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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN

NEW YORK INDUSTRIAL LUNCHEON
Terrace Room, Plaza Hotel, New York
Tuesday, April 29, 1969

The facts and figures I will be telling you about today will emphasize California's continuing commitment to provide the kind of dynamic social and economic environment that will permit business and industry to prosper in our state now and in the years ahead.

We need prosperous industries and a healthy business climate to help our state economy grow so it will create job opportunities for our expanding population. We recognize that the private enterprise system is the driving force from which is derived all of the benefits of our system of government. The private competitive economy provides most of the jobs, it generates the tax base to support all government expenditures, it spearheads the imaginative technology that keeps America competitive, and it has given this country the world's highest standard of living.

In California, we have a state government which believes strongly in the principles of free enterprise. We understand the need for a healthy business climate and in attempting to create such a climate, we have developed a close working relationship with the State Chamber of Commerce leaders who are represented here today. We have benefited from the ideas of leaders of the private sector and we think business has benefited from our efforts, too.

We in government and you in business and industry share a common interest in stimulating economic growth.

But before I outline what we have been doing to insure this growth, I would like to point to another commitment we have made to the people of California---one that is just as essential to peaceful progress as tax reform or economy in government or responsible and efficient service programs.

The first priority of any government---ranking above every other goal---must be to protect its citizens against lawlessness. We have pledged to do this. We have made a commitment to the people of California to uphold the laws that keep our society from collapsing into anarchy during times of civil crisis.

We have met and will continue to meet that commitment, in the cities, on the campus, or wherever the lawless challenge the rule of law.

As you all know, there are those within our society who are more interested in riotous protest than in the kind of progress we will be discussing here today. They are hostile to every tenet of free enterprise or civilized order.

The campus has been the prime target of these militants. Their blatant attacks upon our institutions of higher learning have spread across the land. Boycotts, the seizure of buildings, the holding of campus administrators as hostages...all these things have become common occurrences that we read about daily. Campus violence or intimidation has flared in the most hallowed halls of learning---at Harvard, at New York City College, at Stanford, and at Cornell.

I regret to say that some of these assaults have resulted in victory for the militants. There have been hasty concessions and outright capitulation to demands made almost literally at the point of a gun. The administrators who accept negotiations in this atmosphere of threat and coercion...faculty members who urge appeasement...professors who counsel peace at any price, all may feel that giving in is the gracious way or the intelligent, enlightened way to handle disagreeable disorders.

They are wrong. They are not buying time by surrendering to threats and to violent militants. They are only buying future trouble, paying a costly premium on a policy that will insure more challenges at a later time on other issues.

The extremists among the campus militants are not interested in reasonable debate or discussions. They want a monologue, a captive audience to which to chant their demands. Their ultimate objective is the seizure of power and they are determined to use violence and destruction to achieve this end.

Though they are a small minority, these roving bands of student militants on our campuses are organized and they are dangerous. They are most effective where they sense ineffectual, uncertain leadership. They have not found indecision in California. They have not found an official hesitancy to act against them. They have not found the indecisive leadership that so often serves their ends---at least, they have not found it at the level of state government.

I know that the people of California support our determination to uphold the law on campus and in the streets. And, so long as I am governor of California, there will be no appeasement. We will not surrender to threats or to violence.

The college campus is not an island of immunity from the laws of civilized conduct that govern the rest of our citizens.

Undoubtedly, you have heard a lot about our fiscal approach to higher education in California. There has been a gross misconception that higher education has suffered unreasonable budget cuts under this administration.

That is a misconception I would like to correct for you now. We have not cut educational budgets indiscriminately. We have cut budget requests, because the state administration must take the lead in establishing priorities for the overall funds that we have available for all state purposes.

But in strict dollar terms, General Fund appropriations for the University of California and our outstanding state college system have increased from \$340 million in 1966-67 to an estimated \$537 million in the coming fiscal years.

Under the previous administration, California spent \$21.50 per capita for higher education. If my budget proposals are accepted, this administration will be investing \$30 in higher education for every man, woman, and child in California.

The No. 1 priority of this administration is to our investment in education and, on the basis of this commitment, California is making a greater investment in higher education than every before.

Just as it is true that education cannot function effectively in an atmosphere of intimidation or violence, economic prosperity also is impossible without the rule of law and---I cannot stress this too strongly---a determination by public officials to maintain not only a peaceful but a progressive climate for business and industrial expansion.

That is why we have come to New York City today to discuss with you what the state administration and the legislature is doing to insure a favorable climate for the growth of private enterprise in California.

As each of you know, many factors affect the business climate in a state or a nation. One of the most crucial is the official attitude of government---whether it views business as an ally and partner in our modern society, or whether it looks upon the business community as a politically attractive target for taxation and regulation.

In California, we believe business is a creative partner of the modern state in meeting the many sociological and economic problems that must be solved. We know that if business is to expand, it must be able to produce and market its goods or services in competition with other industrial states and increasingly, in competition with the goods and services of other nations.

One of the most visible factors which contributes to the cost of doing business is taxes. This is an area where the state can---and should---exercise some constructive control. As you gentlemen are well aware, taxes that are too high are regressive.

Instead of solving problems, unreasonable taxation can drive business away and multiply the problems of unemployment and welfare costs.

One of the basic ways of holding the line on taxes is to reduce the cost of government in every way possible. Careful attention to costs is a routine of business life, but governments at all levels--- federal, state and local---have neglected or ignored this basic economic necessity. The argument of the spenders is that if you reduce the cost of government, you will automatically reduce the quality of public services and, that this, in turn, will adversely affect the quality of life and contribute to a deterioration in the business climate.

We are proving just the opposite in California. I would like to give you a recent example to show what I mean about our determination to eliminate non-essential government spending.

Just two weeks ago, the coordinator of the Office of Nuclear Energy in California resigned and recommended that this state office be abolished because it no longer serves an essential function. The coordinator that I had appointed to this \$20,000 a year position last year came from a comparable administrative position in private industry. Like all the executives in my administration, he had a standing policy directive to be alert to every possibility for saving the taxpayers' money. After he was on the job for a few months, he discovered that most of the activities of the Office of Nuclear Energy could be handled just as well by existing agencies. So, that is what he recommended.

That's just what we are doing---at considerable savings.

Recommending that your own job be abolished is hardly a commonplace event---especially in government. But the young men we have sought to put into important policy positions in California government are not professional bureaucrats. They are talented private citizens, on temporary duty, interested in saving tax dollars rather than in empire-building.

My administration went into office in 1967 determined to "cut-trim-and-squeeze" government costs wherever possible and where it would not affect essential services. We have tried conscientiously to do this.

One of the first acts of my administration was to order a ten percent across-the-board reduction in the operating budgets of state departments. There were loud protests, but we got results.

Here are some things we accomplished:

(1) Within the executive branch, we were able to reduce the annual rate of increase in state workers by 50 percent.

(2) We cut the traditional annual increase in the executive budget in half---from 16 to 8 percent. An 8 percent increase can be financed by revenues generated by the normal growth of the economy. A 16 percent increase would have meant additional demands for tax dollars.

In another innovation which was long overdue for state government, we asked private industry to help us in the task of reducing costs.

In California, we have a vast reservoir of outstanding management talent. I invited industry executives to let us prevail on this talent, to review the management of all state agencies and apply industry's efficient yardstick of cost controls. California firms responded by providing the services of more than 250 volunteer executives who formed a task force on efficiency and cost control, at absolutely no cost to the taxpayers.

And What Was The Result?

The task force, after a six-month survey, made 1,561 recommendations for lower-cost, more efficient government. We have implemented 748 or 40 percent of these recommendations. This action has reduced the cost of state government each year by about \$155 million. And, we plan to seek additional savings by implementing more of these money-saving recommendations just as soon as possible.

From the standpoint of the businessman with investments in California, or the company contemplating expansion to California, this is important. It means that there is a determined effort on the part of the state administration to hold the line on state-levied taxes.

PROGRAM BUDGETS

We also have adopted the concept of program budgeting as a means of exercising more control over spending. For the first time, California government now is guided by a system of budgeting that will (a) help us identify the goals we want to reach; (b) determine priorities; (c) measure achievements and (d) better allocate our resources.

This is not fiscal liberalism or fiscal conservatism. It is simply fiscal common sense--the way every business must be run---to stay in business, to avoid bankruptcy.

REORGANIZATION - S. F. PORT

We also have applied another technique of industry by ordering a major management reorganization of state government.

In California, as in other states, a proliferation of agencies have emerged over the years to respond to immediate and sometimes critical problems. Last year, we placed all these loosely-coordinated organizations into four agencies under the direction of four cabinet-level secretaries.

This year, we are seeking a variety of structuring changes which will eliminate, transfer or consolidate the functions of numerous boards and commissions.

We are asking that all revenue collection functions--now performed by three largely autonomous bureaus--be consolidated into a single Department of Revenue. Every tax study for years has recommended such a consolidation. We are making a concerted effort to see that it is finally done.

We have created a Department of Commerce to step up the state's assistance to business and industry. This was not an addition to government. It was accomplished by pulling together separate but related state programs in world trade, tourism, and business and industrial development.

This type of reorganization is not only in keeping with--but also an active part of--our philosophy of government. We believe there should be a conscious and continuing effort to divorce state government from all activities which can be better handled at the local level. This saves money. But even more important, it results in improved service to the public.

In keeping with this concept, the state administration recently took the initiative in turning over the Port of San Francisco to that city's control.

I cite these examples to demonstrate that this administration is serious about reducing the rate of growth and improving the quality of state government.

LEGISLATIVE ACTION

The executive branch is not alone in this determination. The California legislature also is playing a major role in the enactment of constructive legislation that will have a favorable impact on the business climate.

Last year, the state legislature took action to reduce the tax on business inventories by 15 percent. We are now asking that this tax be further reduced by an additional 38 percent over the next two years. If approved, this would mean a 53 percent reduction in the tax on business inventories over a period of three years. I think you will agree that this represents significant progress in phasing out a tax which we feel has retarded business growth and thus hurt job prospects for the people of California.

In keeping with our promise to fairly spread the benefits of any tax savings and government reorganization, the legislature last year reduced the residential property tax by an average of \$70 per homeowner. This money is being distributed this spring.

Tax relief for the elderly also was enacted. And the tax on personal household effects was abolished.

This year, we are seeking legislative approval to return a total of \$380 million in state revenues to the taxpayers, largely for personal income and residential property tax relief.

This will include a \$100 million rebate to the citizens of California on their personal income tax bill next year. That amounts to a full 10 percent reduction.

We are returning this money to the taxpayer, instead of diverting it to some new program, because we believe government has a duty to give back unexpected revenue surpluses to the people.

In addition to these measures, I have presented to the legislature a comprehensive program of tax reform to overhaul the state's crazy-quilt and outmoded tax structure. Among other benefits, this legislative program will provide more flexible and increased state financing for our high quality school system---while reducing the burden of the residential property tax.

These programs emphasize our firm belief in developing a tax structure that will finance necessary state programs from revenues produced by the normal increase of the economy, rather than requiring almost regular increases in tax rates. We want to create a tax climate in California that will encourage, not inhibit, further investments by the private sector.

SKILLS FOR INDUSTRY

But business also is interested in knowing whether a state is aware of its responsibilities to help produce the skilled work force that industry needs. In California, we are trying to get better use from our education dollars to equip our young people with the knowledge and skills necessary to compete in our technical society.

We have established a Department of Human Resources Development to coordinate job training and development programs previously administered by four separate agencies.

We have appointed a Job Training and Placement Council and assigned it the task of making sure that the multiplicity of private and public job training programs in our state are aimed at turning out marketable skills---the skills needed by business and industry.

This agency is assisted by a State Advisory Council on Vocational Education, a group created last year to advise the state on how to develop effective vocational education programs.

Incentive legislation has been passed to permit businessmen to deduct from their gross income tax 50 percent of the costs of training and the compensation paid to trainees. This is a step aimed at getting the long-term unemployed off our welfare rolls and onto payrolls.

In an area of particular interest to business, our Division of Corporations, under this administration, has done an outstanding job of streamlining its operations. Through enactment of the first major revision of our corporate securities laws in years, the division was able to eliminate 60 percent of the applications it formerly processed. This was accomplished by ending unnecessary red tape, and regulation of small businesses and by coordinating our state regulations with federal corporate securities law. In two years, the Division of Corporations reduced its number of employees from 415 to 296, cut its operating budget by 10 percent a year and---again, with the aid of the revised corporation law---greatly reduced the time required to process new applications for doing business in California.

As you know, the securities market is important to California, and California is important to the securities market. About 12 percent of each day's volume on the New York Stock Exchange is attributable to California investors. We are the leading state in terms of numbers of shareholders, and also first in mutual fund sales.

Many of the corporations listed on the New York Stock Exchange are holding their annual stockholders meetings in California. This year, such corporate giants as Standard Oil of New Jersey, General Electric Company, International Business Machines and Xerox, to name a few, have chosen various California cities for their annual meetings.

In view of these facts, I have a bold suggestion to make. Perhaps, now is an appropriate time to explore the possibility of a merger between the New York Stock Exchange and the Pacific Coast Stock Exchange.

Considering the large number of New York men or firms doing business directly in California, this would seem to be a timely proposal.

Those of you in the construction business will also appreciate a similar success story accomplished by our State Department of Public Works. Through efficient management and as a result of economies in operations, we were able to accelerate the construction of \$200 million worth of highway projects...to speed up construction of more than 300 projects. And we did it with fewer employees than we had when we started.

To encourage more firms to locate their national headquarters in California, two bills have been enacted by the legislature. One would permit a parent corporation in California to exclude (for the purposes of computing income tax) the income it receives from dividends on its out-of-state subsidiaries. The second grants a tax exemption to California-based insurance holding companies on income received from insurance companies in which they own at least 80 percent of the outstanding stock.

In the field of unemployment insurance, the employer's account no longer is charged for the unemployment benefits paid for a claim by a student employed temporarily during his summer vacation.

We are not neglecting the important field of environmental studies. We are taking steps to strengthen California's already outstanding capabilities in developing ocean resources. Part of this effort will be directed toward completing and implementing a comprehensive ocean area plan for California.

This plan will help our state remain in the foreground of developments in oceanography, marine research, ocean conservation and resources development. California's opportunities in this field are unique because of the combination of its extensive coastline, its moderate weather, its research facilities and its highly developed technological industries.

Although California is still the number one state for defense contracts, we are making solid progress in diversifying our industries. In 1963, we had 23.1 percent of all prime contracts; today we hold about 17.4 percent. In the 5-year period between 1963 and 1968, the California economy generated one and one-quarter million new jobs, of which only 85,000 were aerospace-related. And of those 85,000, a substantial number were in commercial aircraft production. The future looks just as promising. By 1975, Californians will earn \$130 billion in personal income, a 70 percent increase in only eight short years.

I want to assure you that we in state government are doing our utmost to make the years of this administration the most productive in our state's history. All of the steps I have outlined to you today are part of our commitment to develop positive and creative action programs--programs that will make California a constructive competitor in seeking new investment in the private sector and a hospitable environment in which to live and work.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, this text. However, the Governor will stand by the above quotes.)

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
MUNICIPAL ANALYSTS FORUM OF NEW YORK CITY
Biltmore Hotel, April 28, 1969

Contrary to any rumors you might hear, I have not come to New York because of the prevalent earthquake predictions in California. I am here, not as a refugee, but as an official booster of California.

At one point, I considered looking into a student exchange program---but after some of the things that have been going on back here---I think maybe we will just stick with what we have back home.

I freely admit to being totally biased in favor of California as the most attractive place in the world in which to work, to live and to seek investment opportunities.

I know you must have heard about the unique alchemy of the West: we have more iron in our blood and less lead in our pants...and now that they are making those sandwich coins, most of the lead seems to be going to Washington.

Twenty million other Californians agree with me about the great future of our state. There is more involved in our optimism than simple state pride. There are very solid reasons.

California currently is undergoing a pattern of growth and development that many of the other advanced states will soon experience. Our today is the nation's tomorrow.

From the investor's standpoint, California is a triple-A issue and the potential is even greater for the future as a result of the efforts our state administration is making to improve our state's fiscal condition.

It is difficult to separate the California economy from the national economy. Our contribution to the national economy as a whole is an indication of the continuing development of our state. In the past four years, at a time when the California population has represented a tenth of the national total, our personal income has consistently been in excess of 11 percent of the national total.

Based on past performance and reasonable projections, we expect that by 1975, Californians will be earning \$130 billion in personal income each year---a 70 percent increase in eight short years.

California is the largest and one of the fastest growing business markets in the Western United States. We have a young and growing population. Our rate of new household formations was more than double the U.S. average between 1960 and 1965 (16.6 percent to 8.1 percent).

I know that business leaders around the nation are aware of this vast market potential. New and large plants are opening almost daily to take advantage of it. For example, Aluminum Company of America will soon complete a multimillion dollar aluminum casting plant. Only a month or so ago, Swift and Company opened a meat packing plant in Stockton. When fully operational, it will employ more than six hundred workers. Dow Chemical, Hershey Chocolate, International Paper, Burroughs Corporation, Kimberly-Clark Corporation and Humble Oil all have opened or plan to open new and large facilities to tap the western market.

The quality of life in California attracts new residents as it gains new business. People like to live, to work, and to play in California---yet, we have large stretches of the northern part of the state still virtually undeveloped.

Everyday some 2,300 new Californians arrive by car, train, plane or bus.

These new arrivals are consumers. With the training and education available in our outstanding institutions of learning, they are helping to form a quality labor force ready to apply advanced technical knowledge and skills to produce more and better goods and services.

California is on the threshold of the booming 70s. We are preparing for the day when our economy will have to adjust to the end of hostilities in Southeast Asia.

Although California has a considerable number of defense contracts, our state is moving steadily to diversify its economy and phase out a major reliance on defense-related expenditures.

In the dollar value of prime defense contracts, we still are number one. But between 1963 and 1968, our total share of all prime contracts declined from 23.1 percent to 17.4 percent. In that same period, California's economy generated one and one quarter million new jobs, of which only 85,000 were related to aerospace activity. And of those 85,000 new aerospace jobs, a substantial number were devoted to commercial aircraft production, a field which will continue to help bring future business to our state.

WHAT THE STATE IS DOING

California state government, cooperating with the private sector, has a significant influence on California's economic potential. Since taking office, we have taken a number of creative steps to restore fiscal soundness to state government. We are holding the line on spending and moving to revamp the state's outmoded tax structure in order to bring spending and revenues into a proper fiscal balance.

With the help of 250 volunteer business executives--all of whom served many months at no cost to the taxpayers--all state government activities have been subjected to the same critical cost analysis and scrutiny that those of you in the private sector devote to your own businesses. As a result, we have achieved significant economies and promoted much more efficient management of the state government.

Instead of just adding to, or deleting from, existing operations, we are taking a fresh look at all state functions.

Our goal is results, the best possible government at the least possible price and getting the most use out of every tax dollar.

Part of this new look at state government is the first genuine tax reform proposal to be presented to our legislature in years.

This reform is designed to achieve a number of goals:

--It will give us a balanced tax structure.

--It will end the heavy reliance on the property tax and shift a portion of this burden to the more equitable and elastic income tax.

--It will increase the state's financial role in providing equality of educational opportunity in all areas of the state.

--It will enhance the flexibility and the responsibility of local governments, and;

--It will do all this without any increase in our overall tax collections!

This revised tax structure is aimed at providing sufficient revenues to finance essential state services without having to face a fiscal crisis every few years and without regular, almost systematic tax rate increases.

One part of this tax reform proposal is worth mention here because of its impact on the investment climate. A year ago, I urged the state legislature to reduce the business inventory tax, a levy that everyone recognizes as regressive in nature. This year, a 15 percent

reduction went into effect. I presently am recommending to the legislature an additional 38 percent reduction of the business inventory tax over a two-year period, or a total of 53 percent in three years. Eventually, we intend to eliminate this levy from the tax structure altogether.

Besides restoring balance to our fiscal programs, the state administration is doing everything possible to build for California's future. If we are to retain our position as the No. 1 state in so many areas of endeavor, we know we must invest now to insure our future progress.

The people of California recognize this need to invest in the future through the use of both current revenues and through bonds. I would like to cite three specific examples to illustrate this administration's commitment to guarantee our state's future prosperity.

These are:

- Our investment in human resources
- Our investment in assuring a stable water supply.
- Our investment in agricultural research.

California leads the nation in the extent and size of its public higher education system and in its investments in physical plants for that system. Spending for this purpose in 1968-69, from all state and local sources, will be more than \$1.25 billion.

We also lead the nation in appropriations for elementary and secondary schools, both for operating expenses and for school facilities. We are investing nearly twice as much in elementary and secondary school facilities as any other state.

During each of the past three years, California built an average of one secondary, and three elementary, schools each week.

Looking ahead to the 1970s and keeping in mind the age profile of our population, it is obvious that the public school facilities will continue to expand.

To the Members of the Legislature of California:

HEALTH AND WELFARE

The health and well being of every citizen should be of paramount importance to all of us as Californians---to each individual, and to our society as a whole.

For those who are able and willing to provide for themselves, we must make every effort to assure them of the opportunity. For those who are incapable of self-sufficiency, we must see to it that public assistance is provided.

Our goals: life preparation for the potentially self-sufficient; and life protection for the permanently dependent, the aged and the disabled.

This administration has proposed, and is supporting, legislation to help accomplish these objectives. No less important, however, are the efforts we are making to expand employment opportunities for the disadvantaged through close cooperation with the private sector.

Only by developing practical alternatives to public dependency can we significantly reduce welfare expenditures in the future. Only through the cooperation and support of every segment of our society can we hope to meet the social, economic and personal problems which give rise to the need for public assistance.

In the meantime, we must insure that the enormous sums of taxpayer dollars are administered in the most efficient and equitable way possible.

As you know, the State Department of Social Welfare has been functionally restructured to emphasize rehabilitation and jobs.

Local government has been provided greater flexibility by the state to meet particular local public assistance needs.

We are making progress toward the goal of creating a single category of adult aid. The basic format of the grant structure is being simplified and numerous special needs are being consolidated.

Responsibility for welfare payments, as a function, has been separated from the social service functions of the Department of Social Welfare. Basic plans are being developed which will ultimately lead to the automation of welfare payments to the permanently dependent.

In spite of all our efforts to make more efficient and more equitable the administration of welfare in California, the system itself is fraught with inequities to recipients and taxpayers alike.

To correct this situation, legislative action is imperative.

One of the inequities resulting from the system is the granting of aid to totally disabled persons, virtually without regard to the financial resources available from the parents of such persons.

This administration is sponsoring legislation (SB-847, Stevens) which would require families with large incomes to contribute to the support of their disabled, grown children. The legislation would extend the relative responsibility concept, now applicable to the Old Age Security category, to the Aid to the Disabled program. I believe it is most important that we strengthen the concept of family responsibility in this area.

Passage would result in an estimated savings of \$7.8 million per year---some \$3.6 million from the State General Fund and more than \$600,000 from county funds.

I also believe it is inequitable for the taxpayer to support a recipient whose estate is subsequently divided among the relatives who did not support the recipient. I, therefore, ask your support for legislation (SB-848, Stevens) which provides that aid paid to adults be considered a lien against any property owned by them. Execution of the lien would be delayed, however, until after the death of a surviving spouse. This measure would save an estimated \$30 million---more than \$13 million of it State General Funds and \$2 million county funds---without affecting in any way, the amount of aid paid or services received by the eligible recipient.

I urge your careful consideration and approval of legislation (SB-1118, Harmer) before you which recognizes that ^{the} financial needs of married couples are different from two separate individuals. The amount of aid granted for Old Age Security, Aid to the Blind, and Aid to the Disabled for married couples, when both are receiving aid under one of these programs, should be computed in accord with a joint living standard for couples, not as though they were two separate individuals. Passage of this proposal would save California taxpayers nearly \$4 million a year.

In my view, the taxpayer should not be required to support families where the breadwinner has voluntarily removed himself from employment. I, therefore, am asking that the Aid to Families with Dependent Children law be amended (AB-1332, Chappie) to provide for disqualification if the parent refuses to accept an offer of transportation to return to his former community where he had employment and where a job is still available for him unless his health precludes such a move. Nor should the taxpayer make duplicate cost-of-living increases to welfare recipients (SB-1369, Way). California public assistance laws provide a built-in cost of living escalator which reflects itself each year in welfare payments. Legislation proposed by this administration and now before you would prevent federal cost-of-living adjustments from being piled on top of the state increases.

In a related area, legislation (SB-1368, Way) introduced at my request would close the appropriation for welfare expenditures. This means that any expenditures in excess of the amount appropriated would specifically be approved by the legislature.

I believe this "flagging" of excess spending would raise a warning signal now absent in our open-ended appropriation system and help us to provide better control over the dollars allocated for public assistance.

Certainly, the good health of all Californians is an essential resource. This administration is continuing the development of a number of comprehensive statewide plans to make the most effective use of our health manpower and facilities for the benefit of all our citizens.

We also are continuing our efforts to protect and improve the environment in which we live and work.

In the area of alcoholism, I am asking that we continue the assault on this major public health problem---one which cuts across all segments of our citizenry.

I support a measure now before you (SB-338, Marks) which would make the McAteer alcoholism program permanent, removing the termination date that has kept it on a year-to-year basis. I believe that the program has now proven its value. In addition, I am asking that we formally transfer state responsibility for the program to the Department of Rehabilitation. The shift would provide both treatment advantages and the potential for increased funding. The Department of Public Health will continue to be involved in setting the standards under which the program will operate.

Health services are particularly important to the needy whose health is jeopardized by adverse circumstances.

Through the Medi-Cal program, California is making mainstream medical care available to thousands who would be otherwise denied such assistance.

We are continuing to tighten up the administration of Medi-Cal wherever possible. I am pleased to say this effort has resulted in numerous economies and will continue to do so in the future.

A thorough study of the total Medi-Cal management system, just recently completed, is helping us to implement advanced administrative and technological changes that will provide more efficiency, better control and greater automation. Both administrative and program savings will result. Had such a study been made before the program was begun, the state could have benefitted from even greater efficiencies.

To further protect the fiscal integrity of Medi-Cal, this administration is strongly supporting legislation to make fraudulent activity by either the providers of Medi-Cal services or those served a specific crime (AB 1375, Stacey).

In this connection, I believe it should be a misdemeanor (AB -1459, Duffy) to transfer a Medi-Cal identification card to another person or to allow the card to be used to obtain services or supplies for a person other than named on the card.

We are now seeking to correct the inequitable situation in which persons may be eligible for health care in one county, but not in another. Administration sponsored legislation now before you (SB -663, Burgener) would set a single standard for the medically indigent by requiring county hospital systems to adopt the standard now used for the medically needy in the Medi-Cal program. Besides the general need of greater uniformity, the change would place California in a better position to meet the requirements of the Social Security Act, that there be a comprehensive state plan of medical assistance to persons of all ages by 1975.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN

Fresno Chamber of Commerce Luncheon

May 9, 1969

I would like to add my congratulations to you for the national recognition that the Fresno Chamber of Commerce has earned for its effectiveness in organizing community leadership on behalf of community improvement projects.

It is a special pleasure for me to share this occasion with you because the last time I appeared formally before the Fresno Chamber--in 1961--it was to urge you to become actively involved in the very kind of community leadership for which you are being honored today.

At the time, I was a private citizen. Now I am back--wearing a different hat--but I am still carrying the message that government must enlist the demonstrated leadership of the private sector in helping solve the complex problems that confront our society.

The certificate that your chamber received today from the United States Chamber of Commerce is an acknowledgement of the constructive action you have taken to improve its activities. I salute each of the community leaders who took part in this effort of evaluation and analysis.

We have been involved in a similar appraisal on a larger scale for the past 2½ years in Sacramento. We have been evaluating and assessing the vast operations of state government with the same sharp scrutiny that your project leaders reviewed the Fresno Chamber's activities.

Our goal was and is to achieve a more efficient organization of manpower and resources so that state government can do a better job for the people of California.

We have been applying the managerial techniques of private industry to the business of government--not seeking more or bigger government, but better government, at lower cost. Government is not exactly a business...but there is no reason government cannot be run on a business-like basis.

In taking this approach to government, we have sought the creative counsel and the active assistance of the independent businessman because we firmly believe that the public and the private sectors must be creative partners in an effort to limit the role of government to those tasks that government should properly do.

The entrenched bureaucratic structure--and those in elective office who view bigger government as an opportunity to enhance their personal political power-- have a vested interest in widening the scope of government activities--at the taxpayer's expense.

My administration's interest is in reducing the non-essentials of state government so that the expense to the taxpayer may be reduced. There is a firm demand heard throughout California to cut back on governmental spending--to reverse the growth of bureaucracy.

We have endeavored to re-introduce to Sacramento the idea that plain dealing and plain talk is the only way for office-holders to deal with the people who entrust them with the responsibilities of public affairs. Now, I have to admit some people find this approach astonishing---especially those who don't believe in government by the people as well as for the people.

And so today, I would like to engage in a little plain talk on the subject of tax reform--a subject about which there has been a lot of talk but little action.

There is widespread agreement that California urgently needs a comprehensive and meaningful reform of its overall tax system.

Almost everyone concedes there is a serious imbalance in today's tax structure, particularly in the burden that it places on the local residential property owner.

There also is general acknowledgement that there must be better equalization of financial support for our public schools if we are to provide equal educational opportunities for all our children.

If California is to maintain its economic and technological leadership, we must maintain the high quality educational system that has helped propel our state into this position of leadership. This cannot be accomplished under the present over-burdened and restrictive system of financing local school operations.

As you know, I have presented to the Legislature a multiphased tax reform program.

There is no doubt tax reform is a controversial matter--life would be much easier if we could sweep it under the rug of bureaucracy and political double-talk. But the tax burdens our people and our businesses are carrying today demand that we get on with the job...that we start now

This administration's plan provides the basic framework for achieving those tax reforms that everyone concedes are overdue.

It is important to remember that what we are talking about is tax reform, not tax reductions or tax increases. (We already have started a program of tax reductions. Our current budget includes \$380 million for this purpose). Tax reform simply is a revision of existing taxing procedures to more evenly and fairly distribute the burden among a broader segment of commercial and private taxpayers.

Our immediate objectives are:

--To provide relief from the unfair property tax on residential homes

--To assume--at the state level--the primary responsibility for providing equality of educational opportunity in the public school system by greatly increasing the state's share of basic school support.

--To shift a major portion of the burden of school financing from the overburdened residential property tax to the more equitable and elastic income tax.

We are trying to revise our tax structure to rely less on tax sources with limited growth potential and to rely more on tax sources that expand with the economy. This is necessary so that adequate revenues can be provided for essential services without constantly going back to the people for more money through tax rate increases or through fiscal gimmicks.

The steps I have outlined would give us a more balanced tax structure without increasing the total aggregate tax burden in California.

Let me stress that once more: We will not increase the total tax take as would be the case under many of the other tax reform proposals now up for discussion. The impact of our tax reform program would instead re-distribute the present tax burden more equitably.

I would like to explain why these objectives are important.

We need property tax relief because residential property taxes have risen to an intolerable level. Many senior citizens--no longer in their peak earning years--find it impossible--because of property taxes--to keep the homes they worked all their lives to pay for. High property taxes greatly inflate the monthly payments of the individual home owner, making it increasingly difficult, if not impossible, for many young married couples to buy a home, or to keep it if they already own one.

Over the past 10 years, the overall average property taxes on an average home in California have risen almost 10 percent a year; a total of nearly 100 percent. Some homeowners, of course, have watched their property taxes more than double in that time.

The current high tax rates on residential property have had a number of undesirable sociological and economic effects on our society. High property taxes actively discourage home ownership and put a damper on the residential property market, a sector of our economy that is absolutely vital to this state's continued prosperity. The construction industry, the home appliance maker and dealer, the furniture dealer, all of these segments of our economy have just as great a stake in reducing property taxes as the home owner.

Our tax reform proposal would reduce the average residential property tax by about 50 percent. And to be sure that this tax reduction becomes a reality, we have included a firm provision to limit local school districts to \$1.10 per \$100 of assessed valuation, and local governments to a maximum limit based on their existing tax rates plus 10 percent. Any attempt to exceed those limits would require the approval of 60 percent of the voters in the district. We believe such a "lid" is vital to protect the taxpayer from having his property tax rates escalate back to current levels without the approval of a 60 percent majority of voters in the district.

Besides taking steps to reduce property taxes and thus encourage home ownership, the state also has an obligation to make certain that every school child in this state has an equal opportunity to realize his maximum educational potential--whether he lives in a low-wealth district or one with few students but a high assessed valuation.

We propose to do this through a massive overhaul of California's school financing system.

Under this administration's tax reform proposal, 80 percent of the residential property tax now levied by local school districts would be replaced by a statewide "Educational Opportunity Tax" of 1 percent on adjusted gross personal income.

At the same time, a statewide educational opportunity tax would be established on non-residential property. This would replace 80 percent of the nonresidential property taxes now collected by local school districts. The statewide non-residential property tax rate would be approximately \$3.50 per \$100 assessed valuation.

The funds from both these statewide educational opportunity taxes would permit the state to increase its share of school financing from the current \$1.3 billion a year to nearly \$3 billion.

This would mean that the state would be assuming most of the basic foundation support for local school districts. By grade level, this would range from \$500 annually per pupil (based on average daily attendance) for students in kindergarten through the sixth grade. For grades 7 through 9, the state support would amount to \$600 per pupil; for grades 10 through 12, the support would total \$700 and for junior colleges, the state would supply \$725 per ADA.

By contrast, the present rate of elementary school expenditures has produced an utterly unacceptable educational imbalance. Some districts are supported by as little as \$289 per pupil; other districts have as much as \$2,662 in financial support standing behind each student. Some wealthy districts have a low tax burden while others stagger under a tremendous property tax burden and still do not have enough funds to provide quality education--the very quality education that is needed to overcome the costly sociological results of inadequate school facilities and inadequately educated population. We must solve this imbalance. We can do it through our tax reform plan.

The program I have outlined would start with legislation that can be adopted at this session of the legislature. The long-range aspects of the program are embodied in a proposed Constitutional Amendment that would be on the ballot next year. This would give the people-- California's taxpayers--time to debate and consider the goals and the impact of the tax reforms we are proposing.

The electorate will have an opportunity to vote on the final version of the tax reform package I am suggesting. One of the reasons why I oppose some of the other tax reform proposals is because they do not permit the people to make the final decision.

Tax reduction, of course is equally of concern. And this administration is taking creative steps to accomplish tax reduction wherever possible. I have already mentioned the \$380 million in tax reductions built into the coming fiscal year's budget. We hope more will be possible later as a result of our efforts to make government more efficient.

Since it is related to our tax reform program and is of special interest to this audience, I would like to mention our efforts to reduce the business inventory tax. This levy has become burdensome to business and is reducing job opportunities for our citizens in the warehousing and storage industry. Last year I asked the legislature to begin phasing this tax out of existence. A 15 percent reduction went into effect this year.

I am recommending an additional 38 percent reduction in the business inventory tax over a two-year period as part of the administration's tax reform program. If enacted, this will make a 53 percent cut in the business inventory tax over a three-year period.

We also want to eliminate all unnecessary spending by the state and to do away with all state functions that are not essential.

We have made significant progress in reversing the runaway growth trend of state government that we inherited when we went to Sacramento two years ago. Within the executive branch, the number of state employees has increased by only 450. Had we continued with the growth rate of the previous administration, there now would be 11,000 more state employees.

The economies and administrative reforms we have been able to make so far have helped to pull the state back from the brink of insolvency...but there is still a great deal more to be done; we will continue to cut and squeeze and trim.

Yet this is just one of our more gratifying accomplishments. An even more enduring accomplishment did not come from government in Sacramento. It stemmed from the cities, the neighborhoods, the shops and the businesses of this great State. The private sector has given a tremendous response to our plea to help us build the Creative Society. Constructive community action projects are springing up throughout the state.

Your own Chamber of Commerce has given its wholehearted support to the "Focus" program aimed at reducing unemployment in Fresno. It is one of many efforts by the private sector to improve the economic and social welfare of their communities.

In Modesto, the Chamber of Commerce also is taking an active leadership role in several vital community betterment projects. One is entitled "Operation Crime Stop." This group, composed of representatives of civic organizations, has sponsored projects aimed at reducing crime. It has promoted bicycle licensing, lock-your-car campaigns, conducted anti-shop-lifting clinics and started an awards program to honor citizens who assist law enforcement officials in their battle against crime. Modesto also has a Drug Abuse Council that has undertaken an educational and informational program on the impact of the drug problem in California and its potentially dangerous implications for our youth.

I could go on reciting the scores of other examples by which the business and professional community is actively involved in helping solve the critical urban problems.

This is not charity. This is not welfare. These programs are a modern version of the old-fashioned neighborly helping hand--an opening of the door of opportunity to thousands of citizens who previously found advancement and even a steady job beyond their reach.

Unless we accept the idea that government will support anyone indefinitely so long as he identifies himself as "disadvantaged," we must re-emphasize the individual's responsibility to take advantage of the opportunities that are offered to him...to stick to a job or whatever training course he has chosen to help him prepare for a job. We will never win the war on poverty by viewing it as a big battle to be fought by big government and big welfare. An effective war on poverty is the one which millions of Americans fight for themselves, individually, when they embark on a vocational training and self improvement program...and when they take their first job or open their first small business. Jobs--not politics; individual effort--not a dole....this is the answer.

The business and professional community has demonstrated that it is ready to do its share to provide every citizen who wants work an opportunity to become a productive member of our society. This is more than humanitarianism at work. It also is a pragmatic realization that the only way to reduce the scope of government activities, government control, and government confiscation of more and more of our earnings is to stop handing government so many problems to solve at taxpayer expense.

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(NOTE) (Since Governor Reagan speaks from notes, there may be changes in or additions to, the above quotes. However, the Governor will stand by the above quotes.)

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
CALIFORNIA JUNIOR CHAMBER OF COMMERCE
ANAHEIM CONVENTION CENTER
MAY 10, 1969

Three years ago, when I became a candidate for public office, I outlined what I believe to be the proper roles of government, the individual and the private volunteer sectors during a time of testing and trouble for our society. I urged that ordinary citizens begin applying some common sense solutions to the problems we face as a people, as a state and as a nation.

What I presented was a blueprint for a Creative Society...a partnership among the public and private sectors to revitalize this state and this nation---and to release anew the creative energies and the idealistic spirit that built America.

What we seek is not more government, but better government. We seek solutions that will not add to the governmental bureaucracy, that will not unbalance the budget or centralize power.

We seek a government that is ever mindful of its trust; responsive to the new needs of our changing society; a government which unleashes the dynamic forces of business and labor through private enterprise; which inspires our people to constructive action. In short, a government which involves its people in the search for excellence.

This is the essence of the Creative Society.

Government can lead. But it is the people who must act. In California, we all should take great pride in the way people across this state have acted. The volunteer sector has responded to the call of the Creative Society. Community action programs, privately led and privately operated, are developing throughout the state to solve community problems.

If we had to pick one key word to describe the dynamic force that gives the Creative Society its momentum, that word would be "participation" ---participation by the individual in activities that constructively affect the destinies of people.

It is gratifying to me to note that you Jaycees---young men already launched on the path to community leadership---have made a strong commitment to the challenges of community action.

Last year, in a series of creative papers on subjects of human concern, my administration outlined a number of action-oriented community projects suitable for implementation by private and volunteer groups. Your own survey shows that a number of projects listed in the creative papers have been translated into community achievements by Jaycees.

Last February, when floods ravaged many areas of the state, I said it was time to revive the old American tradition of barn-raising and neighbor-to-neighbor self-help. Californians by the thousands proved this was no idle dream; they proved that citizens of the space age care as much about their fellow men as their ancestors did. The Palm Springs and Glendora Jaycees were among the first to respond when calls for help went out in their communities. As a result of experience gained by several Jaycee chapters during the flood emergency, a step-by-step standard disaster plan was developed by your state leadership working in conjunction with my office and other government and private disaster agencies. The disaster plan has been widely circulated throughout the state. It is ready to be implemented at the local level by Jaycee chapters, as needed.

I cannot mention the tragic floods earlier this year without singling out for special praise some young people from the Watts area of southeast Los Angeles. While the homes of these youngsters remained high and dry, many of them volunteered to work in the expensive Bel Air section of the city, helping homeowners and merchants they had never met dig out from the indiscriminate ravages of nature.

Still another statewide Jaycee project is the program to provide recognition and help for returning Vietnam servicemen. (And let me say it is time that these brave young men receive the heartfelt thanks of the American people.) I am pleased to announce that the Department of Veterans Affairs and the Department of Employment are working with your state leadership to develop a strong program that will endure for years. Other state departments will be called in to assist if their help is required. The full resources of the state are available to develop a constructive program for these young men who have served their nation so well and who are now returning to civilian life.

Your work with the mentally handicapped also deserves praise, particularly the Special Olympics scheduled to take place in July in the Los Angeles Memorial Coliseum. Some 1,500 mentally retarded youngsters from the western states will take part in this event---another of the statewide projects of the California Jaycees.

About six months ago, representatives of my office and state officers of the Jaycees launched a series of meetings which have resulted in formation of the California Service Alliance, an informal statewide organization consisting of representatives of service clubs, professional, youth, and church groups, women's clubs, unions and minority organizations. The California Jaycees took the lead in helping form the alliance at the state level and has provided a staff executive director and a statewide coordinator.

The purpose of the California Service Alliance is to promote formation of local alliances to make the thrust of volunteer community service activities more effective. Jaycee chapters will act as the catalyst to help form local service alliances where it is determined that they are needed.

The goal is to totally mobilize and coordinate activities by:

- Ending costly and wasteful duplication of effort;
- Auditing local service-type projects;
- Assessing what more needs to be done;
- Soliciting participation in projects of human concern by organizations not currently involved; and
- Launching new programs.

The principle of community participation also can provide the drive for other well-directed action campaigns at the local level. One of the most critical issues of our time cries out for just such thoughtful attention. It is the problem of crime.

Citizen action in cooperation with law enforcement agencies is becoming widely accepted and genuinely effective in the fight against crime. Now, in California and elsewhere, citizens must make a commitment to "become involved" in the battle against crime.

We need a revival of common sense and common decency---a massive rejection of the permissive attitude which pervades too many homes, too many schools and too many courts.

It is far too simple to trace all crime to poverty. America's time of affluence is also a time of increasing lawlessness; there is a crime problem in the suburbs, as well as in the slums.

As we hope to turn the tide in favor of the responsible, law-abiding citizen, it is crucial that we have a total and sustained fight against lawlessness, coordinating the efforts and the resources of citizens, the private sector and volunteer organizations as well as government at all levels.

The shocking increase in crime is only one aspect of the problem. Many citizens sense a spreading malaise, in which alienation from society, rule-breaking and outright intimidation are commonplace. There is, of course, a limit to what the law alone can accomplish. The preservation of order is the responsibility of the entire community, not just of government and the police.

Every law-abiding individual has the right to expect complete safety for himself and his family. Every homeowner and businessman has the right to expect protection of his property against the criminal, the arsonist and the looter. Every parent has the right to expect protection for his child from those who deal insidiously in illicit narcotics. Every student has a right to pursue his education unhampered by the violent few.

Some California communities already are marshaling their forces to combat crime. Such diverse organizations as chambers of commerce, neighborhood groups, the "Ys.", ministerial and church organizations, service clubs, real estate boards, P.T.As., improvement associations, and the news media have joined together to plan and conduct crime prevention activities and support for law enforcement agencies.

Individual citizens have become involved by serving on neighborhood patrols, speaking before schools, church and civic groups, raising funds and providing special talents for anti-crime campaigns. Projects include ideas on how to reduce the number of burglaries in homes, schools and stores; how to combat vandalism, auto thefts, robberies and assaults. Free time and space have been donated by broadcasting stations and newspapers, and businesses have cooperated by distributing materials that provide anti-crime tips to their customers and employees.

California Junior Chamber of Commerce-Anaheim

While most of our citizens have not involved themselves in anti-crime projects, they have started to ask, "What Can I Do?"

A newly-formed nationwide organization may have the answer. It is called Citizens for Justice with Order. And it offers an opportunity for every citizen to involve himself in the restoration of justice and order, beginning at the community level. It is the aim of this new group to activate millions of Americans on behalf of respect for law and order; to direct citizen efforts into community projects to assist governmental authorities at all levels in reducing crime, disorder and delinquency.

CJO has been designated a national project of the United States Junior Chamber of Commerce. It will be implemented in California through local Service Alliances, with the cooperation of law enforcement officials

Citizens for Justice with Order will be the link between services currently available and concerned citizens. It will assemble, adapt and promote existing and new anti-crime programs.

Crime has become a byproduct of another menace to our people, particularly the youngsters. It is the illicit and widespread use of dangerous drugs. The growth of drug abuse in California is accelerating at an alarming rate.

Just the other day, I received some fresh statistics on the chilling dimensions of this drug problem.

In 1968, drug arrests among juveniles age 18 or younger averaged 2500 a month in California. So far in 1969, arrests of offenders under 18 are running at the rate of 3,250 a month. In 1968, the total number of drug arrests in California averaged 8500 a month (counting 6,000 adult arrests.) This year, the combined figure for adult and juvenile drug arrests is running at the rate of 11,050 a month. Law enforcement officials tell me the total will reach 150,000 arrests for 1969 unless this trend is reversed.

The living death of dangerous drug use is bad enough. But consider, too, how drug abuse can lead to other social problems such as crime, disease; consider how it swells the patient load in mental hospitals and adds to the welfare rolls.

The future of a generation of Californians is at stake. Yet most citizens, including those who misuse drugs, remain ignorant of their effects. There is a great need for public education. California's drug abuse problem transcends levels of society, running rampant in both the suburbs and the slums. Our proximity to Mexico makes this state more vulnerable to the smuggling of drugs and drugs are so "available" that they sell for a fraction of what they cost a few years back.

In the complex, drug-oriented society, real issues are clouded; "facts" appear to be contradictory, and some facets of the problem are still undefined. Supporters of the drug culture trade heavily on this confusion and contradiction. Medical and law enforcement officials report that nearly every youngster of junior high and high school age has knowledge of narcotics traffic; that youngsters today know much more about drugs than their parents; that the natural curiosity of youth compounds and situation; and that nearly every youngster in the state will at some time come in contact with a situation that compels him to make a choice either for or against dangerous drugs.

Parents too often pay little or no attention to the behavior of their children until they discover there is a narcotics problem in the family. Youngsters experiment with drugs---with marijuana---without regard to how their minds and bodies can be affected.

We must face up to this menace before it destroys the great resource of our youth. We must recognize the problem, then take positive action. And we in state government are giving drug abuse top priority.

This administration recently joined with the California PTA, the California Medical Association and the California Peace Officers Association to urge formation of drug abuse councils at junior high and high schools in the state. Surveys of local school districts indicate anti-drug programs already have begun in at least 20 counties, and are being planned elsewhere.

For the first time, federal and state agencies and private organizations concerned with narcotics have joined together in a common cause by forming the Interagency Council on Drug Abuse, a cooperative effort under the staff direction of the California Medical Association. The council is moving ahead to coordinate and intensify the efforts of local agencies, set up a clearing house for all pertinent educational material on drug abuse, study legislation and develop new informational programs.

Another aspect of the approach to this serious social problem is a public education campaign scheduled to begin soon in California. One of the country's top advertising agencies has volunteered to conduct the campaign, and the communications media have pledged their full support.

There is a groundswell of public indignation over drug abuse. Programs ranging from teen "hot line" phone-in services to educational and rehabilitation activities are available in most any community in the state. Some of the programs are excellent---like "Smart Set International set up by high school students in the Los Angeles area.

Some 90 California communities have petitioned the federal government to close the Mexican-California border to persons under 18 years of age, who are not accompanied by a responsible adult. A resolution with similar provisions has passed both houses of the California Legislature and has been transmitted to Washington.

I want to declare here and now that this administration is giving urgent priority to the solution of the drug problem. Whatever steps it may take, whatever program must be developed, whatever legislation must be passed...we pledge ourselves to act; to work with local officials, concerned parents, school, medical and law enforcement leaders to save our young people from this illicit threat.

Where do you fit in as Jaycees? I believe you can play a vital role in fighting drug abuse. Lend all assistance possible to the anti-drug abuse projects in your area. Find out what needs to be done. Then take the lead in seeing that it is done.

Make drug abuse an active and continuing concern of the Jaycees and your Service Alliances. Your organization already is carrying a big load in the area of community responsibility. You have demonstrated your capacity to inspire constructive action and to meet a challenge.

Wiping out the drug problem is possibly the greatest challenge in the area of crime control that has ever confronted California and this nation.

I am confident the Jaycees will want to be in the forefront of this battle. It is a fight that we must win if we are to save part of a generation from destroying itself.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in, the above text. However, the Governor will stand by the above quotes.)

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
Water Quality Control Symposium
Freeborn Hall, University of California at Davis
June 9, 1969

Not very long ago--just yesterday as we reckon the lives of states and nations--it was comparatively easy to talk about California's quality of life and its future environment. This was a quiet, easy life with occasional pueblos strung along the El Camino Real. The rolling hills and tremendous valleys were relatively untouched by man; the air was clear and the waters were fresh and abundant.

And in our lifetime we have seen the cities turn into great metropolitan areas which, we are told, are on their way to becoming megalopolis; our orange groves and apricot orchards have been converted into suburban tracts, and our fields into factories for the aerospace age, and our quiet roads into eight-lane super-freeways, the finest in the nation.

By 1985, we are told, there will be almost as many people living in the eight counties south of the Tehachapis as we now have in the entire state.

More than one-half of all the people who will be living in California in the year 2,000 will live in homes not yet built---on land not yet broken.

To some, these predictions of continued, explosive growth speak of great opportunity and promise; to others, these predictions are harbingers of doom---ominous signs of a state that will be heavy with people but light on quality...without room to move or air to breathe or water to supply our homes and our industries.

Obviously, we cannot build a fence around our state, or seal our ports and borders, even if we wanted to. Therefore, our task is to find that proper way to accommodate the anticipated growth in a manner that will preserve a quality environment. Otherwise, most of the attributes which attracted so many to our state could be destroyed for all of us.

What kind of a California do we want in the next ten, twenty, or thirty years? What kind of a state do we want for ourselves, for our children, for succeeding generations? What kind of schools? What kind of industries? What kind of cities and parks and highways? What kind of dreams do we want to build?

We can invent the future. And, when I say "we" I do not mean some super-government, or some computerized think-tank that spews out demographic statistics arranged in neat little boxes and charts. I mean we--the people--working together through our associations and organizations, our institutions and governments. I mean we in a creative partnership wherein government can lead, can be a helpful catalytic agent, but also wherein the people act. Any proper discussion of the future, any acceptable plan for the future, must be based on this creative partnership. Otherwise we will become a people of the government, rather than a government of the people, and, there is a vast difference.

If we will be honest with ourselves, we will recognize that many of the actions of government in the past have tended to separate, and sometimes alienate, man from his environment---thrusting the individual into an unnatural relationship with his surroundings. Most of the time this is done under the guise of the greatest good for the greatest number...but, too often the results are good for a few and of very little benefit for the many.

What is required if we are to invent the future--if we are to balance quantity with quality--is a new type of consortium...a consortium of a different type and nature and purpose than we have seen before...a consortium of citizens bringing together their resources, their talents, their energies and their commitment to excellence in the days ahead. This is, perhaps, the space age way to describe what this country is all about.

Monopoly can be correctly defined as the absence of free choice---a lack of diversity, an absence of options. In designing and building the quality of life in the environment of the future, there is no room for monopoly...whether it is enforced by government, manipulated by special interest groups, or generated by citizen apathy. Excesses of any kind--whether from the prouid or the greedy--can only rob us of the full dimensions of life in the years ahead.

As we build toward, and for, the future we must not only find the proper balance, we must be careful to preserve and protect our irreplaceable resources. That is why, in my State of the State Message last January, I requested legislation to extend the life of the San Francisco Bay Conservation and Development Commission.

That bay is one of California's most priceless natural assets. The extension of BCDC is essential to continue protection of the bay from any further deterioration which would result if unrestricted filling and dredging were allowed to start again.

Our call for the extension of the BCDC resulted in the introduction of two bills which embodied the basic objectives we called for. Various other BCDC bills have been introduced and are being considered. To receive my approval, any bill pertaining to the bay and the BCDC must meet six basic criteria:

First, it must continue the commission's control over filling and dredging. Language should be included in the bill to remove any doubts as to the legality of extending these important controls;

Second, the bill must respect the role and authority of the city and county governments in the bay area. City and county land-use plans should be guided by the planning and development objectives of the bay plan adopted by the BCDC;

Third, no area of the bay currently within BCDC jurisdiction should be exempted. Control over filling and dredging should be equally applied without special exemption;

Fourth, the commission should have the authority to implement a schedule of reasonable fees covering the costs of processing and investigating permit applications. It is entirely proper for the commission to raise, in this way, a portion of the revenue needed for its operations;

Fifth, the public interest in the future of the bay is paramount--- but the BCDC must adhere to the traditional protection of the rights of property owners as provided for in the Constitution and the statutes, and

Sixth, the bay plan should be used as a guideline but should not be frozen into law as presently written. The commission should have the flexibility to update the plan, and to maintain it as a firm guide to future development.

Those are the broad objectives which should be included in any BCDC bill. This administration will not accept the termination of BCDC; we will continue to push for legislation which will preserve and protect the San Francisco Bay.

There is a balance in the natural order of things and there must be a similar balance in the way we handle our natural resources and in the way we conduct those affairs which affect our environment. We must weigh what is called for against what is best for the too often forgotten common man. How can his individual rights best be served and protected? Not just for today---but for his progeny, and theirs. It is our duty to preserve the irreplaceable and to use wisely those resources which can be used, redeveloped and replaced.

We must have the proper development, conservation and distribution of water is an essential consideration as we attend to the quality of life. At the same time that we support strong regional efforts to import and develop water supplies for the entire West, we must continue to conserve and develop our water resources within our boundaries.

Our problem is not so much a lack of water but a mal-distribution of water and in 1960, the voters approved a \$1.75 billion bond issue to build the great California Water Project, designed to transport water from the North to the Valley and the South. As far as engineering goes, the project may be a marvel--but from some financial aspects, it is a nightmare. It has been due primarily to the genius and tenacity of Bill Gianelli and his people that the program has been kept on schedule.

In 1967, we named a special task force to look into the complicated financial workings of the project. The task force found that the capital available for construction and other operations was \$260 million short of the amount required through 1972, and \$600 million short of the amount required through 1985.

Now, with the most stringent economies and a minimum of deferments, we feel we can complete the 1972 projects and have a small reserve, of \$11 million. This is cutting it far too thin and so Bill Gianelli is searching for additional means of increasing the capital availability.

These fiscal difficulties are the result of faulty financial concepts and planning, under-estimates and over-statements. In 1960 we were told the \$1.75 billion would be sufficient to complete the entire project...even though the State's own independent engineering and financial consultants advised that even if building costs did not go up the project would be millions of dollars short---and that if building costs did go up (which they have) the project funds would be hundreds of millions of dollars short.

We believe we have made some real progress during our first two and one-half years toward building a higher quality of life into our future environment. Obviously, that quality of life depends on many aspects of society--an economy and efficiency of government which permits the citizen to keep more of what he earns; laws and programs which protect him from the criminal, the narcotics pusher and the peddler of pornography; highways which increase safety and speed the flow of people and goods; enlightened welfare reforms which are aimed at breaking the chains of dependency and providing a helping hand up, rather than simply a hand-out; governmental reorganization and reform so that red-tape is eliminated; waste is curbed and service is improved. All of these, and many other achievements, can have a real bearing on the quality of life.

And, we have some outstanding firsts in those areas of resource development and conservation and water quality control.

One of the great accomplishments was the work of the blue ribbon panel on water quality control programs. The results of the year-long study, and the recommendations which were incorporated into AB-413, will-- if enacted by the legislature this year--give California the most advanced legislation in the field of water quality control. I consider/this a prime example of citizen-involvement in the creative society...a suggestion of what a creative partnership can do to insure quality of life in the coming years.

Another first is the operation of the Joint Resources-Highway Committee formed to find the proper balance between highway interests and the preservation of our natural resources. We know that when it comes to protecting the irreplaceable--whether it is a grove of trees, or a park, or the beauties of a mountain pass---the shortest route may not be the best route. It is the function of this committee to find the proper balance in such cases---to preserve the environment while providing better highways.

Another first is the development of a comprehensive State Park System Plan---a total plan which will be reviewed and updated annually to keep pace with California's recreational and environmental needs.

In the very critical area of air pollution, our Air Resources Board has led the way with a program and standards which give California even stiffer exhaust emission controls than those enforced in other states by the federal government.

The creative society is, by its very nature, committed to the future. And, the heart of such a society is a partnership between government and individuals just such as yourselves---men and women who give of their time and their talents to tackle the problems and find the solutions, individuals who want to help design and invent the future. And, that is the key---your participation in a creative partnership.

If we are to create that better environment, if we are to have the quality of life we all desire---then we must work together. To do otherwise---to expect government to do it all, to allow government to do it all, is to build a lock-step future...without quality, without option, without individual opportunity. And should this ever come to be, there would be no quality, no future---and, really, no life at all.

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(Note: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the Governor will stand by the above quotes.)_5-

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
Commonwealth Club, San Francisco
June 13, 1969

Many speakers of world renown have recognized the Commonwealth Club as one of the nation's preeminent sounding boards. You are a distinguished forum. Any speaker invited to address you gives great consideration to choice of subject, and certainly I have no intention of being an exception.

My problem, however, is how to choose between a number of tempting topics, a number of state issues all vital and all more or less controversial, such as California's crying need for true tax reform, which, incidentally, would give me a chance to explain why it should not be based on compulsory withholding of income tax.

There is one subject, however, which stands out as probably the most vexing and frustrating, not only to government, but to the people of California: the "people's park" controversy across the bay in Berkeley.

The volume of words already spoken and written on this subject have not resolved a number of confusing aspects. Many questions remain unanswered.

Is the University properly cast in the role of greedy land baron, ousting the poor homesteader? Did the University arbitrarily and unreasonably interfere with a citizens' volunteer effort at beautification of an unused vacant lot? Did the forces of law and order precipitate violence and engage in massive but unnecessary "overkill?" Were there no efforts on the part of the University to negotiate, conciliate or reconcile differences between the people and the University? Even more basic, was this just another episode in the nationwide wave of violence swirling about our campuses, and if so, do we just continue reacting, restoring law and order after the fires start and the rocks begin to fly? Of greatest importance: Is the nationwide campus ferment a single thing, a widespread youthful dissatisfaction with things as they are which occasionally trigger some of the more emotional into violence? Or are there two separate and distinct groups each with its own cause? Is there a silent majority, non-violent but with legitimate grievances and is there a separate rebellious minority promoting a real revolutionary cause, a group that seeks by deception to enlist on occasion the aid of that majority group?

I would like to attempt in this forum to put the "people's park" controversy into perspective, and at the same time try to find answers to some of the above questions.

In discussing the episode of the "people's park," two facets will have to be avoided. One, the case of James Rector who died of shotgun wounds. At this moment, the precise circumstances regarding his death have yet to be established officially by a coroner's inquest. For that reason, I feel it would be improper for me to comment. The other has to do with the numerous charges of non-demonstrators suffering injuries and arrest, and the allegations of mistreatment in the detention facilities at Santa Rita.

Certainly, the possibility of all of this must be recognized. There is no question but that part of the mob on that first day of violence intended only to be vocal and were caught in the crossfire as they tried to escape. Since all of this is under investigation again, comments here would be improper.

It can be said, however, that if any citizens' rights were violated, if officials were guilty of misconduct, then justice must be done and the guilty must be punished.

The cause of the controversy is a city block, roughly 450 by 250 feet, purchased by the University two years ago for \$1.3 million as an eventual site for residence halls and research facilities. In the interim, it was to provide playing fields and recreation facilities very much needed on the Berkeley campus, since previous areas devoted to this purpose have been used for construction of new campus buildings.

The land has lain idle for more than a year, during which time no one thought of using it as a park. On April 4, it came up on the University's priority list approved for immediate development. On April 18, that classic example of four letter word journalism, the "Berkeley Barb" issued a call for its readers to gather on the coming Sunday, April 20, equipped with tools and shovels to convert for their own use the University property into a "cultural, political freak-out and rap center for the Western World."

It was made very plain: They were aware of the University's plans for immediate use of the property. We must depend on leaflets, the Barb and the official campus paper, The Daily Californian, for word as to their intentions, but they were pretty explicit.

The Barb said: "We will police our own park and not allow its occupation by imperial power." A handbill read: "We take a solemn oath to wage a war of retaliation against the University if it begins to move against the park. If the University attempts to seize \$1.3 million worth of land, now claimed by the people, we will destroy \$5 million worth of University property." Another handbill bluntly warned that even sending surveyors or posting "no trespassing" signs would be the signal for instant retaliation.

As a matter of fact, when the University did get around to posting "no trespassing" signs (51 of them), they were instantly torn down and burned.

The Daily Californian published an article by 27-year-old non-student, Arthur Goldberg--a name familiar in the free speech and filthy speech movement a few years ago. He praised the riots at Howard University and the University of Wisconsin and complained that not a thing was happening at Berkeley. His article then went into a tirade against Chancellor Heyns in connection with the University's plans for development, winding up with this arrogant and insulting demand: "Who the hell does the chancellor think he is? It is our park."

Ultimatums of this kind were the only answer the University received to its repeated efforts to enter into dialogue with these people. The chancellor had appointed staff members to make overtures, probably because a number of legitimate citizens and some students had joined in the work on the vacant lot under the impression that it was a volunteer community project to pretty up an unused vacant lot.

The real leaders, of course, were Goldberg and a number of others whose records include participation in the Oakland Induction Center riot, the seizure of Moses Hall, the Chicago riots and last summer's bloody riot in Berkeley when many of the same people demanded that Telegraph Avenue be closed off and turned over to them as a park--perhaps "playpen" is a more appropriate word. The names are all on the police blotter: Mike Delacour, Stuart Edward Albert, Paul Glusman, William Miller, and Frank Bardacke--to name a few--none of them are students of the University.

The chancellor repeated several times his willingness to discuss the design of the development and its possible use by the adjacent community. But at no time did the squatters designate an individual or committee with whom he could communicate. The University's position was untenable.

Not enough has been said about the very real problem of legal liability. As owner of the property, the University was liable in the event of injuries in the use of the property, or if it became a public nuisance. The importance of this can be judged by the recent announcement that the City of Berkeley itself is in danger of losing its own liability insurance because of the recurring disturbances in the streets and around the campus. The property, incidentally, had already become something of a public nuisance. Police had been responding to frequent complaints of nightly rallies, mass singing, shouted obscenities, bonfires throughout the night, and the gathering of unsavory characters which so frightened some housewives they wouldn't even walk down the street on neighborhood errands. And now it has been learned that part of the lush greenery planted to make the lot a so-called sylvan glade turned out to be marijuana.

One hundred and thirty-two residents of the neighborhood have petitioned the University to end the use of the park by the squatters, and to go ahead with the University plans. In addition to the complaints already mentioned was one that the property was being used as a garbage dump and toilet. Again as a measure of the liability risk is the record of arrests that had already taken place at the site.

One involved a 21 year-old man, picked up for indecent exposure after the police found him sitting in the park, completely nude, in full view of park occupants and by-passers. There were arrests for narcotic violations, armed robbery and a number of juvenile cases, some for drunkenness--including a 14 year-old, loitering and sleeping in the park, and four cases involving juvenile runaways--one from as far away as Wisconsin.

We all continue to use the term park but the issue never had been one of whether there should be a park or even whether a park was needed. There are no shortages of parks in Berkeley, and by the end of the summer, the City will have completed a new park only two blocks from the disputed site. By their own statements, the leaders of this property take-over have made it plain their only purpose was political. They were challenging the right of private ownership of land in this country. They referred to the University's deed as a piece of paper that does not give the University the right to make use of this land.

All of the events I've mentioned--the attempts at communication, the ultimatums by the dissident group--took place in the short period from April 20 to the second week in May. D-Day came on May 15. Before dawn, at 4:45 a.m., campus police led about 65 law enforcement officers to the site. There had been a number of claims that the group would occupy the site physically, and forcefully prevent the University from going ahead with its own plans. About 75 individuals were found sleeping in the park and were warned they were trespassing. Only three refused to leave and had to be arrested on that charge. The building of the fence began at 6:20 a.m. and optimism reigned--there was no opposition. It began to appear that the police on hand were an unnecessary precaution but no one can deny the University would have been less than responsible had it not notified law enforcement of its intentions in view of the repeated threats of violent resistance.

Now what about the police themselves? What did they have in mind when confronted with this call for their services? Were they deliberately provocative, looking for trouble, trigger-happy? Hardly! In the past 11 months four major riots have erupted in Berkeley. All of them involve militants from the south campus area of Berkeley, a neighborhood that has become the most serious crime problem in that city. In these 11 months there have been eight major bombings or attempted bombings, nearly 1100 drug arrests, 750 in the south campus area alone. They have confiscated nearly 1000 sticks of dynamite, more than 200 pistols, rifles, shotguns and other weapons, dozens of Molotov cocktails and materials for making more. There have been dozens of arson attempts resulting in more than \$800,000 damage including the fire that gutted Wheeler Auditorium. One policeman has been ambushed and shot; a dozen others have been fired upon. In last summer's Telegraph Avenue riot, two California Highway Patrolmen were the deliberate victims of fire bombings. Molotov cocktails were thrown at their feet. Engulfed in flames, they suffered serious burns requiring lengthy hospitalization. One of them has just recently been released from the hospital and is now able to do a little part-time work in the Highway Patrol office.

One of the attempted bombings involved a Berkeley police car in the official police parking lot. A homemade bomb employing a plastic base explosive was powerful enough that had it gone off it would have blown up not only the car and driver, but several adjacent buildings. In another bungled attempt--dynamite exploded but fortunately failed to rupture two large vats of highly flammable substance. Had this attempt been successful, Berkeley firemen are of the opinion that all of west Berkeley might have gone up in a holocaust.

All of this had to be taken into account as they were called into the street again.

By noon a total of 150 officers had been assigned to the area, 75 held in reserve, 75 on duty at the park site.

Meantime, back on the campus, a noon meeting had been scheduled for Sproul Plaza to hear a lecture on Israel and the Mideast crisis. This is a not unusual tactic. Permission is obtained through a student organization for a meeting which then abandons the original purpose. The crowd in the Plaza numbered more than 2,000 and some of them were obviously anticipating more than a routine discussion of an international crisis. A group of medics dressed in white uniforms, wearing Red Cross symbols, mingled in the crowd.

This has been normal procedure when a riot is planned or probable. There were nine speakers at the rally but no one mentioned Israel. The ninth speaker was Dan Siegal, UC student body president-elect. To use a trite phrase, it could be said that he appeared before an already-inflamed audience. Before he finished, they were screaming, raising clenched fists above their heads. Siegal has been charged with inciting to riot.

He wound up his speech saying, "Don't let those pigs beat (then a few unprintable words) out of you. Don't let yourselves get arrested on felonies. But he climaxed his speech shouting, " Let's go down and take over the park!" His admonition regarding felonies was not heeded, or perhaps it was just for the record.

The crowd was moving on a line of approximately 75 Berkeley police and California Highway Patrolmen. Someone kicked in the glass door of a bank on the way down; the window of an automobile was smashed. Rocks, bottles and other missiles were flying. Sheriff's deputies fell into line behind the marchers. From past experience, they knew that when the missiles started, those doing the throwing usually did it from the rear ranks. But not today---this was a mob.

Rocks, sticks, bricks and prepared jagged pieces of pipe and steel--some 18 inches long--rained down, thrown in end-over-end fashion into the police ranks from the rooftops. The force with which they were thrown can be judged by one that smashed through the door of a police car. Cherry bombs exploded in the street, some with BB shot glued on to act as schrapnel. Officers went down under the barrage and were overrun.

This was no spontaneous eruption. The rooftops had been stockpiled with rocks and other missiles. There were similar stockpiles in nearby alleys. Heavy steel reinforcing bars--construction steel--had been cut into short, throwable lengths.

Sheriff deputies resorted to teargas, but the barrage from the rooftops and streets continued. The small contingent of police and patrolmen had been broken up into little groups and completely surrounded. A thrown knife struck a highway patrolman in the chest and penetrated to the bone. One had his helmet shattered by a chunk of broken concrete, others were hit in the face. Many suffered injuries that made it impossible for them to get up, let alone walk or defend themselves.

Out on the fringe of the battlefield, a police car was overturned and set on fire. Those who did it discovered a Berkeley police reserve officer, a member of this volunteer group for 20 years, who had been assigned to traffic duty. They surrounded him, throwing rocks at close range. Backed against a building, he went down and was literally being stoned to death in the ancient biblical manner. Lying on the ground, he drew his revolver. He did not fire it. At sight of the weapon, the mob fell back momentarily and persons inside the locked building opened the door enough to drag him inside.

The field commander of the Alameda County sheriff's office made the decision the riot was out of control. Deputies armed with shotguns were ordered into action. When they arrived, they literally had to step over the bodies of injured officers who couldn't be helped or moved because the few left standing were under severe assault, and literally fighting for their lives.

Now, to all those who are so quick to charge police brutality or over-reaction, let me call your attention to something that hasn't been mentioned. All of these officers, including those beaten to the ground, were armed with the regulation .38 revolver. None of them used those weapons or even drew them from their holsters. And yet they have stated that only the arrival of the deputies and their use of the shotguns prevented the outright killing of isolated police and patrolmen.

As the afternoon went on, gas-dispensing vehicles spread teargas in an effort to disperse the crowd. One of these was put out of action by the mob. They even captured and looted a mail truck. Ambulances moved in and out of the area retrieving the injured. Militants overturned more vehicles and turned in false fire alarms and then stoned the firemen when they responded to the calls.

At the start of the noon rally, a total of 150 officers were on duty. By the end of the day, the total had reached 791, and this force was insufficient to guarantee the safety of Berkeley. The city manager, chief of police, mayor and sheriff joined in a request that National Guard forces be assigned to prevent further violence and disorder. The sheriff said he could no longer guarantee the safety of the city.

Three battalions of the 49th Infantry Brigade with supporting units were ordered to Berkeley and I signed emergency proclamations banning outdoor public assemblies and prohibiting loitering on the streets.

A total of 48 persons had been arrested on charges ranging from assaulting an officer to assault with a dangerous weapon, failure to disperse and refusing to leave University property. On the basis of casualties alone, it would seem the street people were out in front. Ninety-nine officers had been injured---18 requiring hospital treatment. The total for the street people was 43.

And yet, faculty groups in Berkeley and on distant campuses have publicly denounced the police and the use of the Guard. Others have challenged what they term "overkill" and taking their cue from these supposedly reasonable people, students have demonstrated in protest against the use of police and Guardsmen on campus.

No one can take pleasure from seeing bayonets in an American community or on a college campus. But the arrival of the Guard with bayonets brought almost total de-escalation of hand-to-hand fighting and violence. There were a few skirmishes---false bomb reports, maneuvers by the Guard and police units to disperse marching gangs of militants.

For four days, the Guard successfully kept the crowds moving and dispersed. Then, on May 20, a large crowd made a stand in Sproul Plaza. Repeated warnings failed to move them. The Guardsmen were being assaulted from the upper floors of one of the buildings. Chairs were being thrown down on their heads. The balcony of the associated student building was stockpiled with rocks and chunks of broken concrete.

All the warnings failed, and there was every indication that a direct assault was imminent. The field commander made a battlefield decision and called for a helicopter to make a teargas drop. The mob was told this had been done. Some left, but most remained.

There is no question that innocent people suffered the distress that goes with teargas. But there is also no question that horrendous tales exaggerated this episode beyond any resemblance to the true facts.

There also can be no question that the alternative to the gas--hand-to-hand combat between the mob and the Guardsmen--could have produced real tragedy.

By May 24, arrests had totalled 768, and 496 were non-students. Forty percent of those arrested were not even residents of Berkeley. Finally, on June 2, the University and local officials agreed order had been restored and the Guard could be withdrawn. They had put in 17 days at a cost to the taxpayers of \$760,000. There is no way to assess the cost in damage, in injuries, and in loss of business to the community.

The issue is not closed. A "people's park" negotiating committee has finally surfaced to declare there will be no real peace in Berkeley until the fence comes down. If we are to judge by past history, when it suits their purpose an incident will be found or created as an excuse for intimidation through mass marches, demonstrations, and coercive tactics always with the potential for violence.

They have issued a 13-point manifesto. Some of those points are very significant and revealing.

--"Young people leaving their parents will be welcome with full status as members of our community.

--"We will turn the schools into training grounds for liberation.

--"We will shatter the myth that U.C. is a sacred institution with a special right to exist.

--"Through rent strikes, direct seizures of property and other resistance campaigns, the large landlords, banks and developers who are gouging will be driven out.

--"Space will be opened up and living communes and revolutionary families will be encouraged.

--"We will demand a direct contribution from business, including Berkeley's biggest business---the University, to the community until a nationwide assault on big business is successful.

--"The people of Berkeley must arm themselves and learn the basic skills and tactics of self defense and street fighting.

--"We shall attempt to bring the real criminals to trial; where this is impossible, we shall implement revolutionary justice.

--"We will create a soulful socialism in Berkeley.

--"We will unite with other movements throughout the world to destroy the racistcapitalistimperialist system.

--"We will create an International Liberation School in Berkeley as a training center for revolutionaries.

--"We will protect and expand our drug culture."

I opened my remarks with some questions.

The decision is up to you as to whether the University arbitrarily and unreasonably interfered with an innocent, bucolic beautification project. And if it was the University that arrogantly refused to meet or conciliate.

I'll leave it to you to decide if the forces of law and order precipitated the violence.

Should the University--having invested \$1.3 million of the people's money for a purpose approved by the University administration, its own Capital Outlay Review Board and the Board of Regents--turn this investment over to some newly-created corporation organized to put the property in the hands of those who sought to take it by force? Or should the University get on with the business of providing facilities for the education of our young people?

And that brings me to the final question. Is there a revolutionary movement involving a tiny minority of faculty and students finding concealment and shelter in the disappointment and resentment of an entire college generation that finds itself being fed into a knowledge factory with no regard to their individuality, aspirations or their dreams?

The answer is an obvious yes and the challenge to us is to establish contact with these frustrated young people and join in finding answers before they fall to the mob by default.

At this moment in California, the danger of this happening is very real. And why not?

When Chancellor Heyns was meeting with law enforcement officials and joining in their request for police and National Guard protection, other chancellors in our system were endorsing protests and hunger strikes. Faculty groups were passing resolutions deploring police tactics without so much as making a phone call to learn the facts.

I am firmly convinced these represent a minority, but they are activists. The majority of faculty are scholars too busy with their own research and writing to engage in such extra-curricular activities. Are they also too busy to teach?

Young men and women go to college to find themselves as individuals. They see the names of distinguished scholars in the catalogue and sign for courses with the belief they will learn and grow and be stimulated by contact with these men. But all too often they are herded into classes taught by teaching assistants hardly older than themselves. The feeling comes that they are nameless, faceless numbers on an assembly line---green cap at one end and cap, gown and automated diploma at the other. They want someone to know they are there---they aren't even missed and recorded as absent when they aren't there.

The symptoms of rising rebellion have been evident for some time. They no longer bother to vote in student elections. So that other tiny group with its revolutionary purpose elects the student body officers and editors who proceed to speak in the name of the University.

This generation--better informed, more aware--deserves much more.

First, those who administer and teach must make it plain they will not be coerced by threats of force. They must spell out in advance those kinds of misconduct they will not tolerate and that there will be no negotiation with any who threaten violence. But this is only for that revolutionary minority---the University can dispose of the threat they represent in a week if they will take a stand.

The greater problem has to do with those others and it begins with establishing communication. Their legitimate grievances must be understood and solutions must be forthcoming. "Publish or perish" as a University policy must be secondary to teaching. Research, a vital and essential part of the process, must not be the standard by which the University rates itself. Its function is to teach and its record must be established on the quality of graduates it offers to the world---not on the collecting of scholarly names in its catalogue.

The few subversives on our campuses will be a problem much easier to handle if/that ^{the members of} so-called great silent majority have inner convictions, beliefs and confidence in our society and in us as adults.

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ADDRESS TO JOINT SESSION OF LEGISLATURE
(NOTE: Undelivered to Legislature)

Mr. Speaker, Mr. President Pro Tem, Members of the Legislature:

I would like to thank you for extending me this courtesy. I need not tell you why we are here. Nor do I intend---at this time---to speak on the pros or cons of particular points of view that have resulted in the failure to adopt a budget to keep not only the state of California but also local agencies conducting legitimate and vital services of government.

I do, however, feel it is my duty to report in some detail the exact situation in view of this impasse---a sort of second state-of-the-state.

The normal operation of government is slowly grinding to a halt---despite the fact that state employees---in complete devotion to duty---are voluntarily working with the faith that the legislature will act.

But devotion to duty is not enough---there are extremely critical areas in government which cannot function any longer. Some very sensitive functions have already been curtailed or stopped completely.

The potential for even graver problems grows with the passing of every hour.

While assurances have been given of good intent with regard to state employees' salaries---nothing can be done in those every day functions of contracting with private vendors, hiring of new employees or any of the acts requiring an employee to sign for services or purchases in behalf of the state. Because of this:

--Two new service centers in Fresno designed to assist the disadvantaged opened on Tuesday. But 48 hours later, because there is no authorization for funds, they are now unable to employ new staff required to fulfill their function.

--Payments cannot be made for Medi-Cal claims for service obtained after June 30 and no such claims are being processed. Blue Cross and Blue Shield are now notifying doctors, hospitals and other providers of medical services of the potential that they will not be paid. Although in the name of simple humanity medical consultants have been instructed to authorize emergency services.

--Crippled children's services are continuing in the Department of Public Health---but only those services to new patients, which concern themselves with emergencies are being made available without a budget.

--New Placements in residential care facilities for those not receiving public assistance have been and must be terminated. This includes patients under the mental retardation diagnostic centers.

--All services to new disabled clients served by the Department of Rehabilitation have been terminated. As an example, one man with a spinal cord injury is not only unable to receive diagnostic services but also must, under the law, be refused treatment facilities and assistance normally provided.

--The Department of General Services reports that most state institutions---hospitals as well as prisons---have enough foodstuffs to last through this weekend. But serious shortages will occur next week unless purchase orders are issued today because perishable foods are purchased on a weekly basis and there is no authorization to purchase anything today without a budget.

--Departments are unable to issue revolving-fund checks. The result is much higher costs to the state because purchasers are unable to receive cash discounts as they normally do.

--Officials are unable to authorize emergency plant, x-ray, sewage or water treatment repairs at Department of Corrections institutions. Nor are they authorized---in the absence of a budget---to provide emergency travel such as ambulance or transportation of fugitives.

--In the same department, it is very questionable whether the state can pay counties who keep work furlough inmates.

There is a serious question as to whether the Youth Authority can accept juvenile commitments from the counties without a budget.

The department of mental hygiene currently cannot send out bills for patient care amounting to \$8 million because it cannot legally pay for the mailing costs. Severe problems of this type occur in nearly every state agency because there is no authorization.

A delinquency prevention project of importance to the entire state is threatened. State appropriations pay two-thirds of the cost of operation of the San Diego Border station that prevents unescorted juveniles from crossing into Mexico with its temptations of narcotics and pornography. If the station is to continue, the city and county of San Diego must assume full cost of operation with no guarantee that the state can contribute its share.

--The Department of Mental Hygiene previously promised several counties it would pay the local mental health bill for the quarter just ended on an expedited basis early in July to ease the counties' cash flow problem. The department will not be able to meet that commitment--to the severe detriment of the counties involved.

--A proper diet for wards of the Youth Authority cannot be maintained beyond next Monday unless providers assume the risk of non-payment.

--State fire protection contracts with Kern, Los Angeles, Marin, Santa Barbara and Ventura Counties cannot be honored. Yesterday there were more than 50 brush fires in Los Angeles county alone. Due to the winter rains our fire threat is the greatest in 30 years.

--Contracts with a number of federal agencies, contracts for aerial tankers and helicopter fire crews and with individual counties committing the state to help prevent fire losses cannot be honored without a budget nor are we able to hire additional man-power as we always do in the event of major fires.

--Firefighters do not have the authority--without a budget--to purchase subsistence items and repairs to emergency vehicles, seriously hampering the ability to stop or prevent widespread property damage.

--The State Reclamation Board cannot proceed with construction of river bank protection in the Nelson Bend area.

--Contracts cannot be let for garbage service, rental of sanitary facilities, sewage disposal, electrical service and transportation in the Department of Parks and Recreation. Discontinuation of these services now poses the question of whether or not to close state parks. If state parks are closed, a tremendous amount of expense will be involved returning reservations. No estimate can be made of the damage to public inconvenience and goodwill.

--There is no authorization to employ seasonal workers in various departments, critically jeopardizing the state's ability to meet workload requirements or halting entirely programs aimed at assisting the citizens of California.

--Various pest detection programs requiring seasonal help, such as eradication and/or control of pink bollworm, skeletonweed and broomrape will be adversely affected.

Inspection services for agricultural products, shipping point inspections and grain and commodity inspections will be curtailed.

--Contract vaccination and brucellosis control as well as inspection and disposition of infected livestock and the poultry inspection program will be interrupted.

--The Milk Pooling Program will be halted.

--Adoption of state regulations and advertising of bids requires publication in newspapers, but lack of a budget prevents payments to be made.

--Purchases of new Highway Patrol cars and equipment cannot proceed

--Computer equipment contracts in the Department of Motor Vehicles could be cancelled, halting all vehicle registration and impairing the department's ability to supply drivers license information to law enforcement agencies.

--Pending complete legal clarification, the Department of Public Works will no longer advertise for any bids or contracts. Nor will any contracts be awarded for construction, including a number of large highway construction projects.

--Departments expending public funds in such an unprecedented situation as now exists have properly refused to proceed with entering into new contracts without complete legal authorization. No case law exists on which to base opinions because never before in state history has California's state government proceeded without budgetary authorization from the Legislature.

--California's constitutional and statutory officers who manage the operation of state government have already exposed themselves-- voluntarily--to the danger of personal liability. But obviously we cannot go on permitting them to do this.

--Essential positions such as prison guards, food vendors and hospital workers which are becoming vacant because of sickness, resignation and retirement cannot be filled.

--Payments for disability and death benefits for employees are becoming more clouded with each passing hour.

--Of equal importance is the impact the current crisis is having on local government, particularly at the county level.

--The County Supervisors Association has notified its members that the failure to adopt a budget poses critical problems with the counties and that the counties should not enact their new budgets "until the financial situation in Sacramento has been made clear and satisfactory."

--County programs affected by the lack of a state budget include: The new Lanterman-Petris-Short combined mental health operations, adoptions programs, county health departments generally, crippled children's programs, TV care programs, probation subsidies, support of juvenile camps, payments for boarding home and institution licensing and inspection, veterans' service offices support, aid to county libraries and public defenders, superior court judges salaries and contributions to salaries for the county agricultural commissioner.

Understandably, this is only a partial list of the more critical problems which are of immediate concern to all of us concerned with responsible government. Each hour reveals new complications.

The time and money spent on untangling just these few days of questions relating to the legal and moral obligations of state government certainly could have been better spent for the benefit of all Californians.

Those who see the state employees here in the Capitol and take comfort from the appearance of normalcy are deluding themselves. Beneath the surface, chaos is swiftly becoming disaster.

The people of California deserve better from us.

Thank you.

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EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
Sacramento Host Committee Breakfast
El Dorado Hotel, Sacramento
September 5, 1969

Nothing is more important right now than cutting the cost of government. This should be the top priority of every administration. It should be the major effort of every public servant---civil service or elected official.

At this time---when inflation is costing your state government one-half billion dollars a year, and when taxation is a totally unbearable and unfair burden on our people---economy is not only desirable, it is essential!

At a time when we struggle for the funds to build or modernize our schools, and our hospitals, and highways, we look back and realize---with anguish and some astonishment---over the past decade inflation has cost our state more than all the monies spent to build or renovate our schools, or more than all the monies spent for our highways, or more than all the monies spent for hospitals and hospital facilities. And, we know there is only one really basic, major cause of inflation---government spending, the high cost of government. Runaway inflation is the terrible companion of runaway government spending. We look back and mark the inexorable rise in tax rates. We see the line which charts both the increase in tax take and the decrease in the citizen's net spendable income. High cost of government eats away our incomes and erodes our savings and depletes our future even before it comes to be.

I repeat, nothing is more important than economy in government.

Yet every time we call for cuts and economies there are those in government---both elected politicians and career employees---who complain of what they term our neanderthal proclivities. And there are those among our citizens who are for economy except when it is applied to some government program, project or subsidy of particular interest to them.

Call it neanderthal if you will but unless we cut the cost of government so that it begins to live within the means of our taxpayers, we will, in fact, find ourselves in a very dark age---an ice age with dinosaurs of debt, depression and despair.

Those in and out of government who refuse to understand the plight of the wage-earning, tax-paying citizen are irresponsible or just unable to hear the voices of those angry citizens who are carrying too great a tax burden---and too often an unfair share---because of the high cost of government.

Millions of Californians---blue collars and white collars---find they have to run like crazy just to stay even with last year, or the year before; find it impossible to make ends meet; and are up to their eyeballs in debt because their earnings simply won't cover the normal costs of living. They deserve relief. And this administration is determined to provide it for them.

This is our third Host Breakfast together. Two years ago I told you of the philosophy that would guide this administration. More particularly I outlined some of the preliminary steps we had taken to introduce some of the common sense every day business practices into the sometimes hard to understand procedures of government. This included the formation of citizen task forces and last year I recited the score till then on the task force recommendations, how many had been implemented and the potential savings.

In short, I've made use of these annual morning visits to report to you on the state of the state.

Therefore, today I'll continue talking about some of the aspects of the business of state government, the dollars and cents details of operations here in Sacramento. As I've said on those other two occasions I'll say again. Certainly there are other important matters in government---and each deserves attention; air pollution, land pollution, water pollution, health and welfare programs and reforms, law enforcement, transportation and traffic safety, mental health..... and education.

(.....Sometimes I feel like the guy who tried to keep 64 ping-pong balls underwater---arms, legs, chin, stomach, hands and feet---and the damn things still keep popping up to the surface.)

None of these governmental functions has been, nor will they be, ignored by this administration. I make that reminder because there are those, apparently opposed to economy in government, who would set up a smokescreen by claiming, for example, that we are cutting back at the cost of quality education in California. This, in spite of the fact that under this administration, the state of California is spending more money

on higher education than ever before---more than under any previous administration; not only more in the aggregate total but more money per student and more money per capita. It is strictly a matter of priorities and education has a top priority in this administration---a priority completely compatible with our goal of economy in government.

For the first time ever, we included \$105 million in new funds for elementary and secondary education in our initial budget this year, new money over and above the amounts mandated or required by increases in student population. That amount was subsequently raised to \$120 million, as a change in federal policy made more state money available. We promised that if more turned up we'd use it for the school crisis. Now, as a result of economies in government and about half of 1 percent increase in revenue above our earlier estimates even more can be applied to education. These are the facts---the record is there for any who care to see.

It's been said so many times it's become a cliché---but it is still a truism; government exists to serve the people in the most efficient manner possible. It does not exist to provide jobs, nor does it have any right to expect the people to support wily proposals, political whims or petulant whines.

I sometimes think we have a new age of robber barons only the robber barons of today are the bureaucrats whose answer to every problem is "spend more of the taxpayer's money." Spend and spend and tax and tax and the public be damned. Perhaps that is too harsh. Someone once said, "public money is hard to save, it seemingly belongs to no one and the temptation is irresistible to bestow it on someone." But the result of this generous impulse is very often as harsh in it's effect as the actions of the 19th century free booters. Inflation has cut 26 cents from the value of your dollar in the last 10 years.

Is it not a form of violence when a man who made \$10 thousand a year ten years ago, must now earn close to \$15 thousand a year to stay even? Is it not a form of violence to force a man to hold two jobs---to moonlight---just to support his family? Or, to force a mother to leave her children in the care of someone else---or, on their own---so that she can work to supplement the family income and thus make up for the ravages of inflation. Has anyone ever taken the time to correlate the rise in juvenile delinquency with the rise of inflation?

We have three major goals:

1. cut the cost of government.
2. reform our antiquated and unfair tax structure, and finally,
3. reduce taxes.

One of the major cost factors in government---as in most every other operation---is personnel. When we came here in 1967, there were 102,465 full-time state civil service employees, not counting those in higher education. Had we continued the previous rate of growth in the size of government there would now be 117,000 employees.

There are now just 103,122---an increase of only 657, or six-tenths of one percent over the past three budget years even though we are doubling the California Highway Patrol to keep pace with our growing highway system. We intend to do even more.

So far, we have been able to implement 821 of those 1,561 executive branch economies recommended by the task forces on cost control and efficiency. This has reduced the cost of state government by \$161 million in on-going annual savings, and \$23 million in one-time savings.

Let me give you some "penny saved penny earned" examples of how those task force ideas added up to \$184 million.

By modernizing the state-wide system of filing equipment controls---by applying good business practices---we are able to save \$275,000 in the cost of equipment and space.

By consolidating telephone switchboards wherever possible in the government communications system throughout the state, we saved more than \$121,000. Additional savings will be realized in this efficiency as other switchboard operations are consolidated.

For years the state has been making safety inspections of some 1,115 privately owned dams and reservoirs throughout the state. No charge was made for these inspections. Now, by establishing a reasonable fee for these inspections---a practice which is entirely consistent with charging state fees for other inspection services---we have been able to realize a net savings of some \$300,000.

Motorists in the San Francisco area see another of the task force recommendations---the adoption of the one-way toll system on our bridges.

We implemented this at the Carquinez and Benecia bridges, and saved \$227,000 a year. (Furthermore, we were able to use some of the toll plaza equipment, from these two bridges for the new span between San Diego and Coronado, and that saved \$100,000 on construction).

Now the one-way toll system has been extended to all San Francisco area bridges operated by the state government---the San Francisco-Oakland, Hayward-San Mateo and Dumbarton bridges. This will save the state another \$300,000 a year and, because of the lessons learned, may enable us to save \$7.7 million in design and construction of the long-planned Southern Crossing Bridge across the San Francisco Bay.

These are just a few examples of reductions in the cost of government which have come about through the recommendations of the task force and the follow-through of state employees.

The businessmen who performed the volunteer, no-cost-to-the-taxpayer service of that task force, deserve the thanks and the gratitude of every taxpayer. Many of you are here today, and I again express our appreciation for your work. Your reports have not gathered dust in our files; as some cynics suggested they might; your recommendations have not been ignored or rejected; they are a very vital part of our drive for economy as we continue to implement the several hundred still to go.

Not all of the task force recommendations, or our own efforts, have been reflected in budget reductions.

The gas tax, for example, is a trust fund operation for highway building, maintenance and functions associated with highways and the Department of Motor Vehicles. The amount spent is determined by the amount of tax collected. But we can see that you get a better buy for your dollar. By using special dictating equipment in handling registration correspondence we are saving \$130,000 a year. By accelerating the collection and deposit of federal funds those funds earn an additional \$^{one half} million. A new system for releasing all construction progress payments on the same day each month saves another \$540,000 a year. By a simple adjustment in the territories of highway maintenance foremen we picked up \$500,000. These and dozens and dozens more commonsense business practices means we will build more than \$200 million worth of highway projects over and above the scheduled amount---all paid for out of savings. That is equivalent to about a 1½ cent increase in your gas tax.

We are reorganizing the executive branch of government. This year the legislature approved two of our major reorganization plans. This will enable us to further streamline government and cut costs.

One of the plans (eliminated 29 Boards and Commissions, and transfers their authority and responsibility to other agencies---or, eliminates them entirely as being unnecessary. This reorganization will save the taxpayers some \$158,000 a year.

This does not mean that we capriciously are going to eliminate all boards and commissions. We have in fact, established some new groups--- such as the State Transportation Board and the Educational Reform Commission. But, we are going to continue to press for the elimination of those boards and commissions which are outmoded, which serve no useful purpose, or whose functions can better be handled by an existing agency or department.

And, believe it or not, we have found ways to repeal---or at least, confound, one of Professor Parkinson's laws---the one that says, in government, work will always expand to match the work force.

Some of you may have heard that Bill Boone, who came up here with us as a \$20,000 a year coordinator of the Office of Nuclear Energy, resigned earlier this year with the recommendation that the office be abolished. Bill said the office served no essential function requiring a separate state agency and he wasn't about to sit there and take the taxpayer's money while he and his staff shuffled papers. We accepted his recommendation; Bill Boone has saved the people of California \$45,000 a year.

Ray Reid---another private industry executive we recruited--- recommended that his job as Educational Television Coordinator be abolished and that the functions be taken over by a non-salaried Educational Radio and Television Advisory Committee. Ray's idea was included in our reorganization plan, approved by the legislature, and another \$50,000 item was cut out of the state budget.

These are the results of men who are making a conscious effort to keep government as small as possible, and the cost of government as low as possible. This continuous, hard-nosed appraisal and reappraisal of government is essential if we are to some day achieve step 3 and reduce taxes.

Some years ago in a speech on government I said a government program once started was the nearest thing to eternal life we'd ever see on this earth. Well, in California government bureaus and agencies are not going to be like the man who came to dinner. If the need for their operations ceases to exist---they'll cease to exist.

We are determined that the number of employees at the end of 1970 will be no greater than when we came to office in January 1967. We are going to prove, once and for all, that government can be held in bounds, can be more efficient and effective and there is absolutely no reason why government cannot be run on a business-like basis.

We're just stubborn enough to tackle another of Professor Parkinson's laws---expenditures don't have to rise to meet income. To over-simplify, we're going to try to beat that law by including tax reduction as one of the expenditures---as a ^(program) budget item---and the bigger that item gets, the better we'll like it.

Basically, the various agencies, and through them the different departments will be required to present their highest priority programs which can be financed within their allocation. If they feel that there are other programs which warrant consideration, they may submit supplementary requests---but these will be considered against total state-wide priorities---with the highest priority being tax reduction. We are, in other words, going to let our department heads share with us the agony and the ecstasy of living within a hard, specific cut-back budget.

Now, no one is kidding anyone---and we all know making this plan into achievement will not be easy.

For one thing, it will require significant statutory change as well as prudent budgetary action. Only about one-third of the annual budget is subject to annual review by the governor and the legislature---the other two-thirds is controlled by continuing appropriations set in the statutes, or the Constitution.

Approximately one-half of the one-third of the budget subject to the governor's review is administered by agencies not accountable to the governor.

We plan, during the 1970 session, to offer the legislature options between spending programs and proposed tax reductions. We are hopeful the legislature will cooperate with us in this drive for economy and we have been in touch with the leadership of both houses, expressing our desire to work closely with them to win this battle for the taxpayer. This should not be a partisan fight---tax falls just as hard on Democrats and Republicans alike; inflation does not check party registration before it gnaws away at spendable income.

May I guess at a thought I'm sure entered your mind once or twice during that discourse? The budget this year is a fat \$6.2 billion! Yes it is and I'm not happy about it---in fact I blue pencilled \$125 million to get it down to that.

But that brings up another area for possible reform. The annual custom of announcing the budget total with the automatic assumption that it is the cost of operating state government which makes it difficult for people to keep track of costs and thus to control them.'

Of this year's \$6.2 billion budget---\$3.6 billion goes back to local government---city, county and schools. What confuses almost everyone except the accountants is that the budget includes three areas of expenditures which are really not expenditures but rather are tax relief payments. For example, \$211.7 million is given back directly to the property taxpayers, \$43 million is returned for business inventory tax relief and \$10 million goes for special property tax relief for low income senior citizens.

So a total of \$254 million in tax relief appears as an expenditure contributing to that \$6.2 billion total.

To confuse the situation even further, there are two other tax reductions which do not show as expenditures but which cut back on the amount of revenue the state collects. These items are: \$87 million---the tax rebate on your state income taxes next year (and, incidentally, the first rebate of its kind in the history of the state), and \$47 million which is not collected but which is the cost for the double standard income tax reduction to provide for relief for renters.

In reality, the budget for operating state government is a little over \$2 billion. That is the figure citizens should watch to see if government spending is getting out of line and I have asked that we come up with a method of reporting the budget in two parts.

In other words, we should be happy if we can report a reduction in that \$2 billion cost-of-government budget and we should be happy if we can show an increase in that other part---the amount we returned to the local communities and to the taxpayers. Of course, that depends on who you are.

There were those in the legislature who kicked and screamed about that 10 percent tax rebate. That desire again to bestow public funds on someone. They obviously felt that we should have spent the money--- because it was available. Their's might be termed an "easy come, easy go" philosophy---only the taxpayer knows that it doesn't come easy, and--- on April 15---it doesn't go easy. Since the money comes from the taxpayer, however, if there is any left over, it should be returned to the taxpayer. Government has no right to keep a single penny beyond that amount absolutely essential for the operation of a prudent government. Certainly it would be irresponsible to spend a one-time surplus on continuing programs, and thus increase the size and cost of government for each of the years to come when there would be no money to pay for that increased cost.

So far I have discussed with you some of the highlights of what we have done and are doing, to cut the costs of state government. And, I have discussed the ultimate economy of tax reduction. There is a third part of this program and that is tax reform. I wouldn't be surprised if some of you have the impression that tax reform is dead---down the drain. Don't you believe it. It has been and still is one of the major goals of this administration.

Tax reform does not mean tax tinkering---tax to reform becomes tax tinkering when it's approached by someone with one eye on the political tally sheet instead of both eyes focussed on what is really needed to straighten things out. The people I suspect know the difference. The tax reform proposal we have submitted is based in large measure on the work of the members of two task forces and the staff of the State Department of Finance---all of whom were advised that political considerations were to play no part whatever in their deliberations. The proof of that is very simple---no one with an eye on politics would come within a country mile of tax reform, because tax reform means equalizing the tax burden and those who have been paying too little and thus have to pick up their full share, get very unhappy.

We have some major problems that need solving.

For one thing, property taxes are far too high---they are regressive and they are making it virtually impossible to own a home in California. For another that static, inelastic tax is virtually the sole source of income for our rapidly growing school system. A school system which is plagued by a great disparity between high wealth and low wealth school districts. Vitally needed is a more equalized educational opportunity

for all California children. Under our tax proposal the present property tax levy for schools, which makes up about 50 percent of the property tax in California, will be reduced by 80 percent. Actually, residential property tax throughout the state would be cut in half. To provide an income for our schools that would grow with the economy and not require constant rate increases, we propose a one-half of one percent income tax solely for education.

- a one-cent addition to the sales tax, and
- a statewide tax on non-residential property which would be fixed at a rate of \$3.50 per \$100 assessed valuation.

Let me set the record straight on that statewide non-residential property tax. Some of you are under the false impression that this tax, which would help provide uniform state aid to education, would be over and above the property taxes you now pay. This is untrue; and those who misinformed you did you a disservice. Under the proposal, the present property tax levy, commercial and residential, for schools would be reduced 80 percent, and then frozen at that level unless 60 percent of the people in the district voted to increase the level on all (residential and non-residential) property. However, the reduction in the present commercial property tax levy would be offset by the \$3.50 statewide non-residential property tax rate. We considered offsetting the property tax reduction with an increase in corporate income taxes similar to the increase of personal income tax by one half of 1 percent to offset the homeowners property tax reduction. But, after researching the matter and conferring with representatives of the business community, it seemed evident that the statewide non-residential property tax was the most practical and equitable.

The statewide non-residential tax makes sure that all businesses pay their fair share of the cost of education---and does away with special districts which are in fact "tax havens." This, plus the use of sales and income taxes, will give our public schools a flexible source of income for the first time. And again let me point out the plan requires that property taxes can only be raised by a vote of the people. Under our proposal for tax reform, there would be no increase in the aggregate total of taxes collected by the state.

There are other features to the proposed tax reform package--- reducing and finally eliminating the business inventory tax, eliminating some unwarranted sales tax exemptions, permitting property owners to pay their property taxes on a quarterly basis, consolidating the state's tax collecting functions into a single department of revenue, requiring counties, cities and special districts to retain basically their present property tax structure, and requiring a two-thirds vote of the state legislature to increase state taxes, and others.

One of the major benefits of this tax reform proposal would be to eliminate the existing complex state subventions and mandates on the local school districts and convert the funds now used for red-tape and paper work into funds used for education. Some of this proposed tax reform requires only legislation and part requires changes in the State Constitution. We could go ahead and enact the statutes and thus implement part of the program and the rest would depend on a vote of the people, either in June or November of 1970. We think it is important that the people express their will on such an important matter as real tax reform; therefore we have tied the entire package to the Constitution changes which means the people will accept or reject our concept of tax reform. And that is as it should be---it's their money and they should make the decision.

If the legislature will act in the 1970 session, or before, these proposed Constitutional Amendments can be on the ballot next year and we can get on with the business of tax reform. Tax reform will not be tax increase and it cannot be tax reduction---yet. It can be the way to a better, more business-like government for our state as individual taxpayers, and as leaders in the business, agricultural and professional communities. You can bring this about by urging your legislators to get this tax reform program on the ballot, and by taking part in the public discussions we hope will take place in the months ahead. Tax reform is dependent upon politics, the process by which we govern ourselves---and politics is not a spectator sport. It is the lot of those who are spectators of politics to be mastered by those who take an active part in politics.

And, it is the strength---it is in fact the key to our freedom in this American democracy that the people shall take an active part in government. People do not always get the kind of government they deserve but they do, without fail, get the kind of government they resemble.

What will the state government of California resemble in the years ahead? Will it drift back to a philosophy of spend and tax, on the brink of fiscal disaster---or, will it continue to move toward economy, tax reduction and a reformed and honest and equitable tax system which, if we will it, can meet our needs without periodic increases in the share confiscated by government?

What it will resemble---what it will be---depends on you and your active participation in the affairs of government.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, this text. However, the governor will stand by the above quotes.)

9/12

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
SHERIFFS TRAINING ACADEMY
Los Angeles
September 12, 1969

It is a privilege to be able to offer on behalf of your fellow Californians our congratulations upon your completion of what, I have a hunch, you would now describe as an intensive law enforcement training course.

You now number in that class of over 23,000 California peace officers who have completed law enforcement training courses certified by the state. You are now part of that combination of forces which gives California the finest local law enforcement and protection to be found anywhere in the world. Sheriff Peter Pitchess is recognized nationwide as one of the most learned and devoted law enforcement experts available. The chief of police and other law enforcement agency heads in the area rank with the best.

J. Edgar Hoover in the FBI report of last month stated, 'Crime is a social problem and the concern of the entire community.' That is no understatement for no one can deny there is a national demand for public order.

Crime statistics are so continuously shocking that minds are becoming somewhat numbed by the attack. How do we translate into realization of the tragedy to victims of crime the bare statement that the risk to each citizen of becoming such a victim - a victim of serious crime increased 16 percent last year? It would be strange indeed if it didn't enter your mind now and then that the course you have chosen has vastly increased the risk of your being injured or killed.

Many of us who are automatically in your debt because of your decision to serve must wonder why. What made you work so hard---at great sacrifice to yourself and your family---to finish this training? Perhaps you would have difficulty framing an answer to that question. Certainly I will not be so presumptuous as to suggest an answer for you, but before I finish I would like to offer an opinion as to the meaning to all of us of what you are doing.

At the governors' conference at Colorado Springs earlier this month a report was submitted on the response to the challenge of crime. That title alone denotes three things. First, that there is a crime problem; second, it is a challenge to all of us; and third, there is a proper response.

We can describe the problem mathematically. The national crime rate is 2,234 serious felonies per 100,000 of population and that is double what it was in 1960. Whether because of our growth, the migration to the west or not, the rate for the 13 western states is 50 percent higher than the national average and jumps even higher when you read the score for just the five Pacific Coast states. And then you single out California and we are 20 percent higher than the rest of the western states and boiling it down to our home town---right here in Los Angeles---we are more than double the national average.

Cold hard figures to describe thousands and thousands of human tragedies occur each day and night just around the corner from where we live. The tragedy becomes more poignant when we consider the increasingly youthful face of crime. Last year half of all arrests for serious crime were under 18 years of age, a fourth under 15.

A French journalist wrote recently of a weekend night she spent in Los Angeles police station where the bulk of those brought in are patrons of the sunset strip. She described a young boy on the verge of tears. He didn't know what was going to happen to him. Yes, he had been just looking around, curious about the happenings on the strip. And yes, (curiosity again) he had some marijuana. Then the night shift brought in his personal effects, among which was his notebook with lists of customers names, of wholesalers, pages of prospects, price lists for LSD, speed, pot and others. Also a notation that he had reduced his profits that month by taking four LSD trips himself in a two-week period. He was 15 years old.

The picture of crime is not a pleasant one. In 1965 President Johnson saw the urgency of establishing the Commission on Law Enforcement and the Administration of Justice.

His charge to the commission included a request to answer the question 'of how society should respond to the challenge of the present levels of crime.'

The commission's response was entitled 'The challenge of crime in a free society.' To those not in the front lines that challenge may be somewhat sterile and theoretical.

What is the proper response to this challenge? Is it really possible for society to reduce the crime rate substantially? Yes, but not if we decide it is your problem alone.

The President's commission stated that in order to respond properly, it would take 'a revolution in the way America thinks about crime.'

A successful attack on crime must come through a multi-discipline approach, a coordinated attack by all agencies of government, supported and assisted by concerned citizens.

I would like to tell you first of government's response in California and of our determination to do all we can to help you in the performance of your task. The California Council on Criminal Justice, conceived even before the president created his commission and born before the passage of federal legislation, is now recognized throughout the nation as the model professional statewide planning agency working for the development of modern techniques in the prevention and control of crime and the treatment of criminal offenders.

We were the first state in the nation to complete and present for funding its comprehensive plan for criminal justice, we have now received over \$2 million to implement that plan and in his fiscal year expect to receive additional monies somewhere between \$15 and \$20 million.

The council, which meets each month, is composed of representatives of the total field of criminal justice at the state and local level. The council is aided by eight task forces specializing in (1) juvenile delinquency, (2) education and training, (3) police services, (4) the judicial process, (5) corrections, (6) narcotic, drug and alcohol abuse, (7) organized crime, and (8) riots and disorders.

In addition, over 1500 persons throughout the state advise the council on the total range of criminal justice problems. During the late summer and this fall the state and local task forces are and will be meeting for two-day sessions to consider in detail this challenge and to re-evaluate our response.

During your course of instruction we have seen two Americans walk on the moon. As amazing as that may be, it reminds us of the applicability of science to criminal justice. Several years ago the California Crime Technological Research Foundation was created for the purpose of applying modern methods of science and technology to this problem we are discussing.

The California Highway Patrol has established the first computer-to-computer crime information hookup in the nation. Fifteen jurisdictions now are using the systems. Computers are being devised and used in many criminal justice areas, including that of organized crime. We have just been awarded an additional \$600,000 to prepare a prototype criminal justice information system. Local jurisdictions also are using and experimenting with scientific equipment for projects ranging from detection to recordation of crimes.

However, as Mr. Hoover again points out, 'it must be constantly kept in mind that the computer is merely a tool and is no substitute for human decision-making. To view the computer as any more than a single part in a total information system is also a dangerous oversimplification. The success of these systems will depend on how well we train ourselves in their proper use.'

Another area where we have pioneered in the multi-discipline approach is with drug abuse. We created the Inter-Agency Council on Drug Abuse to use the coordinated activities of doctors, lawyers, judges, law enforcement, correctional officers, pharmacists, sociologists, psychologists, educators, health officers, nurses, students, city, county and state officials, and interested citizen groups such as the PTA.

Five task forces (research, education, legislation and government, treatment, and administration of justice) have been created. The work product of the council is one of the most encouraging things we have seen.

Every junior high and high school has been encouraged to form drug abuse councils with input from local medical societies and law enforcement officials.

A public information and education campaign on drug abuse has been devised and is now being implemented. I take a personal pride in the fact that one of my former associates in Hollywood, and as good a friend as you in law enforcement will ever have, is helping in this campaign--- Jack Webb.

The coordinated use of the expertise available just in the Council on Criminal Justice and the Inter-Agency Council on Drug Abuse has shown us that tremendous progress can be made quickly in many of these fields.

We have not overlooked the need for legislative change. For almost three years we have been battling for bills to strengthen your hand. We have known disappointments but lately we have known victory.

I have taken little pride in the fact that our state is literally the smut and pornography capital of the world. In Paris lately they've been selling California post cards.

For two years we introduced legislation to get at this problem and for two years our bills were buried in the assembly criminal procedure committee. This year we tried again and this time succeeded. Two bills authored by Senator Bob Lagomarsino passed and have been signed into law.

One sets up a new category to deal with pornography to minors. It defines such material as 'harmful matter' and makes it a misdemeanor to distribute it to minors under 18. The other permits courts to rule that obscene matter may be declared to be 'utterly without redeeming social importance' and thus subject to anti-pornography laws when the material involved is designed for deviant sexual groups; the manner of advertising also may be considered.

The legislature also passed a tough 'presumptive limits' law, part of our traffic safety program. This measure defines the level of alcohol in the blood necessary for a motorist to be presumed to be driving under the influence. This bill previously had been blocked for many years even in a less stringent form.

I can't get used to the necessity for talking about the need for stiff laws for college disorders. I can still remember when people used to brag about only living a stone's throw from the campus---but such laws are needed and we passed two omnibus bills making it a misdemeanor for persons once ejected from the campus to return, providing for withdrawal of state scholarships and other financial aid from students convicted of participating in illegal disturbances, and closing a legal loophole in the trespass law that prevented successful prosecution of militants involved in illegal mass demonstrations.

These measures are expected to give school authorities tools to cool down violence by banning the leading troublemakers from the campus and removing their financial support.

Various proposals on drugs were passed increasing penalties for various crimes involving possession and sale of dangerous drugs, permitting city and county peace officers to restrict entry into Mexico of California youths under 18 unaccompanied by a parent or guardian or who do not have written consent to cross the border. We know that over 80 percent of all illegal narcotics in California are smuggled across the border. Of particular interest and I hope of help to you, SB 66 permits authorities to protect police witnesses against gangland retribution by refusing to identify police informants.

A problem unique to California because of judicial legislation has prevented local government from passing ordinances to control anti-social conduct. I've just signed two bills to allow local governments to regulate topless and bottomless entertainment through local ordinances. Now that may not sound as exciting as a shortcut in an alley but it is a significant step toward getting back to local autonomy so that ordinances can be passed to give you the tools you need.

Organized crime has not been overlooked. Two bills have been passed this year to assist prosecuting such cases. One allows the court to grant immunity from prosecution to witnesses called to testify on the activities of organized crime and the other strengthens the state laws against perjury.

Much has been said about gun legislation and many in and out of government have advanced ideas designed to control the possession of guns. I have been less than enthusiastic about proposals that would make it difficult for the law-abiding citizen to acquire or keep a gun but which would do little to keep the criminal from having one. Most armed criminals are violating our present gun laws now by carrying a gun and I doubt that harassment of the sportsman, the law-abiding citizen, would do much to change that. It has always seemed to me that proper gun legislation should be aimed directly at that vicious individual who, given a chance, will aim a gun at you.

A few weeks ago I was delighted to sign a bill into law which provides that anyone found guilty and convicted of such crimes as assault, rape, etc., will have five years in prison added to his sentence if, when he committed any of those crimes, he had a gun in his possession. It only seems common sense to assume a criminal carrying a gun must have in mind that he would use it if need be.

The future of a generation of Californians is at stake. Yet most citizens, including those who misuse drugs, remain ignorant of their effects. There is a great need for public education. California's drug abuse problem transcends levels of society, running rampant in both the suburbs and the slums. Our proximity to Mexico makes this state more vulnerable to the smuggling of drugs and drugs are so "available" that they sell for a fraction of what they cost a few years back.

In the complex, drug-oriented society, real issues are clouded; "facts" appear to be contradictory, and some facets of the problem are still undefined. Supporters of the drug culture trade heavily on this confusion and contradiction. Medical and law enforcement officials report that nearly every youngster of junior high and high school age has knowledge of narcotics traffic; that youngsters today know much more about drugs than their parents; that the natural curiosity of youth compounds and situation; and that nearly every youngster in the state will at some time come in contact with a situation that compels him to make a choice either for or against dangerous drugs.

Parents too often pay little or no attention to the behavior of their children until they discover there is a narcotics problem in the family. Youngsters experiment with drugs---with marijuana---without regard to how their minds and bodies can be affected.

We must face up to this menace before it destroys the great resource of our youth. We must recognize the problem, then take positive action. And we in state government are giving drug abuse top priority.

This administration recently joined with the California PTA, the California Medical Association and the California Peace Officers Association to urge formation of drug abuse councils at junior high and high schools in the state. Surveys of local school districts indicate anti-drug programs already have begun in at least 20 counties, and are being planned elsewhere.

For the first time, federal and state agencies and private organizations concerned with narcotics have joined together in a common cause by forming the Interagency Council on Drug Abuse, a cooperative effort under the staff direction of the California Medical Association. The council is moving ahead to coordinate and intensify the efforts of local agencies, set up a clearing house for all pertinent educational material on drug abuse, study legislation and develop new informational programs.

There is one more area where all of us together can help in the war on crime. The job of law enforcement---your job---is virtually impossible unless the overwhelming majority of the citizenry is bound by a moral code which makes them behave when no one is looking the same as they behave in the light of day on a busy street. Perhaps this is the 'revolution' in public thinking the president's commission spoke of. There is a great need for a spiritual awakening---a moral resurgence among all of us and it ^{begins} begins with such tiny things as not fudging on red lights, or not playing the game with the idea that a rule isn't broken if the referee doesn't catch you. Bringing about this clear-eyed approach to right and wrong is our job---I hope we can do it as well as I know you will do yours.

And that brings me to the purpose behind your decision---the meaning of this day. In the thousands of years since man put aside his stone axe and club we have pushed the jungle back, enlarging the cleared space so that something called civilization could bring nearer the realization of man's highest dreams. Very often in the sunlight of the clearing we forget the darkness of the jungle and the creatures in hiding. But the jungle is always there, counting on us to forget, waiting for us to grow soft in our affluence. If we do, the vines and the undergrowth will close in and the clearing will be no more. Between us and the jungle holding it back is the man with the badge. It is a proud heritage---civilization is in your debt.

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EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN
Fair Employment Practice Commission
10th Anniversary Luncheon
Los Angeles
September 12, 1969

Mr. Chairman, before getting into my formal remarks today, I wonder if I might have a point of personal privilege.

It was almost two years ago that a young lady in New York heard by way of television a speech I made dealing with the need for law and order in our society. She was kind enough at that time to write me a letter expressing her approval of some of the things I said in that talk and to make some telling observations based on personal experiences as a citizen victimized by the increasing breakdown of law and order. I answered her letter and, because of an interest she had expressed in California, suggested she call on us at the Capitol if we could be of more help.

Just about one year ago, she arrived in Sacramento from New York--with her young daughter--and indicated to us that she wanted to relocate in California.

Bob Keyes, director of our Community Relations section, got in touch with Don Diers, out at Hughes Aircraft, and--thanks to Hughes--she was employed as a secretary. Since then she has attended UCLA extension, taking courses in purchasing, and now she is going into on-the-job training as an assistant purchaser for Hughes.

That young lady is with us here today--Rita, would you stand and take a bow. Ladies and Gentlemen, I'd like you to meet RITA HANKINS.

I want to tell you about some rather strange and stringent requirements applicants have to meet to get a job with one California employer. The applicant--

--must be the unemployed head of a household, and must have been unemployed most of the previous year

--he must have had no work record, or an unstable work record for the previous five year period

--he must have been a school dropout

--he must have no primary work skills, or no training toward such a skill

--must have an annual income of \$3,000 or less, and

--he may even have a record of arrests.

The man who can meet these requirements stands a good chance of being hired. First, he is put through pre-vocational training at a job skill center then, after being hired, he is given a four-week training course, at full pay, as either a general factory worker or an electronic assembler.

More than 75 percent of the participants in this program (which puts virtually "unemployable" workers to work) are Negro or Americans of Mexican descent. And, the program is paying off---for all concerned. The company--a large aerospace company--has been doing this for more than two years...without publicity, without fanfare, without subsidy.

This is a really great example of what Fair Employment Practice Commission Chairman Pier Gherini calls the "corporate sense of social responsibility" which is opening new vistas in the area of employing the unemployable minorities...and it is an indication of the important new fields in which the FEPC is becoming increasingly involved.

On this tenth anniversary of Fair Employment Practice Commission the most exciting aspect of its work--in my opinion--is its duties and activities in "affirmative" programs to assist employers in finding new ways to include more minority workers in the labor force. There are, of course, still those individual cases where a complainant charges racial discrimination and where the commission works to enforce the fair employment practices act. This is still an important part of the commission's work.

But, more and more, during the past two years under the direction of Chairman Gherini and with the support of our administration, the commission has greatly broadened its affirmative action efforts. Today there are dozens of such positive programs underway---programs in which FEPC consultants work side-by-side with employers, advising them and assisting them in reviewing and strengthening minority employment possibilities according to the needs of the particular community.

It is this positive, constructive and cooperative effort which is the key to success---it is helping more and more of our minority people to find gainful employment, including such pre-vocational and on-the-job training programs as I highlighted at the outset. It is this voluntary gearing together of the resources and efforts of the commission and the know-how, capacity and good will of industry which is building a solid record of achievement, a growing statement of success which benefits the individual employee, the individual company, and the entire community.

Much of the progress of the past ten years has been due in great measure to the fact that business and industry have shown a responsibility and a willingness to act affirmatively in this effort to (train and) hire minority workers. We can hear a great deal about the work that remains to be done, or about those increasingly isolated and rather extraordinary cases where fair employment problems continue to exist. But too seldom do we recognize, and give credit to, the work that has been done, and the gains that have been made.

I believe, on this observance of the tenth anniversary of Fair Employment Practice Commission, that we do well to pay tribute to the industrial management and leaders of organized labor who have made the work of the FEPC an unfolding success story. Obviously, without the cooperation of business and labor, programs such as FEPC can never be truly effective. It is an axiom of a free and creative society that while government must sometimes take the lead, the private sector must act---with it rests the culmination of ideas and the fulfillment of aspirations.

At the very outset of our administration---some two and one-half years ago---we instructed the heads of our agencies and departments that equal opportunity and fair employment laws would be fully enforced and applied...enforced all along the line, in both hiring practices and contract policies. We have adhered to, and enforced, this policy. Nondiscrimination is the policy of the State of California---both in principle and practice. We found we had to do more, though, than just announce a policy and I am sure many of you discovered the same thing. One diehard down the line can block policy and it takes a constant checking and reminding and sometimes head-banging to keep things rolling. We reviewed the requirements for various state job categories and rescinded those requirements which were overly rigid and unrealistic (such as demanding a high school diploma or its equivalent as a qualification for employment in jobs when no such educational requirement was called for.) Where rules and common sense are in conflict, common sense must prevail. In this way we have opened up new job opportunities to untrained minority employees.

Finally--and I mention this only to demonstrate to you that we are practicing what we preach and not as something for which we want any special recognition--we have appointed more members of various minority groups to key spots in the executive branch than has ever been done before. We did this, and continue to do it, because these men and women are fully qualified, because they are outstanding public servants, and because they are highly-regarded members of the California community. Some of these individuals have been named to top executive spots in various departments, some were named to the bench, some to boards and commissions. We discovered very early that representation on draft boards by members of our ethnic and minority groups was not in proportion to the numbers of young men in those groups who were being drafted. We also found we didn't have to wait for vacancies on draft boards to correct this. A certain leeway is allowed in size of the board---we recommended increased boards and added proper representation for our minority communities.

The day will come--and soon, I hope--when such things can be done without comment or the need for comment. Together--you in business and industry and organized labor and we in state government--can accel the coming of that day.

Generally, as we view the situation, opportunities have become more numerous and appear to be increasing for qualified, middle-class non-whites---particularly in technical capacities.

And, to a considerable degree, business and industry have made room for minority workers in supervision and middle management. At the same time there has been an upsurge in company-sponsored training programs, greatly increasing the employability of minority individuals who have little education and few job skills.

The FEPC staff advises us that as business's affirmative procedures increase in effectiveness, an acute shortage of qualified Negro, American of Mexican descent and other minority personnel becomes more obvious. Many minority workers are in need of jobs and wish to work, but they do not have the education or the training to step directly into available jobs.

And here, I sense, is the major part of the problem---the lack of education and job skills, rather than the pigment which happens to shade the skin.

Early in our administration, I toured the major metropolitan areas of the state and met with the leaders of neighborhood minority groups. In city after city the complaint was the same---voiced in bitter, anguished, demanding tones: 'The schools aren't teaching our children how to prepare themselves for jobs.' 'The schools that fail the white kids are the same schools that fail our kids.' 'Why shouldn't my kid drop out? The school turned him off---he needs education for the real world he faces.'

Months later we met with representatives of the business and industry community to learn how we might help improve the business climate of California to stimulate jobs and job opportunities. High on their list was the same plea: 'Get the schools to teach the kids how to read and write and add up a column of figures.' 'They're not even trained in the basics; how can we put them through on-the-job training when they can't read a work manual?'

Education is central to the realization of the American dream---the dream that holds that every man must be free to be himself, to become whatever his hopes and his drives and his ability can make him to be. And, with each passing year, education becomes more and more important; for, to an ever-increasing degree society (not the government, or the companies, or the unions)---society reserves its rewards for the educated.

But, too many of our children are being left behind. In not just one but virtually every metropolitan area I listened to mothers in those minority communities tell me their children were promoted from grade to grade not because they had learned what they should but simply because they had reached the end of the year. One mother told me her son had missed 10 weeks of school and no one had told her or asked where he was. They wanted their children to learn and they wanted them kept in a grade until they had qualified for promotion. This is quite an indictment of a modern day school.

What has this to do with FEPC, and the problems of minority employment, and affirmative action programs?

Just this. The uneducated, the unmotivated, the turned-off and dropped-out are today's corps from which springs the unemployment problems of tomorrow. Just this. The walls of the so-called ghettos are largely economic---and the key to employment, to earning a living, is education. We must move to break these vicious circles. Unless we do, we are destined to know the harshness and the heartbreak, and--yes--the social unrest---of increasing numbers of unemployable minorities, and of mounting welfare rolls, year after year after year.

We need more intensive training designed to prepare teachers who will work in the slum areas. We need a better liaison between the teaching profession and business and industry so that children are prepared with the knowledge and the skills and for the job opportunities which exist. Our entire educational system is geared toward college preparation but half of our young people have no interest in going to college. They are entitled to an education that will prepare them for the job market. We need an incentive system to attract talented and understanding teachers to the schools in the depressed areas. And, we need more teachers and administrators and student counselors from the minority groups themselves.

We need to involve more of the entire community in the continuing educational process---just as more and more companies, many of which are represented here today, are doing in pre-vocational and job training programs. All together--the formal and informal education, the company and the union apprenticeship and training programs--we can build the stronger base and help accelerate the affirmative, giant stride programs of the FEPC. It will be this cooperative, creative, joint venture--of the private and public sectors working together--that can solve the problems of our communities, and solve them in an honest, lasting way free of the scotch tape and band-aid approach of bureaucracy which has plagued us for far too long.

The simplistic approach that laws and edicts alone are enough---that laws alone can solve all our problems--this has proved to be falacious. In case after case, the laws are on the books and the circulars have been distributed---but the problems remain. Usually the laws and administrative regulations compound the problem by restraining and restricting the very forces and derivative sources which, if unleashed could find the solutions.

The valid test of good government is not how many laws it passes (and, believe me, after days and days of signing hundreds and hundreds of bills after the last session of the legislature, I can surely attest to that). The true test of a good government is whether those in office use disciplined imagination to build a government of and by as well as for the people...and whether that government releases the energies of every man by removing the obstacles to his progress.

This work of bringing more and more of our minority workers into the labor force is important. California is concerned about human relations---our administration is actively concerned about human relations. There is no doubt that many of our citizens in the minority communities have legitimate grievances. It is imperative that we correct the inequities, that we remove the unnatural barriers and obstacles, that we guarantee the rights of all. These things must be done.

And, if there is any honest answer to truly fair employment practices, the answer will come from the hearts of men, and the creative genius of their minds; having the good-will to want to solve the problem, and having the good sense to come up with honest solutions which instill self-respect as well as sound business practices.

✓ It is time to stop acting like our brother's keeper, and start acting like our brother's brother.

The restoration--the perpetuation--of the American dream (which, in part, is what the work of the FEPC is all about) is one of the great challenges confronting every one of us today. It is something we must get on with---something on which we must make our personal and our public commitment; it is something we must do--not because it may be the politically smart thing to do, or the economically sound thing to do--but because it is the morally right thing to do...and that's what counts.

To all of you--FEPC members and staff, and the men and women of business and industry and labor who are working to make the American dream come true--congratulations, and thank you.

On this tenth anniversary of Fair Employment Practice Commission my wish is this: ten years from now may we have restored, and expanded and implemented the American dream to the point that there is no longer any need for an FEPC.

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(Note: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)