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10/12

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD OCTOBER 12, 1972

Reported by: Governor's Press Office (RAS)

(This rough transcript of the Governor's Press Conference in Los Angeles is furnished to the members of the Capitol Press Corps for their convenience only. Because some of the newsmen's questions were inaudible on our tap recording, it is impossible in some cases to include the entire question.)

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Q .....World Affairs Council (inaudible)

A Well, I spoke about what I think is the need for us not to go back into a policy of isolationism. I mentioned specifically my belief that that is one of the issues of the present political campaign that one side is advocating whether they admit it or not--an isolationist policy for America--and I think it would take us toward war and not toward peace. I spoke then of my recent trip to Europe and the earlier trip to Asia for the President in which I was asked to go as an emissary ~~delivery~~ certain messages for him in several countries in Europe, previous to that, in Asia. And that was the gist of it.

Q Governor, what is your position on Proposition 15 on the state ballot, the one that deals with state employees and the other..... (inaudible).

A I'm opposed to both, first of all to Proposition 15, and I must say, I have been amazed with talk in a campaign year that there always is of falsifying issues. I have been amazed at the kind of literature that has been put out in behalf of Proposition 15, pretending that this is something that will hold down government costs and hold salaries down. That just is not the case at all and is not even the reason why it was put on the ballot. Basically, it is a proposition to take out of the hands of whoever is administering the state government, and almost take out of the hands of the legislature, although it gives them a kind of two-thirds veto power, the ability to budget and put into budgeting the factor of employees salaries. So I'm opposed to that.

As to the Highway Patrol, they have put one in that would also take away any flexibility with regard to the administration handling it. It's harder for me to be against 16 only for the simple reason that I think the Highway Patrol is a part of state government that every Californian should be very proud of. I think the men and their devotion to duty, and the record that the California Highway Patrol has is superior to anything I know, not only in our state, but in the country.

And I have sought over these past few years, when we've had economic difficulties, to try and rectify what I thought was some of the inequities with regard to the Highway Patrol. I still want to do that and I believe in the year ahead we are going to be able to do that. So I'm not opposed to 16 on any basis of believing that the Highway Patrol is not deserving of all that we can do for them. But it would be bad administration; it would take away from those who are elected to administer the state government a great part of their administrative duties and abilities.

Q What would you like to see replace....(inaudible)...CHP.... (inaudible)...on the....(inaudible)...committee's proposition, with the advent of the information that he has indicated that while they still write citations for the things they consider deserving of citation, that the emphasis be more on being in view of the motorist with the idea of deterring him from violating the law and not being so ticket happy, so to speak, as they have been for a helluva long time. Does this meet with your approval? Do you feel that this is a healthy frame...or that it would be helpful....(inaudible).....?

A Well, Pudinski is the first man who is an actual Highway Patrol type, I mean a traffic officer whose entire knowledge and experience is not in law enforcement so much as in the problems of traffic supervision, and I have every confidence in him. If this is what will do the job, I back him completely.

Q Governor, the proposition on the ballot dealing with the death penalty, if it is passed ( <sup>(1)</sup> and/since the Supreme Court has declared capital punishment unconstitutional ), do you think voting is going to be a wasted effort for it, or is this going to be declared....(inaudible)... like it is unconstitutional?

A Well, I don't think so because our interpretation of the United States Supreme Court decision was that the way that it has been administered by the state so far too vague. But this idea of...it isn't specifically spelled out...and the interpretation that our own legal counsel has given us is what the United States Supreme Court was saying, not the California court. We're trying to reverse the California court decision with our ballot proposition. But the United States court was saying that the states, by legislation, by statute, should be more specific, to spell out what were those crimes that they believed should specifically have the death penalty. In other words, take some of the decision away from the jury on this, that if the jury found a person

guilty of a specific crime, and that crime called for the death penalty, that would be it. The jury would not then come back and separately establish the sentence. I think that what would be needed, if we passed this ballot, then it will be up to the legislature to pass and adopt those specific crimes for which they are going to have the death penalty. And I'm quite sure there would be test cases of some of those the first time that you have someone convicted, or sentenced, that they probably, on appeal, run it through the Supreme Court. Perhaps some states, even our own, might find that our statutes didn't meet what they had in mind and there would be some changes. But, that's our interpretation. And so therefore I don't think it's a wasted effort; I think we should vote for the death penalty, and I do believe that it is still constitutional, in spite of the court decision.

Q Governor, one of the State Supreme justices has said that he thought that the majority of the public had misinterpreted and misunderstood their decision. Do you agree with that?

A I don't know how you could misinterpret the state court's decision. The state court said it was against the California State Constitution, that it was unconstitutional in ours. Very frankly, I'm a little impatient with them, and the only thing that I could find <sup>were</sup> they/hanging it on was the use of the word "or" and "and". In other words, our phraseology in our Constitution differed from the United States Constitution by saying "cruel or unusual punishment" instead of "cruel and unusual punishment", or vice versa, I can't remember which one is which---which seemed a pretty thin thing on which to hang their decision.

Q Governor, what caused specifically the...(inaudible)...<sup>our</sup>of/death penalty; where do you see....(inaudible)?"

A Well, I certainly think that consideration should be given to highjacking. But I think that the outright, premeditated, cold-blooded murder, particularly of the criminal type, certainly should be one. I think the consideration...I think that all of this in the legislative process, with hearings and so forth, should lead to decisions. But I think that we've proved over a period of years, until court decisions changed it, that the kidnapping--the Lindbergh kidnapping law--had resulted in a great decrease in kidnappings. And this certainly should be considered as one. I myself have favored that the murder of a policeman while on duty should be a capital offense. And I've asked for that from the legislature for two years now, and in the two years

that they have buried this in committee and failed to act on it, there have been more than score of police and correctional officers who have been brutally murdered. I think when a criminal kills a policeman in the commission of a crime, you have to say that this is a man who premeditated, and who knew that if he was apprehended, he was going to kill a policeman.

Q Governor, I know it's <sup>been</sup> brought up before, <sup>but</sup> the question of security is pertinent in light of what has happened in Chino and Washington, D.C. Can you do anything now to insure tighter security measures in California prisons?

A Well, yes, for one thing we're adding 400 correctional officers, even though the prison population is down. What has actually happened in our state, and I'm sure this is true in many other states, in our state we have had a probation and parole policy which in recent years has resulted in a great decline (we've closed six institutions--mainly juvenile institutions; we're going to close San Quentin), but, you once had a society in prison where for every violent pathological type criminal you had a number who were con men check artists, sometimes first time or one time offenders. Now these men have a sentence to serve; they want to get it over with as pleasantly as they can possibly make a prison, if it is possible to make it pleasant, and they want to get out. They don't want someone making trouble. So there was a period, up until the last few years, when if a guard, for example, were assaulted, you would have a half dozen prisoners go to his rescue and pull the other fellow off. They were part of the social structure of the prison. Now you have those men on probation--separated out--and you have a great increase in the proportion of the percentage of the truly violent. The difference as it was explained to me one day by a correctional officer is he said now, if a con jumps one of us, six other convicts jump us also. And so there's only one way that you can, you have to recognize then that you now have ~~have~~ maximum security type prisoners and that's why we are increasing the guard. Now there's going to be more than one guard and system whereby when trouble breaks out, you can get help.

Q It's also been said, though, that some of the inmates, if this is the right word to use, have too much freedom inside the cell...that they can get phone calls, access to writing letters when they feel like it, free visitation rights. Can't that be toughened up a bit?

A Yes, just recently I complained to the bar association about a court decision that has now said that the custom of reading convicts' mail, in and out, can no longer go on between the...that you can't read it if it's between the prisoner and his lawyer, because this is violating the client-lawyer relationship. And as I said to the bar association a few weeks ago, where do you draw the line between the client-lawyer relationship, the privileged relationship, and client-lawyer sometimes conspiracy, to effect another crime or a breaking out of prison. And I think we've got to use some common sense and reason.

Q Governor, were you taken by surprise to learn that the two officers taking Baty to court in San Bernardino over an alleged mixup over dates were not armed?

A Not until I read the rap sheet on the man himself. Now, it was my understanding that in an institution of that kind, that the correctional officers who customarily are not armed, because to go into the prison armed, of course you're inviting someone to take an effort to get that weapon, the fact that he was shackled and chained and that this has been customary. But, what does seem unusual, and I've asked our people to find out about it, was the nature of this criminal. Usually when this is done, when correctional officers take him at all, it is not that kind of prisoner. They normally then have sheriffs' deputies who are armed deliver the men....who are actually law enforcement officers. But when I saw the record on this man, he's not only got a record of escapes, this is a man who is, who has been responsible for the death of others; this is a man who has a record of violence, and it did disturb me very much.

Q Governor, on the same question, have you ordered an investigation by the.....(inaudible) commission?

A Well, when you say investigation, this calls to mind a kind of a formal hearing type of thing. If that should develop, if that's required, that will happen. But, what I say is, I turn to our legal affairs people and I say I want to know what the H--- happened and we go from there.

Q Governor, Senator Cranston has stated unequivocally that you'll be the man he will be facing in '74 for his Senate seat. Can you give us a \_\_\_\_\_ comment on that?

A Well, Senator Cranston, I wish he'd deal with some of the problems confronting California now in 1972 instead of looking ahead to his own fate in 1974. I haven't made any decision yet about



Senator Cranston. Now, if that's keeping him awake nights, I couldn't be happier.

Q Governor, one more thing. In your status regarding the state fiscal stance of cutting the income tax and increasing or adding one percent sales tax, do you feel, sir, that by doing that you would in fact be feeding the incomes of the poor who spend 100 percent of their income as opposed to the wealthier elements of society who perhaps don't spend anywhere near that amount?

A No, there are several reasons that made us do this. First of all, all of our surveys over four years have shown that the tax, that the people said they would like to have increased in order to reduce the property tax, 80 percent of them have said that it should be the sales tax. Only around 25 percent have ever indicated that their choice would be the income tax. So this is one factor. This is what the people themselves want. The second thing is that the sales tax, number one, is paid, a good portion of it, a third or more, is paid by business as well as the individual. But the other part of it is in a state that has a great tourist trade, the sales tax gets us outside money, and other people come in here and help pay the taxes for Californians. And I don't find that all that unfair since California is one of those states that in all the federal programs contributes more than it ever gets back. And the income tax, of course, falls totally on California wage earners.

Q There was a recent story today that it seems quite probable that Congress will approve federal revenue sharing and the money will be distributed before the end of this month, possibly beginning in November. How will that affect the state's posture in regard to taxation.

A Well, we've already committed our share--the state's share--to the plan I announced the other day for a tax cut and for the refinancing of the public school system. We have committed our total share of federal revenue sharing to that program. We expect that that should produce about \$200 million new money for the low-wealth school districts.

Q Governor, you talked to Lieutenant Governor Reinecke, and you said that it's about time somebody did too much, or went too far, to stop and finish, because maybe it's impossible to go too far. Do you think it's impossible to go too far....(inaudible)?



A Well, I suppose if you envision going over to the totally managed press or something, that would be too far. But I think what the Lieutenant Governor meant, and I'm in complete agreement with him on this, is that in the past in an effort on the part of people to not cross over some line into free speech, <sup>vote against</sup> their/efforts to curb pornography have been taken by the pornographers and even by some who are entrusted with enforcing the law, to mean that the people aren't concerned. And I think it is time for the people, by their vote, even if there are some shortcomings that then have to be corrected by subsequent in whatever measures have been presented, and I don't think that there are as many as are being presented by the opponents of this measure on the ballot, I think that ~~is~~ <sup>is</sup> time that the people serve notice that they are fed up with it, that they'd had enough of it. They've had enough of it on the screen; they've had enough ~~of~~ of it in literature; they've had enough of it in the stuff that is mailed to their children. I wish you could see the collection that I have not kept, that I have received from parents who send to me from all over the United States, the stuff that their teenaged and their under-aged children receive and with a California dateline. And that's why they send it to me. And I don't keep it; I pass it on to the authorities that I think might be interested in the particular area where it has come from. But it is just filthy, hardcore pornography, and I can understand any parent (I'm a parent myself), when your child can get on a sucker list, a mailing list and receive this kind of stuff in the mail, I think it's time for the people to serve notice. And I hope they will serve notice.

Q Governor, if you serve notice, and this <sup>(18)</sup> proposition is passed, do you fear that there may be some opposition from the Supreme Court, since the majority of issues dealing with pornography have eventually ended up in the Supreme Court, the Supreme Court would be....(inaudible)

A Well, there's a chance we have to take. But at least, I think that it would still do some good. Even if the worst should happen to it, I think that the good it would do would again serve notice on those people not only in law enforcement, but in the legislature, people in government, that the citizens want something done about this. And if this isn't the right way to do it, you can't tell me that a society that can put people on the moon can't find a way to put these fellows out of business.

Q Governor, Monday the Los Angeles Times ran a headline that the State of California has 41 percent welfare fraud. Could you tell me where they got these figures from?

A Yes. This figure, and I regret that some people, and even the welfare director of the county of Los Angeles here, seems to think that this was 41 percent fraud in the entire program of welfare. Now this was a check run on the proportion, that percentage, of the welfare people who are receiving welfare but who also have outside incomes. And the fraud, whether deliberate or accidental, and that has yet to be determined, is results from their understating their outside income for purposes of getting a welfare grant, or they're overstating their welfare need. And perhaps some is legitimate error, some obviously is fraud. But it was 41 percent of that segment of welfare, and these figures were obtained from the checks that we can now run, computer checks, on the information given by the welfare recipient compared to the information given by his employer who pays him the outside income. And this countercheck, you will remember, they brought a lawsuit to try to stop us from doing that, and the court ruled that it was legal and if we had any, the right of any government to check, we have two departments of government---one of them in the income tax gets all of the statements on a person's earnings, and the other department is the welfare department, and they get the person's statement on what those earnings are. And there's no reason in the world why we can't check them, and that's where we got the figures.

Q Governor, what are the chances of your property tax reforms passing the legislature next year?

A Well, they don't have to pass the legislature in November. All the legislature has to do is vote that they can go on the ballot, and then I will call a special election. Now, it's possible, we thought, that some legislators who might vote against the tax program as such would vote to allow the people to make that decision, just as I've signed about 13 measures, sent down to the legislature to put things on the ballot, and many of them I disagreed with. But I did not disagree with the right of the people to make that decision. I hope the legislature will feel the same way about this one. If they don't, then I'm going to head up a campaign to circulate the petitions and to put it on the ballot, and I will call a special election for that purpose by way of petition.

Q Do you believe a lot of people will be voting for the Watson Amendment because there has not been reform in the past several years?

A Oh, I think that we hear any number of people...when I get out campaigning and in the local areas here where our legislators are running, I hear any number of people say that they know the Watson Amendment is a bad measure. But they're a little mad and they say that it's the only game in town. So, now they've got another game.

Q Governor, relative to the California Bar Association's posture on the legalization of prostitution, do you feel that would be a good move or bad one?

A I think it would be a bad move.

Q Why is that?

A Well, there is a moral law and there is a man made law. And we've always recognized in our civilization both of these, the higher law as well as the governmental law, and there's no question about the moral law with regard to this. And I just think today, in today's climate of permissiveness where we have seen so many basic values chastised for government to take a position that seemingly endorses and puts approval on what is an immorality is the wrong way for government to go.

Q Governor, not long ago, Sheriff Pitchess said that he would agree with legalizing prostitution if <sup>it</sup> would control VD, and it would also free a lot of officers who are on the vice squad to go after dope peddlers and so forth. What do you think of that comment?

A Well, perhaps we're in disagreement on that. But I remember back in World War II when the Army, where there were large Army encampments, and in many areas there was local legalized prostitution, the Army went in and closed it up. And I was of the frame of mind then, I said wait a minute, you know, is <sup>this</sup> the right way to go? And I had it explained to me by the medical officers of the Army as to why. They said that their only interest was in keeping healthy soldiers, the control of VD. And they were able to prove by statistics that legalized prostitution, even with the regular inspections and so forth, medical inspections, had something like four or five times the capacity of spreading venereal disease as did breaking it up and putting it out illicitly on the street. And they had the actual statistics. And I found that you may disagree with the Army on a lot of things, but where their own interests are concerned, their statistics are usually pretty sound.

Q Governor, the county's own figures now indicate, the county health department in Los Angeles now indicate that VD as it might be spread by prostitution is at the lowest percent....(inaudible)..... that is transferred by prostitution, that VD problems are from other areas.

A Oh, no question about it. This goes back to what I said earlier about the permissiveness, the humanist philosophy that has been encouraged over recent decades, the drift away from moral laws. Yes.

Q If that's the case though, wouldn't that be the least reason of all to object to legalized prostitution?

A No, I was answering a question here about this and what it might do with regard to venereal disease control, and I was putting myself on the other side from my friend, Sheriff Pitchess on that. But on this one, I just, let me just say this one thing about the other thing. This is a totally different problem that you're talking about. This is a problem of young and underaged boys and girls that have been taught and told and encouraged in the humanist philosophy by some of the pornography we earlier talked about, sometimes even in the classroom, with the idea that if they want to do something, it's alright for them to do it. And there is no penalty. And when you turn that to the point that under our welfare laws, tens of thousands of underaged girls can get in trouble, and the government cooperates with them in keeping their trouble secret from their parents and provides them with a taxpayer's paid-for abortion, of course, you're going to have promiscuity. Everything that you used to be a restraint has been taken off on this. And I would like to see us come back the other way. The best way to not get it is to not do it.

Q My point was that if VD as created by prostitution is at such a low point, as the county health department says it is, isn't that a rather...(inaudible)...which to determine legalizing prostitution?

A Well, no. I would think that it would be the other way around. If the sheriff is saying that we would control VD by legalizing prostitution and prostitution isn't causing it, then it's his argument that is specious.

Q Governor, in all fairness to the sheriff, I interviewed him this morning, he said he was misquoted by the Times.

A I'm glad to hear that.

Q He says his department's position has been and is that he is against prostitution, not only in terms of that, he said all of the medical evidence proves it to the contrary. This is the Norfolk, Va. study.

A I'm delighted to hear that because he and I have been friends too long to even be on opposite sides on this.

Q Governor, we just talked to a George Moscone who said that there's every indication that Senator McGovern is not trailing by as much as previously, but he's closing ground. Have you any indication that President Nixon is losing ground?

A No. But I would think that the Senator is trying to make news out of something that's been a prediction of the Republicans for a long time. Anybody that believes in the polls as they have been early in the campaign, are going to continue that way is pretty politically naive. The great undecided vote, a great many of them are Democrats who are not swept off their feet by Senator McGovern, but they still are Democrats. And having been one myself, I frequently have stated that I know what they're feeling. I know that as you get closer to election day, party loyalty is going to exert itself. And I think you can quote MacGregor on that, I think John Mitchell has been heard to say it. Any number of people have said that as you come close to election day, that's when the polls will begin to even up, because the overwhelming majority of any party is not going to defect from the party.

Q Governor, after the retirement of Dr. Hayakawa, do you know about any of his future plans for politics in the State of California?

A No, I don't. He did discuss with me when he considered running for the Senate some time ago, he discussed that and told me of his intention to stay with education. So I don't know what his plans are. But I must say on the basis of his record with the University, whatever he chooses to do, I wish him well.

Q I've noticed that there's been a preponderance of suggestions that the Republican Party is corrupt for one reason or another. Do you think that is all political flack, or do you think there is any substance at all to these many, many charges that are brought up in the election?

A Maybe I shouldn't plug one channel here, but last night I happened to be watching Billy Graham interviewed by Merv Griffin on that show, and this particular question came up. And I thought that



Billy Graham gave about as good an explanation and as simple an explanation as possible. I think it's political and I think it's campaign talk. But what he was pointing<sup>out</sup> is that to suggest that any president, and he certainly has known a number of them, and been a close intimate of both parties and he speaks of them as close friends, this goes back to Kennedy, Johnson, Truman, Richard Nixon...but he said when you stop to think that a president has several thousand commissions and boards and departments alone, that are supposed to report directly to him, and to believe that this great bureaucracy is going to be any more moral than the general run of citizens, that there's no way in the world that a president can know about this, because if you want to go back to all the things they are trying to bring up, well, then, what about under Kennedy, the 65 shiploads of wheat headed for Austria that disappeared, and to this day no one has ever known what has happened to the wheat and where it went, or who sold it, or who got the money, or the wheat. There was the salad oil scandal. And these things go on. I think that these are the things that any elected official lives with every day of his life. You go to bed at night with the knowledge that you've done your best to see and to hope that those people that you've directly appointed meet the standards that you want them to meet. But there can be someone, while <sup>who is</sup> your sleeping, /doing something he shouldn't do and it breaks over your head, and of course, technically you're responsible because you're the chief executive. But this has gone on. And the answer to it, as Billy Graham said last night on the show, the answer is to do what the President has had to do---decentralize government and wind down that gigantic bureaucracy to a place where it is manageable. Let me give you one figure. The Secretary of the Interior has 70,000 employees. He can appoint 70. Now, there is no way in the world that he and his 70 appointees can keep a hand on, and an eye on, 70,000 people who have been there through several presidents and who think that the show is theirs and who run it to suit themselves. And this is true of the Department of Agriculture; it's true of many other departments. And I think it goes along with government, and it's noticeable that if you trace back all the scandals, how very few of them involve an elected official. Once in awhile one comes up. But mainly they're in that permanent structure of government where a

fellow is in the warm cocoon of civil service and he feels he's in his job forever and ever and no one can touch him, and he looks at whoever is elected and says I'll be here after he's gone, and this is where your scandals occur.

Well, thank you all very much.  
Thank you, governor.



10/25

Held October 25, 1972

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: Well, good morning.

(Whereupon Governor Reagan read press release No 580)

Q. Governor, don't you think you are partially responsible for <sup>(Prop.)</sup> 15, for recalling what the Legislature gave the state employees and then taking it back?

A. No, because once again the safeguard in there is if by a two-thirds majority the Legislature thinks that my veto has been wrong, they can override that veto. Now, the Governor is responsible for the budget and is accountable for the size of it. And therefore I've had to reckon in all of the priorities without giving one of them just an automatic position above all others.

Q. Are you acknowledging then that state employees are underpaid \$73 million dollars worth this current year?

A. No. As a matter of fact, the only way of course that such a thing could have been adopted, the pay increase at the beginning of the the austerity year, the year that is passed, would have been had we -- had we passed a tax increase at that time. Now, this year we have -- we are in the first of the two phases of correcting these inequities that we believe we have found with regard to comparative salaries. We have promised and we will keep the promise that the second phase will go forward beginning in July 1st of the coming year. In addition to that we have a study going forward on the whole subject of state employees in every area, every kind of work comparison with people doing that same kind of work in other employment, so that we can have a -- a long range salary schedule plan that will make sure that we have no inequities of the kind that have been complained about in the past.

Q. Governor, are you acknowledging then that there are inequities at the present time? You say in your press release that you have a fair salary level in the future. Does that mean that some of the salaries are not fair now?

A. What we found and the thing we have tried to correct, differing from just whether anyone gets a blanket pay raise, is the -- the fact that there are certain areas of employment within the state that we believe have been out of line with similar employment outside the state. We found this with regard to engineers. And we have set out and that's why this year and in the coming year, the salary raises that we adopted were varied. It was just not a blanket cost of living increase across the state. We attempted to bring some of these areas of employment up to what we thought was a proper level.

Q. Governor, will your budget in January have a cost of living increase for state employees? Will there be an across the -- across the board increase in addition to correcting inequities?

A. I think there will be an across the board increase but there will also be these certain areas where there will be corrected inequities.

Q. Governor, what is your position on Proposition 16?

A. Proposition 16?

Q. Yes.

A. This is much the same thing. Once again you would be taking the matter of employment compensation in the state out of the hands of the elected officials.

Q. Why didn't you --

A. I'm opposed to 16. I have a -- as you know, I am extremely partial to the Highway Patrol. I think this is a group of men that -- they have few equals or matches any place in the country, and I want them to have what is the proper compensation. I cannot hold -- and they know this, with 16 as a method of doing it. But 16 -- or, I mean, the Highway Patrol is one of the groups that we are going to ensure are brought up to the proper level.

Q. Why didn't you include Proposition 16 in here with 15 then in your prepared statement?

A. Well, because I don't think their advertising has been as false and dishonest as the advertising of 15. This was the -- my main complaint, is that, as I said in here, the only way that the advertising for Proposition 15 could be honest is if you kept the ads the way they were with the one exception that you change the final line to "Vote No," instead of "Vote Yes."

Q. Governor Reagan, in the same accusations made about Proposition 20, that if you left it the same and changed it to "Vote Yes," they have "Don't lock up the beach." Now, are you

A. No. I am opposed to Proposition 2. I think that what has happened to us with the Court decision on Mammoth, that is actually very hurtful to this state's economy and to people's jobs and is causing unemployment. I think that what we are seeing as a result of that court decision is nothing to what we will see if Proposition 20 passes. I think we would go into stagnation that will result in a loss of thousands of jobs.

Q. Are you opposed to the falseess of the advertising, Whitaker and Baxter then?

A. I think that you are referring to the advertising on padlocking the beaches.

Q. That's right.

A. I have to say that I know that the point is supposed to be, and Proposition 20 would in a sense freeze privately owned property, individuals who own property in this area along the coast and not just beach property, but for a distance inland, and yet I agree that the padlocking is misleading in that it portrays to the people the idea that they would no longer have access to -- to the beach. That is not true. And I would wish that they had advertised on what I think are really the basic faults of 20. As I have told you so many times, I respect the -- not only the right, but the capacity of the people to know and to understand. Now, Proposition 20 is a horrendous thing. It absolutely should not pass. It is true that the right of an individual even to add a bedroom to his home if he's within 3,000 feet of the ocean would be subject to being stopped if it was going to cost him \$7500 to add that bedroom. In that sense he is padlocked in on his ability to -- to do anything with his property or his home. But this -- I agree this is misleading. It has given the impression to the people that they can't use the beaches. I do not hold with that advertising. I do hold for the fact that Proposition 20 is unnecessary. It will not improve what we are trying to do along the coastline. It will not protect the coastline and it will cause a terrible disruption for great distances inland.

Q. What would you do about these misleading advertising -- advertisements?

A. Well, I think it is a subject to look into. Particularly far more than with candidates. There is a lot of lying going on in that field today. I think the -- I think the whole subject of initiatives should be looked into very carefully. I think that

out of the people's frustration with the failure of the Legislature in the last sessions to -- to resolve many of the serious problems we are putting a great reliance on them even though I myself am now proposing such an initiative with regard to taxes. But this, and the advertising on them is -- is a far different problem. You are talking about an action and projecting what that action will do, and maybe with the fair campaign practices group we should find out some ways to properly advertise and promote these issues.

Q. Governor, one proposed solution would be to the creation of some -- variety of state commission to review and regulate the claims of these propositions. Will you support some thought like that?

A. Well, I won't get into any specifics because as I say it is something that I think is going to have to be looked at as to what we do with them.

Q. Governor, on another subject. U. S. News and World Report has an item saying that you are <sup>intrigued</sup> ~~in-shrink~~ with the idea of being a roving ambassador for the Nixon administration, sort of like a Republican Averill Harriman. Do you have any comment on that?

A. Well, that's their idea. No one has ever talked to me about anything of the kind. I'm glad to see that I am no longer being tagged by the press as a -- as a candidate for a particular ambassadorship which -- is something I would not want. I must admit I've been on three missions for the President, already, as you know. I would be very honored to do any other missions of that kind, either while I'm Governor or later on if they have any which I could be helpful.

Q. Governor, Senator Cranston keeps saying you are going to be his opposition in 1974 in the Senate. Does he know something we don't know either?

A. No, I think Senator Cranston shot an arrow into the air and like everything else he tries to do, it fell to earth and he knows not where.

Q. Do you know where it fell?

A. Not --

Q. Then you are not going to run for the Senate.

A. I didn't say that and I'll answer his question, too. I don't know. I don't know what I'm going to do in '74.

Q. Governor, there is also speculation that you might under certain circumstances be persuaded to run for a third term. Do you conceive of that happening?

A. No, no one's proposed such a thing to me.

Q. Well, can you conceive of it happening? No?

A. No, <sup>I</sup> can't see anything that would -- cause me to change my mind.

Q. Do you conceive running for President in '76? How about that, here I've just said and I've repeatedly said I don't know what is going to happen in '72, and I'm sure I don't know what's going to happen in '74, and he's asking about '76. Would you like to go back to '66.

Q. How about Proposition 4, the legislative initiative or amendment?

A. The two-year session.

Q. Are you for that or against it?

A. Now, here again, let me propose neutrality. This is once I've tried to keep my nose out of their affairs and I wish it were mutual. But no, I'll just -- however, I may personally feel in voting, I'll keep to myself and I won't make any comment on that.

Q. Governor, does your proposal for initiative mean that when the legislature comes back in two weeks you are not going to support that SB 90 or AB 1000 <sup>(the relief)</sup> in the Senate? Are you through with that?

A. What mine means is exactly what I said, that for four years with an open mind we have met them and tried to find a way with the Legislature. We have been balked by a very tiny group of legislators, not the majority by any means, in the Senate. And I have come to the conclusion that the only thing now is to guarantee to the people that they will have the right to make this decision. And that's what I'm going to do.

Q. So is that bill dead then as far as your support of it is concerned, the proposal that failed by a couple votes?

A. I will have an open mind if someone wants to come to me and talk about this, but it is going to have to meet the conditions that I have outlined already for number one, returning the money to the -- to the people by way of tax reduction, and guaranteeing that such a tax reduction will stay in effect and be





Q. Governor, on tax reform, the people will have a choice then November 7 with the Watson amendment. Why do you continue to oppose it?

A. I continue to oppose it because I think it would bring fiscal chaos. Here is a measure that would freeze into the Constitution 1,800,000,000 of tax increases and it falls roughly a billion two -- a billion and a quarter short of being balanced. And yet I don't think the people have been properly aware of that. As a matter of fact, the proponents of Proposition 14 keep insisting that this is false, this is not true. And I heard the Speaker of the Assembly on television just last night on the news programs and he was complaining that that is only true if you believe that the people of California would sit back content to have 771,000,000 dollars taken away in their school districts without asking the state to make up that loss. And of course they would ask to make it up. You cannot have school districts like Los Angeles and San Francisco virtually cut, their budgets in half, and that is what -- this is what has happened. Now there are a number of gigantic tax increases, they are tax increases leveled at the individual. It totally throws our tax structure out of balance because in an attempt to give property tax relief he has gone across the board giving 70 per cent of the relief to -- to business. And with business this can become a recoverable item. This is in their -- their production costs. And we think -- the thing that I wish people could understand is we did not set out to be opposed to 14. After trying for four years to get property tax relief we studied 14, believe me, with a hope and a prayer in our hearts that this would be the answer. That finally with the failure of the legislature we could get it done. It was with the greatest reluctance that we found that this is not the answer. This is going to, as I say, create chaos fiscally in the state.

Q. New subject.

Q. No, on the same subject. Governor, the Speaker also says that he'd be delighted to put a tax initiative on the ballot side by side with yours which would be aimed at closing loopholes. Would you welcome that?

A. Well, of course here again, and this is what we are hearing at the national level, all this talk about loopholes in a tax structure. First of all, the tax structure doesn't bear my trademark and it certainly doesn't bear a Republican trademark,

either California or nationally. And if these great structural faults existed these so-called loopholes for all these years, why hasn't someone on the other side when they have had the majority and even occupied the Governor's office, and the White House -- why haven't they done something about them? The plain truth of the matter is they are talking about some pretty legitimate deductions. Now in California, as I said in an address a short time ago, the California state income tax is very steeply progressive. And 47 per cent of the people in California, wage earners from about \$10,000 on up, are paying 91 per cent of the total tax. And therefore I don't know where these loopholes are supposed to be found.

Q. Governor, what is your stand on the obscenity proposition?

A. On the obscenity? I'm in favor of it. I remember once a few years ago in one, and there were defects in it, and so forth that caused everyone concern, and so the people went ahead and voted no. And this time I -- and all that happened is pornography and obscenity has grown worse. I'm a great believer in free speech, I have fought about censorship when I was in the motion picture industry, but I think it is time that the people out loud tell their elected representatives they want something done about it.

Q. Governor, on the Mono decision. Evidently you've decided not to call the legislature back in special session on that. Can you say why you haven't and what you will propose to clarify that situation?

A. Well, we have met with the people involved. We have met with the unions on this. There is no question but that this is hurting and hurting our economy very much, and hurting individuals who are being laid off. We have also talked to legislative leaders and their opinion was that there would be no point in calling back a special session. But right now I understand that they are exploring and working on solutions for when they come back on it to resolve this. I want you to recall this Court decision came as pretty much of a surprise to everyone, including the legislators who voted for the bill, because they claim it was not their legislative intent and I know I would not have signed the bill had I not been in possession of an opinion from the then Attorney General prior to the '70 election, and the legislative council that this applied only to public works projects.

Q. Where did Lieutenant Governor Reinecke get his \$500 million

dollar figure; in talking to some bankers afterward they indicated they couldn't place a figure on the impact of the Mono decision. Do you know where that figure came from?

MR. MEESE: Yes, this was from a composite group of construction industry, labor unions affected and lending institutions, representatives themselves.

Q. Governor, are you critical of the Supreme Court again with this decision?

A. Yup.

Q. Just a minute, Governor. Well, what about the fact that you have appointed a Chief Justice of the Supreme Court and he's been involved in a number of these decisions you have disapproved of, including the death penalty decision. Don't you have to share some of the responsibility for his appointment?

A. Yup.

Q. Governor --

A. I don't ask --

Q. Are you saying you are wrong to have appointed him?

A. No, I'm saying I disagree with the part he's played in some of those decisions.

Q. Do you regret appointing him?

A. What?

Q. Do you regret appointing him?

A. I wish he made some different decisions.

(Laughter)

Q. Governor, what do you see as a solution to the Mono decision, exempting track, exempting just rooms on houses or what?

A. No, I -- there is a local planning -- there are local planning commissions, there are county planning commissions, and the fact that in the past there have been members of those commissions and elected local officials who have allowed themselves to succumb to pressure and to give variances and change rules that were designed to protect the surrounding real estate and protect the surrounding property owners. That is -- I don't think is justification for the kind of hysteria that we are seeing now in this decision. The answer is more accountability, for all officials to be held more accountable by the people.

Q. Governor, this week and last, a number of us in this room

have spent a great deal of time looking at campaign contribution figures. We see contributions from the prosperous men of both parties. If I'm wrong, forgive me, but I -- none of us have seen Governor Reagan's name as a donor. What's your personal policy on donations? Either at the state level or the national campaign.

A. Well, I'm a little bit like the Kennedy's giving <sup>Sargent</sup> Sergeant Shriver in lieu of cash. I've been all over the country campaigning on my own. I think your personal contributions -- I have never been a big contributor, never been able to. Certainly not since I left my previous occupation.

Q. Have you contributed this year?

A. Huh?

Q. Have you contributed any cash?

A. Yes, in a round -- but it's been cash in small amounts.

Q. Governor, I'd like to clarify your answer on your roving ambassadorship. You indicated that you might be intrigued if you were asked. Is that a proper interpretation and is there any chance that you might resign the governorship to do such a thing?

A. No, oh, no. No, I'm not resigning the governorship. All I meant to imply is I don't know what a roving ambassadorship means or whether that's a permanent assignment. Whether you are on call or anything. I was simply indicating that I've been honored to be on the missions that I have been on and if at any time I can be of help and the President wants to send me on another one, I'd be very happy to go.

Q. Governor, has the sweet corn arrived from Ohio yet.

A. No, getting a little itchy about that, too.

(Laughter)

Q. I was wondering, with regard to an article on mortgage home loan brokers, it came to my attention that Richard <sup>Karp</sup> Carpy, who is the Director of Real Estate -- Commissioner of Real Estate is actually a broker himself and is charged with the responsibility for regulating the brokerage industry. There was a full disclosure made. My question is this, regardless of the disclosure, do you feel that it is proper for, essentially, the fox to guard the chickens?

A. Well, the man in the Real Estate Commission has always been a man in the real estate business. And I wouldn't know any other way to handle that, because he -- he is regulating a



very highly technical profession there. And so far in our opinion --

Q. There have been a number of accusations made, however. One is that the regulation is something that needs to be desired. Secondly, there is false advertising on the firm in which Mr. <sup>Karp</sup> Carpy and his father have an interest in.

A. You are speaking about something I have never heard about before. I'd be very happy to look into it because I have great confidence in him and I think he's done a good job.

VOICE: Thank you, Governor.

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4/8

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD NOVEMBER 8, 1972

Transcribed by: Governor's Press Office (RAS)

(This rough transcript of the Governor's Press Conference in Los Angeles is furnished to the members of the Capitol Press Corps for their convenience only. Because some of the newsmen's questions were inaudible on our tape recording, it is impossible in some cases to include the entire question.)

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Good morning, or good afternoon or something. Well, I have no statement other than, of course, I'm obviously pleased with the outcome of the presidential race, and have found some other sources of joy in the various issues and candidates who are on the ballot, and some disappointments, of course, nationwide and locally. But, then, you don't win them all.

Q Governor, are you disappointed at all at what the proposition of the Assembly in the Legislature is now, even though President Nixon did so well in California?

A Well, I would have been pleased, of course, to have the next two years with both houses of the Legislature more sympathetic with what we are trying to do. On the other hand, while we've only had a friendly legislature one year, the other five years have been with both houses opposed to us, and we did achieve a leadership in the Senate, which, slim as it is, now gives us one house, and this is better than we had before we went in.

Q Last night, Governor, Ed Reinecke said that he's going to run for governor, and Houston Flournoy said that he's intending to run for governor. It seems like the gubernatorial sweepstakes are on. Are you going to make an early endorsement, or how do you view all your other office holders now wanting to run for governor.

A Well, I think it's been pretty obvious for a long time that there have been a number of people who have eyed that spot, and I can't blame them for doing that; I think this is true on both sides. As a matter of fact, I think that the...some of the legislators on the democratic side, who have been running for governor all this last year, have been responsible for the failure of the legislature to have a better achievement record than it's had.

Q What are you going to run for?

A Huh? I have no decision on what I'm going to do beyond '74.

Q Who are your favorites, Governor, in that.....(inaudible)?

A I've made no statement on that either.

Q Governor, is there any possibility that President Nixon.....  
.....(inaudible)?

A No, I can't conceive of anything, God willing, that would have me leave before these two years are up.

Q Governor, how do you account for the fact that President Nixon made a sweeping victory and yet derived so few candidates on the national scene.

A Well, I've never been a great believer in coattails. I think perhaps that this is the kind of political myth that has grown up perhaps when the parties were more nearly aligned...it has the size and registration...or out of a long time majority party run. And then, when you have a candidate at the top of the ticket that the membership of a party is wholeheartedly behind, of course it looks like coattails. They're pleased with him, and they go down the line and they vote the straight ticket. We're a minority party, and what we had this time was a <sup>great</sup> disaffection on the part of the head of the ticket on their side. But I don't think this made them necessarily say, I'm leaving my party. In fact, I predicted, if you can call it a prediction, I discussed many times from my own experience of having been a member of the other party the possibility that people for the first time going over and voting for the Republican candidate for the presidency might very well be strengthened in their determination, however, to remain loyal to their party on the rest of the ticket. And I think this explains a great deal of what's happened.

Q Governor, Nixon ran behind in California as compared to .....  
(inaudible). Does this mean the Republicans are in trouble in California?

A Oh no. We're in trouble to the extent that we're out-registered better than three to two. And we always said that our state had more of a challenge than the rest did. First of all, this was where McGovern scored his great victory, where he had spent \$2½ million in the primary and conducted...spent a million of that on registration...conducted a great registration drive, and let's face it, they licked us on registration. They outdid us. Late in the campaign, we got under way with a drive that turned out to be very successful for us, but too late and too little; it couldn't catch up with the lead that our opponents had piled up. No, nationwide, and in all of the polls, they

Q (cont.) continued to refer to California as one of several states in which McGovern had a better chance than he had in those other states. And I am tremendously pleased with the majority that we provided the President.

Q But what about the.....(inaudible).

A No, I think the Democratic Party has got some troubles with a divided front here in the state, because a great many Democrats have proven in the last two elections, for governor and now for the president, that they are not going to go along with this way-beyond, liberal element that seems to have gotten such a foot in the door of the Democratic leadership. Now, the trouble is, as a minority party, we've got to use the between years, not in the emotionalism of an election year, to increase our registration, and I think to point out to a great many people who still consider themselves Democrats that idealogically they are much closer attuned to our philosophy than they are to the leadership of the party in this state.

Q Can you give us your reaction to the passage of Proposition 20?

A Well, everybody wants the coast protected. I was opposed to the method that was proposed in 20. We had our own program going forward. I will now proceed to implement this. The people have spoken. There was never any quarrel, I think, in this one/<sup>as</sup>to protection of the coastline. It was a means of doing it. I preferred legislation. Now this calls for four more years of study of the coastline. Well I would hope that when we appoint these commissions that they would begin their study with a three-foot stack of research material that is the result of the last four years of study which we only received some months ago, and which I think is one of the most exhaustive studies of the coastline that I think has ever been made.

Q You have a lot of appointments to make.....(inaudible). What are you looking for; what/<sup>can</sup>we expect....(inaudible)?

A Well, common sense, for one thing, and of course a desire, as we all have, to see that our coastline is protected.

Q President Nixon today announced that....(inaudible).

A No, I've told you, I've got two years to go as governor, and that, the Lord willing, I intend to fill out.

Q What other possibilities....(inaudible).

A You mean me naming who might be other possibilities? Oh, I have no idea. I know that in any new administration you have people that choose to leave---that have been there through one administration....

A (cont.) some of his own cabinet members have mentioned at this even before the election...and you make certain changes, so what those will be, I have no idea. He's certainly never discussed it with me.

Q Is there a further possibility of....(inaudible).

A Well, I only know what I've read in the papers or heard you fellows talking about. I know that name has been suggested. But I have had no contact with anyone in Washington who has suggested any of these names. I, just as I say, I know what I read in the papers.

Q Governor, in Proposition 21, which passed as a very controversial measure, some people now say that they are now doubtful of its constitutionality. What is your feeling about that, Governor,...(inaudible)?

A Well, if there's legal question, I'm quite sure that there will be people that will bring it to the court's attention, and the court will make a decision. I, however, think that it was an opportunity that once again for the people to express once again how they feel about a means of solving a problem that all of us want solved. And, in my own opinion, bussing is certainly the last resort. It has engendered more ill feeling, when what we are seeking is a better feeling.

Q Some of the same doubt hung over the initiative to restore the death penalty. What's your feeling about that?

A Well, the people of California have said to the State Supreme Court that the death penalty they want in the Constitution of the State of California. Our next problem now is how do you implement that with regard to the United States Supreme Court decision which said not that it was unconstitutional at the national level, but that the manner in which it was done in many states was unconstitutional, that states must be more specific in their statutes as to what crimes were subject to it. And here, I think, of course, it's going to be a legislative action interpreting the United States Supreme Court decision, and then proceeding on that line, and I'm quite sure that among, not only this state, but a great many other states, there will be frequent court tests of specific instances to make sure just exactly where the United States Supreme Court decision lies.

Q Governor,.....(inaudible).

A We haven't had an opportunity to even discuss that as yet.

Q Are you optimistic about tax reform, now that....(inaudible).

A Well, I told you before the election what I'm going to do. I expect in the coming week to deliver a message to the legislature on this subject of calling a special election, of putting an issue on the ballot for the people to decide on the basis that I outlined a little earlier. And we have been busy framing the actual legislation.

Q Governor, on the tax issue, do you think with the increase of the Democratic majority in the Assembly, that they're likely to put some kind of a proposal on the ballot....(inaudible)?

A I don't know. There's been some talk about that. I would hope that instead of confronting the people with two initiatives that we could have some of the same success that we've had with our tax reform proposals of getting together and going before the people and saying here is a proposal that will meet the problems of school finance, of giving some homeowner tax relief, and the other tax relief that I mentioned.

Q Governor, how much room is there to compromise...(inaudible)?

A I certainly hadn't thought there was any, but I'm certainly willing to see what anyone proposes. Actually, what our proposal is, is a boiled down version of the compromise measure that we had before the legislature which failed in the Senate.

Q Governor, ....(inaudible)...., the proponents of Proposition 20 feel that they can expect out of the Senate Rules Committee....are preservation oriented....(inaudible). Is it fair and logical to assume that you could effect a balance in your appointments so that there would be, for example, a development 1...(inaudible).

A Well, no that would be kind of going against my own belief about the protection of the coast. The...and that would just make for a constant bickering and fighting there. Now I'm talking about what we have always believed, and what the three feet of paper that the research we already have on this has indicated---that you have a number of counties up and down the coast and a number of communities...they have their planning commissions. You have 412 miles--40 percent of the coastline--already in government ownership...we're talking about 600 miles of the coast, and most of it north of San Francisco, where there's virtually--where there is no swimming, where the water is too cold---it's not that kind of a coastline...very scenic. So we have a much higher percentage than 40 percent ownership from Point Conception south.



A (cont.) Now, I think that, I have always insisted that one of the things that I think we should look at, <sup>in</sup> the 412 miles we already own. Government is not that pure. It could be that government is not properly utilizing some of its holdings. And certainly government should clean up its shoreline before it talks about anyone else. But then I think there's got to be recognition of private property owner rights. I don't think that the thing that is in 20, that the commission has got to be guarding against is that the possibility of the nuisance kind of action, the grudge action on the part of an individual who takes someone who was living a half a mile from the ocean, couldn't even see the ocean because there was a hill between him and the ocean, and yet in this proposition, he wants to add a bedroom to his house and a neighbor decides to protest and make him go through the process of the commissions trying to get permission to build that bedroom. I think we've got to have the kind of commission that recognizes that in Proposition 20, there are these inherent possibilities, and to make sure the commission establishes guidelines in a hurry for this protection. One thing we've always considered is that in the development of the coastline, and where private developments are concerned, that there's got to be access at reasonable intervals for people to get to the beach because the actual water edge is all open to the public now. There can be no fencing off <sup>of</sup> a section of the beach down to the water's edge. But you can do it effectively if you take 10 or 15 miles of beach, and you just don't have any access, well, people might be able to walk a little ways from either end of this on the sand, for a day on the beach, but they're certainly not going to walk 5 miles in the middle. And here I think there's got to be some reasonable access to things of that kind.

Q The Public Utilities had warned before the election....(inaudible). Do you in effect then see the possibility of a moratorium on the building of power plants within five years or so.

A Well, I think this is one of the first things that the newly appointed commissions are going to have to turn their attention to, because if they don't, California is going to know the eastern problem of brownouts, and we're going to find ourselves with power rationing and a few things of that kind. And I think, and I've said for several years that the proper approach to this is to go in now and find areas along the beach and be able to say within these zones, within these areas, yes, power plant siting is possible. And stop this hit or miss

A (cont.) of letting power company try to find site, and then having a big legal battle over whether they can. And this I think would be one of the first things that the commission should apply themselves to.

Q Governor, this election is the same old story about the people complaining about the complexities of the propositions, the length of the propositions, the slogans; can anything be done to clarify it?

A I don't know. I said we certainly ought to take a look at it. We ought to take a look also to make sure we're not going to substitute initiatives for the legislative process. I think most of these were born out of frustration of things that weren't done. But on the other hand, my faith in the people and their wisdom comes along and is upheld. The people proved they were pretty selective. Almost \$2 million was spent, for example, on Proposition 13 which would have made a terrible change in the administrative procedures of budgeting with regard to the salaries of state employees. Only \$20 thousand was raised to try to present the other side to this case. And \$20 thousand lick \$2 million, which, incidentally, ought to give all of us a little comfort about this feeling that has been so widely voiced in this campaign that money alone can determine the outcome of something. Because the people weren't fooled by \$2 million worth of propaganda.

Q Governor, in terms of outcome, you were for Proposition 13, and Proposition 13 failed. How do you view that.

A How do I view it? This was one case where you had the whole communications media and the entire entertainment industry lined up because they were fearful of censorship. And I had to kind of smile at that because I'll challenge that no one in the entertainment or the communications media has waged a longer fight against censorship than I have myself in all those years when I was an officer in the Screen Actors Guild. And I would say now that I think the people, frightened by the prospect of a censorship and thought control and so forth, under the kind of advertising they were getting, expressed that belief. I still believe that the people of California are sick and tired of pornography. And I would say now, that having won their victory, the motion picture industry for one has a responsibility now to impose its own self censorship of the kind that we had for years under the Motion Picture Production Code to clean up the stuff that they are putting on the screen. And <sup>if</sup> they don't do it, they're terribly irresponsible and they deserve everything that happens to them.

Q What about the dollars and cents that went into the proposition. Do you think that had anything to do with it...the people who are making pornographic movies or making X-rated movies?

A Well, they obviously aren't making them for charitable purposes. They expect to make a buck out of them. But the industry has a responsibility; television has a responsibility. It's all well and good to say, oh the individual can choose if he wants to see something dirty. What about the man that takes his wife and children to the movies---to a movie that he has gone out of his way to determine that that's a safe movie and wants his children to see, and suddenly on the screen comes the trailer for next week's show. And he has no control over that, and he can't grab them and hold his hand over their eyes. But they're in a theater; he had taken every precaution, made sure the picture was the proper one for the children to see; he had no protection against them being forced to see something they had not expected to see.

Q Proposition 22 (inaudible).

A Well, I totally disapprove of what he's trying to do. Jack Williams is a good governor. I think it's part and parcel of the way Cesar Chavez has attempted his union negotiating, and his attempt to get membership. He never really has gone out on the kind of drive for union membership that most unions do, when they present the benefits belonging to the union and ask you to join. He has tried coercion; he has tried to force the employer to make a contract with him, in which between them they say to the workers, whether you want to or not, if you want to make a living, you've got to join my union. And it wasn't that widespread. I felt good about the number of people--something over 45 percent that voted for Proposition 22. I would hope now that the Legislature would take a look and minus some of the things that were obviously flaws in that bill as there usually is in an initiative process, still come back to the right of an individual worker to vote by secret ballot on whether he will have a bargaining agent and who that bargaining agent will be. For 25 years I served a union that had that rule---secret ballot for our members on all policy matters. I think that more working men and women of the unions today should recognize that they are mobilized to be against this very thing--the right to vote--and they are mobilized nine times out of ten by their own hired hands...those people who make a career out of being union officials, because they prefer having more control than that.

A (cont.) And there's a control when a union member has to stand up and be counted when he votes, instead of going in as he does in the regular elections and voting secretly. And again, for six years I've been trying to get the right of secret ballot for union members in their own unions on policy matters. And you never seem to be able to get it past the lobbying which is <sup>led and</sup> done by certain labor officials.

Q Governor, ....Bob Finch....(inaudible).

A Well, no, you'd have to ask him. He's made several statements to the effect that he wants to return to California, and survey the possibility of running for an office in '74, so ask him.

Q You mentioned, Governor, that one of the reasons that Proposition 18 failed was that the entire .....(inaudible). Are you suggesting that all those ....(inaudible)....were duped by propaganda?

A No, but I think there was a loyalty to the industry. I think that John Wayne's statement the other day when he frankly, courageously and honestly admitted that the original analysis of 18 that was given to him and which enlisted his support and his effort by way of commercials had not been accurate, and that there were many parts of 18 that he thought were worth while; he still had some reservations about some things in there that he thought could be used in giving, let's say, too much police power individuals, and these concerned him. But he was pretty outspoken in his belief that we have gone too far, including the motion picture industry in the field of pornography, and he'd like to see something done about it.

Q Do you, yourself, have any reservations about.....(inaudible)?  
I know that

A No, the motion picture industry had a legal analysis which they used quite widely among their people. And I had that legal analysis submitted to other legal advisors, and they were in complete disagreement with it. They did not find the great menaces to freedom in this measure that the original analysis did, and on that basis I felt that the people should speak out against it. And I'll say again, if the media does not recognize that this vote was a vote of the people because of their concern about individual freedom, but it was not a vote that they want pornography, then the media is going to be in for a great big headache one of these days, because I think the people are fed up to here with some of the trash that's being fed them.

Thank you, Governor.

Q Are you going on vacation?

A Am I going on vacation? Gee, I'm catching a plane right now to

A (cont.) go back to Sacramento and just revel with the legislators.

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Q ....(inaudible)....

A .....reapportionment in the legislature, that the Democrats say that anything less than a 60-40 Democratic majority, they consider that a Republican district. That's a little bit like the Rams, you know, saying that they'll play if he's brought them two touchdowns.

Q ....(inaudible)....

A I wish you you'd ask that publicly; I would like to have talked about it, because I don't think that the legislature, frankly, is the body that should be reapportioning. It is building conflict of interest. Any incumbent is going to try to preserve his incumbency. And right now, with a brand new election, I would like to see reapportionment handled on a basis in which voter registration is not allowed as a factor in determining the outline of a district. There's no reason why it should be. Community of interest, contiguity of an area---this should be the basis, not how many people are registered one way or the other where you come up with the ridiculously shaped districts that we presently have.

As long as you've stopped me and we're on this subject having a second press conference, let me just throw one out---that if the people would stop and consider this, if the legislature had the statesmanship to do this....today we now have state senators representing more people than a congressman represents in the United States government in California. We have 43 congressional districts based on our population. Just for a trial run, what would be wrong with dividing this state into 43 congressional districts based on their communities of interest, and then, have each one of those districts--43 of them--be a Senate district...enlarge our Senate to 43 and have each district be two Assembly districts, and enlarge our Assembly to 86. And the voter, instead of having to remember that he was in this numbered Assembly district and that numbered Congressional district and that numbered Senatorial district would be in one district which would determine his congressman, his state senator and the two assemblymen. Now, you can divide that district in two or you can just leave it that the two run at large in the same district of the Assembly.

Q ....(inaudible)....

A Huh? I know; and as I've told you before, in six years I've found out when you mention common sense in relation to government, you run into trouble.

Thank you, Governor.

Q Governor, if I could raise a couple of questions here that I was not able to get during your news conference---one was your comments on the...your concern about the role of the media on Proposition 13. I gather you feel that the media itself could be jeopardized in the long



Q (cont.) run as a result of the vote on 18.

A Well, yes. Let's just take one phase of it, the one I was talking about---the motion picture industry. And, of course this could apply to television or anything else. All of you were too young to remember that back in the 20's, the motion picture industry was doing pretty much the same thing that it's beginning to do now, and there was such a wave of resentment across this country, that to head off government censorship, the motion picture industry formed the Motion Picture Production Code and hired Will Hayes who had cleaned up baseball, to become the czar of the motion picture industry. And for many years, that production code, that voluntary code, was subscribed to by all the producers of pictures, and pictures enjoyed their greatest boxoffice and their greatest support by the people...they were known as a family medium of entertainment. And what I was suggesting was that now that this has been defeated, the industry had better take another look and see if they should not reinstitute a production code of voluntary self censorship based on good taste and sense, or they're going to find the same resentment on the part of the people.

Q One other question, Governor. Last night when President Nixon appeared at the rally in Washington with Vice President Agnew, there were a chance of twelve more years with the implication that Vice President Agnew might make a fine candidate in 1976. Given the size of this election, and the returns that you saw here in California, how would you assess those prospects looking down the road?

A Well, if you were in Chicago instead of at the Shoreham, they were talking about Senator Percy who would give them the other eight years after Nixon was through. I have a hunch there's going to be a lot of speculation now, and there will be a number of names that will be suggested. But certainly the Vice President was a part of that very tremendous victory, and did a great job of campaigning as the President said.

Q Governor, what are your aspirations? I know you've answered that question, but it seems unlikely that you're going to retire in two years.

A Well, when you say retire, as to sitting in a rocking chair or something, no. But I don't know; I really don't know, and there are some things that I think need doing very much. For example, I've touched on it up here---the necessity, I think, for doing some economic educating say by way of the pulpit and the podium on some of the issues that were raised in this campaign. All this mythology that one party is devoted to the people and the other party has somehow sneaked in dishonestly and represents only a handful of special interests and so forth---none of this is true. And the figures belie it. I find my mind running that that wouldn't be retirement. It doesn't necessarily mean you hold an office, but it may be some missionary work is needed.

Thank you, Governor.



12/12

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD DECEMBER 12, 1972

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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: Well, good morning. That's the sum total of my opening statement. Yes.

Q. Governor, I'm Charles Wallen from the National Review and I'd like to ask you two questions, and with your permission the first question is so long I'd have to read it.

A. Fine. National Review?

Q. Yes, National Review.

A. Be kind to me, please, I'm a subscriber.

Q. I heard that you made a statement in Phoenix recently that you would be on the Waldorf Salad circuit after 1974. And next to the President you are even now the most prominent Republican and certainly the most famous in the country. And I'm just wondering if it would not be more comforting to the Republic that you should challenge Senator Cranston in 1974, and pave the way through this forum for the Presidential primaries in 1976. This would be a two-pronged approach to making a -- the Republicans the majority party. It is a national notoriety and almost a national disgrace that California has the two worst Senators in the nation, even worse than those from Mississippi. So by becoming Senator in 1974 --

(Laughter)

Q. -- and lecturing as a Senator and lighting up the sky, you could serve the nation another ten years -- if you ran for President in 1976 you could serve the nation another ten years beyond this office, and the Republicans, I assure you, are quite anxious about your health, that you watch your health, which I understand is excellent. That's the first question.

(Laughter)

Q. Any more questions, gentlemen?

A. I can answer that more briefly. I do watch my health and always have. Let me simply say, as I have said so many times to the rest of this press corps here, that I have made no plans or decisions as yet with regard to what takes place after 1974. The -- and you made it a little more effete than I did, about the circuit that I said I could get on. I call it the mashed potato circuit. But in -- in Arizona at the Governor's conference in a couple of interviews I was simply again reiterating that I have made no decision and this same matter of a possible Senate race come up and someone said if not that how do you remain active, and I then would try to point out alternatives that you didn't have to just sit on the front porch because -- just because you didn't hold elective office. I thought and still think that a job to do, kind of economic and political education in this country, by way of every medium, to reveal or expose the political mythology and economic mythology that dominates a great deal of our thinking and so I answered the question in that context. But again I have -- so far my only decision is that what we are going to do in these next two years here in California.

Q. Governor, I'll --

A. Wait, he had a second question there.

(Laughter)

Q. Can we wait till next week?

Q. One more. I understand that the dome building, while it hasn't been condemned, it's been made unsafe for school children to visit, and you know, the Capitol has been moved twice in California history, and I'm just wondering if this wouldn't be an ideal time to ~~move~~ move it again. You know, the Capitol is 400 miles removed from about 75 per cent of the population, and wouldn't it be a good thing to move it either to San Francisco or Los Angeles?

(Laughter)

A. Well, I have to say there are a great many spots in California that I suppose would be considered by the tourists as far more attractive than Sacramento. I doubt now with the size of State government and the size of the state that the moving of the whole Capitol with all the other buildings and so forth would ever been contemplated -- considered as moving it from this city. There is the specific problem of this particular, and then it is just a part of this building, replacing with another building or strengthening this to meet the earthquake standards. And this is a decision that

I think is -- has to be made very soon. But I doubt if the people of California now would hold still for what would be entailed in a moving of the -- of the government. And the only thing -- I'm not sure that you could put the Capitol in either San Francisco or Los Angeles without reviving the old two Californias concept, because we have a sort of a Mason-Dixon line here. I still say as a southern Californian that it was instituted by northern California. The south doesn't feel that way at all. But I don't know how you'd chose which one of those cities. Maybe we could put it half way between and eliminate the Mason-Dixon.

Q. Governor, on that same subject, Senator Collier says he's trying to get a bill through next year which will combine in one bill 50 million for new Capitol Towers, and 1 million for Governor's mansion, and 18 million to rebuild the old Capitol, would you go for that approach?

A. Well, I have to say that -- first of all, I think this is one of the handsomest most historic state capitols in the nation, and if you have to spend 18 million dollars just to preserve this as a historic monument and another 50 to build another building, why don't you spend the 18 million and stay in the building here? Because that's what it would take to make this building useable and as safe as anything new that they were going to build. And frankly, I didn't intend to say this at this time, but that would be my choice. I think this capitol building should be preserved and not as a monument but should be preserved as a working building to perform the functions of government. And I -- I don't see those fellows upstairs needing 30 or 40 stories of new building.

Q. Would you veto that part of the bill if it was sent to you then?

A. Now, you know I never talk about a veto till I see the bill.

Q. Governor --

Q. Governor, mine went back to his first question and I'll try to keep my question shorter. You told us several times, I believe, that you did not plan to seek third term, that was one thing you were not going to do.

A. That's right, yes.

Q. However, lately I've -- various pundits have been listing that as one of your alternatives and you seem to have been -- you

seem to have been qu ed to flowing back a litt! Is it still your intention definitely not to seek a third term?

A. That's right, I've made that very plain. I believe -- and I still believe that the state should have a limitation similar to the federal government in that regard. I didn't comment with regard to the question or the statements about our Senatorial representation. But if some other states would like to offer their senators to us on a contract basis, I'd be happy to discuss it with them.

Q. Governor, in regard to the Capitol, I think the state architect's report was it would take 18 million dollars to preserve it merely as a museum type situation and over 40 million to restore it so that it could continue to be used in the manner of speaking it is now.

A. I understand, now I could be wrong in this, so don't hold me to it -- I understand that there's been some confusion about those figures. But that the making useful and safe of this building is far less costly than the new building. As a matter of fact, it is my understanding that the chief architect said that those figures did not accurately represent the findings.

Q. Governor, Allen Post says that reducing income tax next year will not be good fiscal policy for California. How strongly will you push for reduction of income tax?

A. Well, I am committed to that and I'm committed to the theory that you don't take any more money from the people than you need. Now, I have a warm and friendly feeling toward Allen Post, but Allen Post a year ago said we needed 750 million dollars in new taxes now, and now the whole question that we are arguing about is what to do with the surplus, that we had, instead of the 750 million dollars deficit. So I still hold with mine. I do not -- we are having meetings this week, cabinet meetings to take up for the first time and determine exactly what the situation is with regard to surpluses, both one-time and on-going. But I am committed to the idea of -- of an income tax cut.

Q. Speaker Moretti's initial reaction to that proposal was, in his words, "It makes no sense at all." If you have to proceed as you did on SB 90 to negotiate with the legislature, he feels what chance do you have of getting the income tax --

A. It will be presented to the legislature and then I would

hope that the legislature would see the validity of it. The simple fact remains that California ranks very high, I believe about second or third, possibly, with regard to the total per capita taxation for state and local government. And the national average today, I just happen to think that government can reduce itself, every government or all governments, in size, and cost and power because we have had a task force working on this whole subject of taxation, as you know, in connection with our other plans with regard to local government and what changes can be made. And the plain truth is that nationwide the average tax burden is taking over 43 cents out of every dollar earned in the United States. And that would mean that with California ranking as high as it does, it must be more than 43 cents that our people are paying for the costs of government, federal, state and local.

Now, this puts a responsibility on the back of every level of government to find ways to reduce its share of that 43 cents that it is taking from the worker, and we are going to try to do it and I think that when the Speaker and I have an opportunity to talk about this, when we know the exact figures and what the possibilities are, I think that he -- he certainly can be talked to and I -- and I think that he would be willing to listen. I realize that philosophically he perhaps has a feeling, leaning towards utilizing the income tax more, but as I have pointed out on a number of occasions, the State -- the California state income tax is more steeply progressive proportionately than the federal income tax. Now, it's supposed to be progressive to offset regressive taxes, but it has gone beyond that because the plain truth of the matter is that only 43 per cent of our taxpayers earn \$10,000 or more, and that 43 per cent are paying 91.6 per cent of the total income tax burden in California. And if there is a way that -- as you can see, that takes the whole middle income range of the people that are already the greatest victims of property tax and every other tax. They are bearing the greatest share of the cost of government, and if there is any way to help out even a little bit in that, I think we ought to do it.

Q . Governor, how much of a continuing surplus do you see that can be used for a -- continuing income tax?

A. That's the thing that I can't answer, that's going to be the subject of the meetings that we are holding for the rest of the week. There are a number of things that have happened, for example



the -- there are some federal acts that may have affected what we had earlier roughly guessed at as a surplus, affected it adversely. One of them, HR 1, and we -- all of these things have to be factored in so we know now -- and the final passage of SB 90 was changed in some of the figure amounts that were in it originally -- all of these things we have to sit down and find out exactly where we stand.

Q. When would the bill to do this be introduced, early in the year?

A. Well, it would be in the next session, yes.

Q. Early in the session?

A. As early as I could do it.

Q. Governor, which way are your inclinations on Senator Short's bill to raise legislative salaries? Are you for that?

A. Well, as you know, I have followed a policy of trying to keep the separation of powers intact, and I have not injected myself into these legislative matters. And --

Q. Are you --

A. I think I will be consistent with that.

Q. Are you going to sign the bill?

A. We -- again, you know what I better do, I better take the fifth to this extent. If I once open up the subject at all there are a number of pieces of legislation that are now before me on the desk and as you know I have taken a position that until we have our regular process of cabinet and staff consultation on all of these, I don't comment on whether I will sign or not sign. So rather than take one at a time, let me just give a blanket answer and say that beginning this -- right now, and in this coming week, we have scheduled meetings on these pieces of legislation and so I'd rather not answer on any of them until I -- we have had those meetings.

Q. Governor, on the same subject. That bill contains an element which provides for your office personnel and other assistants \$20,000 per year increased to 30,000. Now, what staff had you contemplated that to affect?

A. No, that was in a late amendment. I didn't even know it was in there until just recently I've learned this -- that it was amended in as a late amendment. That was a piece of legislation that didn't have anything to do with actually raising salaries. What we have been trying to do, and we had wanted legislation earlier in the year to do away with the custom which we follow as every

Governor has done in every administration that I can remember in California of borrowing Governor's staff from other departments. And we are trying to get a more honest budget by creating a structure whereby the Governor's staff will actually reflect and be on the Governor's budget all of his staff instead of having staff members that are borrowed from other departments and are on the budgets of other departments. And that has been put into this, it does not call for a raise, it is simply -- it is a -- was a technical bill that would then allow in the future in doing this that the Governor's staff would have salary ranges that were up to the level of department head salaries.

Wait till I get back there and then I'll come down --

Q. Governor, what bills do you plan to be signing today?

ED MEESE: None.

A. None, I signed a big stack yesterday and none today. They tell me, I'm happy to say, there are a great many bills, non-controversial, as you know, that -- the technical kind of bills that I have often said that if they got lost on the way to the printer it wouldn't change the quality of life style in California any, those would be signed. But the bills you are interested in, there won't be any taken or signed today, are those where there is an issue and they are going to have to be round-tabled. Now here and then over here.

Q. The bills you have before you do include appropriation bills of up to 300 million dollars, and you -- can you say generally what your policy will be toward those since they would ostensibly use up most of that surplus that's left.

A. Well, let me answer that with my philosophy instead. The very fact that now after six years we have finally removed the state from the threat of insolvency that hung over us for so long, and that we inherited six years ago, the fact that that's listed has not changed my belief in cut, squeeze and trim one bit. I believe in Justice Oliver Wendell Holmes who said that you keep government poor and remain free. So while I'm not commenting on any specific bills, I can tell you that nothing has changed with regard to my philosophy in this state, that this state should not suddenly think that it is out of the deficit position that it can now afford to expand the size of government at all.

Q. Still on taxes. Governor, when you say you are committed to an income tax reduction, that doesn't mean you are committed to a rebate, it seems to me the last time we had a rebate we had to turn right around the next year or two and vote an enormous tax increase.

A. No, I don't know of any enormous tax increase that we have had following a rebate. We have had two rebates, one of them we had about a hundred million dollars and we had a ten per cent rebate with a ceiling on it that was imposed by the legislature. That was a compromise to get that. The second one was with the passage of -- of withholding, the one-time windfall, if you will remember, was divided between some one-time capitol state projects and a 20 per cent rebate last year on the tax. Now, this would be a consideration in one of the alternatives with regard to a one-time surplus in addition to an on-going surplus as a way of returning that to the people. And I -- again, I don't know the figures or what we are talking about.

Q. Governor, do you think it is feasible to impose gasoline rationing in southern California in order to reduce smog, as being considered by a federal agency?

A. Well, I understand this federal agency is out here to hold hearings with -- well, you might say all of California, local echelons of government, people engaged in this fight just -- the ordinary citizen, the private citizen, to get all the input they can and I understood that it was from the standpoint of finding out how far our people are willing to go, what price are people willing to pay in an effort to help in the pollution fight. We will be very interested in seeing all the information that they bring up. Our own task forces, of course, are going forward on this. It is a continuing fight and I think that we are -- it's been a very intelligent fight so far, and one that holds out promise. I would -- I couldn't comment on that as an advisable thing, I just want to see what it is that they come up with and -- and we will certainly give consideration to everything that is learned if it adds to the knowledge that we ourselves are gathering through our task force.

Q. Just one follow-up question, for several months your office has gotten reports from your task force on periodic automobile inspection. You haven't taken a position yet on it, whether there

should be periodic automobile inspection or not.

A. This again is a matter that has to come before the cabinet now. There will be a cabinet presentation and it isn't -- it is scheduled but we haven't had it yet.

Q. Governor, there's one bill that you might comment on that's the marijuana bill that reduces penalties. What is your inclination towards that right now?

A. Well, again I won't comment, George, on a specific bill. I'll just say that -- let me call attention to this fact. That California has been pretty enlightened. A lot of the talk about the marijuana problem is based on a national situation. And a great many people like Mr. Buckley the other night was surprised to learn that in California we give the judges the -- the discretion. They have the flexibility of deciding whether the case will be treated as a misdemeanor or a felony. And we also have in addition to that, we have the right of family to turn in a member of the family who is addicted in any way without any fear of an arrest record and the person can be then taken -- rehabilitation and treatment and so forth in our various programs, but there is no fear of ever having an arrest record hanging over them. And this -- as I say, puts I think California in the enlightened forefront. But this will be one of the bills that will be under consideration this week.

Q. Governor, what kind of man are you looking for ~~for~~ appointments to the Coastal Commissions and the regional and state coastal commissions that were formed under Proposition 20?

A. Well, we -- this is -- we have met and had some discussions with legislative leadership on this. We have a number of -- of nominees for this post. We have not gotten down with all the other things going on yet to the final selection of anyone. But I'll stick with what I earlier said, that one of the first requisites is going to be common sense. This administration is pledged and has been pledged to coastal protection. I happened to oppose Proposition 20 because it was unnecessary. We have the -- all the studies that are needed with regard to the coastline. They have been going on since 1967, and as I have described it, it is a stack of paper three feet high, and we ourselves were prepared to go before the legislature with a plan for a coastal plan, and I think that 20, ~~said~~ I said before, has a great many unrealistic things in it and therefore was opposed to it, but we will try to find someone that

believes both in the philosophy of common sense and at the same time recognizes the need to continue the preservation of the beauty of the coast.

Q. Would you favor what might be called a conservative interpretation of Proposition 20 as opposed to a liberal one?

A. Well, I don't know, once a bill of this kind is passed, I don't know how do you conservatively treat with such things as whether a fellow can add a bedroom to his house when he's a half a mile from the ocean and behind a hill and not even in sight of the ocean, and yet this is included in Proposition 20. And I know that some cases are being brought in court about some points of that kind.

Q. When do you expect to make your appointments?

A. I don't know. What is the effective date?

MR. MEESE: We have to make them by the 31st of December.

A. Well, by the 31st of December. So it will be made before then.

Q. Governor, back to the sales tax. Governor, what is the-- what's the purpose of your California State Broadcast Service that your office has just formed?

A. You want to answer that, Ed?

ED GRAY: Well, Bob McCafferty has --

Q. This is off camera, do you know about it, Governor?

ED GRAY: This is the broadcast service that is providing actualities, recorded statements by various members of the executive branch.

THE GOVERNOR: Oh, yes. To --

ED GRAY: To radio stations.

THE GOVERNOR: I hadn't given it any formal name or anything.

A. Oh, it is just an effort to again let the people know that factual statements on state programs, whatever they may be, are recorded and made available for radio broadcast.

Q. How is it being funded, where does the budgeting come for that program?

A. There isn't much budgeting to that.

ED GRAY: Regular part of the State Public Funds.

A. Public funds that almost every department has.



Q. You have no idea how much it will cost or what its projected cost will be.

MR. GRAY: No, --

A. It's got to be very minor, we don't have to pay the cast anything extra. People that do it, all it takes is a piece of tape and we got our own tape recorder.

Q. Is there any stipulation that stations that use these broadcast are to label it as having emanated from your office?

MR. GRAY: No more than any press release that anybody gets would be labeled as such.

Q. And will the statements also be press releases?

MR. GRAY: Probably, they are designed to compliment the press releases of the various departments and agencies.

A. So far the broadcast media has only gotten the press release and then they themselves, as you write it, they -- they themselves have to put it into words. This way they will get the same direct statements that you get. Here and then I go back over there.

Q. Governor, I think you were quoted in U.P.I interview out at Phoenix that in spite of your agreement to go along with the Speaker on SB 90 you had some reservation whether the schools actually needed that much money. State Controller Flournoy the other day said in Los Angeles that they may need another tax increase next year in order to properly fund schools to meet what seems to be an upcoming guideline from the Supreme Court in Serrano. Would you comment on Flournoy's statement?

A. I think we are talking about two different things. Flournoy is talking about a possible decision with regard to where the money for schools would come from. What I was talking about in the general discussion over in Phoenix was the matter of the compromises that made SB 90 come about. And I was pointing out that nobody got everything they wanted in it, or it wouldn't be a compromise. But I was pointing out that I -- for example, I have to say right now with this situation of the schools, the way they are, there is probably no question that they need the money that has been made available and the increase that's been made available; but I still insist that if and when local school districts, not all of them, some are run very well, -- but if and when the local school districts can actually review their own administrative policies I am convinced in my mind that they do not require all the money



they are presently cutting. And to blame the lack of quality in education in many of our school districts on the lack of funds is absolutely ridiculous, because some of the districts that are spending the most money are having the lowest quality in the -- in the finished product. And the fact that in two of our great metropolitan areas one can be spending almost twice as much per student as the other metropolitan area is and not getting any better education for it indicates that there is a great variance in the administrative ability of the school districts.

Now, what I would like to see is the continuing to pursue and we have a task force on education with this. I don't want the state to be able to impose on the school districts, I want more autonomy at the local level, but perhaps the state can be helpful in showing school districts where they can find these efficiencies and these savings as we find that they have been instituted in some school districts. Then it would be my thought that the local school district's inducement to institute these and reduce the cost of schools would not be to save the state money. I am committed to the idea that the state continue to give the money that it has given but this could then further reduce the homeowner's tax, the school property tax, as they lowered the cost of education. And it is -- it is just silly to say that there is any institution, whether it is a business concern or any department of government, that cannot constantly find areas for more saving and more fat that can be trimmed.

Q. Governor, just a follow-up question, if I might, please. If, realizing that the Supreme Court actually has not come out with an edict, it's been remanded back to a lower court, but assuming that Serrano is the way things are heading and that there has to be an equalization among school districts and further if your income tax reduction, which you are now speaking of, taps part of the surplus, would it not seem reasonable that to meet the Serrano decision that you'd have to raise taxes to do that?

A. Well, even if that should be true, there is one thing that I also know, if you leave the surplus in government with the idea that some day it might be needed to implement the Serrano decision, you'll still have to raise taxes if they handed down such a decision, because it is absolutely counter to government -- government's nature to let that surplus sit unused. By the time

you get to the Serrano decision all of the surplus would have been committed to other on-going programs, various pets of special interest groups and individual legislators and everybody will rub each other's back and the surplus will disappear. I would rather take the chance of giving the surplus back to the people while you can and then if something happens that forces a new program or a new increase on government, then take your chance on having to pass it, but at least in the meantime you will have kept government from growing in other departments up to a bigger size than it already is. And that's -- that's my whole thinking on this matter. I still say that the Serrano idea has one great built-in fallacy, that I cannot believe this government or that the courts all the way to the top court would ever let stand, that if you pursue it the way it has been voiced so far you are putting a ceiling as well as a floor under what local echelons of government can do. Now I will agree with the philosophy of a floor which guarantees a basic good education and below which no child should be educated. But for the life of me I cannot see what purpose would be served in saying if some district wanted to tax itself extra and provide some luxury frills and ideas in education that they happened to believe in, and were willing to do this, why the law at some higher level should say to them that they could not do that.

Q. Governor, it is not a question, is it, of willingness, it is a question of capability, isn't it? Baldwin park can't, Beverly Hills can't, so that inequity exists as long as the property-- such valuations in one district from --

A. We took a large step toward equalizing this with SB 90. We have actually increased the proportion of state money that is going to the schools, and again as I say, I think before we start talking about where are they going to find more money over and above this, with incidentally a declining enrollment, not an increasing enrollment, then I think the question is to find out, as I said before, why are some school districts spending twice as much as others and not getting anything for it in the line of quality education. Nothing. There is no ratio in this state or any other state between the money spent and the quality of education, or the graduates of the educational system.

Q. Thank you, Governor.

A. Say, George if you don't mind, I had told him I'd --

Q. Earlier you said when you spoke to the Speaker about the income tax proposed cut, does this mean that is your intention, to discuss it, or negotiate it with Speaker Moretti? Or what? Are you just going to introduce it and let him come to you?

A. I don't think we have just introduced anything without talking not only to the Speaker and the President Pro Tem but to the -- to our own legislative leadership about what it is we are going to propose and we will follow that same pattern. I don't know whether you are going to be as tough as Earl, but there's a couple of frantic people here that are waving their hands. Can I take those two? No more. All right, you and then you.

Q. Governor Reagan, yesterday you made a speech to the Farm Bureau concerning world trade and our deficit and balance of payments, and you said you hoped that other countries would reduce their tariff on our farm goods. Are you then going to ask the President to reduce the import tariff and quotas on oil and steel, automobiles and manufactured goods, are you asking for free trade?

A. Well, I think -- this has been a philosophy -- I think the President's and mine, for a long time. We realize that we are a long way away with the variances and discrepancies between standards of living in the world from actually being able to have free trade, but all of the president's negotiations and the efforts that Mr. Connally worked toward were aimed at a more free trade than we presently have and I support him in that. I don't think it is a case of me having to ask the President, I think he's already embarked on that course and he has my support.

Q. But he just added ten per cent to the tariff of everything coming into the United States, how does that --

A. Well, sometimes, you know, you have to kind of -- it is like a mule that you got to hit him over the head with a club in order to get his attention and the discrimination, the quotas against so many American products, you've got to establish a bargaining position before you can get the fellow on the other side to begin to see your point. So I think that what he's doing is not a change in philosophy. I think it is just as it was with the devaluation of our money. It is to point out to them that they are the ones that have been practicing the greatest restrictions on us and to show that it is a two-way street, that we will -- if they are going to play that game, we will have to play that game. But if they are willing

to meet us on a freeing of the trade, that's the way we want to go.

Q. Would you favor free trade with no tariffs?

A. Well, I would favor it. But I think that we have got to come much closer in the comparative standards of living of some of the competing countries before we can do that. And I -- and that's a hopeful goal, I think all of us would like to see the day when pay scales around the world were similar to what they are here and living standards were the same. The last question.

Q. Governor, on taxes. Both the Speaker and Senator Moscone have indicated they wouldn't vote for a tax cut unless there was some provision for closing loopholes. Would you favor anything along that line?

A. Well, you know, it is so easy to talk about loopholes but I have asked many times, and I've asked in this campaign and I can ask you, what are the loopholes? This whole -- this is part of the political mythology and economic mythology that I mentioned a little while ago. It is awfully easy to talk about loopholes but where are they? And what are they talking about? Is it a loophole, for example, for you to be able to deduct your property tax before you compute your income tax? I don't think so, because most people wouldn't be able to live in their own homes if they couldn't have that break. Is it a loophole, for example, to deduct part of your medical expenses? Now, the plain truth of the matter is that most of the people who have been making the most noise about loopholes, if you go back and look at their writings, their speeches and their own conferences and their testimony in committee meetings, both here and in Washington, you will find that the loopholes they are talking about are the legitimate deductions taken by the working men and women of this country and without which they wouldn't be able to afford their income tax.

Q. Will you consider reducing the sales tax instead of reducing the income tax?

A. No. For one reason, because I doubt even that our most optimistic survey of the amount of on-going surplus that could practically be applied to the sales tax without making a fraction of a cent cut in that tax, that would cost almost more to administer and would not really be an effective savings. No, the idea of the breakage point below which the customer pays the full tax, even if only a fraction is owed, we have talked about that. We have investigated that in the past. The other tax, the income tax,

when it is a limited amount of money that you have in a surplus, it is one that lends itself best to where at least you can give an "x" per cent cut to the individual. But remember this, that beginning in January everyone of us is going to take another look at your paycheck and you are going to see a great big bite out of that paycheck by a little matter of Social Security that was increased in Congress. Now, they increased the outgo so that it took place before election, but they increased your increased Social Security tax so it would take place after the election in January. But when that is added to the other bites that are coming out of the tax you are going to find that that has become a very healthy chunk and I just think, as I said before, that if we some way can do something that goes the other way and adds a few cents to that paycheck, I think we will be doing something very worthwhile for the citizen. 43 per cent is far and away too much for government to take from the average individuals. You go to work -- when you start to work in January, you will work into the first week in June before you start working for yourself. That's how long it takes you to pay the cost of government.

GEORGE: Thank you, Governor.

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