Q Stop gap tax program?

A Oh, you -- I prefer almost anything to withholding. I'd prefer a tax program that realistically met the needs of the State and the budget.

Q Governor, if the Legislature follows Speaker Unruh's suggestion and passes a half a billion dollars or so increased income tax and nothing else, would you sign that kind of a bill?

A No, because I just don't think that that would be good for the State of California. I don't think that you can force the whole burden over onto income tax without hurting the business climate and making it very difficult for us to have prosperity and to induce industry and business to come here. I think it would be a very unwise thing to do.

Q Governor, is there any room for negotiation at all in your office on withholding at this point?

A I don't know, standing down here in this room I kind of put my feet in concrete, didn't I? No, I don't think so. I just -- I don't see how we could retreat from this.

Q On another subject, Governor, your own church denomination had a convention here over the week-end and they urged you to support abortion legislation. Does -- has that changed your thinking on it in any way?

A I'm just as confused as I was last week.

Q Governor, a little bit ago you said you think it is now about time that we should take another look at the social legislation that is regarding the employment of kids. As Governor, do you have any plans to institute such a second look?

A Unfortunately, most of that would have to come at the Federal level and remember, what I'm talking about is not a weakening of the child labor laws. I'm talking about summer vacation, the part-time jobs that students once

depended on, and the Federal Government must recognize that something has happened to that labor market, by the very fact that a large part of the poverty program dealt with providing jobs at Government expense around schools and so forth, public jobs.

Now, maybe there is someone who philosophically believes that this kind of work should only come from Government. I don't. I think that there is a great market out there in the private sector that could provide those jobs at no public expense and that if something that we have done by law is interfering with that labor market, you know -- I have to remember once that I -- I got talked into letting my three-year old daughter at the time join me in an announcement for the General Electric Theatre, and I was kind of horrified to find out she spent more time down in the welfare office being lined up for Social Security at age three, in order to take that half hour's work than she did in front of the camera doing the announcement for General Electric.

MR. BEHRENS: Thank you, Governor.

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GOVERNOR REAGAN: I thought I had a minute to read my mail.

Q Governor Reagan, on the subject of the Oregon primary, twice at previous conferences you expressed yourself on this subject to the effect that it was your understanding that officials in Oregon were having second thoughts about the Oregon primary system, that they were rethinking, that they weren't very happy with it. On the basis of a report submitted by two Senators last week, Danielson and Schmitz, it turns out that Oregon officials themselves, from the Governor down through both parties, through both houses are delighted with the setup.

A Well, then I had a wrong impression. I gathered that just from conversations that I heard in meeting with party leadership up there when I was up as a speaker at the time of the Lincoln Day speech and that was when I was facing -- evidently that was the wrong idea.

Q If that's the case, if there is in fact no objection on the part of Oregon officials, would you then still continue or would you oppose such a primary system here in this State

A Well, I think that I favor our own primary system here. I think that California comes about as close to giving the people a right to chose with complete absence of smoke-filled rooms as is possible to come.

May
23

Q Governor, I think taxes is on the minds of many of us today.

A It may be unanimous. They are on mine.

Q One question is your administration reportedly has been informed that there will be a hundred million dollar gap in the estimates on revenue that you earlier had been told about. Is this so and how will this affect your tax program if your revenues are a hundred million dollars less than anticipated?

A Well, we are going to have to review both the budget and our proposed revenue program. Normally, when the projections are made in December for the coming year and over about a 15 -- 18 year history, these economists who combine with the Budget Department on these projections have erred by a very slight percentage and almost always have erred on the side of underestimating the revenues rather than overestimating. And it's come to the point where you usually ~~have~~ been reasonably confident that you have, if anything, a little leeway. Then in May, the same individuals always have a second -- correction, bringing up to date on the basis of six months history of the year. Their projections -- and again their record of accuracy is amazing and again what little error there is is invariably on the side of underestimating.

We are caught evidently in a change in business that I'm sure we are all aware of all over the country, regard to sales of automobiles. This is particularly significant in California or it has hit us harder because of our building slump here, which has resulted in these other reductions and so we have been informed that the projections were wrong by this considerable amount, both for the current year that we are in -- nothing we can do about that -- and for the coming year, and the revenues are going to be less. About 47 million of the some 98 million in these projections is for the current year that the revenues for this year, in addition to everything else,

had been overestimated because of this slump that we are in and this reduction in -- as I say, sales of appliances and so forth, so it comes from a number of areas. It's been added to somewhat also by the unexpected decline in the expected farm income, because of the unusual weather that we have had. So, we are faced with either reducing another 98 million or adding another 98 million in revenue or a combination of both and I can tell you that the studies that we are going into now are looking toward a study of both to try and reduce where we can and then of course under the law we will have to meet the final budget with the revenue program that will match.

Q Governor, in that line, are you considering collecting the sales -- the income tax in two parts this year, two installments?

A Squire, on this whole thing, this is now -- now, this is a different problem, the cash flow problem and this is being used by those advocates of withholding as being the sole justification for turning to withholding. As I suggested here some time ago, I think that there were other ways to explore and we are exploring. I'm not prepared to go into detail now because I don't have all the facts, but we are exploring a system that will not be actual withholding, but will put us up onto an advanced payment of income tax that could give us a cushion for any tax flow deficit, because obviously our tax flow situation has also been effected by this change in revenue. Now, you had a question?

Q I was only going to ask you if you considered this crisis a burning hot iron on your feet? Squire asked the question before me.

A No, this isn't a hot iron yet.

Q Can you expand a bit, just what you mean by not being actually a tax withholding plan. Just how would it work, practically?

A Well, a plan, basing it on your previous income tax or a combination of that and estimating, but paying in installments during the coming year your current year's tax, so that when you come up to the final tax date, you only have a portion of it left to pay.

Q Why are installments payments preferable to withholding?

A Well, one reason, I don't think that it adds anything to the administrative problems either of the State or the businessman. And the second thing is that the taxpayer making his -- we have some leeway there. This would not apply to all taxpayers. It does away with the cumbersome machinery of people having withholding and then having to apply for repayments or not -- who have been taxed over and above or withheld over and above their actual obligation. I think there is a great difference in it.

Q Well, are you considering now the California Taxpayers Association's program or something close to it that would provide for a twice-a-year payment, one in September and one in April to get you through that cash flow deficit?

A We are looking at a number of -- or, I should say, a variety of these things and we want to get more figures before I talk specifics on them, more figures as to what each one of them would mean; where would come the breaking point at which point there wouldn't be any sense in carrying this on down. There is a certain level of tax above which you -- there would be an advantage in doing this, but below that it would result in no advantage.

Q A spokesman of the Franchise Tax Board said this morning that such a plan would be unworkable basically because of the administration problem of collecting five and one-quarter million tax forms and apparently he also believes that the public will not buy this type of system basically because the penalty that you would put in October if you wanted an installment plan, would not really have much effect, they'd simply ignore it and pay

their taxes as usual on April 15.

A Well, I think he's -- I think he's jumping to some conclusions, too, because he hasn't waited to find out what we are considering and when he starts talking about five and a half million tax forms, we are not considering anything that involves five and a half million tax forms.

Q Who is he quoting, Governor, I couldn't hear him up here?

A Someone from the Franchise Tax Board.

Q Governor, do you think that installment payments would in any way make income taxes less painful than they are now?

A Well, I don't suppose any more than buying your own car on the installment plan makes it less painful.

Q Do you think it would be pretty much of a shock to a man that at the end of a three-months period, when he gets a short pay check?

A No, because it wouldn't be done this way. He voluntarily -- he writes his own check and sends it in. This is -- in a sense this is a -- a variation of what we once had, the installment privilege of paying, which was taken away from us several years ago.

Q Governor, can we clarify this one point, are we talking about paying it twice yearly or are we talking about paying it four times yearly? Are you exploring both?

A We are exploring both, yes.

Q And do you lean toward paying it four times yearly plan?

A I'm not going to do what the member of the Franchise Tax Board did and speak in advance of what I know. There is -- we are getting the information and we are looking at the information now; we don't have all the facts and figures.

Q Are you still firmly committed in view of the -- of the hundred million dollar gap that we have discovered

just in the last couple of days, are you still firmly committed to not going for withholding?

A That's right, I have seen nothing in this that makes me believe that withholding is any more desireable than I ever thought it was, and I never thought it was desireable.

Q Is there a possibility that there would be more than four installments a year? Two and four is all you're considering or is there some other possibility?

A No, there wouldn't be -- you'd never go above quarterly.

Q What's your thinking if the Legislature passes in the last day or two of the session, or before then, on the 29th or 30th of June, and you have no tax bill enacted at that time yet? Would you sign the budget bill and whistle for taxes or what would you do?

A I'll have to face that when it comes along. The law says that we -- we have to have a revenue bill to match the budget. When the budget comes to me, I have a responsibility to look at it, pencil in hand, as to whether it is signed as handed down or whether I make some changes in it.

Q Do you think that if you do go to installment collection of taxes that it would be used in future years as a stepping stone to withholding?

A I don't think so. I think that this idea that we are looking at is very far removed from withholding. There is no tinge of withholding in it.

Q Are you thinking of terms of a one-year method, a one-year system and abandoning it?

A No, no, no.

Q Governor, are you considering any other forms of withholding, like say withholding once every three months or once a month?

A No, although sometimes with some of the advocates of withholding I've been tempted to -- you know, there was a businessman who tried that and for the Federal

income tax, he only withheld on the final pay check of the month. He had one employee that owed him two dollars and a half every fourth pay day, and he did this just trying to impress the tax burden on his employees and he impressed them so much that the Federal Government, the income tax department, came down on his head and finally got an order -- court order to prevent him from doing this, even though legally there was no -- there was no real reason why he shouldn't be allowed to do it that way.

Q Governor, in your economies to meet this new a hundred million dollar crisis, will they involve reductions in personnel? Or would you rule out reductions in personnel as part of your economy?

A I don't know how much farther we can go than that we have done in that regard. I think our -- no, I do think, though, that we are going to have to look at both angles, and we are going to try to find as much economy as we can.

Q Governor, do you -- do you think that in view of what you see now that you might have to let the property tax relief go this -- for this coming year?

A Well, I'm hoping not to. As a matter of fact, I expressed myself very strongly even in this latest crisis. It is my belief that -- that we should continue to ask for as we have already, the beginning of property tax relief.

Q Governor, you also said you would increase added revenue; in what areas do you seek tax increases?

A I'd rather not get into specifics on that either because, as I say, we have -- this has just fallen on our head and we are now studying what possible sources there are, whether additional sources that we hadn't looked at in our previous tax bill or whether increases in some of the things proposed, and I'd rather not comment until I've had a chance to look at them.

Q Governor, have you considered as a compromise on

withholding that the employers might be asked to withhold 10 percent or 20 percent of the total state tax and that would hurt, but not withholding?

A No, because I'll tell you, it isn't alone the hurting idea. Everyone constantly says that I just simply want some one to suffer pain on the tax paying day and I'm sure they do, but there are other reasons for this. I say there is a great administrative burden particularly handed to the small businessman. There is the question of the recurring windfall, the fact that the state is counting on getting money every year that's been estimated as high as \$20,000,000, that they are not entitled to. The people, either through lack of information or carelessness overpay and the State gets to hold that money. There are a number of things that I think are more important than just the factor of making the payment of taxes painful.

Q Governor, given this new crisis and cash flow, wouldn't it be beneficial for the State of California if you and Speaker Unruh did in fact engage in a public debate?

A Due to the finding crises, I think this is a little too serious for grandstanding. I look forward--in fact I just send a memorandum to the Speaker that I look forward to conferences with him on this whole subject, but I think this is a problem for all the State and I don't think that would be any way to keep a kind of a circus atmosphere or the idea of a debate out of such a thing. It wouldn't be as much educational as it would be a kind of contest and I -- I think we better get down to work, settle the budget and the revenue issue now on the basis of what's best for California.

Q Governor, you've been accused by your political opponents of a lot of poor-mouth talk about the California economy and the budget and so forth. Do you think that could have contributed in any way to the business slump that's caused this?

A No, this business slump is nation-wide and I think we have all been aware that there has been a buildup. You look at the Wall Street Journals, on the front page, almost every day, the buildup in inventories and the decline in sales. In our own industry, your own business there and profession I have been told by a number of your publishers about reductions in advertising. That reflects this and here in California, of course, we have had the building slump, and that building slump does multiply, it goes on in the -- into the area of appliances and furnishings and so forth, that aren't purchased as a result of homes not being built, new homes not being moved into. No, I don't think that we poor-mouthed this and those people who have accused us of that, I notice that usually their accusations took the form that we were pretending to a crisis that didn't exist. Believe me, I'd go home happy if they were right. It is there and just shutting your eyes isn't going to make it go away.

Q Governor, can you assure the people that without withholding there will be no warrants required?

A Well, now, this -- this depends on getting what we ask for with regard to budget and revenue program. I assure you that any revenue programs we will ask for will make provision for the cash flow

Q Governor, the shortage is approximately the same difference between your tax program and John Veneman's except for withholding. Would you be more inclined to go along and help John Veneman's Bill through?

A Well, no, he's asking -- his program asks for several hundred million dollars more than we have asked for so far, and the additional shortage or the decline in revenue for this year and the coming year is only 98 million dollars according to the projected figures.

Q Will your installment plan have as a prerequisite any device that could catch those people who are currently not paying state income tax who are here for a short time? Thus answer that argument by people who propose withholding

A Again that question is a little ahead of us and a little premature to the facts that we have now and what we are going to propose.

Q Governor, what do you estimate the cash flow shortage now will be in December? Do you have a fresh figure?

A Well, now wait a minute here. No, our original budget and revenue program was based on just about being able to make it within the framework of monies available for borrowing in other State funds. So, I suppose you can add a 98 million to that and you could say that our cash flow problem has been increased by about that amount. I would think that a cash flow cushion of a hundred to a hundred fifty million dollars would be all that would be needed to factor into our proposals.

Q Governor, Speaker Unruh has said it is pretty clear to him that you or your office is putting pressure on Republican Assemblymen not to go for the Veneman Bill at this time even though they really probably think it is a pretty good bill. Are you -- have you talked to the Republican Assemblymen and actually told them that you don't want the Veneman Bill to go anywhere right now?

A I don't know what he means. I was out at the Fairgrounds yesterday. I didn't put any pressure on anyone. I make no secret about it, I'm in disagreement with that bill. I'm in disagreement particularly with the part of the bill that calls for withholding. I don't believe that it is in keeping with the philosophy of our party and I certainly think it is contrary to the things that -- I thought the people indicated in the election last fall.

Q Then your representatives are making this clear to the Republicans?

A I hope so.

Q Governor, can we go onto something else?

GOVERNOR REAGAN: Anybody else?

SQUIRE BEHRENS: Any objections?

Q On the abortion bill, Assemblyman Biddle says he has suggested amendments to you to make that bill acceptable to you. Have you approved those amendments or not?

A Let me just say this, we had a conversation about his bill and it is true that he is -- is far more flexible with regard to what would be in the bill. He does believe as I'm sure most people will that certainly there are some liberalizations that should be made. Now -- now, I'll have to tell you as nearly as I can give you what my thinking is now. I told you repeatedly and every time you've asked here, that there is a problem that's causing a great deal of soul-searching among all of us and certainly me. Personally, in my own mind, I'm satisfied that morality and logic within a moral framework can justify those portions of the abortion bill that deal with the protection of the health and the mother. I think that just as we morally grant to ourselves the right of taking life in self-defense, we are justified in liberalizing abortion for that protection of the mother.

I believe also that in that same context that this could apply to the victim of forcible rape and to the child, I would say 14 or under, who is the victim of statutory rape. This would include incest also, I think in there.

Where, I believe we go wrong in -- and in my own mind I cannot justify morally or by this same logic, the taking of the unborn life simply on the supposition that it is going to be less than a perfect human being, because I don't see very far -- a step very far from that to some day deciding after birth that we will sort out those people who should be allowed to live or not, and I morally -- I don't think in our enlightened way that -- I don't see any difference between that and what Hitler tried to do, so I -- I could favor all of those parts of the abortion bill which are devoted to the welfare of the mother, the preservation of her life and I will include

health there. I think she has a right to defend her health, but when it turns around and attempts to determine in advance that some child does not deserve to live because it is not going to be perfectly born, I don't believe we can morally justify this.

Q Well, then if the Assemblyman Biddle amends his bill on the Assembly side to conform to what you just said, would you support it?

A I'd sign that bill, yes.

Q Has he indicated he would, Governor?

A Well, I haven't had but the one conference with him and I know that, as I say, he was -- expressed himself as being very flexible on this, believing that there were some provisions that should be made for the liberalization of the abortion laws and we didn't pin down specifically what -- what areas or what he wouldn't go along with in that line.

Q Governor, who would you -- who would you allow to decide whether a child would be born -- about to be born crippled or abnormal or something, who would you allow, doctors?

A Who?

Q Who would you set up to decide such a thing?

A This is the part I can't justify, Squire.

In my mind -- in my mind I cannot justify the taking of a human life. I don't care how many people determine it is not going to be perfect, because we have had -- we got a great many contributions to humanity made by people who are supposed to be handicapped or crippled in some way, and I would like to hear anyone who advocates this, tell me that they would then go the step farther and abdicate going down the line, the babies in the cribs and deciding those who -- those who had been born with a defect should be eliminated. Where would you set the line? There is one deformity of a limb, a hand and an arm, determine they are going to be useless and should be killed in advance? What is the extent of the deformity that decrees they

shouldn't live? I just don't believe we can morally justify it. I do believe that, as I said before, there is a logical and morality on the other side. We recognize the right of any of us to defend and at the cost of someone else his life, our own life, and therefore, I think that a mother has a right to defend her life if this unborn life threatens her life and health. But, when you turn it around to just determine who can or can't live, I don't think we have that right.

Q Governor, do you include both physical and mental health in the health provisions, or do you just eliminate--

A I think we have to recognize the -- I recognize also there is the greatest opportunity for the loophole in the estimate of mental health of the mother, but even so, I think that loophole is justified because there are enough cases where that is a definite factor.

Q Governor, can we take it from what you say here then that if the Bielsen Bill in the present form somehow got to your desk that you'd veto it?

A I was hoping you'd change the subject before we got to that. Don't put my feet in concrete yet on this. I think I've laid my soul bare to you enough what I've gone through, what I think and believe right now, but I'd rather not -- not speculate on this, because as I say, this is one -- I wish I could stand here with complete confidence in all the -- in the final answer.

Q Governor, another non-controversial subject is fluoridation. It is charged --

(Laughter)

Q -- that you had applied the pressure to Assemblyman Kent Stacey, a Republican from Bakersfield, to change his vote and which thereby resulted in keeping the fluoridation bill in committee. Did you so --

A No, I haven't talked to anyone about that.

Q You didn't talk to Stacey at all?

A No, said nothing. The first question I heard about it at all was the one brought up here last week, and I

haven't said a word about it to anyone except what I said here.

Q Any representatives talked to Stacey?

A Not with my knowledge.

Q Governor, you gave Mayor Shelley fifteen minutes of your time this morning. Will you tell us what you discussed and whether or not you thought it was a fruitful meeting?

A Well, I think this was a kind of -- it was more getting acquainted, or re-acquainted. I had known the mayor some years ago, had met him, but we discussed -- I queried him about the cooperation that we had so far between the state agencies and the city and county agencies there with regard to the last demonstration. We discussed things that we all learned from that about improving some of the setup and it was kind of a general conversation on those lines.

Q Did you discuss the possibility of any future demonstrations in San Francisco?

A No, no more than just things that we both had decided about, just the mechanics of the operation and where we thought we could improve it and that's all.

Q Governor, what's the significance of the meeting with Senator Kuchel this Friday? Who set it up and what do you plan to discuss at that session?

A Well, Senator Kuchel, I think, contacted us and said he would be out here and asked for the meeting. I'd be very happy to see him. At the moment I would think about probably the most logical conversation, the only one that I can see, would have to do with the park situation and the part that he played back there on the committee with regard to our proposals about the Redwood Park.

Q Would you intend to discuss the 160 acre limitation problem with him?

A Well, I tell you on that one, any time I get a chance, I talk to our Congressmen and both Senators and

on both sides of the aisle about that, because I feel very strongly that this is long overdo for reform.

Q Do you see any change of an easing as a result of your campaign against this limitation?

A I don't know, I really don't.

Q Governor, in regard to the parks, have you specified which Federal lands you would like to see exchanged for a State Park?

A I was not actually involved in those. I think there were some -- I don't know whether we laid them all out, but I think we designated certain areas, certain lands, the beaches down at San Onofre. That's partly being used today by the Marine Base at Pendleton. There are beaches on Monterey Bay and again the military base there. I think we discussed some of the entry or right-of-way in the Mineral Springs --

VOICE: Mineral King.

GOVERNOR REAGAN: Mineral King, and I don't know just what others.

Q Has Muir Woods National Monument been considered as one of the areas for swapping -- possible swapping?

A No, no, as long as it is already a -- a parkfold, no, we are trying to get lands not now being used by the public and get them available for public use.

Q Governor, Assemblyman Pattee has asked you for a letter to Ways and Means regarding his Delmar Race Track Bill. Do you plan to grant his request?

A I haven't received it yet and I'm going to have to look at this. I am very fearful that what is being proposed is a special treatment of one Fair district and I don't see how we can do it.

Q Governor, have you heard anything about a \$250,000 grant from the Federal Department of Health, Education and Welfare to the Community Alert Patrol in Watts?

A I heard that there is such a grant. It wasn't through OEO so it didn't come through our office, and I heard that this is a grant that has to do with job training and so forth and I know no more about it than that.

Q Regarding the ground-breaking yesterday, Governor, at the Exposition, it is our information that the cost of the artificial grass, tent, booze, fireworks was in excess of \$10,000. It is also our information that this is taxpayer's money. Is that sort of in keeping with your fiscal policies?

A Well, you evidently know more than I have. I don't know what the cost was or where it came from. It would seem to me if we spent \$10,000 for the fireworks that I saw and for that artificial grass, we got cheated. There wasn't that much grass and the fireworks weren't that loud.

Q There wasn't that much booze?

(Laughter)

A I wouldn't know about that.

MR. BEHRENS: Any more, fellows? Thank you, Governor.

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 6, 1967

Reported by:
Beverly Toms, CSR.

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

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GOVERNOR REAGAN: Will the class come to order.
No announcements, so fire away.

Q Governor, right now the tax situation is getting acute upstairs. What is your comment, what they have done to the tax bill, and also what is your comment on the budget situation?

A Well, I think we are running it awfully close to the line. Going along I don't see that there is any reason why we should be taking the length of time that we have, and as I said the other day, I find that a certain questionable responsibility there in those who have been present and participated in the last several years in -- in the fiscal irresponsibility that put the state in the position it is in, and now insists on playing political fun and games instead of meeting the issue and solving the problem.

In regard to the budget, I know that it has been increased and again those who seem to be adding the most of the money in the increases don't seem to have very much concern as to how we are going to fund those increases.

Q Governor, are you still opposed to withholding as ever now despite the attitude of the Assembly Democrats?

A I haven't heard anything that has been offered up there or in what passed for debate that indicated that, -- that there should be any change. I think that it is a cumbersome system. I would hark back to the words of

June
6

Allen Cranston three years ago when it was proposed, who said that some of the proposed gains or most of them would be eaten up by administrative overhead. It would present an increased cost of 90 cents per return. It would cause the withholding from almost a third of the taxpayers and the withholding would amount to less than a dollar per pay check and on down to even a matter of a few pennies. And it has any number of drawbacks. And I think that we offered an alternative and a reasonable alternative and the opposition killed this alternative and has offered no other suggestion or no other attempt at compromise or meeting this problem from their side. And I think the monkey is kind of on their backs.

Q Do you favor the \$6,000,000 for the State office building in Van Nuys (phonetic) that is proposed in the bill as it cleared the Assembly Ways and Means?

A I haven't had a chance to look at just exactly what that is or what the need for that, but I can tell you when the budget gets to my desk, pencil in hand I'm going to be looking very closely.

Q Governor, some of the additions to the budget have been made by Republican or proposed by Republican Legislators. Do you think they are being irresponsible in adding to your budget?

A Well, I think that anyone has got to take a close look before they offer an added spending program as to what it is going to do or whether they are prepared to present an idea or a way of getting the revenue to finance this. But from what I've seen so far, by far the bulk of the increases have not come from Republicans, but I'm going to look at all of them, Republican and Democrat proposals alike.

Q Governor, what's your comment on any proposal to have the income tax paid on a quarterly rather than semi-annually basis?

A We took a look before we made the proposal for the semi-annual. We made -- or looked at this quarterly idea. First of all, it doesn't meet the cash flow problem,

because it gets one-fourth instead of one-half prior to the low point where you really need the cash flow. And your second installment doesn't come in until after that point. The other thing was we didn't find that--it increased the administrative cost and it didn't particularly improve -- well, as I say, it hurt the cash flow situation, but it also didn't justify the added administrative cost.

Q Governor, Assemblyman McGee has suggested a quarterly system of withholding, the income tax, and the Assemblymen Veneman and Unruh have both said maybe this is a compromise between your position and their position. Do you see any chance that that may be?

A The Assemblymen and I are in disagreement on this because I think it is still withholding and I think that it would -- it certainly would be disruptive. I'd just like to ask any of us that get a paycheck what it would amount to is having a pretty big chunk being taken out of -- periodically out of a paycheck and I don't know, I don't care who you are, human nature is just such that you are not geared to that. I can take you back to my own former industry where they used to pay, when you were under contract, 40 weeks out of the 52, and I never knew anyone that was ready for the 12-week layoff every year when it came. You always had a reason why you couldn't afford it right at that time.

Q Mr. Unruh has said he would compromise or come back around if there was something from the Republican side or your side about picking up the so-called tax cheats or income tax cheaters who come into the State and then leave without ever paying any income tax. Do you have any plans?

A I said the other night that we are looking at this, if there is a problem here, and we -- we should be -- we should be seeking every way we can to make sure that everyone pays his fair share and I am not convinced that -- that withholding is the only way to pick them up or that the cumbersome machinery and the added administrative cost would

justify this. I would like to point out also that among all the proponents who discuss how much this cheating is and how much would be picked up, their figures can vary, as I said the other night, from 20 to 200,000,000 dollars, and I think this is an indication that perhaps no one really has an idea as to whether it is going on at any great amount or how much it might be.

Q About this blow of withholding you mentioned, what about the blow that the taxpayer is going to get next April when his income tax is doubled? Mr. Post made a point of that in his testimony last week. Do you have any comment on that?

A Well, there is no question we are all aware when our insurance comes due and when the rent comes due and when the tax comes due, that it is a jolt.

Q Governor, would you definitely veto any items in your budget if they're over the amount you had requested if it comes to you in the form that the Assembly put it out, for example?

A Well, this is a question that I think I'd -- I'd want to answer with the budget -- when the budget is on the desk. This would be kind of a hypothetical answer now. We submitted a budget that we believed would do the job and was at a proper amount. But no one is omnipotent and it is very possible some one could substantiate a reason why there should be an additional expense, here or there or something that we had missed or not thought of, and so I would want to weigh them on that basis when it gets to my desk and I'll certainly weigh them just as I said I would weigh them. One way, on a non-partisan basis. I'll also weigh them with the idea that if they are justified I'm not going to be guided by whether they came from a Democrat or Republican. I think times are too serious for that kind of partisanship.

Q Two questions on your mental health budget, Governor.

A Are we finished the tax thing here? Squire has

got me well-trained.

Q Go ahead.

Q Governor, what are the prospects for your tax bill in the Senate?

A Well, I understand it is up for a hearing tomorrow-- I guess tomorrow starts the hearing. And I've got to hope they are good. I think it is a sound tax program. I think frankly myself, I think it is the best balanced tax program of any that have been presented, and it does meet the budget. It will solve the -- it spreads the load equitably as we were able to do it and again no closed mind, accept any suggestion that will improve it. But I hope that it will be moving forward.

Q Do you feel that it is your responsibility to see that it does move forward, that was suggested by the Speaker?

A Oh, well, I'm doing everything I can to see that it does.

Q Would you be concerned if the Legislature passed a budget bill before it came up with a tax bill to meet the deficits?

A Oh, no, I think in the sequence that it is proper that budget should come first and then tax bill. I think that you should pass a revenue bill that's geared to the budget, not the other way around. As a matter of fact, that's why I resisted in some councils on a tax program. There were people that suggested getting a cushion, raising more money than you believed you actually needed and I opposed that because I just don't think that you ever have that more money. I think that Government will spend whatever is there to be spent, and if you want to control spending, you better hold down the revenues to only what you've decided to spend in advance.

Q If June 30th -- well, if June 30th came and you had a budget but no revenue program, would you feel proper in signing this budget without the money to finance it?

A Well, I don't think you can by law. You can't

sign the budget without the revenue to doing it, and this, of course, is the thing that's hanging over our head. As we pass June 30th we go \$10,000,000 a week in the hole. That much deeper in the hole very week that goes by without a revenue program.

Q Governor, if you feel that withholding is not the proper method to pick up the tax cheats, are you studying any specific proposals to get such cheats?

A Well, I can't go in any detail on them, but let me say I know -- I assured myself that in finance we were-- just as we found this other solution for the cash flow problem that was created by the business slump -- I assured myself that they are researching and studying every possibility if there is -- first of all to determine the amount, and how this could -- when we could possibly approach this problem.

Q Governor, over the week-end you were very critical of Mr. Unruh for his opposition to your tax plan in the Assembly. Do you think that there is any Democratic support at all in the Assembly for your tax plan, irregardless of Mr. Unruh's position?

A Well, I've heard private statements by members of the Assembly on both sides that they found no fault with it and that they were opposed themselves to withholding. Yes, I was quite firm in my criticism of the Speaker and what took place in the Assembly on this bill, and as I said earlier, we made at least a proposal, our counter-proposal and he just simply was -- was content to kill this and come back with -- with no other proposal. And I -- it is my understanding that we have had again a statement from him to members of the Legislature with regard to any proposals that would help meet the cash flow problem that required a legislation and that they have just been relegated to committee. And, in other words, he's going to oppose any effort that will help us find ways to borrow between funds here in the State to meet the cash flow.

Q Governor, isn't it also apparent that from the

action that's taken place in the Assembly that you are not going to get a tax program that any way resembles what you originally asked for?

A Well, I don't know that that's apparent yet. There are so many ways to get the money out of the people's pockets and I think that in many instances they all bear a resemblance to each other, sales and income tax being the biggest two sources. You know, it is a funny thing. There seems to be a lot of people around the Capitol these days with kind of a veto power and very few with enough power to get something done and this may just be about the world's biggest stalemate before we get through.

Q Governor, are you --

Q Is there any man afoot to replace Gordon Smith in the near future?

A Oh, for heaven's sake, don't even suggest such a thing. Gordon Smith, as far as I know, and I think I am informed on this, is a member of the family and going to stay that way, and I want to tell you, sometimes when I see how he's doing his job, if you tell me that he's leaving, wait till I get my hat, I'll go with him.

(laughter)

Q Have any of the people in your administration, that you know of, approached others outside government with an eye to having him ~~secede~~, or made tentative approaches by anybody?

A Not that I know of and it would certainly not be done with my knowledge or consent. There is no doubt of that, and I am assured there is no -- I know there is no doubt in his mind of that.

Q Governor, according to a press report, you are to appear at a rally in Los Angeles over the week-end for a fund-raising activity for the Israeli forces. I wonder if you can give us your view on the conflict in the Middle East.

MR. BEHRENS: All done with taxes first?

GOVERNOR REAGAN: Are we through on the taxes?

Q Go ahead.

A I'll answer this and then I guess I have a question of mental health come up there. There are no more -- no, I'm certainly in no position. I don't know who is to comment on the conflict in the Middle East other than the great tragedy of it and what has apparently been a failure on the part of the United Nations to act resolutely. The rally that I have agreed to appear at, I have been invited along with both our Senators, the Mayor of Los Angeles, a number of Congressmen and I have been assured that it is purely on humanitarian grounds that it is a -- based on the idea of raising money for humanitarian purposes for relief. And so I'm -- I said that I'll be very happy to appear.

Q Governor --

GOVERNOR REAGAN: I had recognized a question back here before, when we had to go back to the tax business.

Q Thank you. A couple of short ones, if you will. A union representing public employees in Los Angeles charges that employees' cafeterias and dining rooms in mental hospitals are being closed because the -- of budget cuts. Was this what you had in mind in the way of economies in the -- in the mental hospitals?

A No, as a matter of fact, this is a phase-out program that began two years ago. This was not started by us at all. So this is evidently just a continuation of something that started two years ago.

Q My other question regards a T.V. spot campaign as being conducted by a Citizen's Committee for Mental Health that's very critical, I think, of your administration. It says that "Cutting Mental Health budget is crazy." I wonder what your reaction is to their approach.

A Well, perhaps some of those people, I'm quite sure, are sincere, and think they are on a noble cause. I think there are others affiliated with them who perhaps have an axe of their own to grind. It is strange this group, before they came out with their ads, haven't been up to see us or find out exactly what is going on or question

those in charge of this program in the mental health field. But I'll only say this, they are completely distorting the picture and they are presenting to the people completely false information. I predict that within a few years, very few years, people of California and the rest of the country will find out that not only have we continued to be Number One in mental health, but that we are way out ahead of where we have been the last few years. This is being presented completely as a lay-off. Some employees idea -- and I might add that they are soliciting other state employees to contribute to the financing of these ads on the basis that you may be next. And as I say, this is a distorted picture. We are simply stepping up and improving the program that was first envisioned 15 years ago, for an improved way to care for these people, and this is in keeping with the ultimate goal of virtually rendering obsolete the mental institutions, the storehouse for human beings as we previously knew it and these people, I'm sure that many of them must know this. And I frankly am a little bitter and a little impatient about the fact that they have taken and I think that their taking to the airways with their ads is just an indication of their unwillingness and unreasonableness with regard to wanting to sit down and discuss this in the spirit of good will and find out what's planned.

Q Governor, I wonder if I could just go back briefly to that question on the Middle East. Two things. Would you tell us briefly what you might say to the audience, and also you made a statement in your answer that -- something about the U.N. failing to act resolutely. I wonder if you could clarify that.

A Well, I think that a lot of people, including our own government have indicated that they are quite disappointed and curious as to why at the first request from Nasser the U.N. force, peace-keeping force was pulled out. And this from a U.N. that in recent years has shown a great willingness to inject police keeping forces even in the

areas where it is questionable as to whether the U.N. had a legal right to be there, the internal affairs of various countries.

Q Governor, can you foresee any circumstances under which the United States should actively intervene in the Middle East?

A Oh, well, now again that's -- you are asking a hypothetical question here. Now, I don't think it would be right for me to comment on that. I don't have access to the information in which you -- which you make such a statement or such a decision.

Q Governor, do you plan to intervene -- this is off the beam. Are you done with Middle East yet?

Q No. Governor, as a first part of the question, I asked if you could give us an idea -- you are going to appear at a rally. You are going to make a speech or something; what are you going to say?

A I don't think we are expected to say more than a few words about the deservability of the cause. Frankly I think that at this time -- and perhaps I might say this Sunday afternoon. I think that out of this whole affair it is time perhaps that all of us recognize that the real villain in the piece has exposed himself, and the one that stirs the pot wherever there is trouble in the world, and is stirring this one is the Soviet Union, and I think the Soviet Union has finally revealed what many people have been trying to tell us for a long time, that it is probably as Anti-Semitic as was the Nazi regime, and at least out of this tragedy it would be a good thing if all of us finally find the wolf without the sheep's clothing.

Q Governor, do you think perhaps the Arab population of California might look at displeasure at you appearing at a rally sympathetic to the Israeli, because no matter how you say it might be in humanitarian terms --

A Well, that will be too bad. I think you do what your conscience dictates. I think our country has reiterated, I believe it is ten times, a commitment for the

preservation of Israel. At the same time I'll echo the sentiment of the President of the United States in that we believe any settlement -- all of us want peace and would like to have it immediately there -- but I think any settlement must represent -- must guarantee the territorial integrity of all of the nations in that area, both the Egyptian and Israeli. So to that extent I don't think there is anything wrong with me appearing.

Q Governor, has your administration -- this is on another subject.

A All right.

Q Has your administration asked Senator Sherman or any other Republican member of the Senate Elections Committee to oppose Senator Alquist's open political primary bill?

A No, I don't know -- I don't know any action that has been taken.

Q Do you intend to ask the Republican Legislators to oppose that bill?

A No. I've got no answer for you there. I'll have to -- I guess I've been too busy with the dollar signs and the other problems here to -- to deal with that one. You'll have to wait until I see what happens if it gets to my desk.

Q Governor, do you intend to intervene in the Southern California Rapid Transit District dispute?

A I understand that has been settled as of this morning.

Q Governor, do you intend to support Senator Beilenson's abortion bill now that it's been amended? He says he may bring it up for a vote this week, today.

A Oh, well -- I'm going -- I'm neither pushing nor opposing. I understand it has been amended in keeping with the statement that I made here last week in the press conference, and as far as I'm concerned, if a bill comes to my desk conforming to those things that I said, I'll sign it.

Q Governor, I think at the last press conference you

expressed some concern about the problems of young people finding summer employment. And I wonder if you are familiar with a plan by the unions which would increase the salary for certain grocery store employees and for primarily college students, high school students, which would force grocery stores to cut down the employment of bag boys and --

A I am familiar -- I received a letter from the Northern Grocers' Association about this, and this fits in with what we were talking about last week with regard to summer employment. And I would hope that the union would reconsider and realize what they are doing, because they have in their demands, I believe, set a pay scale that would just simply eliminate these many jobs that are now held on a part-time basis by youngsters, by teenagers, by students who are working their way through school; that this would make those jobs so costly that they could not longer be held by those young people. And, as I say, I wish the union would reconsider that. I think it is pretty short-sighted, pretty short-sighted particularly when the children who hold these jobs are usually the sons and daughters of the working men and women who belong to our unions.

Wait a minute. I'm sorry, I meant to recognize you first.

Q I got a couple of questions back on the mental health commercials. Those other axes to grind you were talking about, were you referring directly to the C.S.E.A. there or --

A I think there are some people who are overly concerned that they may be -- that this may be in a sense defending or protecting their jobs, and this could be an axe to grind, yes.

Q Well, you say their solicitation is being made on the basis that if you don't give to this your job may be next?

A Yes.

Q At this point can you give any assurance to any state workers that there will be no more layoffs planned?

A No, I don't think anybody could. None are planned, either. We believe that we are doing pretty well on the -- on the freeze, using attrition to reduce the size of government, and at the same time allowing us to keep an eye and make sure that it is not being reduced to below the point of efficiency. As a matter of fact, I have the report in for the first five months, and we reduced by more than 7,000 in five months. Now, this is about a four or five per cent decrease in the -- in the total state payroll.

Q Governor, again, regarding mental health. There came to Sacramento a week or so ago, from all over the bay area, who tried to see you, tried to make an appointment-- that they were the mothers of mentally retarded children. Most of the children are in the Sonoma State Hospital, and they reported to us they -- that due to the budget cuts, for example, the laundry up there is now closed an extra day. That means some of the children go without diapers for two whole days in wards of 70 kids, when these children are forced to lie in dirty diapers for 48 hours. The staff has been reduced to one. I think it is the Carmele Cottage (phonetics). All of these children must be fed by hand and changed by hand and the mothers report they are bringing old paper towels, throw-away rags to cover this shortage. They take the position that really it is very bad.

A This is pretty hard for me to realize or believe that this could be laid to our program. We haven't started any reductions yet.

Q The closing of the laundry --

A We haven't started any layoffs yet. They must be describing a situation then that is persistent and why just at this moment have they seemed to become conscious of the situation?

Q They take the position that there were three ladies to feed the children up till about 13 weeks ago. They are no longer there.

A The second thing is, it is my understanding --

I think I'm perfectly safe in saying this, that -- there's never been any intention of any reduction or cutback in the program for the mentally retarded.

Q The ladies --

A I tell you this, that one thing certainly I'll look into this, and find -- I'm sure there will be an answer, but I'll look into it. But, on the other hand, I also want to point out that we must be aware that those who are violently opposed, not only in this department, but in others to some of the efforts to make Government more efficient and streamlined are not above cutting muscle fiber instead of fat, as the kind of a blackmail effort to prove that no economy measure can work. And this has been true in a number of instances and it's always been true whenever there's been an effort to reduce. I can only call it to your attention, back a few years ago in the Eisenhower administration, in a cut of customs in the budget in New York, and how there was a complete breakdown in customs inspection until the Federal Government yielded to blackmail and restored the budget of that particular department.

Now, I'll look into this because obviously if such a thing as you described is going on, this is wrong. I cannot believe this is going on under the system that we have and under the man that we have leading this entire program who is one of the finest in the nation. We are the number One in the nation in the care of these people, and I just -- I just cannot believe that this is happening.

Q Governor, when you said no more layoffs are planned, you mean beyond those that you've already announced. You don't mean from this day forward?

A No, I said that we have -- I'm not going to say that if something comes up in which a reduced work load makes it apparent that a -- that a layoff is required that it won't happen, but at the moment I don't see -- foresee this, nor do we have any plans.

Q You know that some notices have already gone out,

like 400, I believe, to the mental ill institutions?

Layoff?

A Yes, there are notices that have gone out, because beginning in July was when we were going to start the phase-out which is to take place over the next 15 months.

Q I have one other question on the abortion bill. Do you favor on the statutory rape provision, under 15 or under age 14?

A I said 14. I wanted to make very sure that we were actually talking about the victimized child and not someone who even though technically under age, is in -- more or less know what they are doing.

Q If you have a choice between two bills, one said 15 and one said 14, you'd favor the 14?

A Yes.

Q Governor, are you suggesting that Dr. O'Neill, the Superintendent of Sonoma State is cutting fiber instead of fat?

A I'm not naming anyone individual and it is hard to know at an echelon of Government, at which level someone could not want to cooperate. But, I said this has been a practice in the past and I think there are evidences that here and there it happens. It happens any time you start an economy move, but I just cannot believe that the conditions that I just heard described here are going on, and certainly I'm going to find out if they are.

Q Governor, the Ways and Means Committee has refused to go along with proposals of your administration to revert to the general funds some previously authorized money, including about \$6,000,000 for on-shore recreational development at three major reservoirs. Can you tell us your reasoning in thinking that you should postpone or eliminate this recreational development?

A Yes. This -- this isn't a water program. This came about with the discovery that the bond issue that was passed to develop the water program, in an understandable effort to get this bond issue passed, did not factor in any

anticipation of price increase, and they did this knowledgably . They knew they were doing it. In other words, they based everything, all their future expenditures on the prices as of that moment. And the result was that we know that we have underfunded with our bond issue the water program by about \$600,000,000. Now, thos won't become apparent as of right at the moment, but there are a number of ways--you could just simply throw up your hands and say "We need \$600,000,000 more in bond, or you can do a combination of bonds and slowing down on some of the less essential things, and hope that some of these things -- then as the program gets under way, can perhaps be financed not out of bonds, but out of the receipts of the program itself, for the sale of water. So, we are -- we are -- this was the thing that Mr. Gianelli, the Director of this program, believed and presented the program for a combination and at least for the next several years that we could continue on schedule with the essential parts of the water program.

Q Well, the recreation I referred to is not for bond funds. It is from the general fund for the on-shore development.

A Well, I didn't understand, if that's true. I am sure that this simply is in keeping with our decision that there are some things that we'd like to do, we just can't do this year.

Q Governor, in the last two weeks, 14 Republicans have removed themselves as co-authors of the Lake Tahoe Regional bill. Has your staff had anything to do with that?

A No. As a matter of fact, I just heard it here for the first time, from you.

Q What is your position on that Tahoe Regional Agency bill now?

A Well, here again, I'd rather wait until I see what finally winds up for my attention. I've expressed myself as believing that and hoping that we would be able to do this more on a voluntary basis with all of the agencies involved up there. But I won't comment until I see the final result.

Q Governor, have you decided whether or not to send out a letter on the Delmar Race Track yet?

A You know, I honestly -- I can't -- I can't answer that. Again, there are just too many things that you throw at me and I can't tell you the status of what the situation is, whether we have had a session with the Legislative leader on that or not.

Q Governor, would you actively support a Republican to -- for Senator McAteer's seat in San Francisco?

A Not in the primary. I'll support any Republican after -- after the primary is over and the party has made its decision. I'm going to have to be more accurate in my pointing, aren't I?

Q I'd like to go back to Sonoma State Hospital for one minute. Governor, I have made a visit there on Monday and -- listen. And the nurse that I saw in one of the wards said the patients had not been bathed since last Wednesday. She said it was not due to the fact you were cutting off the janitorial service and this sort of thing, but that the freeze on the hiring of employees had cut off the trainees. So, they are -- were cut down considerably. How would you answer that portion of it?

A I'd answer it in one way. That sometimes when these things -- there are two things that have to take place.

Number one, we have discovered that the machinery for transferring is not working as it should. That, in other words, on attrition basis, freeze of employees, sometimes there will be more leaving in one department or one hospital or one area of Government than in another, and it was supposed to be evened out by transferring from those that didn't have that much of an attrition rate. And, as I say, we have -- we are working now on the problems that we found in getting permission for transfers for these other areas. The second thing is I think that we should also recognize that in these hospitals, many of them -- not just now, but without any attrition, there's always been an employment problem, in keeping employees in those jobs, and in getting them when they leave. I heard the figures of one hospital -- I won't name which one -- has a staff in a certain type of staff of about 1200 people, but admits that at any one time, due to not only vacations, but sick leave and the rest, can never boast more than about 600 on the job at one time. Now, I think just increasing the number of employees does not necessarily solve this problem. But, again, in this particular area I'm going to find out what the answer is -- the situation.

Q Governor, are you going to go up there and find out or will you send somebody up there?

A I don't think -- I don't think it is necessary. I think we have got qualified people over in Spencer Williams department who are doing this and keeping abreast of this.

MR. BEHRENS: Thank you, Governor.