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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD NOVEMBER 28, 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: I have -- good morning, good morning. I have no opening statement but I'm sure you fellows will think of something.

Q Governor, are you going to replace Mr. Nofziger with Travis Cross, the present communications director?

A No, I'm making no replacements in staff at all.

Q Question, Governor, do you approve of the resolution for moratorium on Medi-Cal until 1968 for a complete study, both fiscal and actuary, introduced by Mr. Veneman?

A I can do a yes and no for you. I approve of the idea and heartily endorse the idea of any auditing of this situation. In fact, welcome it. But as far as a moratorium is concerned, we have been left by this decision with three alternatives and I think the one alternative is proper and I think the other two would be very hurtful. The Supreme ~~County~~ <sup>Court</sup> Decision has left us with either having to find more revenue and I think that this is a temporary expedient and would leave us in the same position unless corrections are made of having to come back next year and ask the people for more money. The other alternative would be to do what the Supreme Court has suggested that we cannot have any flexibility with regard to services, we must dump people, which would mean throwing some 160,000 medically indigent back on the counties. Their budget is already firmed up, they have no source for additional revenue. This would be a terrible hardship on the counties and on the property taxpayers and

the third alternative is the very reasonable one that we have asked for, and that is that the Legislature simply interpret and state what was legislative intent, and I think it is very clear that they intended to give the administrators of the program a certain amount of flexibility and leeway. Nine times in the law they use the word "feasible," which my understanding means something that is reasonable, practical that can be done. By their own admission, and their own debates at the time of passing, they admitted that they couldn't know all the answers in that hastily put together program, and so they did leave this flexibility. This flexibility has now been ruled out by the Supreme Court and we are simply asking for this re-interpretation.

Now, this would go along with the continuing -- the audit of the situation and as I say, we would welcome that audit, but I believe that Spencer Williams' Department should have the -- the flexibility to make this work so that if the audit turns out as I'm sure it would, that this program is in financial trouble, we won't discover it along toward the end of the year, and discover that our money is gone and you are faced then with either hastily getting new revenue some place or cancelling out the whole program.

Q Governor, Mr. Veneman says he doesn't think the program is in trouble, and an audit will produce that. If the audit produces that, can't you wait as well?

A Yes, but the chance that you are taking is that if all of these prognosticators that are able to predict everything so far ahead, that everything is roses, turn out to be a little bit wrong, we have eliminated the leeway time. The services that we are talking about cutting or eliminating are services that we have been told could be put back and would be put back at any time that our cuts reveal they can and they're services that are of a postponement nature. It isn't like telling someone they can't go to the hospital when they are sick. This is what we are trying to preserve, the ability to send them to a hospital, the ability to perform an operation, but in the meantime someone who needs dentures

or someone who needs braces --to your teeth, someone who needs eye glasses, reading glasses, if they have to be delayed for a few months, there is no great sacrifice. If then you find that by your economies and your administrative flexibility you've made the position possible now to say, "Now you can have your glasses, now you can have your dentures," this is what we are trying to do. I would like to point out with regard to these statements about the audit that these people who don't believe that we are wrong, it was a little less than a year ago that we heard from the upper floors of this building that we were all wrong in our estimates of the financial condition of the State of California, that we were trying to scare the people and they were going to do their own independent audit, and prove that we were just scaring the people, and they did their independent audit and it came -- checked us out about dollar for dollar, that we were right, and this I would think on the record gives us the right to suggest that maybe we should play it safe. They could give us the flexibility and the leeway at the same time they go ahead with the audit, and by the time the audit is over, if we are wrong, services could be restored. If we are right, we are in a good position for continuing on staying within the budget.

Q Governor, if your proposed cuts were based on an estimated deficit of \$210 million, and you've now discovered that you need only \$35 million in state dollars, if you put all those cuts in, wouldn't you wind up with rather a massive surplus in this program at the end of the fiscal year?

A No, Not at all, because again, as I say, the continual check keeps us in a position to be flexible and to restore services when we find that we can restore them. Now, the -- this full controversy about whether we are giving different sets of figures, of course we are giving different sets of figures, and you can continue to give different sets of figures throughout the year. The first thing, -- and incidentally, that gross figure included just not State, but included the Federal share, the State share and the

County share. The first figures were based on as far as you could see with the limited time of the year that you'd go and project, go ahead, for nine to ten months of the year ahead. Then there is three more months gone by, when you have five or six months of experience to base your figures on and then only another six months to predict what the outcome will be, you can be more accurate. This is true and has been true every year that the State's been operating. This is why every year the first estimate of our financial position on the whole statewide basis has averaged about an error of about three and a half per cent. A few months later, that average has been reduced to about seven-tenths of one per cent or one fifth of the original error.

Q Governor, when you say you favor an audit of Medi-Cal, do you mean a complete audit which might take until May or do you mean a committee study which might be completed in the first of February?

A No, I'm talking about the study that they are talking about. They are certainly welcome to it, but let me tell what the great problem of the complete audit is, and this is one of the flexibility rules that we are asking. We are asking bills to be submitted in 60 days. As presently instituted, the law gives them six months. This was where the first problem occurred, there is no way of knowing what's in that pipeline. Some of the figures incidentally have been audited because in this interim period where we have been having some flexibility, before the Supreme Court handed down its decision, we have estimated savings that we have already made and this has further reduced the deficit. Now, we can't be sure yet of the actual amount of those savings, we can only estimate, because we don't know what's in that pipeline. We know one of the major counties is eight months behind in submitting its bills from the County Hospital to Medi-Cal.

Q What County is that? Which County is that?

A Well, since the County officials told me, and I don't know whether they want to make this public, I'd rather

let somebody closer to the seat tell you before I get somebody mad at me.

Q Governor, how much time are you giving the Legislature before you unload these indigents on the County?

A We are not setting any time at all. That would be certainly the last resort. This was the Supreme Court's decision, said should be done. Now it would be very easy for us to take that easy way out and just dump this burden on the counties and let them scramble, but it would be rather unthinking with regard to a lot of human beings and it would be rather unthinking with regard to the counties and the taxpayers.

Q Assemblyman Veneman has a Legislative Council's opinion that you may not use any of the funds budgeted in the -- for the current fiscal year to pay off past deficits. Did your deficit figure of \$210 million include any paying off of deficit for past years?

A The budget was passed and was based -- and the Legislature had testimony to that effect, the budget was based on paying off the past bill.. What then happened was that the past bill turned out to be bigger than anyone's estimate, again due to this lengthy pipeline, so I'm a little at a loss to understand this decision, because on July 25th in a status report to the Legislature, this was further stated and stated what the amount of the indebtedness was and the Legislature knew that the budget was based on paying off the past indebtedness.

Q Having this legal opinion, though, doesn't that mean that you have an extra \$65 million or something like that floating around that cannot be used to pay off past debts?

A Well, what do we do then about the past debts?

Q Borrow, according to Mr. Veneman.

A You see, we happen -- and we borrow from the future, and that's what put the State in the kind of business it is in, and the state of business that it is is that kind of fiscal gimmickry from the past, and I don't think it is any solution at all, it is simply postponing a day of

reckoning till another time, and I think that's irresponsible.

Q Governor, with Speaker Unruh and Senator Miller saying you are not going to get your way and in effect you are not going to get your way, and several Republicans advocating a moratorium, what chance do you think there is for your program at this special session?

A I don't know, when they talk about me getting my way, I just think that what we have suggested is something that's the people's way and what is best for the people of California, and I -- we intend to do whatever we can responsibly in this situation and I hope that the Legislature will do the same.

Q Governor, if the Legislature gave you the flexibility you say you need to meet future crises, would you accept appropriating some more money to deal with the present one, some compromise?

A I don't think this is an answer. This program the way it is instituted, this problem is going to go on until this program is corrected. This problem is going to go on every year, and conceivably we could have to come to the People of California and ask for a new tax every year just to pay off the deficit of Medi-Cal. This just doesn't make sense.

Let me give you an analogy of what I think is wrong, basically, with this Medi-Cal program. The Medi-Cal patient, registrant, has a credit card. It is unlimited. There is no restriction on the use of that credit card whatsoever, and you, the people of California, have given that credit card to someone else with the knowledge that you are going to pay the bills every month when they come in from the use of that credit card. You have no control over it and you have no way of knowing until the bills come in what this person holding the credit card has spent. It is as simple as that. This program just cannot work under those circumstances.

Q Governor, what if it comes to the point where your program is absolutely stalemated upstairs, and the Legislature

accepts the Veneman resolution or something similar as a compromise and votes to adjourn, would you then use your power to call them back and try again or would you just accept this as part of the game?

A Well, I'll meet that when it comes, and I'd rather-- I'd rather continue trying to find a responsible solution.

Q Governor, you talk about delaying some service such as dentures or braces and yet it sounds like you are going to restore services once it is feasible, why not get the money now from the Legislature if they are willing to cover the gap and restore those services?

A I didn't get all that.

Q O. K.

A Project.

Q I'll start over again. You talk about delaying some services such as dentures and braces, and it sounds as though you are going to restore those services when it is financially feasible. If the Legislature is willing to allocate the money now to cover that gap and make it feasible, why won't you accept it?

A Well, because the alternative is -- what we are saying, all of our flexibility is not aimed at just cutting services. There are a number of other things in there such as shortening the billing time, some more controls over the use of this program, shortening of the hospitalization stay, some controls on the nursing home on a 24-hour basis. We found a number of people who are not really entitled or in need of that kind of care. All of these things contribute to savings. Now, if the savings result in your now being able to give someone that needs them the glasses, the dentures or so forth, then you'll do it. But these reductions in services forced onto the financial situation were aimed at reducing those services that were not life-saving, were not absolutely necessary to the health of the individual, rather than reducing the people, cutting off the people that are -- that need medical care from the program and the -- our controversy with the

Supreme Court is that their decision ruled against people. Their decision was throw the people off the program, and we don't believe in that.

Q Governor, in your list of options there, did you leave off a possible control on doctor's fees as oversight or are you opposed to any controls on doctor's fees?

A Well, as a matter of fact, over in Spencer's department, they have done a great deal of study about this and this does not loom -- it sounds again this is like that proportionate cutting, it sounds on the surface as though here's an easy answer. This isn't exactly true, in the control of the fees, because we find that any control of this kind puts a -- comes at a point in which there are a great number of doctors below that level now with regard to fee who just automatically bring themselves up to that fee, and the savings disappears. It is not done on anything -- on any basis of wanting to be -- to be especially good to the doctors, it is done to a hard and fast thing, that so far that this isn't going to work although there have been some proposals made with regard to a fee level of an earlier period.

Q But didn't Dr. Williams or someone in his department find abuses in this area by figures amounting to almost \$30 million dollars which is just about the size of your deficit?

A This is not -- no, this was not alone fee, these were abuses of vendors, not just doctors. Vendors, who were --

Q Vendors in general?

A Who were giving needless services and needless drugs and so forth.

Q Other than doctors, who?

A Yes, that's right.

Q Who, druggists?

A Well, the whole bracket of vendors, people hospitalized who didn't require hospitalization. Needless services, needless drugs and so forth, and while this was an extensive amount of money, let me hasten to say that this

represented a very small percentage, a very tiny percentage of all of the vendors involved. For the most part they are being very honored and principaled in this.

Q Didn't the amount come almost to \$30 million dollars, almost to the size of the --

A I can't offhand give you the figure, you can check that with Spence, but I don't have what the figure was.

Q Are you at this time doing anything in that area now?

A Yes, oh, yes. As a matter of fact, taking cases where there are abuses to the proper groups and some instances some people being dropped because of that.

Q Is it possible to move on to another subject?

Q I've got one.

A Here's a couple more questions.

Q Governor, with the controls and economies you hope to impose in Medi-Cal, do you have any target date as to when you could restore those services that you say would only be of a temporary nature?

A No, but once again, this is because of, I say, that pipeline. If, for example, we had the flexibility to shorten the billing time down to 60 days, instead of six months, we would be in a better position and could then more quickly give you an estimate and the knowledge of where we stood in this program.

Q At the rate Medi-Cal has been growing in cost, do you think you'll ever be able to restore them and still keep the program within what you feel is an adequate growth rate?

A We think that there are a number of services that can be. Now, back here.

Q Can we change the subject?

A If you want to -- is this changing the subject?

Q No.

A There is one more.

Q Governor, would you elaborate, please, on your thinking on why the Supreme Court requires you to lop 160

thousand medical indigents off the roll?

A Because the Supreme Court decision simply states before you can reduce services, you must remove this group two, the medically indigent from the rolls. In other words, they put a priority that people go before you can reduce any of the services.

Q Governor, over a year ago ~~when~~ your communications director first joined the administration, it was on the basis that he would be here perhaps for only a year, and that time is rapidly approaching. Do you have any plans or are you searching for a replacement at this particular time?

A No, and as I told some of you once before, as I said we'd do during the campaign, there are a number of people that I -- that are here on leaves of absences from their own employers, and obvious reasons I'm not going to say who those people are, because I think it could conceivably affect their effectiveness and so I'm not going to, but I have no plans whatsoever of replacing the communications director.

Q Governor, do you have any indication that he may resign within the near future?

A Well, he's keeping a secret to himself, if he has any such plans.

Q Governor, what comments do you have on the California field poll alleging apparently 60 per cent of the Californians feel there is some truth in the Pearson charges?

A Well, maybe it was Barnum's, maybe Barnum was right, somebody could have believed something.

Q Governor, since the bus companies, the transit companies are under direct licensing of the PUC, do you have any indication or plans to have the State involved with the Los Angeles bus problems of robbery, of the bus drivers not planning to drive the buses and bring the workers, as one of your plans to get the workers out of the ghetto areas and --

A So far I know of no State involvement in that at all. It seems to me that's local law enforcement.

Q They aren't satisfied with that.

A What?

Q They aren't -- the bus drivers aren't coming back with the Sheriff putting on 200 men, the police putting on 150. Have you been --

A If local law enforcement comes to the State, why wherever legitimate and legally we can, we will certainly cooperate.

Q The Regents Committee, looking into the fees and tuition possibilities have delayed their report, and holding up the whole board decision on this matter. Does this ~~this~~ delay meet with your approval, are you just happy with more breathing time on this or do you want a quick decision?

A I would like to have had it settled. I only know what I've read myself, that this decision delay has been made. I don't know the reason for it, maybe there was a good reason, but I was -- I'm disappointed. I had hope<sup>d</sup> we would have had this thing settled.

Q Governor, Jud Latham is quoted in a Long Beach paper as saying that unless your delegation has a considerable number of people on it who are favorably disposed toward Romney, he will form a rival ticket and he's got the financial backing and prominent people that he can put into that ticket. What is your comment on it?

A My comment is, "Oh, goody, that is one thing I need, is to have to campaign." No, do what they want. I would be a little surprised if any other candidate endorsed such an activity or approved it in his name in a State where there is a favorite son.

Q Governor, has your survey on efficiency and cost control, Task Force, has it completed its job now?

A Yes, with the exception of the Task Force on Tax Reform, and we are putting together the reports now.

Q Do you have -- are you going to have a final summary report on everything they recommended to you?

A Yes, I think we are putting this together and

trying to get a summary. Remember, that a lot of that is very thick, and would constitute what you would call work papers, but we are -- what we are working on is to have something that will give us a synopsis.

Q Governor, there's an instructor at San Jose State College, named Edwards who has been organizing and been the public spokesman for a group of Negro athletes and wants to boycott the Olympic games, and encourage other Negro athletes to do the same. Do you think this is proper, a State employee to be forming this type of thing?

A No, I don't.

Q Now, when he comes up on Friday for a determination of permanent appointment to State College -- he does not have tenure yet, do you think as long as he engages in this type of activity he should continue as an instructor at San Jose State College?

A Well, I could give you a personal opinion on that, but I'm not sure that it would be proper publically, because again there is one thing I don't want, is to add to any idea that we are offering political interference in the internal workings of a college or university, so I'd rather not give an opinion on that. But personally I'm dis-- I disapprove greatly of what he's trying to accomplish and I think a great many young athletes are going to be victimized on emotional basis and make some decisions they are going to regret for the rest of their lives.

Q Back to Letham again, briefly, would you ask George Romney to disavow Letham's endeavor in this State if he goes ahead with it?

A No, I don't think I'd make such a request. I would just leave it up to them. Mike, you had your hand up there.

Q I've asked my question.

Q Governor, General Lolli is going to appeal to the California Horse Racing Board later this week to reverse its previous decision on granting simultaneous racing dates between -----and the California Expedition<sup>osition</sup>. Does he have your full support?

A           Actually, I haven't gotten into that. I know that the new racing bill envisioned simultaneous racing. Myself, I had always envisioned when that took place that it would be simultaneous say north and south. I think that we are going to have to feel our way in this whole thing and that there are going to be problems if you have two racing plants operating in the close proximity. I do believe that the State can afford north and south simultaneous racing and so I'm -- all I know, he's been very efficient and has been running a great shop and made great economies and if he feels that -- that this decision should be reversed, why I'm prepared to back him in that.

Q           Do you feel that the decision that the horse racing board has made stands, would jeopardize the California --

A           We wouldn't know really until we figured up the tote board at the end of each day.

Q           Governor, in regard to your opposition on the Court's decision with regard to Medi-Cal, I'd like to know at what point, at what standard do you determine when the law should be obeyed and when should they be challenged?

A           Well, no one is talking about disobeying the law. This is why we have asked the Legislature to interpret what was their legislative intent. The Court has interpreted and made its decision based on what they say the Legislature intended. We don't believe that they are saying what the Legislature intended.

          Now, if the Legislature wants to say to us that the Court has interpreted them correctly, but even in the heat of debate up there, and what I think are certain partisan moves that are being made, I haven't seen anyone really suggest that. As a matter of fact, I would think that the Legislature should be actually a little shoulder-to-shoulder right at the moment at what I believe has been an invasion of the Legislative right by the Court.

Q           Governor, officials of Sonoma State Hospital admit that the hospital is overcrowded as has been charged, and it doesn't meet the State's own standards. I wondered whether

you think the hospital should be brought up to the State standards or whether the State standards should be lowered to the level of the hospital?

A Well, I'm not prepared to accept some of the statements that have been made from Sonoma because they don't check out with some of the things of the-- or our own department and Dr. Lowry's department. As a matter of fact, the ratio of patients to employees at Sonoma is a little better than it was a year ago. Actually there has been a reduction in a number of patients over a year ago.

Q I'm talking about space, Governor, not number of employees.

A All right, space. They -- this protest didn't seem to have been made a year ago, in the same hospital. Now, in some of our hospitals there have been temporary periods of crowding because of remodeling of some of the quarters. This was true at DeWitt and is now straightened out and they have more room for more people. But I'm not -- I suppose that you could make a case that almost any State institution is overcrowded, on some standard or other, but I -- all I can say is that this sudden furor, Sonoma is in a better shape than it was a year ago.

Q You say it does meet State standards then? You say it does meet --

A I'd rather let Spencer Williams or Dr. Lowry answer that.

Q Do you think private hospitals should meet the State standards if the State hospitals do not?

A Obviously they should all be required to meet the standards, but what I'm questioning here and what I say I cannot answer for you, and I would rather have you ask Dr. Lowry about this, is the charge that it doesn't meet the State standards. I'd be inclined to believe that it does.

Q Another subject, Governor. Are you satisfied with the conduct of President Clark of the State College? Last week you were waiting for a report from Mr. Meask.

A Am I satisfied with what?

Q With the conduct of Dr. Clark.

A Oh, here again I wouldn't be able to answer that. I have talked to Dr. Dumke. I know that Dr. Dumke is investigating the situation. I think it would be out of line for me with only knowing what I read in the papers to make a comment on that, and I'm sure that Dr. Dumke and the Board of Trustees will gather all the information they need to make whatever decision has to be made.

Q Well, Governor, you had mentioned last week at your conference following your meeting with Dr. Dumke that you would await the report from Mr. <sup>Mease</sup> Meask before you made any statement regarding the conduct of Dr. Clark.

A Well, Mr. <sup>Mease</sup> Meask went down there to check on that particular uprising, that riot on the campus, and to find out whether State help was needed and outside of some State Highway Patrolmen who were alerted and were standing by there was no further need, as you know, the riot took a turn to a peaceful demonstration type. That's the report that I was waiting for there. This was not any investigation of the running of the University. One here.

Q Governor, there's been a cutback in services to crippled children throughout the State under the State Crippled Children Services program, because of the inadequacy of funds, and does this concern you and have you any plans for a supplemental appropriation to bring the program back up to the level that existed for previously?

A I have a question whether there has been a cutback. This is a program that could be as open end as you want it to be. It would simply be where do you draw the line, at what is a disability on the part of a child. And there has been to my -- my knowledge no cutback in this program, and there was no reduction in the program. But as the State continues to grow, you may find that some -- that lines are drawn. What lack of ability, what physical defect do you constitute as a disability that requires special attention or care? And as I say, this line will always be arguable.

We don't believe that anyone of true disability has been penalized in this program.

Q I'd like to clarify one other point, another point on Medi-Cal. Governor, if the Legislature does get shoulder-to-shoulder and agree on a moratorium, would that be unacceptable to you?

A You mean moratorium<sup>v</sup> that they simply hold with the court's opinion and thus tie our hands so that we don't even have the flexibility that we have had so far? Yes, I would -- we would have to find whatever we could do responsibly to make this program work. But this would not be in my mind a responsible answer on the part of the Legislature.

Q Governor, in your meeting with Dr. Dumke did you discuss the activities of this San Jose State Professor Mr. Edwards who's been involved in a number of other protest activities? Did that come up in the discussion?

A Yes, that was discussed as well as all the other facets of this particular --

Q Did Dr. Dumke indicate that he was going to make any investigation into Professor Edward's qualifications to serve permanently or to be a teacher at the campus?

A He was quite familiar with his activities and in the discussion pointed out that here again, in one of those areas where local autonomy holds sway, where we try to allow each campus to operate pretty much on its own.

Q Governor, in that same discussion, though, did you express your views to Dr. Dumke, your personal views?

A About Mr. Edwards?

Q About Mr. Edwards.

A I'm in great disagreement, as I say, I think what he's trying to do, I think he's contributing nothing to the understanding between the races. He's doing absolutely nothing that would in any way improve the situation of the minority groups.

Q Did you express those views to Dr. Dumke?

A Oh, yes, I did.

Q           Regarding the Legislative session, Governor, what is your assessment of Speaker Unruh's attack regarding the tax loophole bill and medicare?

A           Well, I must say his attitude so far on the tax loophole has given me a greater understanding of why the State was in such financial chaos when we took office last January. The budget was passed, the money was appropriated without any knowledge that there was a loophole. Some 25 to 50 million dollars that's now been discovered will be possibly lost because of an unintended loophole. It is now being proposed by the Speaker that we spend this twice. It's already been, in a sense, spent. It has been allocated to the present budget. It is not in the new money, and I am also at a loss as to how the Speaker could be unalterably opposed to a State tax increase and then refer to this as a tax increase that he wants to assign to Medi-Cal.

Q           Earlier you indicated that the State's financial chaos involved Pat Brown. You are coming to believe now that it wasn't Pat's fault at all?

A           I never dumped it on any one person. I sort of ran against the whole package.

Q           Maybe before election?

A           What?

Q           Perhaps before election.

A           If you recall in the campaign I sort of kept begging for a team effort. I said, "Don't send anyone of us up there alone." I said there was a difference in philosophy between the two party viewpoints and I asked the People to support our philosophy. No, I -- I don't think any one man could be responsible in this. If one man had that much power, I'd wave a wand right now and solve a few things.

Q           Governor, the latest California polls show that non-candidate Rockefeller is the lead of non-candidate Reagan. Do you think you've been doing something wrong?

A           Well, I wan't to tell you, I'll be the first to congratulate him as non-President when it is all over.

Q           Governor, in view --  
(Laughter)

Q           In view of Mayor Lindsay's trip out to California last week, and other things that are happening, do you think he's in orbit as a potential candidate?

A           I think anyone that's Mayor of that city has to be considered. It's been true in the past. Those names have always been thrown up for discussion in any Presidential year, and I would guess that he'd be -- have to be considered.

SQUIRE: Any more questions?

Q           Are you going to the Rose Bowl game?

A           I haven't been able to figure out whether we can do it or not, but I'd sure like to.

SQUIRE: Thank you, Governor.

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GOVERNOR REAGAN: I have a -- not a statement, but an introduction. Our guests back there, numbering 25, are journalism students from Pinole High School, and I understand that they are going to judge you professionals in your work completely on the kindness with which you treat me.

VOICE: Merry Christmas.

Q Have you quit beating your wife?

(Laughter)

A That is what not to do. All right, open for business.

Q Governor, I heard you or saw you on television telling the Yale students that one of the reasons you get all these headlines about Vietnam is that the reporters actually introduce the subject and -- but it is never mentioned that the subject was actually initiated by the press. And I just picked up a couple of clippings out of our paper, and this is New Haven, Connecticut and it says here, "Asked at a news conference whether he favored stronger military action than the United States has yet begun, Reagan ..etc., etc. And then another one, an A.P. story, these are both A.P. out of Albany where you actually delivered a speech in which in your prepared text you said the war in Vietnam must be fought through to victory, and I was wondering in view of that, do you think your criticism of the reporting has been a little bit too severe or too sweeping?

A Well, now in that particular instance maybe it looked that way, but also I'll plead that I had no control over the editing of that particular program. Also, usually I have remarked in trying to explain sometimes when charges have been made, even questions have been asked by people who are friendly to me about why did I go some place and choose to talk on this subject. Now, it is true there have been occasions in speeches on the whole national issue and the fund raisers where I've made a brief reference to that as one of the issues. It is also true on the occasion of Veteran's Day I made a speech in which I discussed at great length this and the concern of the people. But I have frequently pointed out while the story itself would reveal that the questions were asked, that usually the heading and the headline could give you the impression that I had volunteered or chosen to speak on that subject, and the reason, incidentally that I mentioned it in that particular telecast, you see, which was a staged interview, something in the nature of a panel show, but meant to look like an informal conversation is because one of the students -- I haven't seen what they did with it in the end, whether he made this plain or not, he in effect did the same thing and accused me of this when I've been protesting that no matter what the class you couldn't keep the conversation more than five minutes at a time away from Vietnam before the students brought it back to this. This is very much on their minds, and when he -- this young man who had been present in some of those classes, sort of implied in front of what was to be a television audience that I had volunteered this again, I thought that I ought to bring him back to what the proper ratio was because at no time did I volunteer to talk on Vietnam at Yale.

Q Governor, there is a possible sit-in or mill-in scheduled today in President Summerskill's office in San Francisco State. If this should happen what do you think President Summerskill should do?

A Well, I think he should take whatever action is

necessary to maintain law and order and to keep them from interfering with the orderly processes of the college. As a matter of fact, a couple of hundred students have entered the administration building already, and we are keeping in close touch as to what's going on there.

Q Governor, do you think that -- when you say he should take whatever steps are necessary, what does this mean in your mind, exactly?

A Well, I mean that whatever action is necessary on the part of the authorities, whether this requires calling in outside police or whether it can be handled by the administrators. No small group of students in a campus of 19,000 should be allowed, for example, to stop the business that takes place in the administration building. I do not believe in closing down the administration of the University or College, rather than ejecting those students that are interfering with that orderly process and if it calls for ejecting, they should be ejected.

Q Doesn't that mean the use of outside force in this case?

A If the campus authorities aren't capable of it, yes.

Q Governor, who should call in that outside help?

A President Summerskill, no quarrel about that, nor was there any at the Trustee's meeting. There was no quarrel with the fact that this was his responsibility and he had observed that in the last session over there.

Q Governor, there is serious talk of a faculty strike at S.F. State possibly even on Thursday. Will you tolerate such a situation?

A It isn't a case of whether I tolerate it or not. I think you gentlemen all know that in this State more than in any other State that I know of, there are great restrictions as to what the governmental authorities can do. We have gone a long way toward trying to preserve and maintain academic freedom and autonomy on the campuses. I am a member of the Board of Trustees. I could treat as an individual. I do think, however, that under certain

circumstances, there is state property involved and I would then have to face up to what is my responsibility to the taxpayers of this State with regard to the protection of -- of this state property.

Q Governor, there is a report today that new violent demonstration is planned for the campus on Thursday. In view of the San Francisco Police Department's reluctance to participate in last week's demonstration, do you think the State should take that matter into hand?

A No, no, as I have just -- I think I just answered that, that there's never been any intention on our part to do this, and I think that if all of you had been present at the Trustee's meeting, you would have recognized that while there was a great surprise on the part of some trustees at how far the college and university policy had gone in invoking -- well, or I should say not only in calling in the police, but then being the ones to decide whether the police should take action. There was no criticism of President Summerskill on the fact that he had taken the advice of the police and in the last week's episode the police had recommended against taking such action or bringing on large forces of uniformed police. And there was no criticism. There was a feeling, however, on the part of the trustees, which they expressed, that once the police have been called in, we are going to have to review and make it plain that the police then should have the authority when they believe that things are getting out of hand and that the law is being broken, that they are the ones who should make the decision that it is now their jurisdiction and they move. It is a little -- as a matter of fact, to those of you who weren't there, there was a kind of humorous incident in which the Chairman of the Board of Trustees asked a policeman on duty at the door there if there was a disturbance in the room, "Could you make the arrest or would I have to ask you to." And the Policeman said, "You'd have to ask me to." And everyone was a little worried and starting thinking we ought to search the visitors

for weapons and I asked the Policeman then a second question. I said, "Well, now wait a minute, that's just a disturbance. What if in this room someone attacked another individual with a weapon." The Policeman said, "I'd make the arrest." Without waiting for someone to tell him to. Well, this is something of what we are asking in the campus. It is one thing for the administration to call in the police with the thought that perhaps there is going to be violence and some trouble or law-breaking. Then it is another thing for the University or the College to still reserve the right as to when to order the police to take action. Once they are on the scene, it would seem to me that the police, as they could any place else, have the authority to take action if the law is being broken.

Q You think there should be legislation to clarify this, Governor?

A I don't think legislation is needed there. I'll tell you what I think part of this is about. I think part of this is because in times past there have been too many incidents where the police have been called in and when the police set out to do their duty as they saw it, they weren't backed up by the college or the university authorities. In all too many instances they were criticized and later some administrators tried to get themselves off the hook by saying there wouldn't have been any trouble if the police hadn't acted.

And I think the police very justifiably have kind of taken an attitude, well, if that's the way it is going to be, tell us when you want us.

Q Governor, in your opinion did President Summerskill act properly in last week's demonstration?

A Yes, I think he did. Yes, there was -- the testimony here by Chief Cahill and the police was to the effect that there were so many hundreds or thousands of students gathered around not involved and who were beginning to disperse that they believed that it was getting -- the menace was getting less and not more.

Q Let me expand that a little more then, in your opinion has President Summerskill always acted properly in problem areas of this type?

A This is why the trustees felt that there should be an investigation by the Committee that was named, an investigation to find out why on this particular campus there seems to have been so much more unrest over quite a period. And so the investigation was not based on the present or the last week's incident at all, but was based on what are the factors that have led to this on the campus.

Q Would you be surprised by President Summerskill's resignation, should it come?

A I don't know, I've -- I have never met him. As a matter of fact, I didn't even meet him in the meeting, there was no opportunity to. I don't know how he feels about this.

I do feel that the trustees were justified in trying to get at the bottom and fix the responsibility for the attitude that has prevailed on that campus.

Q Governor, I wonder if you would clarify just a little bit further this area of who should take the initiative in calling the police. Are you saying perhaps that -- I'm talking about now the initial step, that perhaps the college should not have the -- should not reserve the right to take that initial step? In other words, should the police observing the thing decide that, all right, it is time to come in whether the college administrator thinks so or not?

A No, because then you envision the thing that you couldn't have with the police sitting there watching the campus day in and day out, and they have got other things to do. I think the same as you in your home, if you had some people in and a party got out of hand -- I know that wouldn't ever happen to any of us in this room -- but if it should happen, you'd call the police. And I think this right -- yes, the University should reserve the right, and as a matter of fact, the practice of having the President or his

designate do it grew out of the fact that in some recent riots or disturbances, demonstrations, I should say, in an effort to provoke trouble, some of the demonstrators themselves put in literally false alarms, calls to the police, hoping that the sudden arrival of police who had been given a kind of distorted cry for help, would precipitate trouble. So it was decided that through the administration would come the call for the police when it looked like there might be the possibility of trouble. That I favor. Our only concern was should the non-police trained administrators of an educational institution be given the responsibility once the police are there as to say when to move or not to move. This is a matter for only police-trained people.

Q Governor, can you say when some of these other demonstrations where the college administrator's failed to back up the police or failed to -- failed to hold what they did?

A I think you only have to check back over the last few years and you'll find in your own press stories a number of incidents where authorities on some campuses have claimed that the disturbance arose because the police came in and acted.

Q Governor, there's been -- on this topic there's been some talk about perhaps the possibility of having a stronger and more autonomous local campus police force, might help correct these situations. Would you be in favor of that?

A Well, I think we ought to have whatever is necessary and I'm not sure that we have the best system now, but again this was discussed at the Trustee's meeting. You can't, number one, envision having a police force on the campus year round, that is geared up to the size of a possible emergency. That is pretty wasteful. And number two, I think there must be a better solution to this than to envision the campuses being armed camps, that you are going to constantly have to control by force. This type of disturbance. I say that we have got to get down -- back

down to the idea of getting rid of those who have made it obvious that they are going to create trouble and force, and it goes back to what I said a year ago, just about a year ago now. Either they obey the rules or they get their education some place else.

Q Governor, on the advisability perhaps of this prospect of the strike by the faculty, do you think it is advisable for the faculty, if they think that the Board of Trustees have come out too strongly in favor of policing the campus, do you feel that it is advisable for the faculty to strike?

A No, I don't. I don't believe in teachers striking. I just plain don't. And I think the higher up you get in the educational scale the less admirable it becomes.

Q What do you think the effect of such a strike would be on San Francisco State?

A I don't know. I'd have to see how many strike and how many observed it and participated. I can't help but believe that there, like on the other campuses, the overwhelming majority of the faculty would be much opposed to that sort of thing and I think we are hearing again from a loud and dissident minority.

Q Would you be in favor, Governor, for an automatic firing for any teacher that did strike?

A Well, it is never wise to say an automatic thing of this kind because you are taking away any discretionary powers of the administrators. I don't believe in that. But I do say this, that I just -- I believe that this kind of action is -- I believe, is they forfeited their rights to consideration, or to teach. I think that someone who actively leads a faculty member who actively leads the students in a violent demonstration, there is no reason why the People of this State should continue to hire him to instruct their youngsters on a college campus, or any place else, for that matter.

Q Governor, do you think President Summerskill should take action against any group on campus, and I'm

speaking specifically of the Black Students Union.

A I think you take action once there is due process, established guilt that force has been used to interfere with the orderly processes of providing an education. Then I think the administration should take action.

Q Governor, do you think Speaker Unruh is too hasty in one, calling for a legislative investigation, and two, urging the dismissal of President Summerskill?

A Well, he wasn't too hasty in calling a -- I'm not going to criticize the Legislature, they represent the People, and they felt an investigation was necessary; I think this was a proper call. Perhaps the recommending of punishment before the investigation was putting the verdict a little ahead of the trial.

Mike, did you have your hand up?

MIKE: Yes, I'd like to change the subject, if we could, Governor.

GOVERNOR REAGAN: Change the subject. Well, there is one more

Q Governor, would you favor changing the regulations at the University of California regarding the disciplining of students now to match what has happened at State Colleges in view of the Trustee's action on Saturday? They don't quite match up.

A You mean the action in changing the rules regarding using force?

Q No, regarding disciplining of students after they have been involved in demonstrations.

A As I recall, the only disciplining thing were the change in the rules, the amendment to make -- once guilt was established, after due process, to make mandatory either suspension or dismissal. In other words, to fix the penalty from suspension up to and including dismissal. I thought this was a very wise change in the rules and I see nothing wrong with it being invoked at the University level.

Q Do you think the Board of Regents will accept this?

A I have long since given up trying to anticipate

what the Board of Regents will do. I know how I'd vote on it.

Now, Mike, you want to change it?

Q Yes.

SQUIRE: Governor, first, before you start on this, be sure we got all of this out of their system so we don't get it back and forth.

GOVERNOR REAGAN: We have got it out of their systems.

Q Do you agree with Speaker Unruh that persons -- students and faculty members dismissed for participating in these demonstrations and/or riots should be permanently disbarred from any other State college or University campus?

A Well, I don't know whether the dismissal -- it depends on whether the sentence would be permanent. If it is permanent in one it should be permanent with the others. We have really a multiversity system here and the same is true of our State colleges, and it wouldn't make much sense to rule someone as unqualified to teach at one and then find that he was qualified to teach at another, just on the basis of geography.

Q Governor, yesterday, Gordon Smith sent a letter to the Legislature commenting about the problems the State will face next year in budgetary matters, and what have you. He pointed out the problems in welfare and Medi-Cal and he said we couldn't go on spending at the rate we are spending without new taxes, and I wonder if you could comment -- go back a few months, on the statement you made during the campaign, you were discussing welfare, in which you said the State's goal in some areas would be to make a -- the welfare check a payroll check. In other words, give the people who are on welfare a chance to more or less become more participating members of society. I wonder if you -- are you still in your plans for the Legislature next year, this is going to be part of your message to reform the welfare program in this regard?

A I can't give you the specifics on them, Mike. I

can only tell you that in Spence's department they have been studying and pursuing what would be necessary and what would be needed in the line of legislation. We had our people and Spence went up to Oregon where Mark Hatfield had introduced some of these things, and we are trying to find out how much of this -- what we could do, in other words, leading toward rehabilitation as the goal of welfare and instead of just permanently keeping people on the roll.

Now, I can't tell you the specifics, I haven't got the report back.

Q Governor, Legislature will be reconvening in three weeks.

A Yes.

Q Will you have a welfare proposal to give them on reform or change? Any kind of recommendation?

A I could let you know that better a little later. As a matter of fact we are just now having some meetings and some position papers put together for study by our legislative leadership, so I wouldn't be able to give you the details right now.

Q Governor, Assemblyman Bear has written a letter to you asking you when are you going to rescind the cuts in the Crippled Children program as requested in ACR 15. When do you plan to take action and what action do you plan?

A Well, actually this again is a "talk about an out of context liner, if you stop beating your wife." The legislature last year on its own passed a closed-end appropriation for the State's supplemental share of the treatment of crippled children, which is a county operation, matching funds with the State, but it was the Legislature that adopted a budget of a closed-end appropriation, not just open-end matching of county spending. And we didn't make any cutbacks. What has led to this was that advisory memorandum that was sent to the counties when we discovered that some counties were continuing to spend on the basis which would leave them exhausting the State's share and left totally responsible for what they were spending. And

helpfully a memo was sent out listing some of the less vital services that could be discontinued by those counties that felt they had gone beyond the matching funds from the State, and this is -- this is the sum total of this story.

Now, if we come to the -- or discover that there is some great problem and vital services cannot be given and urgency measure will be in plent~~h~~ of time if it is introduced in the regular session beginning next month. We hoped, however, with the closed-end appropriation, the goal of the Legislature as stated at that time was to get away from this continued deficiency appropriation, while someone else had control of the spending, which means -- which is actually the county.

Q Governor, in that memorandum that was sent out in August 15, incidentally, it was signed by Dr. Breslow and Dr. Hornberger, advising in 100 areas that were to be cut and services. It wasn't where they could cut, it was the services that should be cut. And last night Spencer Williams called a resolution asking for rescinding of those cutbacks legislative impertinence. Do you think it was legislative impertinence as well to ask for rescinding of that August 15th memo?

A Well, you are interpreting the memo different. We don't have the control over telling what they can or can't do. The counties have control of this. This was advisory and I'm sure that it was written, however it was written, with the knowledge that the counties knew this as well as anyone else when they received it.

Q Governor, are you saying that if some of these -- if it is shown some of these hundred area cuts are too deep you'll restore them?

A No, we are saying is that if -- if we should learn-- if we should learn that there are truly vital cases and needy cases that -- well, let's see, that both of us at the county and at the state level did not properly provide for, there is always time to meet that on emergency basis with an urgency piece of legislation.

Q When you speak of the urgency legislation,

would you give Assemblyman Crown or some other Legislator a letter permitting them to take up this expenditure?

A If I was convinced of the actual nature of the emergency, but frankly I am not at this time and I'm more convinced that the emergency exists upstairs in one or two Legislator's offices.

Q It is correct to say there will be no administration response then to the resolution?

A What's that?

Q There will be no administration response to the resolution?

A Not at this time, no.

Q Governor, when you --

A The closed-end appropriation that it was the Legislature, that after all put the closed-end feature in the appropriation.

Q Didn't they, however, appropriate the exact amount that your administration asked for to cover the program and then why was it necessary to cut the program as early as August? That's the -- it seems kind of confusing.

A We didn't cut. We became aware that certain counties appeared to be spending beyond what this program was to provide for and this was why the memo was sent out. I don't recall actually the details of whether there was a change upstairs or not in the budgeted amount, but I don't even recall that there was any effort to change it.

Q Governor, in your budget last year you had a 10 per cent goal for cuts in State agencies, and while you announced that you achieved 127,000,000, it didn't quite -- it didn't come up to the 10 per cent. Do you have any figure, planning a new budget, any goal, percentage cut or--

A No. There is no talk of that now because we did succeed in making a great reduction in administrative overhead and costs. But we also now are going to be more guided because now we have something better to go on than just trying to effect economies. We have the Task Force reports in and as I say, we have been correlating these,

some 60 reports, and we believe that we now have some better material, more factual material to go on.

Q Governor, in your televised Medi-Cal speech to the people you have been accused of attempting to set class against class by waving that card around as you did. Would you care to respond to some of that criticism?

A Well, it seems pretty strange to me that we should be accused of setting class against class when it was the judicial decision that would have marked the medically indigent as having to be sacrificed before you could sacrifice one non-essential treatment, to someone on welfare. And we were trying to keep the sum total of the medically indigent and the welfare people at least able to get life-saving medical care, necessary medical care, and I think it is just a handy kind of political slogan that someone came up with and if ever --

Q Were you going to do that now, Governor, now that the Legislature has refused to give you the flexibility that you wanted? How are you going to handle that in the next six weeks?

A What you mean is now that the Legislature refused on what I think was a partisan basis, to give us the flexibility that they themselves had written into the legislation two years ago? Maybe they hadn't anticipated a victory for another type of legislation two years later, but this is what they did. They simply refused to affirm their own intention with this.

Well, what we have to do is we are going to proceed with the audit. I think it will bear us out that there is an emergency problem, and actually I -- I can abide by their resolution. It isn't binding, but I can abide by it for this period. I have been assured by the Department itself, it is January 31st is the latest or January 30th, I should say, is the latest and it can end -- the moratorium can end earlier if the audit is completed earlier, and most people seem to think that the audit will be completed probably by the middle of January. I hate to lose that

flexibility. There are still some changes that are left to us to do in hoping to trim overhead and administrative expenses, and we will do all those things we can do. But, as I said the other night in the air, the problem is not really one of the figures of the deficit and the size of the deficit. The problem -- if there was no deficit, the problem is that just within the budget this program each year is increasing faster than the State revenues can keep up with, at a rate of somewhere around 50% a year. And we have an emergency problem, even if it is -- even if there was no deficit, no one paid bills in the pipeline.

Q Governor, how will you propose next year to bring this program within the State's capacity to finance it?

A We have a number of proposals, some of which we can put into effect and some of which the Legislature is going to have to put into effect. A number of them came from the Task Force that got into this particular area. There are some things that I think that we should be dealing with Washington and I know that some of my fellow Governors feel the same way. We discussed this at the recent Republican Governor's Conference. There is no State in the Union that I found -- well, let me say certainly none with a Republican Governor, I don't know whether the others will admit, I haven't met with them on this subject -- but none of them that have implemented Article 19 of Medicare, which is in our Case, Medi-Cal, that are not having financial troubles. Michigan didn't do it all the way as we did. They were going to do it step by step and this year they had to balk they could not put into effect the next step forward this year because it would have put the State 50 million in debt to do it.

Q Do you intend to put into effect the doctor's fees schedule or physician's fee? Do you think this is a necessity now?

A Well, we have been opposed to this and Spencer Williams explained this, that there are so many doctors below whatever fair fee that you would set, that would simply

increase theirs up to the minimum that you probably wouldn't gain anything. We think there are other ways, better ways to operate.

Q Governor, in this going back a minute to this question of class versus class, when you hold up that credit card and say, "This guarantees you medical services better -- guarantees the poor medical services that's better than you and I could afford, doesn't that sort of generate emotions in the people that hear that?"

A Well, my intention certainly wasn't to generate emotions. My intention was to try and point out what was the basic shortcoming of the whole program and the basic shortcoming is just exactly what I described, that the normal restraint on the use of professional medicine that all of us impose on ourselves has suddenly been lifted from these people.

Now, England found it out with socialized medicine. England finally has had to go to assessing a charge against each patient for drugs, for part of the medical expense that he pays every time he goes to the doctor, and they had, as I understand it, about a 25% reduction in patient load immediately upon doing this. Now, we are prevented from assessing such a charge, by a regulation at the Federal level, not a part of the law; a regulation imposed by the agency and we feel that there certainly should be some study of at least putting this kind of control back into effect. Even if it is only a 50 cent fee, something that makes the individual do a little judging as to whether he should be going to the doctor or not.

Q Governor, it is generally agreed that the medically indigent making a run of the program result in the soaring costs that you are talking about. Would you like to see the medically indigent removed from this program or the eligibility requirements changed?

A I don't know whether the eligibility requirements should be changed or not, but I do know this, and the answer to the first part of your question is whether I wanted to

see them removed; the very thing that the Supreme Court told us we couldn't do was the effort we made to not remove them, to instead do away with some of the less essential services. Again I can only say it is an extreme example, but I don't think braces on someone's teeth should be given to a patient if it means depriving someone else of a cancer operation, and in this effect is what we were trying to avoid and the Supreme Court told us that we couldn't do it.

Q Governor, outside of the medical problem, are these reports that you are getting from the Task Force going to provide sufficient information for the State to live within its income without raising taxes during the next fiscal year?

A Well, they better because I'll tell you I'm firmly resolved we are not going to raise taxes within the fiscal year. California has now become the highest tax-paying -- that is combined State and local, the highest tax-paying State in the Union. No other citizens in America pay for local-state government at the price that we do and I think the People of this State are paying too much for government right now.

Q Governor, Gordon Smith's message to the Legislature yesterday, he painted a rather bleak picture.

A It is a bleak picture.

Q Well, doesn't this -- isn't this preparing the public perhaps for a possible tax increase?

A No, no, we are trying to point out that unless -- we are trying to point out the necessity for changing our spending habits in a few areas because we -- what we are trying to point out here, we are with the highest taxes already and unless we reform these certain areas, there is no way that anyone can point to how we can continue without every year having a tax increase, unless maybe you take in enough for two-year period or something, but you see, the -- the normal work load based on inflation and increase in population should be between seven and eight per cent. Now, your taxes geared to sales and income and so forth, will go up about that same amount each year. Each year, barring

a crash you'll have about seven or eight per cent more income than you had the year before, but when you got two or three programs that are rising at a rate of 50 per cent a year, you can't keep them within the framework of that seven or eight per cent increase, normal increase, and there has to be something wrong in our State when we have been increasing in the number of people receiving welfare and medical aid and so forth at a rate far in excess of our sister states out in the rest of the country.

A number of states have actually in this time of prosperity reduced the number of people getting welfare while we continue to increase, and we feel that we are obligated to look into everything we can to find out why this should be.

Q Governor, then would it be safe to say that the Medi-Cal and welfare reforms will be your major legislative goal next year?

A Oh, no, we have -- we have -- this is still in the area of economy and reform that is needed in some of these things, but we hope to come forward with some constructive programs that some of the same kind that were in the Committee last year, and I will have something on that later on because as I say, you caught me just ahead -- we are putting together some position papers, the legislative leadership hasn't had time to study them as yet, so I'll report later to those.

Q Governor, one of your programs will be tax reform, as we have been told. If the only way you can get tax reform is accepting withholding, will you do it?

A Well, I'm still opposed to tax reform and I can't see --

SQUIRE: Wait a minute.

GOVERNOR REAGAN: Or I mean tax withholding. Tax withholding. I'm in favor of tax reform. I just can't believe that from as much as I've studied it myself that this would come in as a part of -- of a tax reform recommendation. Now, you mean if to get the votes, if

the opposition on a partisan basis held out for tax reform as a measure of getting the rest, I think I just happen to believe strongly enough with this to believe that they would be asking us to undercut the very thing we were trying to do.

Q Governor, Mr. Smith seemed to indicate that the only alternative to a tax increase would be major program cuts in public assistance or higher education. In which of those fields, if it became necessary, would you advocate cutbacks?

A Well, I think if you've -- if you've noticed, he also said what we have to do is establish some priorities.

Q What are your -- what are your -- how do you prefer to see the priorities set?

A Well, I think that there still is a great deal of waste in welfare. I think there is a certain amount of extravagance in education, too, and we'd like to correct that, whether there was a crisis or not. But I have always believed that the answer lies in transferring the waste from the -- it would be from welfare to education because through education we can come a lot closer to ending the necessity for welfare, we have a better change of training people and making themselves sufficient and as a matter of fact, during the campaign, I advocated if possible to transfer some of welfare spending into educational training to make them -- give them the ability to take care of themselves, that this would be a worthy goal. I don't advocate trimming in welfare just for the sake of saving money. I say this, you look for those areas in which it is being wasted, where the same kind of -- of reductions, for example, that have given us the great advantage of building more miles of highway by trimming at administrative overhead that was eating up the gas tax money in those departments. In welfare the same thing is going on, also, you've got to try and have some reform that will establish incentives and reasons for people to become self-sufficient.

Q Would you anticipate that your budget will reflect

reductions in the area of public assistance and higher education over last year, reduced from last year.

A Well, now, with the -- faced with about a seven per cent normal increase just through growth and inflation, that's pretty hard to do. I couldn't -- I couldn't give you a specific answer on that. It would be wonderful if it could be done. It would be wonderful, also, if we could reduce the welfare load simply because we have put more people to work and this is not impossible. In this way we should be able to look forward to reducing the cost of welfare every year as we freed people from welfare and put them out in productive jobs.

Q Governor, did your administration over-estimate the economic situation? I mean is it going to be worse than you thought it would be at the end of the fiscal year? As far as the State revenues are concerned.

A You mean now for the year we are in?

Q Yes, are you going to have a bigger deficit or less of a surplus than you were told you were going to have at the beginning of the year?

A Oh, I -- we are just -- we are just not going to have a deficit. You can't have a deficit, it is against the law. We don't break the law, but as far as a surplus is concerned, I really can't tell you. As it looks, based on the budget, the Legislature made very sure there wouldn't be any surplus. They did that by whittling down the tax bill we asked for, while they continued to try to add to the spending.

The only thing I can say is I haven't had enough of a rundown yet on what some of our economies might result in that we have continued to put into effect, and additional ones by way of the Task Forces, they might give us a happier picture.

SQUIRE: Governor, about two more questions and we will knock it off.

GOVERNOR REAGAN: All right.

Q Governor, speaking of putting people to work, have

you checked on the progress of Chad MacClellan's 17,800  
hard core unemployed?

A I checked, but not to the extent of getting figures. I found out from Chad that very shortly he will have a report that just as they did in the Watts area, Chad MacClellan in this program didn't feel that there was any point in issuing, you know, like weekly or monthly statements on who was put to work because it doesn't count until you find how many have stayed on those jobs and have actually made the transition. And he told us that very shortly he'd be -- he'd be willing to give us and able to give us some figures, because it would have to be in effect long enough to have some valid figures.

Q Mr. Richard Nixon backers are apparently upset the big campaign contributors are holding back in contributions in hopes that you are indicating an interest in the Presidency. Is there something you can do to --

A I've been doing everything I can. I've continued to do this, continued to try to turn off everyone who is doing it. I just -- I'm not going to take responsibility for that because I've had nothing to do with it, if it is going on. It may be that there are people in this country who are just still so undecided at this point as to who they want to back that they are waiting until they can do something more clear-cut in this regard, but --

SQUIRE: Any more questions? Thank you,  
Governor.

RELEASE: December 27, 3 P.M.  
(Radio & TV)

December 28, A.M.'s  
(Newspapers)

PLEASE GUARD AGAINST PREMATURE RELEASE

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN - 12-19-67

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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MR. NOFZIGER: May I have your attention for a moment. I would like again to go over the ground rules of this since it is not a regular or usual press conference, as you know. This was called because a lot of you asked for separate interviews to talk to the Governor about what he thought of the -- of his first year in office, and what might be coming next year. Since we couldn't accommodate you all, individually, we decided instead to hold this as a -- not really a press conference, but to let you ask your questions on this subject.

As you know, this is not for immediate release. It is for release on the mornings of the 28th, which means that for radio and television it is p.m. of the 27th, which means that everybody's bulldog also gets a shot at it. We we would appreciate it very much then if you would keep your questions to this kind of thing. We do not have a regular press conference scheduled this week at all.

Now, one other thing, there has been a change in the picture-taking session that was scheduled at the Reagan home, the Christmas picture-taking session has been rescheduled for 4:00 p.m. Friday and that's at the Pacific Palisades home, and those pictures will be for immediate release.

QUESTION: Lyn--

MR. NOFZIGER: That's all I wanted to say on that.

QUESTION: I talked to Paul yesterday on the subject of the embargo, he told me if anything newsworthy occurred in this meeting we would intend to go ahead and use it. He said no other --

MR. NOFZIGER: This is -- as far as I know, nothing is going out of here live, is it? This is an embargoed press conference and if you can't abide by the embargo, then I would ask you please to leave. If you have a question that you wish to ask the Governor after the press conference or you catch him somewhere, that's one thing, but we cannot set up this kind of a thing for your convenience and then have people going out and breaking an embargo.

QUESTION: Who requested the embargo to begin with?

MR. NOFZIGER: This was set up by us at the request of some reporters. We made it general so that everybody could -- could have a chance to do a feature, if they wish on -- you got a notice on it, so that we could -- they could do a feature on what the Governor thought of the last year and what he thinks is upcoming. This is not a news conference, and if anyone of you think that you have to treat it like a news conference, that I'm again asking you please to leave, because otherwise this is meaningless.

QUESTION: O. K. I think in view that our people, to have you explain to them why it is necessary that these remarks that the Governor is going to make be held for a week before we can --

MR. NOFZIGER: Oh, surely, because -- because since we had asked for a lot of separate -- a lot of people have asked us for separate interviews and since we couldn't do them all separately, we figured the only fair thing to do was to embargo so everybody could do it at the same time. In addition, we knew that there would be some people who in the light of what the Governor said, would want to go back and get film clips to illustrate or to go back to their own files; but this is being done for your convenience.

This was not scheduled as a regular press conference, and I thought Paul -- did you not make that clear in your --

MR. BECK: It was made clear, there is no question about it.

QUESTION: The point is, was there any agreement, Lyn, by any of the news services or anyone that they would respect that embargo?

MR. NOFZIGER: Murray, I think that if anybody does not wish to respect the embargo, Murray, then they are not invited.

QUESTION: I thought there was an agreement.

MR. NOFZIGER: They were invited, under the terms of the invitation.

QUESTION: Let's start, let's get going.

MR. NOFZIGER: Are we clear? Governor.

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(Tape playback: It was never mentioned in the story.)

GOVERNOR REAGAN: The embargo has just been broken. I knew this joint was haunted. We will get all the current business out of the way, to begin with. So, Merry Christmas and a Happy New Year.

VOICE: Same to you.

GOVERNOR REAGAN: Well, this comes to the end of the honeymoon, and I couldn't be happier. Last year as you know, at about this time we were involved most of the time in telling you and telling the People of California, as we learned each day, how much darker the financial picture looked for the State. I'd like to recall to you that at that time there seemed to be some controversy and there were some people upstairs who challenged and said that we were inventing some of the distress for whatever reason I'll never know, and launched their own inquiry to verify the figures and if you will recall, the inquiry revealed that the State was in the desperate financial condition that we had said it was.

T. tax bill followed and the budget which was a record budget. But as I have pointed out before, every year in California we are going to have a record budget if our growth continues and if inflation continues raising prices and necessarily wages every year there should be an increase based on work load proportionate to the increase in population and price load. We feel that the budget we introduced was in that proportion, between seven and eight per cent increase over the previous year's spending. We do believe that that increase should be based on -- on a budget that's realistic to begin with and we are not sure yet that we have achieved that, but we have achieved a proper basis from which to start figuring, because we still have in mind further economies.

We introduced a number of economies last year, as you know, and we roughly saved about \$23 million of the deficit that was piling up, in the rate of spending of last year. On the other side of constructive legislation we are not pleased with all of the things that happened. We were happy about some of the things and we -- that we managed to obtain and some changes in stiffening of penalties in certain areas of crime. We are sorry that some of our measures with regard to pornography and labor legislation such as a secret ballot for all union members on policy matters in their union didn't get out of the Committee. We are going to come back with legislation in those areas. We, today, are putting together legislation covering a number of areas that have to do with crime, pornography, traffic safety, legislation in the field of -- of welfare, higher education -- well, of education generally and all of these will be, of course, a matter for after the first of the year when we can go into more detail about them. We shall continue to get those and I think with some reasonable hope that we perhaps will be more successful.

I would like to be able to tell you that last year's dark financial picture is all over now and everything is clear sailing. It isn't, of course.

Number One, the tax measure which we asked for was trimmed down to a certain amount, and at the same time some of the revenue was specifically earmarked for the coming year, so that we still are in a condition of having to -- have the leanest budget we can possibly have and still do the services that are required for the People. We are not going to be dealing with anything of the nature of a surplus. I doubt if we will be able to give any department everything that it asked for in the coming year in our budget, so that we are still confronted with this .

Probably the most significant step we will take is we should have very shortly the report from our Task Force on tax reform and we hope to introduce comprehensive program leading toward a tax reform. But let me say at this point, this is a tax reform, not tax increase, because as far as I'm concerned, I am committed to balancing the budget by bringing the budget down to within the revenues that will be obtained from the present tax structure, or if tax reform comes from the -- from the revenue, then -- but that tax reform won't be aimed at an increase. I do not believe that we should go to the People of California for further tax revenues, in order to balance the coming year's budget. Now, that's -- I don't know of any more that I should say by way of introductory of setting the stage. I'll leave it up to you.

Q Governor, are you saying that you then will not have a tax increase next year?

A No. Well, as far as I'm concerned, I'm going to oppose such a thing. I don't believe--we are now the highest for the State and local government combined. We are the highest tax-paying State in the union. I think the People of California are paying all they should pay for government.

Q Governor, if tax reform as your people envisioned and as your program is inclined, produces more revenue, isn't that in effect a tax increase under whatever name?

A Well, I wouldn't think that it would. I'm quite

sure that if you start and succeed in getting an overhaul, a complete tax reform, that you can't balance out and make sure that every dollar is accounted for equal to the old tax system, it might be possible that you get some taxes that are so much easier to collect and administer that they might result in more actual revenue for State spending while taking no more gross from the people. But the aim of tax reform is not going to be under the guise of tax reform to increase the State revenues. That would be accidental, completely, if it should happen.

Q In answer to the first question, did you indicate that you refuse to rule out the possibility of a tax increase, just saying it might be over your opposition? I didn't quite understand your --

A Well, of course, if the Legislature unanimously should adopt something and override a veto of mine, you know, that's a promise I couldn't keep.

Q You would veto it?

A Yes, I would.

Q Governor, assuming that withholding is not a tax increase, are your feet still in concrete on that issue?

A Yes, they are, because so far no one has shown me anything that makes my past position on withholding invalid. There is no sureness about the figures of how much -- oh, we are at this time -- we have been embarked on a program of trying to find out and pin down once and for all so-called evasion or cheating, the person that leaves the State owing a tax and so forth, -- a system of finding that out and discovering once and for all what kind of money are we talking about. Is it real? Is it of any substantial amount and then if so, trying to find all the ways of plugging that loophole. I'm quite sure that anyone would have to say that if this should develop, which I am positive it won't, that there is a great amount of money that was being -- that the other taxpayers were picking up because someone, in great numbers of people, were cheating and there was only one way to cover that loophole, withholding, I'm

quite sure that any one reasonable mind would have to review his position. I'm just confident in my mind that is not so.

Q Governor, some of the conservative members of your party, such as Senator Schmitz and Bradley, have complained that the budget is increasing at a far faster rate than the population growth. Do you anticipate that the 1968 record budget is going to increase more than the population growth has by a greater percentage?

A No, if they are saying that, they are not -- if they are just putting it on population growth, they are not weighing in the inflationary factor, and as I said, the combined growth and inflation factor runs between seven and eight per cent. Probably close to seven per cent now and eight, and the -- actually, the State revenues increase without any increase in rate, increase at about that same amount. So theoretically, the only thing that should cause you to have to change tax rates would be the introduction of a new program that the People of California would decide some new service that they wanted the State to take on. Otherwise, the work load should be -- stay within the normal increase of tax revenues, just based on growth and increased prosperity.

Q Should we look for a seven or eight increase -- percentage increase in the budget in '68 over '67 then?

A Yes, I would think so, except that let me also point out that I'm still not satisfied that our original basis, the budget, for example, last year that we inherited and started with represents the ultimate in efficiency and economy and we are going to continue, but again in this limited time, while we have put some economies into effect, we have -- we haven't been able to -- we, we have just gotten back, for example, our Task Force reports and so the Task Force reports which we believe are going to go a long way toward letting us finally get as close as we can to the ultimate in efficiency in a budget. Those will continue through the coming year and as we put those into

effect and find out what is the best we can do in economy, we should be coming closer to where the growth of a new budget would then reflect the economies we have managed to put into effect.

Q Governor, last year you complained that the budget was not your budget, but one that you essentially had inherited. Would you consider this year's budget your budget?

A Well, yes, it is our budget, although as I say, it is -- it still has to be more or less based on a work load budget that is in typical of what we have known not only last year, but several years, with some economies that we ourselves have discovered, but more that will be discovered now that we have -- we finally are in possession of the Task Force reports.

Q Governor, are you going to ask State employees again to work on Lincoln's Birthday and Washington's birthday?

A No, I'll let them win that one.

Q Governor, applying the seven per cent to this year's budget, would 5.4 billion be a good figure to use to estimate the new budget?

A I couldn't tell you. I really couldn't, because I -- it is still in too tentative a stage yet for me to know.

Q Governor, your Task Force has completed its work; could we expect to see another Task Force up here next year continuing its work or is the Task Force concept completed now?

A Oh, this is completed with the possible exception that there might be some particular job, some particular area where we might ask citizens to form such a force, and come in and do a particular job for us. But, no, this over-all study has been completed and we should be able to be giving you some details about that, oh, by the end of January or first part of February.

Q Governor, in the case of the earmarked funds from the legislation of this year for property tax relief for capital outlay in education, are you committed not to

seek the release of any of those funds from the purpose to which they were committed? In other words, you -- you won't ask the Legislature to release these funds from earmarking?

A Well, I have no intention to now. I'm not going to make any promises to what might happen as we finally are confronted with the budget, and the necessary cuts to make it a balanced budget.

Q Governor, can I change the subject a little bit.

A Yes.

Q You've been in office for a year, and you've been traveling around the country and you've been suggested as a possible Presidential nominee of your party. Are you any closer now to becoming a candidate for national office, such as the Presidency, than you were a year ago, and what are your feelings on that aspect of your first year in office?

A On, my -- my position hasn't changed at all. I'm not a candidate. I don't mind telling you if somebody could offer me a temporary position along about budget time, I might be tempted to take it for a while.

(Laughter)

Q Governor, I was going to ask a similar question. In all of your press conferences, virtually all of your press conferences since taking office you've been asked that question in some form or another and during this period you've traveled to many states. You have had very receptive audiences from your own party, but hasn't this had some effect on -- on your -- on your reaction to the whole proposal of you being part of the ticket, one way or the other?

A No, it's just made the press conferences tougher, Mike. It's -- it's been gratifying, there is no question about that. Anyone would have to be gratified and honored by finding that there was any group, and when you find them in a bunch in a sizeable audience, and they indicate such a thing, yes, it is a -- makes you feel very good, but it hasn't changed my mind any.

Q Ar you finding any indicatio. chat Richard Nixon is making the progress on locking up the convention?

A No, I'm just the same as you, I read the polls. He's certainly still the number one candidate, apparently, in all the polls. I -- I've had no evidence that would indicate that anyone has a -- has a grab on the convention. I still believe, as I have said over the past few months, that it is going to be a wide open convention.

Q You plan to do any more traveling outside of California in 1968, any more than say the last four months you did in 1967?

A No, as a matter of fact, with the Legislature in session, I have one trip that I will make back to Washin<sup>g</sup>ton, as I did last year, in January, and that is to our -- once the -- we are in with our legislative program and all, I will then go back to meet with the Congressional delegation in Washington and it is possible that I will -- as you do when you have to make a trip anyway, pick up a fund raiser or two for some of the engagements. I've been -- some of my friends, other Governors that I've met in the Governor's Conferences, have put out invitations and if it is possible to tie a couple of those onto the -- to a trip of that kind, but that's the only trip that I have planned.

Q Governor, the polls that were just referred to, of potential convention delegates, show that if you are really not a candidate, then Rockefeller and Nixon apparently have the battle to fight. I wonder, as head of the California Delegation, if you could tell us which of these -- with which of these two you feel more at home politically and philisophically.

A Oh, I'm -- no, I don't think I should answer that question. Not if I'm going to head up a delegation as a Favorite Son Delegate.

Q When will you be making up your mind between those two?

A Oh, I didn't say that I hadn't made up my mind. I just don't think I should say whether I have or not.

Q Have you?

A Huh?

Q Have you made up your mind?

A I don't even think I should say that.

Q Well, Governor, on this same point, with all of this continued speculation now, virtually even before your election on your Presidential possibilities, has this had any direct effect on your conduct of the office? I mean you've been criticized continually by Democrats for traveling too much, not paying attention to your job here, and what have you. I mean, has this been -- has this bothered you at all, the fact that --

A No, Mike, I've come to expect that. As a matter of fact, I thought it was pretty funny sometimes when the dateline on the story of some of the criticism by some of my opponents on the other side of the -- politically upstairs the datelines were from some place far across the country, and they were some place in Ohio or New York or Florida themselves, and they were criticizing me for being in Arizona, or even Pennsylvania. So, I think that this is -- and I think it is going to grow more. I think that now with an election year coming up, there is going to be more partisanship. In fact, I'm very concerned with the coming Legislative session, I hope --

Q Governor, can I just ask on the same points, do you think any votes were effected in the Legislature on the fact that perhaps some members might have thought that some of your proposals were done strictly for -- to further your own Presidential ambitions and for that reason they voted the other way?

A No, I don't believe so, because frankly, I don't think anyone upstairs believes in that idea of Presidential ambitions. They know better, but it is a pretty handy thing to say, politically. I just -- I just plain don't believe it.

Q Governor, do you intend to campaign for the Legislature -- candidates who will be running in 1968, continue at all to support them or make appearances in behalf of them?

A You mean here in our State?

Q Yes.

A I'm glad you asked that. Yes, I'm going to do everything I can to see if we cannot get a Republican balance in the Legislature, to try and get -- I think that Number one, is a party responsibility, to anyone in this position. What I think Number two is just good plain common sense to want to be -- if you believe in a two-party system, to want your party to have the majority not only in the Executive branch, but in the Legislative and I -- I'm very definitely committed to doing everything I can to help re-elect our incumbents and to get more Republicans in the Senate and the Assembly.

Q Who would you support for a Speaker in 1969 if it turns out the way you want it to?

A Well, I would keep my nose out of those internal legislative affairs just as I have kept my nose out of the present Senate battle that's going on. I think that belongs to them and it would be presumptuous of me to inject myself. All I'll be interested in, if I can do anything to see that when they organize it, they will be deciding on a Republican Speaker, that's fine.

Q Governor, if the Democrats should wind up with control of both houses at the next election, would you consider this a measure of rejection by the People of your policies and programs?

A Well, no, that would be kind of hard for me to do, because all the evidence would seem to indicate that there is a great deal of support for most of the things that we have suggested, if not all. I've always believed that it is kind of hard for someone to pass on votes that might be votes for himself to someone else. We have seen too many instances in this Country -- Roosevelt went on four times to be President, and yet once when he did try to effect a purge of Congress, he fell on his face pretty hard. He just didn't succeed in that. I think People vote for individuals for a variety of reasons, and when I say that

I would do everything I can, I'm thinking in terms of fund raisers, those things that could help attract a crowd for a candidate, that you might be able to do. I certainly am not thinking of that in any sense of that kind of purge, because I think everyone in politics has learned that lesson very well and Roosevelt taught it pretty well, that the People resent undue interference in their voting.

Q Governor, would you characterize your -- most of your administrative emphasis in this first year as repairing the disrepair in the State government and do you think that your emphasis in the future will be on long-range programs, crime, poverty and things like that?

A Well, we tried to combine the two. There is no question that the great emphasis had to be in getting the house in order. You can't accomplish very much constructively if you are running a bankrupt operation, and so there is -- last year and there will still have to be emphasis this year, ~~on~~ the problem of tax reform, on economies until we are on a safe footing. We are just in a condition of having spent over and above our revenues for too many years. Once we are on that basis, it doesn't mean that we wait and don't do anything at all. I think that we started some constructive things this year; we are going to continue them. Even in the one that has caused so much disturbance, the area of mental health, in reality what took place there was not just an effort using mental health for economy, it was an effort to redirect our greatest effort, what has proven successful, which is the local health care center, and we are going to continue in that -- in that particular area on that basis and there is a long-range goal, both in mental -- in mental illness and mental retardation -- there is a long-range goal of getting to the more modern concept of local and regional health care centers, leaving the patient wherever possible at his home surroundings and getting rid of the old-fashioned idea of the large several-thousand-patient hospitals, which has proven number one too costly and number two not the efficient way of handling this.

This is even more evidence in the field of mental retardation. We have a lot farther to go.

Q In the realm of education, again, you said you have no plans for tax increase, but for tuition, what are your plans for future and if you would please comment your progress on tuition.

If you would also please comment on your progress during the past year on tuition.

A Well, the progress on tuition was that we finally got the Regents to vote -- they wouldn't use the word -- they would accept the idea of a charge. Now, a Committee is supposed to come into the Regents recommending the amount of the charge, and the uses, although in the motion that assessed the charge there was included the fact that a portion of the money would be used for a loan or scholarship fund for needy students. I think it is progress. I think, frankly, there's been a great deal of sound and fury about this based on the supposed tradition of free education in California, and frankly I don't think it is a sound tradition. I don't think it is a good, practical one, and again I'm amazed that some of the people who are the first to always be going for the new and saying don't be hide-bound by tradition, are the ones who can only find that as a basis for opposing the idea of tuition. I think the assessing of a charge against those who can afford it for a portion of their education is a sound one as is evidenced by the fact that there are only three States in the Union that do not now have such a charge. The problem of financing higher education is nationwide in both the independent and public schools and I don't know of anyone that has come up with an answer. Most of the State Universities and Colleges in the country, some 329 with tuition, most of them have raised their tuition this year or raised it last year.

Now, right here in our own State, the University of Southern California has had to increase its tuition by \$300 a year for next year, and this is about \$100 less than I, myself, was proposing be the total tuition for our

State Universities and even less than that for the State Colleges. And I think we -- it is high time that we used a little common sense and sane judgment about the problems of financing higher education.

Q Governor, if a bill is introduced to put a \$400 million or \$600 million bond issue on the ballot for added financing for the State Water Project, would you support that?

A Well, I don't think we are ready for a -- the last -- my conversation with Bill Gianelli, I doubt that such a thing would happen. I don't think we are ready for that yet. When I say that we need -- we know that we are going to have to have one, but we -- they don't have the necessary figures yet as to amount and not having it at this particular moment won't slow down any of the things that we are presently doing.

Q Governor, can we conclude from your remarks on higher education that you will ask the Legislature this year to -- or in 1968, to impose a tuition in the State College system?

A It is going to depend what we -- what we come up with at the University system. I took the position last year and continued with it that in continuing to go for -- for tuition at the -- or a charge at the State and University level, the Regents could effect this -- the Legislature must pass it for the Colleges and there was no sense in asking the Legislature to do this for the Colleges if we couldn't succeed in getting it at the University. So it is going to depend on the outcome of the University. As soon as a program is actually implemented at the University level, then I will be asking for that at the State level.

Q Governor, what would you consider your priority aim for 1968, if you have any one single goal, as such. Specifically.

A That's like asking for a New Year's resolution. Well, I'll tell you, I believe that -- of all of the things

and there are any number of them that I believe in, I would think that if we could get a real and effective tax reform to cure some of the inequities and to cure some of the things that have grown up in this kind of just emergency treatment of a hodge-podge type system, I would -- I would think that this would be the big plus that would have left and at last have cleared the decks for us then to be able to plan constructively on -- on affirmative and constructive programs for the long time -- long haul.

Q Governor, could we go back just a minute for -- to this question of the Senate leadership fight up there. Does your hands-off policy go so far that you would not ask any Republican Senators to vote for -- only for a Republican? I mean, one of them has indicated he will vote for a Democrat.

A Well, I've -- really kept my nose out of that one and I think it is probably one of the smartest things I've done all year. I think -- listen, I've been over on this side so long, I think I better shift over here for a minute.

Q So far most of the things you've mentioned for next year, such as crime and pornography and Judge's appointment and that, are things that you already tried this past year with varying success. Do you have some other bold new plans that you'll be offering for 1968 and Legislative programs?

A Yes, we do, but again I'm a little tied. I can't go into details with you because I've got to wait till the first of the year to open the package, but we do, -- I think we do have some things that we are proposing and asking that are pretty exciting.

Q Governor, among your 1968 proposals, will you submit anything on the Rumford Act or will you ask for any changes in the Rumford Act? Will you go for the Bagley Bill again or just keep -- let the thing go?

A Well, again, this is one of the areas that we will be proposing legislation in.

Q You will be?

A Yes.

Q Do you think it will be similar to the Bagley Bill?

A Well, again I can't -- I'd rather not go into details now and save that package.

Q Governor, about a year ago this time you were talking a good bit about morality and government in various forms. What do you think has happened in this State, and in the United States in the last year, vis-a-vis morality?

A Well, I still think that it is even more of an issue than it was. I think that -- I think in all the getting around that I have done and speaking and so forth, I said this in one press conference if you will recall, on one of the trips, that I believe that there is probably more concern on the part of the People today of -- of a kind of slackening of moral standards in our -- in our whole country. I think it is reflected in crime. It is reflected in the number -- a number of things. Crime would be easily the most dramatized of this, but that there is a feeling in the part of the People that we are drifting away from basic concepts of morality and I think that the People of this country by and large want a return to this idea. I think they believe it is associated with violence, in the name of dissent. We see so much in the streets, and I would think that there is a kind of an umbrella issue for the coming national campaign that has to do with this whole area of moral standards.

Q Governor, looking back over the year, do you have any regrets at all about the way certain staff members of your administration resigned and subsequent charges by Drew Pearson?

A My only regret is that I even wasted time to try and answer Drew Pearson once.

Q Governor, on another topic. During the past year you've been highly critical of some of the statements of the Courts and including the California Supreme Court, which you consider to be beyond the boundary of propriety. At the same time you condemn -- rather, refuted those who choose to disobey laws that they find immoral. Is there some

inconsistency here? Some people have criticized you as the person who wants to uphold for others, but who will readily dissent from a Court decision if it goes against you.

A No, as a matter of fact, I've never advocated dissenting from a Court or not upholding a Court opinion. We are bound by it, once they give it, but this does not mean that you can't criticize a dissent. This, I think is confusing and to a lot of people -- a lot of people have sort of come to the position that -- of accepting the Court's decision as being like a voice of the Oracle as it comes down from on high. And it is not open to criticism, but I would like to point out to you that the -- both the Federal Supreme Court and our State Supreme Court have in many instances reversed their own previous decisions. If their last word was final, then it would seem that the Courts would never reverse a previous Supreme Court decision. I think the criticism is valid and it is proper that people have a right to criticize the Court. After all, the Judges are only human beings, also, and in most instances the divided verdicts reveal that the supposed sacrosanct decisions of the United States Supreme Court is many times -- reflects only five judges against four, and you have to say, does just that fifth justice make the other four who have equal prestige and standing in the Court, make them one hundred per cent wrong? I think we are in very dangerous grounds if we ever come to the position that we believe that the Court is above criticism. It is not, and I think that -- well, you recently -- when I say recently, within the last year or two, you saw the State Supreme Courts of the Nation, of the 50 States, by an overwhelming majority, issue quite a critical blast at the United States Supreme Court for going beyond its proper role and for letting and making interpretations on what they thought the law should be instead of interpreting what the law in fact is. And I will reserve my right to criticize Now, it is another thing if you simply say you won't obey it and we have never done that.

A. In, let me point out and anticipate, perhaps, another question, this criticism was pointed out at the -- not the Supreme Court's decision, but at the first Judge's decision with regard to Medi-Cal and the fact that we sent a memorandum to doctors that if we won the appeal to the Supreme Court that they would not be paid if they continued to give these services, but I would call to your attention that while some of our most eminent journals in the State hastily editorialized that I was breaking the law by doing this, the Judge himself issued a statement, which I think appeared under the obituaries, in those same journals, to the effect that I was perfectly within my rights and it was proper for me to do that, and he upheld me at least in that.

Q Thank you, Governor.

MR. NOFZIGER: Gentlemen, can I say one -- I think we are through with you. Can I say one more thing about this, I know there's some unhappiness back there about this embargo. I think that we were -- this was an experiment, as you know. I think that the notice that went up on that was pretty clear. There is no law against breaking embargoes; there are problems involved if it happens. However, I told one of your group back there that if there was a unanimous agreement in here to go with an immediate release, it was all right with me, but if the general feeling was that -- or if even some of you had your plans built around this embargo, that we would have to hold to it. Now, is there anybody here who wants to keep the embargo or do you all want to go immediately? You wish to keep the embargo? Well, in that case -- no, I'm not going to ask for a majority vote on this because I don't think that this -- as long as some people came in here and planned around this, that we'd have to go on this. So as far as I'm concerned, the embargo does remain in effect.

QUESTION: I'd like to ask one question, is the embargo related to all subjects that were discussed over the past year?

MR. NOFZIGER: The embargo relates to everything the Governor said here today.

QUESTION: Including his predictions of no tax increase in the future?

MR. NOFZIGER: Everything, as far as I'm concerned, everything that the Governor said here today to you people.

QUESTION: Hasn't been said until December 27?

MR. NOFZIGER: Has not been said until December 27, that is correct.

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