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3/22

HELD MARCH 22, 1973

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: Senator Lagomarsino and these people will be at your disposal in a few moments.

(Whereupon Governor Reagan read press release No. 164.)

GOVERNOR REAGAN: That's the statement. Bob and I and these people are now at your disposal. Bob, do you have something?

SENATOR LAGOMARSINO: Just this, Governor. I can't say how proud I am that you have asked me to carry this constitutional *(tax limitation)* amendment for you and for the People of California in the legislature. I know it is going to be a very, very difficult task and one that we have -- we have seen oems -- we may not be successful in the legislature, but we are going to give it a real try. And I would hope that we would receive the kind of response, particularly from the Senate, that we expect we should have. I think this is a very imaginative program. It may be perhaps a most significant piece of legislation that your administration has initiated, and you've had plenty of them. And I think it is something that all of the states in this nation will be watching very closely, and I imagine our friends in the federal congress and the President himself will be watching this very closely, too, so as I say, I'm very proud to have a part in this important effort.

GOVERNOR REAGAN: Bob, I'm grateful you are doing it. (The following questions were asked and responses given by Governor Reagan.)

Q. Governor, how are you going to finance this whole business about getting signatures and so forth?

A. This will be financed the same way as -- as the citizens committees that were built up with regard to the welfare reform. And we have already had such evidences of support from various groups throughout the state and they will, simply by contribution, finance it.

Q. How do you propose to overcome the likelihood of Mr. Moretti's

statement yesterday that he won't support the money for this special election?

A. Well, it is hard for me to believe that if some several hundred thousand people sign petitions asking for the -- their constitutional right to vote on that -- on the ballot, it is hard for me to believe that a great many legislators would be so petty and vindictive as to force this cost onto the local government.

Q. Isn't that one way that they -- the opposition could stop your drive?

A. No, because I have the constitutional right to call a special election. Now, there is a legal question as to whether this constitutes a new mandated cost on local government. That hasn't been decided yet, the legal question. The election will be held, then if local government believes that this is a violation of that new law regarding mandated costs, they would then have to take their case to the courts, to the state, and the court would make a decision. But I can tell you that I will associate myself with local governments because there is a way to pay for this special election without invading the taxpayer's resources at all. We have accumulated interest on this surplus that we have been holding. And out of this interest this cost could be -- could be paid. And I just happen to believe that -- frankly that the state should pay for it. Whether it is actually -- whether we are obligated under the new law or not, I would like to see the state make the gesture of paying for the election.

Q. Governor, why don't you just wait a year and put it on the June ballot of 1974?

A. Well, because the constitutional amendment has passed. There are certain parts of it, just as in passing the constitutional amendment about the death penalty, there are certain parts of it that will cause -- call for implementation by statute. And the delay would -- take as well -- over two years, it would take us into the next legislative session following that general election. And there is no need for this delay, no need to wait on this.

Q. But it would save a considerable amount of money, wouldn't it?

A. I don't think enough to make it worthwhile. You'd be sitting here all this time holding the surplus -- again, as I say, the delay would be so long and because of the implementation that would have to follow, and I think that it -- that we should get at it.

First of all, we want to -- we would want to start implementing the income tax cuts before that time, and we can do it. It would delay the savings to the people.

Q. How much would the delay difference mean, Governor, if you were to delay the election and the taxpayers would not get the benefit of this tax cut? Do you have a comparison with that -- how it would compare with the ten million cost of the special election?

A. Well, yes, it would be far in excess of that, because if -- you are talking of -- just the on-going income tax cut alone is in the neighborhood of two hundred million dollars a year savings to the people.

Q. Governor, will you permit circulation of these petitions in state facilities by state employees on state time?

A. You are asking a legal question. I don't think that that's allowed, is it?

ED MEESE: No. No, we would not.

A. No.

Q. Governor, how much did it cost to finance your task force study of this plan?

A. I can't tell you the total cost because much of the cost was underwritten by -- again, by contribution, by an outside foundation.

Q. How much of the state's funds?

A. In state funds, the only actual expenditure that I know that we have put down is \$19,260, over in welfare. But this is not unusual. And contrary -- in fact we have issued a statement on this. In these various task forces that have to do with state government and making state government more efficient we cross all the lines of all the departments. We get personnel, we get material, we get support from these various departments.

Q. Do you normally get funding that is not specifically authorized by the legislature?

A. When a task force requires outside people and has to -- to bring in experts and so forth, when there is material that we do not believe can be provided by one of our departments, this has been done by outside contributions. But in this inter-office play some departments furnish personnel, some departments furnish services of this kind. Welfare, which is one of the biggest of our spending

units provided this cash money. But this is only a part of the return on that task force. Because the task force was also entrusted with the whole idea again of reviewing the work of our citizens task forces of several years ago and finding out where again we can find improvements leading to legislation that will make further efficiencies and economies in government.

Q. But governor, the legislative analyst has questioned your taking the liberty to use that money without going to the legislature. How do you react to that?

A. Well, because we interpret this as a legitimate function in the executive branch and what we are trying to do, we are entrusted with executing the programs of government and of trying to make them more efficient and we think that this is a normal and a logical function.

Q. Even though that the spending of that money had no direct relation to any welfare function of the state?

A. Oh, yes, because as I say, it is not all embodied in this tax program; to make such things as this task program work will depend on many of the efficiencies and the savings that came out of the whole findings of the task force.

Q. Governor, the statement issued yesterday said that one of the departments which assisted in funding some of the administrative costs of the task force is the Department of Social Welfare. It seems to indicate there were other departments involved.

A. Oh, there is a whole list and I think you'll find them in that statement and many of those, though, provided services, time, equipment.

Q. In direct funding.

A. Well, no, there is no way to pin it down. In their normal function. If "x" number of people in a department devote "x" amount of time to this task force, that is a contribution of that department.

Q. Governor, you mentioned a foundation assisted in the funding, can you tell us what the foundation was and how much money was involved in that?

A. That I don't actually know, I haven't inquired as to what it was.

ED MEESE: It is the Foundation for Research on Education and Economies located at the University of California at Los Angeles. They conducted a good deal of research. They also received contributions from citizens to support that research. The activity went

on outside of government and is primarily responsible for the economic conclusions that support this particular proposal. The in-state activity which was funded from various departments was primarily to survey programs within state government as to cost cutting possibilities. I might also add, if I may, Governor, that the Social Welfare funds was a properly appropriate use of of appropriated funds because it came out of the administration funds of welfare, not the program funds and is a part of the proper welfare management.

Q. Governor, the initiative is described as a citizen's tool to combat a do-nothing legislature. This tax limitation really hasn't had its goal before the legislature. What is your response to that?

A. Well, it isn't really that, I'd like to just call back to you a little history, when all of us in the -- the bi-partisans here in the legislature or most of us, the majority of the legislature on both sides of the aisle and myself found ourselves faced with the possibility of passage of the Watson amendment, last year, which we believe would have brought chaos to state finance. It was our decision here in the executive branch that we were going to engage in all-out program against this -- the Watson initiative, as we had done against Proposition 9, which we thought was equally ill-suited to solve our problems. Now, you will recall last October we were aware there was going to be a one-time surplus. We also were aware that we could offer the people an on-going tax cut. We had tried for four years to get tax reform. At the time of the election we still didn't have it. I said to the people -- in fact I made the first announcement at a meeting of the -- annual meeting of the California State Real Estate Association and I made the statement that we were going to continue to try, but that I could assure the people after I outlined what I felt was wrong with the Watson amendment, and I did this with full knowledge of the legislative leadership on both sides of the aisle. They were aware of this and there was no disapproval -- that I would say to the people that if we could not succeed in getting these measures through -- through the legislature that we would guarantee the people then a right to make the decision. Now, a great many people and a great many legislators have said that it was this program that won us the victory over the Watson amendment. And we are now keeping the promise. The legislature did do its part. They came back and they passed SB90 which was a part of the whole proposal. That was the property tax

reform. And you will recall that a great majority of the legislators had been for that for the last three years. We were always obstructed by not quite being able to get the two-thirds majority in one house. They passed it and we have that. This left the other issues. The surplus, the on-going tax cut and in the meantime we did not know the finding that was going to come in from this task force which is a constitutional amendment. So it must go to the people, whether the legislature sends it to the people or whether we -- whether the people themselves put it on the ballot, it has to be voted on by the people, because it is a constitutional amendment. So I feel that I have a pledge to keep. On these other matters, I hope -- Senator Lagomarsino has said we both hope that the legislature will deal with this. But we cannot ignore the flat statements that have been made to us, not only through you, the media, through the press, but made to us personally that they are not going to allow this to go to the people. We can't ignore that. And we are not going to wait for several months to find out what apparently we have already been told is true. So we are going forward in a parallel course trying our utmost with the legislature but trying at the same time with the people and at any time that the legislature will take the action and allow the people to vote on this we will stop the petition drive and then carry forward for the campaign in November.

Q. Governor, why have you wrapped into this constitutional amendment at least two items that do not require amendment? That is the one-time reduction of income tax and the on-going reduction of income tax.

A. For the same reason, we have been told also that those will not go. Now we have been encouraged by what happened yesterday in the Senate committee on the Senator's bill with regard to the one-time surplus. And we have a severability clause in the constitutional amendment that anything that in the interim is adopted by the legislature is just separated out from that constitutional amendment.

Q. Governor, is there any provision in this new idea of yours for reducing or cutting out any of the tax liabilities in California for individual taxpayers?

A. Now --

Q. Excluding some groups from paying taxes?

A. Oh, are you talking about are we trying to put into this constitutional amendment some loopholes?

(Laughter)

A. Huh? No, and contrary to what some people have sounded off about without apparently knowing what is in the measure, any change in the tax structure, anything that is involved in the actual raising of a tax, lowering of a tax, eliminating or creating any exemptions or exclusions of that kind, that is still the legislature's prerogative. They still have full control. All we are asking for is a limit on the total percentage of the people's earnings that the state can take. That's what will be the constitutional item. And no, they have all the authority to change the tax structure that they -- that they presently have. Incidentally, let me correct a misapprehension on something else. Some people have interpreted the putting into the constitutional amendment of the on-going income tax cut -- have interpreted that as meaning that we are permanently freezing the present or the changed income tax as a constitutional measure. That is not true. Following this original cut the legislature, if the ceiling is passed, if the limit is passed within the limit, is free to do anything they want to do to the income tax. This is not a permanent constitutional provision. It specifically authorizes a beginning, a start that -- on-going cut in the income tax. If the legislature wants to change that, wants to make it a bigger cut, wants to make it a lesser cut, in the days to come in the future that is their prerogative.

Q. Governor, can you explain why your proposed amendment also sets maximum local property tax rates? Wasn't that done by the bill of last session?

A. That's done by SB 90 but that again is a statute.

Q. You want to freeze that?

A. The reason for putting it in here is because you have to be aware of what in future days some -- some government, some administration, some legislature could do and we wanted to protect against the possibility that having a state limitation on taxes, some future government might be tempted to foist off present state services on local government and pretend that they were still observing the tax limit. So we simply are just making that one particular part of SB 90 constitutional so that you can't have that

Q. It will be the same provisions?

A. That's right.

Q. Governor, what is your estimation of the chances for your constitutional amendment passing?

A. By the people?

Q. Yes.

A. I think very good. I don't see -- I don't see any change in the people's attitude. They have made it plain that one of their biggest concerns is cost of government. And as I have said, the one figure that just -- to me is the unanswerable argument, government today -- governments, federal, state and local, are taking more money out of the people's pockets than the total cost of feeding, clothing and sheltering the family. It is three times the cost -- the percentage that is taken for food. And these economists, these experts that we have had have told us that we -- we cannot continue our system taking the present percentage from the people. Not just the state, but governments in general. And the unanswerable argument to me is, if we don't have such a limitation, if we don't start now, when do we start? Or do we wait until the system breaks down.

Q. Governor, of all the potential Republican candidates for the Gubernatorial nomination, do you know how many favor this plan? Who they are?

A. Well, I know one for sure that favors it. He's been a part of all the planning, the Lieutenant Governor.

Q. Besides Mr. Reinecke.

A. No, I don't. I'll be very interested. I think that any candidate for public office in California ought to be giving some pretty serious political thinking to where he's going to stand on this issue because -- I think it would be awfully easy to get on the wrong side of the angels.

Q. Controller Flournoy the other day said he thought more emphasis should be put on economy rather than any artificial limits.

A. Do you know any government or any administration that has put more emphasis on economy than ours? You have all been calling me Scrooge for the last six years, and we still haven't been able to hold the budget down by this process. I think an editorial in one of your papers today put it very soundly. I don't mean to sound critical of the Controller and he's entitled to his opinion, but the

simple truth is the is only one way to cure a extravagance of government, and that's to cut off their allowance.

Q. Governor, are these petitions ready to be signed now, circulated right away?

A. They are being printed in the next several days.

Q. Governor, can we expect to see you down at the corner of 10th and K petitions --

(Laughter)

A. Well, I tell you, I don't know whether they will give me time to do that, but I wouldn't be surprised if Nancy was on one of those street corners. She got familiar with a lot of those corners on the death sentence initiative.

Q. Do you have any quota or estimate at all what the total cost of raising this would be, the citizens group?

A. Not only the petition drive, but going all the way through -- and the promotion of it, I don't know -- I know that issues of this kind in the past, the spending on the Watson initiative, the spending against it, and so forth, comes to several hundred thousand dollars. I think part of this would be determined as time goes on to find out how hard you have to -- to work. If there is just a widespread public acceptance and surveys indicate this, obviously you don't have to spend as much money in convincing the people to vote for it.

Q. Governor, I think you ought to get it clear, you haven't even asked for a title yet, have you? So you can't do anything about petitions until you ask for a title.

A. That's right. That's right, that's why we are -- the holdup on the printing of the petitions.

MR. GRAY: Any further questions?

SQUIRE: Thank you, Governor.

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3/27

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD MARCH 27, 1973

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, I opened first the last time, you can open first this time. No statement.

Q. Governor, a number of months ago, in fact I think it was in October, when the presidential campaign was going on, you indicated then that you thought Senator McGovern and democrats were blowing Watergate way out of proportion. And that furthermore you said a certain amount of political spying was fairly routine. Or accepted in politics. What is your evaluation of Watergate now?

A. Well, the courts made a decision, the courts found them guilty. You will remember at the same time I also said I did not look with favor on that sort of thing and thought that where the law was broken the law should take its course. Evidently it is -- it has done that.

Q. Well, do you think, though, it is as minor an issue as you did at that time or that it has gotten considerably larger or what?

A. I said that I thought it was far more customary than anyone had been led to believe, and I imagine that if you could have the same kind of apprehension of individuals in trials going back through the years, you would find that that has been more characteristic of more campaigns on both sides than this just being a single incident.

Q. To the degree that it is in this case, do you think?

A. What?

Q. Do you think it is to the degree that it is in this case, the amount of spying?

A. The degree in this case is they caught them.

Q. It seems that it is getting closer to the White House.

Does that make you think any more seriously or have any more concern about it?

A. Well, the President had a statement made with regard to this and whether it was close to the White House, I said before and I'll say again, I doubt very much that any candidate would ever have been involved in this or anyone really high up in the campaign structure would have known about it. Because it was obviously a very foolish thing.

Q. Do you know that for sure, Governor?

A. What?

Q. Do you know that for sure, have you talked to the President or have you talked to anybody?

A. No, I never brought the subject up with him. He was a truthful man, I read his statement that he just made the other day. As I said, I expressed that as a belief because I just don't think that candidates for that high an office behave that foolishly.

Q. Do you see any new evidence of this affecting the Republican party in any way, for example, in 1976 and what your involvement may be?

(Laughter)

A. That's a long way getting around to that.

(Laughter)

A. No, and I think the fact that it is the government that is prosecuting should also be taken into consideration on this.

Q. Governor, do you think President Nixon is trying to cover anything up in this whole Watergate affair? Is he trying to cover anything --

A. I see no evidence of it.

Q. What do you think --

A. I assume that whatever is -- hasn't come out in the trial will come out in the continuing investigation.

Q. Do you think at this time the public is satisfied with what is known about Watergate? Don't you believe there are a lot of unresolved questions still in the public mind?

A. I am quite sure there are a lot of unresolved questions in the public mind and I think because, in addition to the normal straight reporting of this particular incident it's also been the object of probably more political smoke than has been raised over anything in a long time, and I'm sure the people are quite confused.

Q. What about the statement of McCord, one of the --

A. I don't know. We will know more when the judge finds out what it is he has to say.

Q. Governor, in your mind has the effectiveness of the FBI been compromised at all by its role in this affair, particularly providing raw files to White House staff members?

A. I can't say that. I've always had a great respect for that particular organization. I think it probably has a finer record of integrity and efficiency than most government agencies and bureaus. And again you have to say there about any such organization that it never bats a thousand per cent with regard to all its personnel.

Q. Governor, do you condone any sort of political espionage? I mean your statement that the thing that went bad here was they got caught --

A. I made statements before and I made them earlier in this room, the fact that I wished we could have elections without that. I have only been a candidate two elections myself. I was very -- made aware very early in the first campaign that people who had more experience, professional campaigners, were almost instinctly on guard and just took it for granted that there would be attempts at espionage in -- and spying and disruption and that sort of thing.

Q. Change of subject?

Q. Governor --

A. No, one more. I've got one more question. Have you ever known any actual instance of espionage in campaigns?

A. Any what?

Q. Have you ever known an instance of bugging in campaigns, wiretapping or anything?

A. You've always heard about it.

Q. Have you ever known of any?

A. I have not to my personal knowledge known of it.

Q. How much responsibility do you think the candidate should bear for the actions of the people working in his campaign?

A. Well, this is like the commanding officer's responsibility. You are ultimately responsible, and the -- I think that anyone, however, must recognize that the candidate, where he will have to take the responsibility and say yes, these were people working in my behalf -- I think any reasonable person who wants to be honest and

and fair must recognize there is no way in the world for a candidate to know what everyone who is working in his behalf does. You are working in many instances with volunteers. You are working with people you don't -- or working with people working for you you don't even know about, You might never even meet in the course of a campaign, but who take it upon themselves to form an organization to campaign in your behalf. There is no way in the world that you can know all the activities, all the actions. I don't know of a campaign even in such limited districts as councilman, supervisorial or assembly districts that you come out with frequent charges of pieces of campaign literature or mailings that were sent out and the candidate did not know until they had gone out and he disavowed them when they came out. This type of thing happens because it's just the nature of a campaign.

Q. Are you satisfied, particularly in your last campaign rather than the first one, where you had the experience of the previous campaign, did you have a -- do anything to sort of set a tone of the campaign with your high campaign people?

A. Yes, I think the campaign -- I think the campaigner always does this, but as I say, you cannot know at firsthand what thousands of people scattered over a state as big as California, for example, and certainly in a presidential campaign what literally millions of people scattered over a nation -- what they might be doing at some level in your behalf or what they might be saying. But, yes, you set the tone, as to what you want and what you believe and the manner in which you are going to campaign.

Q. Governor, are you responsible that President Nixon has shown ultimate responsibility for the Watergate instance?

A. I said in the hypothetical thing that the commanding officer at the top eventually can be held responsible for what anyone in the command does. But that if anyone is reasonable and fair it has to recognize that there is no way in the world for the commanding officer to know what the lowest individual in the ranks did some place out in the country.

Q. Are you satisfied that the President has personally taken ultimate responsibility for this?

A. I think that the President has made it very plain and the testimony has indicated that the President has said he wants a full

disclosure of this. That the -- that he himself wanted the prosecution to go forward on this.

Q. Governor, why, then, do you suppose the President will not make his White House aides available for questioning from the Senate Committee?

A. Because there is no president in history^{who} has. And there is a matter involved there of executive privilege and the separation of powers. I think the President himself, -- why ask me, the President explained this and I was in complete agreement with his explanation that he made on the air publicly to all of the people of America as to why, and that he said any lists of questions they wanted to submit could be sent and he would approve the answering of those questions. But that he was not going to change what has been a 200 year tradition in this country and in the separation of powers, of abandoning the executive privilege.

Q. Governor, didn't Sherman Adams go down and appear before the congressional investigative committee?

A. I don't recall whether he did or not, and I don't recall whether he did it on his own or whether the -- what Eisenhower did about it. You may recall better, you were covering the news at the time.

Q. I think the facts showed that President Eisenhower did send him to the Congressional committee.

A. Well --

Q. We can check that later.

(Laughter)

A. You can, I don't know. You see, I was a democrat in those days.

(Laughter)

Q. Governor, doesn't the President -- the President's invoking of the executive privilege in this particular instance, though, merely -- doesn't it serve to feed public suspicion and distrust, doesn't it look like he's trying to --

A. When it is helped along by a lot of people who dispute the explanation that he gave or who cloud it or who kept continuing to come up with charges that have already been answered by the President.

Q. Do you think we can get all the facts we need to know in this case even if the President's staff does not testify before the

Senate?

A. I would think so. The judge seems to be satisfied with what he's done. The sentences certainly weren't a slap on the wrist.

Q. New subject, Governor. On a recent news conference, Ev. Younger said that he didn't want to be characterized either as a Nixon Republican or as a Reggan Republican. Do you think that this kind of split in the party is going to be important in the Republican gubernatorial primary?

A. I don't know the context he made such a statement, but if anyone believes there is some way a collision course between the White House and the State House in California -- I think you only have to look at the facts. Over the recent years, I don't know of any administration or anyone who has supported the White House and the White House policy more than my administration. I think my campaigning record in behalf of the President, the fact that I chaired his campaign for the whole state of California indicates this and the fact that the President had the confidence to send me on three trips abroad in his behalf -- I don't think there is any -- any split. And I -- I hope that the -- the Attorney General wasn't suggesting there was such a thing.

Q. Governor, will you endorse and encourage the California housewife to endorse the meat boycott?

A. Well, here again, I have to say I am a little torn and I think again that the -- that there is a great deal of heat and a great deal of smoke about this entire issue. Of course anyone is upset when prices and particular food prices, necessities, go up as much as they do. But again, as I have said about food prices, I think that there has to be -- unless some blame can be established that someone is unnecessarily profiting and one has to recognize that food prices can be affected by acts of God, and in this particular period they have been so affected -- we had winter storms that destroyed hundreds of millions of dollars worth of cattle. We have also had a wet fall, late summer and wet fall and early winter that prevented many crops from being harvested back in the midwest and many of those crops were feed crops that are used in the feeding of cattle. But as was pointed out on one of the channels here the other night, and which I thought were some very excellent journalism, the beginning of a series of articles on beef prices particularly, and pointing out that present beef prices

started two years ago, and they started two years ago because of a drought at the time you were bringing calves up to -- the butchering stage -- there was no pasture. Suddenly the price of bringing them to market was increased because they had to be fed, and this is all reflected as we come down -- the other thing that I think ought to be -- at least the people should be reminded of this, that in this country as in no other country in the world, food is the lowest part, literally, of the family expense. There is no country in the world that can match the percentage of the consumer's dollar or his earnings that must be used for food. We put food on the tables of America for about 15 per cent of the people's earnings. Now temporarily it is high, no question about it.

Q. Did you answer the question, Governor, would you support that boycott or not?

(Laughter)

A. Well, I thought that anyone with any reasonable intelligence here should figure out the answer, that it is not that easy for somebody to parade around a market with a picket sign boycotting meat. I think that laws of supply and demand will take over. If the prices are too high for people to buy and they can find other things they will eat instead, by the law of supply and demand they will bring those prices down, even if it means someone loses money in the process. But I would think that all I was trying to point out was that it isn't as simple as just walking around with a picket sign when no one knows exactly who to blame. Now, if I am right, and I think I am right, that acts of God had something to do with the present food prices, I'm not in favor of boycotting him.

Q. ~~Will~~ you eat meat next week?

A. What?

Q. Will you eat meat next week?

A. I had chicken last night.

Q. Next week. You will eat it again next week?

A. Yes, I haven't changed my diet very much. You have to remember, I'm a farmer and we have raised our own.

Q. Cattle owner, too.

Q. Governor, a few years ago there was a revelation of your investment in beef cattle. Do you still have investment in that area?

A. No, what I didn't have investment -- well, there were beef cattle, they were bulls, breeding bulls, a small herd of breeding bulls, and I have been disposing of those.

Q. Governor, have you decided on a course of action in the East Bay's eucalyptus crisis?

A. Oh, we decided that -- I can't say -- if you are specifically meaning what we are going to do about the trees, but we started taking action several weeks ago in that we have had a number of our agencies and our people over there working with the local people on this particular problem and I am expecting momentarily a report from them.

Q. You haven't got the report yet?

A. No.

Q. Governor, how soon do you expect to set the special election in the 80th Assembly District?

A. I have a hunch that we are calling that very shortly in all of the districts, where there are elections yet to be held.

Q. Governor, Assemblyman Burton has criticized your proposal for a special statewide election for your proposed initiative on the grounds that there -- he says there will be sufficiently a low turnout in the special election and so in effect you'd kind of be rigging it by putting this question on a special election ballot where you'd get maybe 40 per cent or less of the voters out.

A. I'd like to have the biggest turnout we could possibly have. I'd like to have a hundred per cent on this particular issue. Sometimes I think that Assemblyman Burton is the one man in Sacramento who has the most to fear from the squirrels on the Capitol grounds.

(Laughter)

Q. Could you direct yourself to the specific question, do you think it would be a low turnout or not?

A. I hope it won't be.

Q. I mean do you think that's a reasonable -- I mean do you think it would be -- you don't think there would be a low turnout then?

A. I said I'm hoping there won't. I'm going to do everything I personally can, not only to campaign for this issue, but to get the biggest turnout that I possibly can, because I think that everybody should recognize the issue and the problem of curbing the excess

taxation that is going on at the present.

Q. O. K., one other question on that subject. Last week you said it would be improper to circulate those petitions on state time with state workers. If that is so, why is it proper to prepare that petition on state time with state workers as you are doing with your task force? In a sense you are preparing the whole thing that's going on the ballot.

A. Well, the only thing that we have to prepare is we have to write the constitutional amendment.

Q. That takes time.

A. Yes, but we have to submit that to the legislature which we have done and I will still hope that we never have to turn in the petitions. I hope that the legislature will recover its balance and recognize the right of the people to vote on this. And this must appear on any petition also, but even without petitions we must prepare the constitutional amendment.

Q. Senator Mills has said he'd like to have some extensive hearings on it and to invite expert witnesses to come to try to analyze that plan. Do you plan on going ahead and circulating an initiative even while --

A. We said we will go on a parallel course, we cannot ignore the statements that have been made by the legislative leaders that they are not going to let it go to the ballot. Now, I'd be foolish to just pretend they hadn't said those things, they hadn't made those declarations and then months from now to say, ho-hum, I guess we got to turn to the people. We went through an experience similar to that with the welfare reforms. For months they loved it to death and finally it was only public pressure that brought them into a meeting where we were able to get the legislative passage of about three-fourths of it. And this time I think -- I think the timing of this is cush the fact that when we would like to implement the tax decreases and so forth.

Q. Governor, do you think --

A. Wait a minute.

Q. You've tentatively agreed on the Harmer-Zenovich reapportionment plan for the Senate. Subsequent to it they changed the line to create a Chicano district from San Bernardino to East Los Angeles. Does that meet your definition of "community of interest"?

A. Well, in a sense I would say that it did. We are studying

that. We haven't had time to really get into that plan, but I would have to say that a community of interest does not necessarily mean geographical lines and for six years I have been critical of the reapportionment ten years ago that cut up the community, particularly in southern California and East Los Angeles, of the Americans of Mexican descent and doled them out hopefully to elect several democrats instead of a representative for their own interest.

Q. Are you still supporting that plan if it reaches your desk?

A. Well, as I say, I am -- we haven't had a chance to study exactly what they have done, but I would think that a plan that -- that did try to take in that community and give it a -- and make it a district as far as possible on its own would -- yes, constitute a community of interest.

Q. Does that mean you are leaning towards supporting that bill, the Zenovich-Harmer bill?

A. Wait till we have had a chance to look at all the other districts, too.

Q. Governor, Senator Collier said he discussed the mansion concept with you and he said that he expressed the idea that he would like to see the executive offices and the residence together. Do you see this as a problem in getting your appropriation for the construction this year?

A. Well, we'd have a difference of opinion there because we see this concept -- we see it in the White House at the national level. There are a few states that have done it. But after the several years experience I've had, the idea of living in the same building where 90 odd people come to work every day is not my idea of having a relaxing home to go to. I think it is kind of nice to snap shut the briefcase and go home to a residence.

Q. Do you think -- is he trying to get you to support the Collier Towers in exchange?

A. Well, he has said that he would like to present his case for them to me personally when he is ready, and I have said when he's ready I'll be delighted to hear it.

Q. Governor, last week you spoke to some school board officials and related to the Serrano decision. Is your opposition simply one of the proposed solutions to Serrano statewide property tax or do you disagree with the principle of Serrano itself that wealth is a factor in deciding a quality of education available to a child?

A. No, my biggest disagreement has been with an interpretation by many people of Serrano, that it would automatically level down, that it would put a top on what any district could spend. This to me is in violation of our concept of local control, school district control. I am all for a floor and I think we accomplished -- went a long way toward accomplishing that if we didn't fully accomplish it in SB 90, put a floor below which there would be no district whose education would be inferior because it was not up to that floor. But certainly I deny the right statewide to say to some community here, some district, that if it wants to burden itself further with taxes and add some frills which in that particular community they think are desirable, raise the cost of education, I -- I do not think that they should be prevented from doing that. I'm for leveling up always and not leveling down.

Q. Governor, like the price of meat the price of lumber has been going up and up and up and up and a lot of people have said part of the reason is the exportation of logs to Japan. Since California exports quite a few logs I'm wondering would you favor clamping the lid on exporting logs?

A. Well, I wish you'd take -- I haven't taken that up with Ike Livermore yet, maybe you should ask him that question. I don't really know in California. I haven't gotten into nor have we had a discussion of why there is a shortage of lumber. What could account for it. Whether the export has anything to do with it. I really haven't, and --

Q. Governor --

A. All I can plead is that we have been tied up with a couple of other things recently.

Q. You are making several stops across country this week. Is that the mashed potato circuit that we hear so much about?

A. No, that's the usual thing. I accepted an invitation which I have turned down a couple of times before, and finally felt I should accept to speak to the National Convention of the Young Republicans in Washington. In connection with that, and as you know as has been my custom, when you have to make a trip that far you've always got invitations and you got invitations most of which you have to turn down, but when you can tie a couple of them to a trip such as that kind that doesn't really extend the time of the trip very much and you can tie them all together and one --

Q. How much of the staff are you taking with you?

A. I don't know. I don't know. There, one.

Q. You said two weeks ago that you planned to stay neutral in the gubernatorial primary next year. Well, this week on two occasions Lieutenant Governor Reinecke said in one case that your support would be crucial to his campaign. Another case he said that it would be very important and he's hoping for it. How firm do you plan to be in staying neutral on that primary?

A. Well, maybe I should simply say that I have announced as I have in the past that I've been neutral in primary campaigns. I think my first obligation is the unity of the party, and the success of the party in the coming election. Now, if anything between now and -- and June of 1974 should make it appear to me that I could serve those purposes better by not being neutral, then I reserve the right to change my mind. But at the moment as I see it I think that neutrality is -- is important with regard to -- to the unity and the success of the party.

Q. Do you agree with Lieutenant Governor Reinecke that the Los Angeles Times is a yellow rag?

(Laughter)

A. Everyone -- everyone has his own way of expressing annoyance with things. And I can understand the Lieutenant Governor's irritation. Let me just say that I would -- I think it is safe to say that while I am friends and respect a number of the reporters for that paper as well as a number of others, in its official editorial policy I would have to suggest that the Los Angeles Times is something less than objective about this administration.

Q. But they supported you both times, didn't they?

A. Well, --

Q. Editorially.

A. Whether they did or not in between times, I've been reading more and enjoying it less.

Q. Governor, do you agree with Lieutenant Governor Reinecke that one of the functions of his office is -- is it a function of your office to try and cut through red tape, bureaucratic red tape on behalf of whoever --

A. Oh, I love to cut through bureaucratic red tape.

Q. Do you have people who do that in your office?

A. I think one of the things that I'm going to be proud of when the eight years are over is the extent to which we have been able to speed up the bureaucratic process and -- when possible to

cut out red tape that was doing nothing but obstructing progress and keeping --

Q. On behalf of some individuals? On behalf of some individuals?

A. Well, now, what kind of individuals do you mean?

Q. Well, someone who is seeking an insurance license for instance as in this case.

A. No, now cutting through red tape does not mean short-cutting any of the regulatory practices that are necessary in government. And I don't think anyone in this administration has done such a thing. But I have received letters from individuals with welfare problems and through some kind of bureaucratic red tape they are going hungry while somebody makes up their mind and I have on a number of occasions picked up our phone to our own state welfare department and said, "Whatever you have to do, get on the phone and find out why this poor individual is being denied what they were receiving." And I am pleased to say that -- that when you do that you'd be surprised how quickly they can solve the problem, and somebody starts eating again.

Q. Governor, you've proposed an administrative reorganization of Cal-Expo. Are you also going to support some additional funding or some additional changes in the program for Cal-Expo?

A. Well, I'm going to wait to see what the recommendations of William Mott are about this. He's been entrusted ^{now} with the responsibility. I'm going to see what -- what he proposes.

Q. Do you have a favorite movie for the best picture of the year tonight?

A. I haven't seen enough of them, and I don't know that I've seen any -- well, I have seen the Godfather, that's the only one that I can think of that I've seen.

ED MEESE: Excuse me, Governor, just one correction, you'll be taking two staff on this trip, just so we don't have any questions about it.

A. We just went up a hundred per cent in the staffing for the trip.

Q. What did you think of the Godfather?

Q. On your trip you'll be taking to the Georgia Republican fund raisers, will you tell them that you are still available for

the presidency although you don't want to run for the Senate?

A. I won't even mention the President.

Q. What if they ask?

A. I don't think they will ask because I'm not going to give them a chance at questions and answers.

Q. Thank you, Governor.

GOVERNOR REAGAN: To all of you here, I should have had an announcement at the beginning, they had to give it to me now, our guests there in the back are from the University of Redland, political science students, and from San Diego State University and they are journalism students. Glad to have you here.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD APRIL 10, 1973

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: We have some visitors, some journalism students from Contra Costa College in San Pablo, and their instructor Mrs. Alma Oburst. Happy to have them here, and witnessing all you professionals at work, and as usual you will now all be on your best manners and will conduct a proper press.

Q. Governor, a new study of the Capitol indicates that it -- it would still cost about 41 million dollars to rebuild it so it can be used. Do you still favor that approach?

A. Yes, this was -- this is in the ballpark. This is very close to the figures that we were talking about before. And roughly half of that amount or perhaps a little less than half to simply make it suitable to remain as a showcase for people to look at, and it just doesn't seem to me that since you have to go to that cost that that doesn't come out as a better bargain than I understand that the estimate for -- for a new building would be from -- anywhere from 65 to a hundred million dollars.

Q. Governor, can you explain why it is not in the public interest to disclose the details of the use of the executive jet and specifically what state business you are on when you use the plane?

A. Well, there's never been any secret about where I'm going and my schedule is generally known. And frankly I thought there was -- if Senator Way or any of the other senators want to know any further details about the trips, all they have to do is pick up the phone and call me, I'll be happy to tell them about them. Now there have been no change, really, in the travel patterns that I have followed in these six years except that sometime ago as you know it was deemed -- security people deemed it better that we do -- most of

our traveling and all that we could do outside of commercial air travel. Now when that new rule went into effect we chartered on' a one-time basis, trip by trip planes and that's where this charter or long-time lease idea came out, because it is far more economical to have a long-time lease and have this available at the same time for -- well, so far seven other departments have used it, than it was to do what we had been doing. And I'm a little amused at some of the stories of luxury travel because I want to tell you something, I was dragged kicking and screaming into this whole proposal. Because I can tell you that while that's a nice little airplane it does not compare with -- commercial aircraft for luxury and comfort of travel or speed.

Q. Governor, you had a busy week making television appearances last week, and you talked about your initiative. Was the use of the state airplane connected with that?

A. Yes. The use of the state airplane was with that and I don't see anything wrong with that. I think I -- part of my job and my responsibility has been the taxes of the people of California and the effort for the last six years to try and reduce them and make them easier to bear. And I don't see anything partisan in this proposal to dispose of a surplus, to cut an income tax, and to give the people an opportunity to place a limit on taxation. But also I think you will notice on almost any trip that there are other things that take place, numerous things that take place in almost any stop that we make. And it is deliberately scheduled so. Whenever possible we try to combine as many things if we have to go to a town, instead of just one thing or one reason for being there. I would also point out to you that when that plane is used, as it sometimes is, on a purely political person ^{to} deliver -- or reason to deliver me some place for a party affair, that is charged to party funds and not to the state of California.

Q. Governor, if you have combined these flights to take maximum advantage of it, why does your office give no comment when asked for the purpose of specific trips?

A. Well, as I say, I consider it, very frankly, the proposal nitpicking harassment and very frankly my own feeling is I'm not going to just give into it, simply because this thing is going on. Now, as I said before, if the Senator wants to call me and ask me I'll tell him, including what time I expect to get home and change my clothes.

Q. Governor, I picked this pamphlet up here the other day in the State office building and it is -- it is a picture of yourself on the cover and you are answering questions about the ^(Am) initiative. And although it says on the back, "not printed at government expense," it was in a state office building and it does have your picture on it and I'm wondering if it is not a legal question, it certainly isn't -- isn't it an ethical one as to whether or not you should be on something like this?

A. Why?

Q. State office property.

A. Well, why?

Q. Talking about the initiative.

A. It was not printed at public expense as a part of the initiative campaign, it was printed -- paid for out of contributions. And again, why couldn't it be here in the office, I've got some in my office, I give them to people that drop in, that I want them to have and I don't think anything unethical is to be found there. Are we going to suggest that those legislators upstairs who are so opposed to the program should go outside the building every time they want to sound off against it?

Q. Well, Governor, doesn't this touch on the restrictions of state employees not being able to circulate petitions or use state time?

A. They are -- who's using state time and who's circulating petitions?

Q. You did last Friday, was that on state time?

A. What? Well, me doing what I did there with the petitions. I think that you will find that that fits the customs of the office and has been going on for a long time.

Q. Will you permit your opponents to the tax measure to put their literature in state offices also?

A. Well, I'm quite sure if they have some it will be available to the state offices.

Q. Governor, is there anything in the law or the constitution anywhere that would prohibit you from picking whatever kind of action you want to promote legislation as long as you are Governor?

A. I know of no such restriction and I know of no governor who hasn't done this with regard to the programs that he favored and

supported. I think the water program was probably as controversial as anything, but several governors preceding me went all out and devoted a great deal of time and effort promoting the need of the water program to the people of California. And I'm sure those governors were all sincere and I happen to agree with them, they were correct that it was for the good of the state.

Q. Another subject.

A. All right.

Q. Governor Reagan, do you think that any man deserves more than two terms as President of the United States?

A. No, I've said I'm in favor of the constitutional limit, even though I was a New Deal Democrat and voted for Mr. Roosevelt all four times I was bothered by that violation of what then was a tradition. It had never been -- the tradition had never been broken before and I was happy to see the constitutional amendment that limited the President to two terms.

Q. All right, now there are a group of people in the country that are trying to repeal the 22nd amendment so that President Nixon can run for a third term. Would you openly oppose it?

A. Yes, I'd oppose that. I -- all I know is what I've read and -- and this mysterious group that keeps being talked about is supporting this idea. They are certainly free to promote their idea, but I would be opposed to it.

Q. You would be opposed to it even if President Nixon wanted to run for --

A. You know me, I'm the one that wanted a constitutional amendment that a governor could only be a governor twice in California.

Q. been introduced recently?

A. What?

Q. Has a proposal to do that been introduced recently?

A. No, not since we started and we failed in that on the constitutional change.

Q. Would you oppose that even if President Nixon supported it?

A. Well, I'm afraid we come to the parting of the ways, but I would be very surprised if he supported it.

Q. Governor, last week a memo came to light that suggested some of your agencies consider how history will view your administration. At this point how do you consider history will view your

administration or how would you hope it would view it?

A. Well, actually I think a wrong interpretation has been made of something that's been pretty routine for the last several years. Which was amplified now because of the -- where we are in this second term. But every year we have had a program of having department heads tell us their accomplishments and their goals for the future. And then I have met with those department heads when -- when their reports come in, and on this basis we have -- we have tried to keep abreast of where are we in the things we set out to accomplish six years ago. We have asked for again this same thing, but now as you come to the last two years of an administration and before files begin to be closed out or disappear we started with wanting a review of the -- recommendations that were made by the task forces the first year to see if there are some of those that we still should be pursuing and then to fit where do the unfinished goals -- unachieved goals -- where do they lie on a priority order in view of the time left to us. And this was actually for our own interest in working and what we intend to do in these two years. It was not to carve in tablets of stone something that we thought might be then mounted on the capitol grounds or anything.

Q. Governor, since we are back on the capitol grounds, if the legislature did put in money in the budget to -- or appropriation bill to start work on a new capital, would you veto that?

A. Well, now you know I never talk about what I will or will not veto, and I have promised one of the Senators who is interested in this that he and I can have a meeting when he's ready. He is interested in this idea and I've said that I'll try to keep an open mind and hear his presentation.

Q. Is that Senator Collier you promised that?

A. Yes.

Q. Governor, the state constitution says that the initiative is reserved for the people, to the electors. You do not feel that you are sort of impinging or expanding executive responsibility a little bit in leading an initiative? You are the first Governor to do it.

A. No, I thought that -- in a sense you don't officially lead you take a -- a position and I suppose your job -- this office gives

it kind of a leadership position. You will remember that last October I came out in opposition to the Watson amendment, for example. And worked very hard against it. And in connection with that I promised the people of California, I told them then there would be a surplus, I told them then there would be a possibility for an on-going tax cut, and I promised them that -- at that time, prior to the election, there had been no action -- successful action on property tax reform. For three years we have been rebuffed in our attempts to get property tax reform, and I lumped that in also and I told the people that -- none of this could we do if the Watson amendment passed, but I said if the Watson amendment is defeated we will try again with the legislature, but so that it wouldn't be the empty promise that it turned out to be before when we had defeated a similar proposition, I said if the legislature won't act I will call a special election for the purpose of letting the people make this decision.

Well, the legislature did act on property tax reform. We got that much of it. The other things remain to be done. So I'm keeping a promise I made to the people, the citizen's committee has been formed and I might say they did not have to be forced into it. This citizen's committee is moving like wild fire and the response has been fantastic. And there is a chairman, Norman Topping, who incidentally chaired the Citizen's committee against the Watson amendment, and is now in favor of this. And I don't see anything wrong with this.

Q. There is still the constitutional question as to whether a government can lead an initiative drive, is there not?

A. Well, why wasn't that brought up then with regard to the other governors who were out in front and leading the drive for the bond issue for the water program?

ED MEESE: Governor?

GOVERNOR REAGAN: What?

ED MEESE: Technically, you are not the elector proposing the constitutional amendment, it is Dr. Topping.

A. No -- yes.

Q. But the genesis of the idea came from the governor.

A. Well, I take a little author's pride in that. No, this -- and I'm quite sure that the -- the genesis of the bond issue came

from the governors, so, with regard to the war program, other things of that kind. No, officially I'm acting as governor in this. I hold no title in that citizen's organization. That is a totally separate organization raising funds, getting volunteers to circulate the petitions. But I have made the promise to the people, as I say, that I would give them an opportunity by agreeing to call a special election which is my constitutional right.

Q. Governor, there seems to be so many trailer bills involving SB 90 that it seems to have created more problems than it solved. And I don't -- don't you conceive of this same thing happening with this comprehensive tax limitation that you are going to -- if it succeeds.

A. No, there will be certain things that have to be passed to implement certain parts of this constitutional reform. It is true that in SB 90 when you were dealing with more than 4,000 separate districts in the state several hundred communities and 58 counties and attempting to -- to set a property tax limit there were a variety of problems raised by individual districts that could not have been foreseen and that required checking -- for example, one district whose need for money was so small that they only periodically for one year at a time would put on the -- on the property tax bill the tax for running them till the next time they needed it. Well, our limitation on raising property taxes for that district fell in between, and fell in the year when they didn't have the property tax on the bill, and in effect unless we took care of that individual problem they would be forever banned from getting back on the ballot with their tax. It was things of this kind that there was no way to foresee in the limitation. But I think the accomplishment of giving the people nearly a billion dollars worth of homeowner and renter relief outweighs any of the pesky problems that have faced us now and the bill has been introduced that -- the roundup bill to clean up SB 90.

Q. Governor, you said the response has been fantastic to your initiative proposal. Could you give us some example, and would you give us your assessment now of the chances and could you tell us when you plan to call the special election?

A. Well, we have said -- we have already announced that the date we hope for is November 6. This will tie into a great many local elections throughout the state, and this will depend, of course, on our -- our getting the petitions signed. But that's the date

Q. Yes, Governor, the Lieutenant Governor has written a letter to President Nixon telling him _____ and time being he should give any money for economic assistance to North Vietnam. What is your feeling on that in light of what we are hearing from P.O.W.'s and so forth?

A. Well, I certainly understand what the Lieutenant Governor did. And I think also that he is aware and the President has indicated that he is not going to simply be open-handed with any aid to North Vietnam until and unless we get satisfaction in all the areas of agreement in the cease fire, including identification of our dead and our missing in action. We have already had the return of the prisoners and I think he's shown already to them that -- that there is a quid pro quo and that in order to get that aid they are going to have to have that help, and I think what the Lieutenant Governor did fits in with -- with something that perhaps all of us should do more of, and that is to strengthen a President's hand by letting him know that there is support for the firm action. I remember in the past when there was disagreement and there were demonstrations against some policies in connection with the war -- I have heard two presidents say that they believed that the pressure on them was coming from minority groups, and I use minority now in numbers, I'm not talking about the use of it as to any special ethnic group. But a minority of the people were opposed to their position, but that they never heard from the so-called silent majority that remained silent and it would have been very helpful to them at times to have been able to point to -- visible support in the form of letters and wires and so forth. So I think it is a good idea.

Q. Governor, do you still share President Nixon's interpretation that we do have a peace with honor in Southeast Asia?

A. Yes, and I think the men in the prison camps have made it plain that they feel that way. I think that specifically of the one man on television who said that had McGovern gone there as he said he would and begged on his knees for their release, that he feels that bad as it was he would have refused to come home under those circumstances.

Q. What is peaceful about Southeast Asia, though, at this point?

A. Well, I think this is an indication that those noble sons of

nature that so many people were concerned with north of the demilitarized zone were what -- just what a lot of us always thought they were: hard-core, hard-nosed, vicious Communists who had a goal and who still have that goal and who are going to fudge, cheat and steal every chance they get. And I think the President is aware of this and they are pushing as far as they can -- as they can push. I don't think this fools anyone who has ever dealt with that kind of people before. President Thieu told me quite some time ago when I met with him in Saigon and I asked him specifically how did he envision the end of this war, and he said, "I think it will fade away." "I think for the next ten years we will have forces in the hills, fighting guerilla bands," because that's the way the communists fight and that's the way they do business. It will really just for them enter a new phase.

Q. Governor, there have been some suggestions that some of the P.O.W. stories of torture have been exaggerated. You spent considerable time with P. O. W.'s since they have been back. How do you feel about the stories they have been telling?

A. Oh, I think those stories are absolutely true, and I don't think anyone has made any effort to say anything to them. As a matter of fact, before they talked about their mistreatment several prisoners told me that they themselves, the first ones released, had banded together and made a decision that until everyone was out they would maintain silence about any mistreatment. And it so happened that we were having the second of our P.O.W. dinners, the one in Los Angeles, and that night we learned from them that the last prisoners were in American hands, and that the next morning the prisoners of war would be freed to tell their stories and they were telling them in a group -- in a number of simultaneous press sessions, it was -- conferences.

No, I believe them and I don't think they were -- anyone ever did -- you can't get acquainted with those men and believe that anyone could brainwash or indoctrinate them or tell them to say anything they didn't intend to say. This is quite a group of men and what has happened to them and the -- and the -- in surviving this you are aware of it as you talk to them. Because something in the experience of meeting with them and talking to them in a group that -- first of all, they have the greatest bond with each other that I have ever seen among human beings anywhere, and they have a strength that -- you just know that what they are saying is what happened.

Q. Governor, on that same subject, one of the returning P.O.W.'s who is now a General, suggested that there be no charges filed against any P.O.W.'s who may have signed anti-war statements. Would you have that same sympathy?

A. I'll defer to them. They know what happened. And I've heard -- also I've heard several remarks -- now I don't know whether it might develop that here and there there was an informer. We are talking about a large group of people and whether there was someone who literally went over. But in the yielding and confessing, I know one -- one man told me in our home that he said, you know, we weren't always this way. He said, "Every one of us at one time or another broke," and he said it was only the strength of the others then who would buy us up and hold us up. And get us back on our -- on our feet. So they are aware that -- as I think a number of them have said, that eventually you talked.

Q. Governor, did you talk to any of the P.O.W.'s about Mai Lai, what they thought about that, and the conviction of Lieutenant Calley?

A. No, I never had any conversation about that.

Q. They have never said anything about it?

A. I've never heard any information volunteered about it.

Q. Governor, a few weeks ago you were asked about the request to excavate under the Governor's Mansion a site for an Indian village, and you didn't seem too enthused about it then. Has your office now told Senator Rodda that you will sign an emergency measure on that issue?

A. Yes, we never had any objection to it at all. I said -- I was being a little cynical at the last press conference, I said I had to wonder why all of a sudden at this point that became the site of -- it may be, and I asked the question if they -- had they found anything on either side where construction is going on, of that particular spot to indicate this. But I'm not one for just wanting to ignore that. And there is no problem at all. As a matter of fact, we are very willing to make the money available for excavation of that site before building takes place.

Q. Governor, again on your initiative, what would you say the chances are that you will qualify and make the November 6th election?

A. Oh, I think --

Q. Do you have any doubt?

A. No, I think they are very good. I think the people feel very strongly about this. The indication is to be found in the volunteers already that have signed up and that little foray I made into one precinct last week which was, believe me, un -- unscheduled as far as the people were concerned. They were caught completely by surprise, six of the homes were Democrats, three were Republican, and -- but none of the nine could wait for me to finish my pitch before they reached for the pen to sign the ^(initiative) petition.

Q. Governor, will all these petitions be circulated by volunteers?

A. What's that?

Q. Will all the petitions be circulated by volunteers?

A. Yes, I believe that's the plan. That's the committee's plan.

Q. You don't know of any plans to hire professional petition circulators?

A. None is now. Although I'm sure that the committee wouldn't rule that out if it became necessary, but right now their plan is an all volunteer effort.

Q. Will you wait until you qualify them before you call the -- actually issue the proclamation?

A. I've got -- wait till I talk to my lawyer here. What's the legal situation with regard to that calling of the election, you have to wait until you qualify, don't you?

ED MEESE: That's right.

A. Yes.

Q. Governor, the joint legislative audit committee is saying that you have spent about a hundred two thousand dollars of state agency money in preparing the initiative. Do you now concur with that? Your office had said a while back --

A. We are trying to -- we are trying to round up the entire story of this. And as I said last week, this is nothing different from what we have done before. We believe it is the limit of resources that you have administratively in the executive branch for things of this kind in the interest of people. We have had a number of task forces before. We call on people from various departments that we believe have aptitudes that would make them useful to the task force. Sometimes they stay on salary. The salary of their particular department. Sometimes there is a contracting

arrangement to another department but it is always out of administrative funds and we think serves a useful purpose for the people of California. But we are --we are gathering all of that together in one place so we can have a single answer for you.

Q. Governor, do you have any fears at all that in calling a special election on an initiative, viewing the bad history of special elections and getting out people to vote, that whatever happens to the initiative might not be representative of the state?

A. Well, I'm going to do my best to help and I know the committee wants to get the biggest turnout we possibly can get for the vote. I just deplore elections like the recent one in Los Angeles, elections that only turn out a small percentage of voters. And I recognize this goes on. But we are going to do our utmost to get the biggest turnout possible.

Q. Governor, many of the cities and counties are now deciding what they are going to do with revenue sharing money. Most of them seem to be deciding to use them in capital outlay projects and so forth instead of reducing taxes. Is that working out the way you thought it would or had you assumed that there would be a reduction in taxes at the local level?

A. Oh, based on the last six years experience, no, I hadn't anticipated a great rush to reduce the people's taxes at the local level, by way of revenue sharing.

SQUIRE: Any more questions? Thank you, Governor.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD APRIL 24, 1973

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, once again, all of you on your good behavior because we have journalism students from Stanford University with their instructor, Dr. Bill Rivers. Glad to have you here.

Q. Governor, Time Magazine says Watergate is probably the most pervasive instance of top-level misconduct in the nation's history. What's your reaction to that description of it?

A. Oh, I can think of a few worse crimes that have happened in the nation's history. There is no question about it, the wrongdoing was done, I think the law has taken its course and I hope, as I am sure everyone hopes, that it will be cleared up completely and quickly.

Q. Governor, yesterday you were quoted as saying you thought the whole affair had been blown out of proportion. I wonder if you could expand -- explain that statement.

A. Well, I think in relation to this -- this quote here from Time Magazine, that is to the nature of it, it has been blown out of proportion. In view of past practices in election history in this country, I made a remark this morning to some of our own people that perhaps out of this might come something of great value to the people of this country if we could have a bi-partisan commission do a study and a research going back into history of what have become rather common election practices, including the stealing of votes and the stuffing of ballot boxes and all of the things that have cynically been taken for granted by the people, and maybe we could return balloting and voting to what it always was intended to be.

Q. Governor -- Governor, what in your estimation is going to

be the long-term impact of Watergate on the Republican party looking specifically toward 1974 and 1976?

A. Well, I doubt that the people are going to blanket indict entire millions of Republicans for something that perhaps a few people have done and over which they had no control and certainly of which they had no knowledge, and disapprove as much as anyone disapproves. And I think the American people are fairer than that. I think the answer is to come out, as the President has said himself, and establish once and for all who was involved, what was the extent of their involvement and let the law take its course.

Q. Isn't there a question of credibility involved, though, Governor, that reflects on the party as a whole?

A. Oh --

Q. Party leadership at least.

A. Oh, I think there are a number of people on the other side who would love to pretend that is so. But what credibility? What-- how could someone three thousand miles away here in the State of California, for example, know that a small group of men had embarked on what was a -- I think referred to in one story of it, -- using the President's expression at a cabinet meeting, as jack-assery.

Q. Governor, last month in discussing this you said that, "you doubted whether anyone really high up in the campaign structure would have known about it." Do you still believe that?

A. Yes, I still do.

Q. Well --

A. But I -- look, gentlemen, I know no more than you know or that has been printed about Watergate. I have no personally inside information of any kind. I am as curious as I am sure all of you are. It is now being investigated and is before a Grand Jury, and I think that that would mean that there is no comment that would be appropriate from me or what my opinion is of it. I've said before, I think it was a wrong thing to do. Some men have already been sentenced. If there are others involved they will be and the law will take its course.

Q. Another subject, Governor.

A. You bet.

Q. One more. One more on a similar subject. Governor, there was a recent Gallup poll that said 40 per cent of the people thought

President Nixon was - had some knowledge of Wat gate. Now, they thought. Now the question is, why would the people think this? That's a pretty large --

A. Well, I would say if forty per cent of the people, according to the Gallup Poll, -- and also think that the President had some prior knowledge of it, that is a tribute and a testimonial to the ability of those who have been doing their best to blow this and carry it as far along as to the next election as they can.

Q. Who are they, Governor?

Q. Who are they?

A. This will involve elements of the communication media, this will involve representatives on a Senate Investigating Committee. They have got a hold of a good thing from their standpoint.

Q. But, Governor, why should Republicans on the Senate Investigating Committee -- what would they have to gain other than fearing that there really is something that is wrong high up in the nation?

A. Well, I didn't refer to any Republicans on the Senate Investigating Committee.

Q. There are Republicans who have been almost as critical as Democrats.

A. There is one that has said he wants once and for all to find out. I want once and for all to find out. I wish you fellows were interested in the tax program as you are in this. I know more about that.

(Laughter)

Q. Governor, I take it you don't think the Washington Post should get a Pulitzer Prize as has been suggested?

A. Let me just say that I'm glad I do not live in the city where my only source of news is the Washington Post.

Q. Is that a plug for the Bee?

(Laughter)

A. Why, that's a plug for all the local papers.

Q. Governor, the Environmental Protection Agency has set significantly higher standards for California than the rest of the nation. Do you think this is a good thing for California or do you think that California is being picked on, should somebody else be the guinea pig?

A. Well, I -- no, I can't say that because California -- it was only a short time ago, was in Washington pleading for permission to have higher standards because our standards were higher than those set by the Federal Government. And I don't think that they have upped those standards for us any more than we already had them set at that level. I know also that Mr. Ruckelshaus has said that California leads the nation and has done more with regard to finding an answer to air pollution than any other part of the country.

Q. Are you pleased with their -- with this higher standard for California?

A. Oh, sure. I -- I think it is -- we just become accustomed to being first in everything.

Q. Governor, there's a -- some talk that people -- there are financial backers -- that people would like to see you become the President have decided among themselves they'd like to hold back on any kind of contributions to a Gubernatorial candidate, keep the money in seed money for your own Presidential ambition.

A. I never heard anything of that kind, and I know that any prominent Republicans involved in fund raising right now are doing their utmost to -- to raise funds for the State Central Committee which after the big computer expense involved with reapportionment is in kind of bad financial shape. And I've heard nothing about holding back any contributions of any kind for that. As a matter of fact, those same people have been most generous in their support in the special elections that have taken place so far following the last election.

Q. So then those contributors who are associated with yourself, would you urge them to fund the other Gubernatorial candidates, the Gubernatorial candidates?

A. I have done so already, that infamous luncheon that was supposed to have been held I urged them to get together and to provide the support for the party organization that it needs.

Q. Governor, a couple of weeks ago Evelle Younger was critical of President Nixon's campaign force in California. He said they were ruthless in getting every nickel out of Republican contributors and that now he and other potential candidates are broke and having difficulty. Do you think that the -- there was some overkill in fund raising by the Nixon campaign in California?

A. Well, you'll have to ask the Attorney General about that. Or what he meant by it. I do know this, that there was no question that the State of California -- this is rather typical in the years that I've been a Republican, it's been true that this state is more generous and does more with that -- in that regard than most other areas of the country and did so in the last Presidential campaign. Now, I can't blame the people if they are tired of being tapped again. But I would also point out that in the last Presidential election the same people here in California raised more money for legislative races, state races than had ever been raised before in the history of the party.

Q. There is a problem now in the party, though, raising money after this fund drive.

A. No more than just the fact that people are -- have been tapped. When you take Los Angeles, which is the biggest concentration of people in the state, you follow the national election the very next year, as we have, with -- with a local election and it must seem sometimes to the people that the -- it just goes on year after year with no break in between.

Q. Does this include this tapping of everybody for these legislative dinners that they are having over the state?

A. Again, as I say, there is -- there is fund raising going on and much of it has been for the special elections. What is it, four or five special elections that we are faced with here immediately following the Presidential election, because of deaths and -- and men who won other offices, such as going to Congress and have their positions open.

Q. Governor, how exactly would you describe your role with the Blair House group?

A. I don't know anything about -- I've never been in the Blair House, I was invited to a meeting that was -- not a meeting, a dinner, social gathering, that was supposed to honor those Californians who were taken from our administration and served in the national administration. This was right after the election. I didn't go, couldn't go, and I just don't know who is supposed to be the Blair House group. This luncheon that was held recently, I was told, was a luncheon to discuss mobilizing party support behind the State Central Committee, behind the party as a whole, and was assured that

it was not directed toward any individual, primary campaigns but toward making sure that there would be support for whoever was the party nominee and I went and spoke for about fifteen minutes endorsing that viewpoint.

Q. You are talking about this Los Angeles meeting now?

A. Yeah.

Q. Where is the Blair House down there?

Q. Governor, on -- on your tax initiative, have you taken any steps to completely separate the functions of your official -- the functions of your official office and that of the Citizen's Committee so there won't be any doubtful areas such as where your office mailed out booklets throughout the nation and then later billed the committee for them?

A. There is a complete separation except that people in my own administration are volunteering and on their own time are helping out such as walking precincts on Saturdays, that have been planned and so forth. No one is going to lose his job if he doesn't do that. But I think that the administration is pretty much united behind this plan. And no, there is -- there is no violation of anything -- no separation that is being bridged with regard to support of this.

Q. Even in the mailings that --

A. No, the mailing -- we printed the blue books in two printings. The first printing was for the legislature. Then because this is so widespread and it is our intention that the people should vote on it, we had a second printing and we made them available to all of you, we made them available up and down the state to editors and publishers and so forth in the communications media, and we then sent some of those to the communications media outside the state, but for those we have been -- the committee has reimbursed the state for the printing and the mailing of those.

Q. Governor, were those -- were those booklets solicited by the media outside of California?

A. Some were, and so we just sent on a mailing list because we were interested in getting as much editorial comment and support as we could get.

Q. Why outside of California?

A. Well, because I think it is very impressive when you can show the Wall Street Journal supporting the basic philosophy of this. And when you can show that the word has spread and that

elsewhere -- and many of them certainly did this unsolicited, these editorial comments. It is very helpful in getting volunteers, it is very helpful in refuting some of the arguments that are being used against the program.

Q. Governor, are you deeply concerned now that you are not going to be able to get enough signatures to qualify it for the ^(tax initiative) November ballot?

A. Oh, listen, you always run scared and you should in any kind of an election or anything of this kind. Our problem is time. The mechanics of getting these in and in the limited time. We find that too many people just seem to think that they have got all summer, that if you are talking about an election next fall they don't realize that there is a deadline by which these petitions have to be turned in. That's a mechanical problem. As far as the interest of the people in signing them is concerned, those who are circulating petitions say they have yet to meet anyone who refuses to sign, that everyone across party lines wants to sign this petition.

Q. Governor, last night you came out with a new estimate for the cost of this special statewide election, that's two and a half million. Could you state the source of that estimate.

A. Yes, Finance Department has been -- I asked, when all these figures started being thrown around several weeks ago, about the cost of a special election, no one knew so I asked for us to find out, what really was the cost of a special election, particularly that would be held on a day when there were also a number of local elections. Now, the cost would go up if we couldn't hold it on that day.

Q. If it is a single issue election it would be higher?

A. That's right. Possibly -- rough estimate would probably be five million dollars. But certainly not the ten and the fifteen that's been talked about.

Q. The Secretary of State's office has estimated it at 3.5, not 2.5.

A. Verne, was I wrong last night when -- and yesterday when I made the remark two and a half, did I misunderstand?

VERNE ORR: Not quite, Governor, it is a range from 2.9 to 3.5

A. Well, then I was wrong then, it is a little bigger than 2.5.

VERNE ORR: May I say, Governor, we called the ten larger counties, we called ten medium counties, we called ten small counties, so we took 30 out of 58 counties for our estimate.

A. Now you want to make me a liar for a half a million dollars fellows.

Q. Governor, Bob Finch in Los Angeles said he was very concerned about the initiative and he didn't favor it as the route to go. That puts him and Flournoy together as to what -- at distance to the initiative, and Lieutenant Reinecke and Evelle Younger seem to be a little more favorably disposed. Are you not afraid that -- that this issue could be divisive within the Republican party as you head towards '74?

A. I never made a claim that this is totally on party lines. The issue of this tax reform. I would like to feel that -- that all Republicans support it. I don't know what Mr. Finch has said, I know that Mr. Flournoy has asked for more information on the program and I do not believe that he has come out in any statement against it. He made a positive statement in a speech some weeks ago to the effect that he felt the way to go was to reduce government spending. Well, here's an administration that's done a better job of that than any administration I know and we still were not able to hold down the growth of government. The reason for appointing a task force was to find out why and find out if there was a better way we could go. And as I have said before, I think if you are faced with extravagance you can lecture on extravagance all you want to or you can cut somebody's allowance and cure the extravagance. We think that's the way to go.

Q. But you don't interpret this as an issue of good Republicanism or -- can you be a good Republican and be against the Governor's proposal?

A. Well, in Democratic eyes you could. In my eyes, no. No. Look, people are going to have -- have differences of opinion on this. I happen to think that we have made a study of this and if anyone wants to come and question us on what we are trying to do, he can and I'm quite sure that he would find out that this -- that there is quite a body of evidence supporting what it is that we are attempting.

Q. Governor, what's your reaction now that the Nixon administration hints that there be a tax increase, that they are thinking about

that to curb inflation.

A. Well, I just read the statement in the paper this morning. I also read that Mr. Stein had made this, and that he said he doubted if such a thing would happen.

Q. They are considering it.

A. My own -- my own view as a student of economics is that to suggest a tax increase to cure inflation is like telling a drunk that another drink will cure him.

Q. Governor, earlier in your administration the task forces were civilian and volunteer. The pattern seems to have changed now, your recent task forces are -- consist of hundred dollar a day consultants and -- and that kind of thing. What's -- what shaped the change in approach?

A. Well, no, if you remember, the first civilian task force, it is true, there were 250 odd volunteers in those task forces, but they also -- the business community raised money to employ a management consulting firm on a contract basis to bring all of the loose ends together and to supervise exactly what it was, so that you just didn't have these people scattering out and just coming in with loose recommendations and the result was a codified set of about 1800 -- to 1900 specific recommendations and proposals.

Now, the number of the people that first got their taste of public service in serving and helping these task forces are now in our shop and they are people who have been most successful in reducing the cost of a number of departments. We have turned to them as we did -- the first time was in the welfare reforms, and we turned to them for an in-house task force with the knowledge that they could go out and get, as they did, volunteers from the outside to help. And some of those task force members, a few of them, have been so successful in that that we used them again in the tax task force, and we are going to use them again in the local government -- the government structure task force, and in that instance you make a contract arrangement with them.

Q. My impression is there is less citizen participation now. Is that impression right?

A. Well, we have never hesitated to call on the citizens. We had several task forces of civilians, volunteers on the over-all subject of taxation and tax reform leading to property tax reform.

As I say, these in-house task forces, now we have something we didn't have at the beginning. We have men within government who are very familiar with the problems and have been dealing with them and it is -- it just seems a very practical way to go.

ED MEESE: Governor, all of our task forces, including those in being now, have as many people from outside government as they do have on inside government, as a variety of arrangements.

Q. Governor, when you talk about tax reform, what about all the property in the State of California that is not taxable, is tax exempt, it seems like the cost of government goes up and the amounts of property that we can tax in California goes down. Therefore fewer people are sharing more of the burden. Is that really fair?

A. In the case of property tax that's true, but the greatest villain in that is public ownership itself. Every time that we take miles and acres of land off the -- off the tax rolls to build a highway the federal government owns about 52 per cent of the State of California and when we buy park and beach lands as we have, we take it off the tax rolls.

Now, to a lesser extent you do have some charitable operations, schools and so forth, whose property is tax exempt. I think it is foolish to talk about putting them on the tax rolls because they are already carrying a burden that is of benefit to the tax -- to the other taxpayers in that there are some -- it is around 40 -- no, it is more than 40,000, several hundred thousand children in California that are getting education at private expense who would be thrown out of the public school system if those private schools didn't exist. And I'm quite sure that they are on enough -- a close enough margin that if you made them pay property tax for the property they occupy you'd put them out of business.

Q. Would there be anything in the works now to get some of the property back on the tax rolls?

A. Well, we try as fast as we can. We have been inventorying since I first became Governor, government owned land, to -- to get it -- dispose of it and get it back into private ownership as much as we can. There's been controversy at times as to whether we are still hanging on to some of this and shouldn't. I think the people who said that have not realized the difficulties of inventorying, making sure that the -- that we are moving as fast as we can, but we are, and it is very complicated. You take -- in highway and freeway building we wind up with little parcels of land

that are virtually unsaleable because they are a little odd piece of land on the fringe of a turn around or something in a freeway, an interchange, and to suddenly say that you can just go out and put this on the market and dispose of it -- well, it's been for sale for a long time and you just don't have that many takers for that kind of property. But we have -- we are very conscious of this, trying to do it. But I don't think you are suggesting that we sell the parks. I was accused of that in 1966 because in my campaign I said that I proposed an inventory of park lands to see if they were still needed, and if we were holding all land or any kind of land that we shouldn't be holding, and dispose of it, and we have followed through on that. But at that time I remember I was charged with wanting to sell the state parks. We haven't sold any yet.

Q. Governor, on the subject of highly taxed private land, have you completed any negotiations yet to sell your Riverside County ranch and buy one elsewhere?

A. No, when I do I'm going to buy a new suit.

(Laughter)

Q. Governor, on the Watergate, you said it had been characterized as a case of jack-assery.

A. I said that I read -- I read a story in one of your papers this morning that at a cabinet meeting the President was quoted as referring to it as that.

Q. Yeah, but I mean do you agree with that assessment? And when you say that -- and when you say that you are confident the people high in the administration were not aware of it, even Mr. Mitchell has -- has testified that he was aware of the discussions although he said he did not approve the bugging himself. I mean how high is high?

A. Look, you keep -- in your efforts to keep this thing you will go at anyone hoping that someone will say something that can then be used as a lead line. I told you I only know what I read in your papers and I hope you are all scrupulously accurate.

Q. Governor, what irritates you most about this? You seem very irritated to be asked questions about Watergate even though you are a high ranking Republican official.

A. Well, I'm irritated at a fly that keeps buzzing around my head and won't go away. You've been doing this for weeks. And I have nothing new to offer. I know nothing except what I've read in the papers or heard in the air, as I have said before. And I

think that all of you if you will analyze it you selves know that I have no access to information that you don't have. Probably not as much, because I don't get to talk to other people as much as you do.

Q. Governor --

Q. Governor, your initiative doesn't dispose of your -- of the one-time budget surplus, and your legislation to do that seems to be stymied in the Assembly. What are you going to do about that?

A. The initiative does make provision for a part of the one-time surplus.

Q. It leaves five hundred million depending on the size of the surplus.

A. No, we estimate about 368 million for the seven months delay of the sales tax if that will go through. There was no way that that could be put on the initiative because that must take -- that's scheduled to take place June 1. I hope that the legislature will take action on that. I think that's a proper way to dispose of -- of a part of the surplus, is to delay the imposition of the sales tax increase. The arguments upstairs, no one seems to argue against that. They just want to dispose of the bulk of the surplus in that way and I think that's unfair to those people who contributed to that surplus by way of the income tax. What we have proposed is roughly a 50-50 split between the sales tax and the income tax. As a matter of fact, the latest figures now indicate that it will be more than half -- would be sales tax or a greater proportion would be sales tax on a seven month rebate than it would be by way of income tax.

Q. One more question back there, Governor.

Q. Governor, you said last time that your staff was working up a report on how much of state agency money was spent on preparing the initiative. Have you worked out that report and arrived at that figure?

ED MEESE: Actually this was the amount of money that went into the tax reduction task force which is -- has quite a few products beyond the initiative itself. This report will be forthcoming, it is not completed yet.

Q. Governor, do you think that on the budget, on your -- the budget surplus, the bills, that it is going to get a point of

negotiation like on fare and tax reform, between you and the Speaker or perhaps you and the speaker and the Senate leadership?

A. Well, it is very difficult for me to see now how that can be. Certainly we presented those to the legislature. We presented briefings. We invited proposals, from them, if anyone had any alternative proposals. All we received was a barrage of criticism and a denial of the entire plan which has caused us to go to the public. I think now -- I don't see any way for compromise. I think it is a pretty good compromise that they want to give the -- the bulk of the surplus back by thirteen months delay of the sales tax increase. We proposed seven months and the other, as I say, roughly half be given back by way of an income tax rebate. Now, how much more room is there for compromise, we are only six months apart with regard to the sales tax. I think it is very unfair to suggest that the entire surplus should be given back by way of the sales tax when we can absolutely establish that more than four -- 475 million dollars of that surplus was contributed by income tax payers.

Q. So your ruling on negotiation is it is a non-negotiable thing?

A. No one has proposed any.

SQUIRE: Any more questions?

Q. Governor, last week Congressman Joe Waldie made his tax returns available to the press. Will you do the same with your income tax returns this year?

A. No, and I paid income taxes.

Q. Will you reveal the amounts of income taxes you paid this year?

A. No, and I don't think that that's -- that that's smart or required any more than I think that we should ask any of you to make yours available.

SQUIRE: Thank you, Governor.

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FOLLOWING ARE EXCERPTS OF REMARKS BY GOVERNOR REAGAN MADE TO NEWSMEN AT A PRESS CONFERENCE IN THE GOVERNOR'S OFFICE MAY 2, 1973 IN RESPONSE TO CHARGES BY ASSEMBLY SPEAKER ROBERT MORETTI AGAINST THE GOVERNOR'S REVENUE CONTROL AND TAX REDUCTION PROGRAM:

"Dear Bob:

"Thank you for your letter regarding a televised debate on our tax reduction program.

"As I see it, the only issue presently before the legislature and the people is whether or not the people themselves should be allowed to vote on a program to control and reduce their tax burden. You do not believe they should be allowed to do this and I believe they should. A debate on what is apparently a simple difference of opinion between us would be the shortest debate on record.

"Public debates are an effective means of clarifying complicated issues for the public, or for comparing candidates for office. Deciding whether the people should be allowed to vote or not is hardly a complicated issue, and I'm not a candidate for office so there really is no need to air our difference.

"I'd still like to give you a briefing on the program---I think if you understood it, you'd like it as much as you did the welfare reform.

"You are disturbed, for example, that the refund of the surplus might benefit unfairly those of higher income. You'll be pleased to know that almost half the people, those at the lower end of the earning scale, will have no income tax liability at all, and there will be no rebate at all for corporate income tax or capital gains."

Governor: Let me say a few things to you about some of the points that he has made to you this morning in his press conference and elsewhere previous to this. His request that I withdraw my comments regarding Alan Post I am sorry to say I don't feel that I can withdraw those. I think the record has been rather conclusive that repeated opposition to the things we proposed and, in most instances if not all, in recent years his facts and figures have turned out to be wrong. The point with regard to the 44.7 percent of the people's earnings that is taken by government and the contrasting figures say that this is much lower, say 32.6 percent, which, incidentally, is a pretty high figure itself. But this is just a case of which way you look at it. The 32.6 percent is based on net (national) product. This is similar to taking the gross national product which is sometimes used and then weighing the tax burden against that. This is not a valid figure in my view. The government can raise the net (national) product by spending more government money. The figure that we have used is what is the total cost of government and into that we have then taken what is the total income of the people, the spendable income of the people and what percentage of that is going to government.

Now this comes out at the 44 percent figure that we have been using. On the other hand, if you want to take the actual cost of government and boil this down, limit this down to simply that cost of government that is funded by taxes then in all justice and fairness you have to take not the total revenue or income of the people and the imputed income, but you've got to take earned income and if you do that it also comes out at around 44 percent. So to quibble over a percentage point here or there or a few percentage points in this issue is to try and cloud the fact that taxes are too high and government is too big and costly in the nation and the reputable economists who came to our aid in the task force made that perfectly clear and made it clear that they believe we are at a crossroads and that we cannot continue with the present tax burden.

Question: Do you include such things as postal stamps and things like that?

Governor: In the first figure, we do when they are used as state institutions, whatever supports the institution of government.

Question: Is that really a tax? Your ads say this is a tax.

Governor: Well, perhaps there the technicality of using the word revenues as versus tax to deny the paying of a postage stamp on a letter to say this is a fee for a service, well all taxes are fees for service and an ideal tax is when you can actually assess the service against the user. But as I have said before there are two ways to take this, you can take out all those figures and just limit this to tax revenue and then limit the other figure to earned income and you will still come out with about the 44 percent figure.

Ed Gray: I would like to ask you to let the governor make his points and then ask your questions.

Governor: Now the denial that \$17,000 that this would require an income of \$200,000 a year in order to make \$17,000 savings over 15 years is so ridiculous that I am a little embarrassed to even have to talk about it. He must have been concluding that this was all to come from state income tax and that's not true. We are talking about what will be the per capita reduction of the tax burden on the people and you will find that our \$17,000 figure will hold up for a family of four. Now I have figured in using the income level that I used for an average family of four that I was taking at about the median income with the idea that the median income then is going to be what is the average.

Obviously, some above its going to be more, some less who pay a lesser tax burden because we are averaging. Now I might have been wrong on what I consider the median income there are some I have heard and been told today that instead of \$10,000 this is nearer \$11,000 of income. Well, that's a small difference. It (the per capita result) still comes out at this figure that we have used. That we are going to force taxes on to the county taxpayers. This is absolutely untrue and reveals an ignorance of what is in our program. First of all we have put SB 90 into this Constitutional initiative freezing that limit. But the other thing is that to say that by limiting the state revenues that we are going to take over the years is going to force a reduction of state support now for local county programs, ignores the fact that we have a safety limit underneath the eventual 7 percent limitation and that safety limit is that at no point will the limit ever be allowed to go below what are the current services of government, state government, augmented by what is needed to meet inflation and population growth. Now about two thirds of our budget, as you know, goes back to local and county government. That will continue to be so. So if in 15 years under our projection the state should be taking in taxes \$27 billion, then two thirds of that is going to be going to state and local government, and this provision, this limitation under our projections allows not only for the total percentage required over the 15 years to meet inflation and population growth but it also includes quite a considerable percentage to meet any new projects or new programs that government might think of. As I said the other day if this is a strait jacket it's about the loosest strait jacket that's ever been created. The minimum income tax---we actually can see no way in which we are eliminating the minimum income tax. To use an example of a ½ million dollar or a million dollar a year person who can get their adjusted gross income through exclusions and exemptions down to an \$8,000 or less income so that they would be free of any income tax is so farfetched that it would be virtually impossible, but again let me point out that if by some manner of means there is some affluent individual with a high income who actually can find such a way to do this, then the provision for closing such loopholes is provided in this bill because the legislature has full authority to, by statute, take care of any such problems. I can't actually foresee one and I think it is the most farfetched case I ever heard of to suggest that such a thing could be done. The last is the deferral of the sales tax and the alleged deficit that results.

This is suggesting that if we delay the sales tax increase for the seven months we have proposed, use the surplus to supplant or subsidize that proposed sales tax increase, this will lower the income tax base technically on which we base the future reductions in the tax limitation program and thus we would be suddenly getting less revenues than we need to carry on the normal functions of government. Well, first of all there is that safety provision that you cannot do that, that we cannot go below present services and their cost adjusted for growth and inflation. That is number one. The second thing is it is true I simply assume that by substituting this surplus money for the tax increase, which by coincidence came along at the same time, that this would count as a base of revenue we need for the state. If that is, as some people suggest now, technically incorrect, there is still a way to do it. It takes a minor adjustment of the bill that is upstairs now. It would require implementing the sales tax increase but at the same time cancelling out for the period of several periods the 1 cent of sales tax that goes to local government, that we simply collect for local government, and supplanting that with the same portion of the surplus and thus the effects on the taxpayer would be the same, he would be paying 5 not 6 cents of sales tax for these several months yet it would leave the revenue base the same for future computations. Failing that, if they don't want to do that in the legislature and they certainly have the ability to do it right now, the only thing I would ask them to do is, if they are unwilling to do that, is I would like to have them postpone the increase for one month. We have been told by the tax people that to not start this at the beginning of the quarter complicates the administrative problem not only for the merchants but for government itself and that just to delay it till July 1 would be something to do and that would start the fiscal year out. Now if they don't want to do this other and make it possible to defer the imposition of the sales tax then that money remains in the treasury as a surplus and under this very measure it would be, we hope, adopted by the people, the legislature would have full authority then to return it to the people and I would hope they would return it to the people by way of a decrease in the sales tax that could be implemented for a period of time whatever the money, whatever the amount of the surplus would pay for, that could be implemented at any time and just temporarily reduce for a period the collection of sales tax, and it would not affect the base upon which we were computing our future tax limitation. Those I believe are the main points that he made with regard to this and now any questions that you may have:

Question:inaudible.....make a minor adjustment to the Constitutional amendment your initiative now is out in print and as I understand it cannot be amended at all.

Governor: The initiative doesn't have anything to do with the deferral of the sales tax, that does depend on the legislature. All they have to do is amend the bill (SB 238, Lagomarsino) upstairs on that or as I said I wish they would take care of the one month, June. They all know, as well as we know, that SB 90 calling for that to begin on June 1, did create, we have learned, an administrative problem when it was passed last year just for that one month. They could take enough out of that surplus for that one month and that's in this fiscal year, so it does not apply to the tax base of the coming year and all they would have to do is to say All right, we are implementing under SB 90 the tax increase, the sales tax increase, but at the same time amend the bill to say that for a seven-month period, or then it would be a six-month period if they did the other, six or a seven-month period, we are temporarily relieving the people of the one cent that goes to local government and we will subsidize local government with an appropriation from the surplus.

Question: Governor, in your letter to Mr. Moretti aren't you saying in essence that the people of California should sign the petition without knowing the merits of the proposal being presented to them?

Governor: No, that brings up the other point that he did make and I didn't turn to here. This idea that only through the debate that he is suggestion can the people of California be informed of this bill, that's pretty ridiculous. You fellows know that I have gone up and down the state and made myself available to every kind of organization, on the air, on radio programs, on talk programs, on panel shows and to you of the media, more so than on any issue since the reelection campaign. I have gone to publishers of the media up and down the state to explain fully this program which he says we are keeping under some cloak of secrecy. And tonight I will be speaking at the convention of the PTA and giving them a briefing with charts on this entire program, and then as I have done in every meeting, opening myself to questions from the audience. Now this is hardly keeping the program in the dark. I have no reason to keep it in the dark, I am very proud of it and I think it is a very forward, progressive thing for this state to undertake and I don't think any purpose would be served by appearing in tandem. He certainly has had no difficulty in getting his erroneous ideas about the program before the public.

Question: You have not yet given Mr. Moretti a briefing on your program?

Governor: Yes, Mr. Moretti has had a briefing. I must say he walked out of the briefing because of a previous engagement after about ten minutes of the chart briefing and then we have sent up the 67-page booklet, and as I have said before I believe in Bob Moretti's honesty, I think he believes these things he is saying about the program. I would like to be able to explain to him, if he would take such a briefing that the fears that he has expressed about what will happen with this program, are groundless, that we didn't sit here in a room and say let's sweep under a rug everything we don't like that might happen under it, we found an answer to it. We tried to make it as flexible as we could to meet every problem the state might be faced with.

Question: Bob suggested that you figured income tax appropriations but not.....corporations' income on the other side.

Governor: No, that's not true.

Question: You figured taxes on corporations but not the income on the other side.

Governor: They are talking about the undistributed income that goes back into investment of plant and machinery and so forth. We are talking about the money the people themselves have en toto for their use and their spending and then what percentage do they not have the use of because it goes to support the institutions of government.

Question: Mr. Moretti charges this will raise local property taxes. He said this was based on ignorance on your part. He was saying exactly the same thing Alan Post said. Was this Mr. Post's ignorance too, or how do you....?

Governor: I don't understand this position at all because certainly every protection is in this bill that we cannot mandate services on local government, we cannot let something go over to local government that the state is now doing in an effort to keep within our limitation, and there is, as I said before, projected revenues within the limitation. There is more than enough money to meet any of the needs that might arise in the future unless some local government dreams up something on their own that they want to do that no one has ever thought of and then I think that's up to the people in that local community, but again, as I say our projections of revenue two thirds of which will go to local and state government as it does now, must come above the line which we've drawn as a safety line. That we will never go below present services adjusted for inflation and growth.

Question: Earlier this month, let's get back to the \$17,000 tax saving for the average family of four. Go over that again.

Governor: When you talk per capita tax burden in government you don't say per capita tax burden for those who are just paying the income tax, it is traditionally divided on the basis of how this will pro-rate out for every individual because presumably every individual is receiving the benefits of government. So it is based on every man, woman, child and baby. Now if there is a family of four and only one of the four is earning money and paying the tax, the tax burden and the cost of government pro-rated is pro-rated on the basis of four people and he is responsible for four of those people.

Question: The impact on the individual wage earner with a wife and two children, would that be \$17,000 then?

Governor: Yes it would. There might be some difference with choosing the method to try and illustrate this so the people could understand it I tried to use the line in the middle, and you could just as well say average, because the average is right now at the moment \$300 and some per human being. For a family of four multiply that by four, that's our state tax burden. It has been pointed out to me that possibly I should have figured out what it would be at \$11,000 of income. Family income situations change dramatically over 15 years. Not only will average family income rise with growth in the economy and inflation, but individual family members will change income status with age and experience.

Question: Assuming the initiative does qualify would you then debate Speaker Moretti on its merits?

Governor: Well, I am going to wait and see what is necessary to the program once I know that if and when the people sign the petitions to put on the ballot I think there is going to be a lull and then I think you have to determine how much campaign is necessary to get the people out and further convince them of what this is all about and solicit their vote for it. I intend to do whatever I think is best to keep the people informed on this.

Question: Are you ruling out the debate before the qualification deadline but not necessarily ruling out a debate after that until November 6.

Governor: As I say we will do whatever we will decide in our counsels here is the best way to sell this program, and to inform the people which I think is the only way to sell it, they ought to know what they are buying.

Question: The speaker was speculating the other day, he said he had heard that some counties will refuse to put the initiative on the ballot unless the state picks up the cost in advance under SB 90, which would be their right. Have you also gotten such indications?

Governor: No I haven't gotten such indications. I would be very much surprised if they did. I think they would have a lot of explaining to do to their own people. But the thing is there is still an argument with regard to whether a special election is covered by SB 90. The Constitution makes it plain that the governor has the right to call a special election. If that is true they would have the same right then in demanding that the state pick up the tab on the special election that's being held, I guess the primary was yesterday in one or two districts down there, and the other two that we've already held. I contend that this is not a newly mandated service. I also contend though that if the legislature upstairs really wanted to serve the people of California in this instance they ought to volunteer right now to pay for the cost of such an election because with this kind of surplus we are talking about there is no reason why we shouldn't. As I have said before it could be paid for out of the interest.

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