GOVERNOR REAGAN AND HIS CABINET: AN INTRODUCTION

Gordon Luce  A Banker's View of State Administration and Republican Politics

Verne Orr  Business Leadership in the Department of Motor Vehicles and State Finance

Ronald Reagan  On Becoming Governor

Interviews Conducted by Gabrielle Morris and Sarah Sharp 1979 - 1983
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California government and politics from 1966 through 1974 are the focus of the Reagan Gubernatorial Era Series of the state Government History Documentation Project, conducted by the Regional Oral History Office of The Bancroft Library with the participation of the oral history programs at the Davis and Los Angeles campuses of the University of California, Claremont Graduate School, and California State University at Fullerton. This series of interviews carries forward studies of significant issues and processes in public administration begun by the Regional Oral History Office in 1969. In previous series, interviews with over 220 legislators, elected and appointed officials, and others active in public life during the governorships of Earl Warren, Goodwin Knight, and Edmund Brown, Sr., were completed and are now available to scholars.

The first unit in the Government History Documentation Project, the Earl Warren Series, produced interviews with Warren himself and others centered on key developments in politics and government administration at the state and county level, innovations in criminal justice, public health, and social welfare from 1925-1953. Interviews in the Knight-Brown Era continued the earlier inquiries into the nature of the governor's office and its relations with executive departments and the legislature, and explored the rapid social and economic changes in the years 1953-1966, as well as preserving Brown's own account of his extensive political career. Among the issues documented were the rise and fall of the Democratic party; establishment of the California Water Plan; election law changes, reapportionment and new political techniques; education and various social programs.

During Ronald Reagan's years as governor, important changes became evident in California government and politics. His administration marked an end to the progressive period which had provided the determining outlines of government organization and political strategy since 1910 and the beginning of a period of limits in state policy and programs, the extent of which is not yet clear. Interviews in this series deal with the efforts of the administration to increase government efficiency and economy and with organizational innovations designed to expand the management capability of the governor's office, as well as critical aspects of state health, education, welfare, conservation, and criminal justice programs. Legislative and executive department narrators provide their perspectives on these efforts and their impact on the continuing process of legislative and elective politics.

Work began on the Reagan Gubernatorial Era Series in 1979. Planning and research for this phase of the project were augmented by participation of other oral history programs with experience in public affairs. Additional advisors were selected to provide relevant background for identifying persons to be interviewed and understanding of issues to be documented. Project research files, developed by the Regional Oral History Office staff to provide a systematic background for questions, were updated to add personal, topical, and chronological data for the Reagan period to the existing base of information for 1925 through 1966, and to supplement research by participating programs as needed. Valuable, continuing assistance in preparing for interviews was provided by the Hoover Institution at Stanford University, which houses the Ronald Reagan Papers, and by the State Archives in Sacramento.
An effort was made to select a range of interviewees that would reflect the increase in government responsibilities and that would represent diverse points of view. In general, participating programs were contracted to conduct interviews on topics with which they have particular expertise, with persons presently located nearby. Each interview is identified as to the originating institution. Most interviewees have been queried on a limited number of topics with which they were personally connected; a few narrators with unusual breadth of experience have been asked to discuss a multiplicity of subjects. When possible, the interviews have traced the course of specific issues leading up to and resulting from events during the Reagan administration in order to develop a sense of the continuity and interrelationships that are a significant aspect of the government process.

Throughout Reagan's years as governor, there was considerable interest and speculation concerning his potential for the presidency; by the time interviewing for this project began in late 1980, he was indeed president. Project interviewers have attempted, where appropriate, to retrieve recollections of that contemporary concern as it operated in the governor's office. The intent of the present interviews, however, is to document the course of California government from 1967 to 1974, and Reagan's impact on it. While many interviewees frame their narratives of the Sacramento years in relation to goals and performance of Reagan's national administration, their comments often clarify aspects of the gubernatorial period that were not clear at the time. Like other historical documentation, these oral histories do not in themselves provide the complete record of the past. It is hoped that they offer firsthand experience of passions and personalities that have influenced significant events past and present.

The Reagan Gubernatorial Era Series was begun with funding from the California legislature via the office of the Secretary of State and continued through the generosity of various individual donors. Several memoirs have been funded in part by the California Women in Politics Project under a grant from the National Endowment for the Humanities, including a matching grant from the Rockefeller Foundation; by the Sierra Club Project also under a NEH grant; and by the privately funded Bay Area State and Regional Planning Project. This joint funding has enabled staff working with narrators and topics related to several projects to expand the scope and thoroughness of each individual interview involved by careful coordination of their work.

The Regional Oral History Office was established to tape record autobiographical interviews with persons significant in the history of California and the West. The Office is under the administrative direction of James D. Hart, Director of the Bancroft Library, and Willa Baum, head of the Office. Copies of all interviews in the series are available for research use in The Bancroft Library, UCLA Department of Special Collections, and the State Archives in Sacramento. Selected interviews are also available at other manuscript depositories.

July 1982
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley

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INTRODUCTION

In his first days as governor of California, Ronald Reagan was somewhat uncertain about how to go about being governor although clear about what he wished to accomplish. Many of his initial appointees as cabinet secretaries and department directors were, like Reagan himself, unfamiliar with state government procedures; more important to Reagan and his kitchen cabinet, these new appointees had been carefully screened to be sure they supported the governor's goals. The enthusiasm with which this new administration faced its tasks in 1967 is reflected in the interviews in this volume with Ronald Reagan, Gordon Luce, and Verne Orr.

Luce and Orr were among those state officials recruited from the corporate community to implement Reagan's campaign promise to bring efficient business methods to bear on the upward spiral of the cost of government. Luce was named to head the Transportation Agency (later the Business and Transportation Agency) and Orr as director of the Department of Motor Vehicles and later the cabinet-level Department of Finance. Both men continue to be among President Reagan's close associates, Orr as Secretary of the Air Force and Luce in Republican party counsels. The interviews indicate the similarity of thinking on government matters between Reagan and these deputies and the easygoing manner with which they preferred to deal with one another.

These interviews were originally planned as the initial sessions of longer, detailed oral history memoirs to be conducted with each of the three men, designed to fully explore their experiences in state government and the evolution of public policy in California during Reagan's two terms as governor. Reagan's election to the presidency in 1980, resulting in new responsibilities of national scope for Orr and Luce as well as Reagan, have made it impractical to carry out these interviews as planned, as well as interviews begun for the project with Michael Deaver, Edwin Meese, and other individuals close to Reagan during his years as governor. The interviews with Reagan, Luce, and Orr as they stand herein, however, are worthy introductions to the attitudes and personal relationships that shaped the Reagan gubernatorial administration, many of which have continued throughout the presidency. For this reason the decision was made to complete production of the interviews for the Reagan Gubernatorial Era Project as a baseline for interviewing that will undoubtedly be done by future oral history projects documenting Ronald Reagan's years in public office.

Gabrielle Morris
Project Director

February 1986
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley
Gordon Luce

A BANKER'S VIEW OF STATE ADMINISTRATION AND REPUBLICAN POLITICS

An Interview Conducted by
Gabrielle Morris
and
Sarah Sharp
1981 and 1983
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INTERVIEW HISTORY

The following interview with Gordon Luce provides a clear, informative picture of the relationship between gaining acceptance for a political philosophy and the practical aspects of putting it into action as experienced by one who worked with Ronald Reagan on his early campaigns and as a member of his gubernatorial cabinet.

Luce was already a leader in southern California Republican affairs when he became chairman of Reagan's San Diego County election committee in 1966. Accepting a draft by the governor's personnel screening committee, he served as secretary of the Business and Transportation Agency for three years. In 1971, at Reagan's request, Luce ran for and was elected vice chairman of the Republican State Central Committee and two years later moved up to chairman. He continues to be a source of support and advice for President Reagan, including serving as a trustee of the Reagan Collection at the Hoover Institution. In this capacity, he provided valuable assistance to the Reagan Gubernatorial Era Project in its formative stage.

In discussing his varied public activities, Luce describes the similarity of his and Reagan's thinking as well as his own role in shaping the policies to carry out their ideas. "During the campaign--he [Reagan] said this often--we talked about reducing the size and cost of government." When he arrived in Sacramento Luce successfully urged that the reorganization plans under consideration include combining business activities and transportation in one agency in order to consolidate and encourage interaction between their functions. Once the agency was formed, Luce sought to balance the highway-dominated transportation program with a stronger mass-transit program and increased environmental protection, for which he won the governor's support.

Speaking of Reagan's cabinet, Luce comments that "It took days and weeks to synthesize an issue [before] we would finally bring it to the governor." It "wasn't just a sounding-board group, it was a very formal kind of situation." And yet whenever Luce requested, Reagan was available to come and visit the agency staff. "He seemed to thrive on his role, and the more he learned, the more he enjoyed the job."

To his surprise, Luce found that he had to run hard for the state central committee, even though he was Reagan's choice. "Particularly in Los Angeles, we have these other people who have been working [for the party] for years." They want to know, "Are you going to be a good chairman or not?" As Republican vice chair and chair Luce attended party conventions, dealt with a deficit, and worked to encourage party unity. To this end, there were regular meetings of
party people with the governor. In providing capsule comments on specific election campaigns, Luce notes that in 1972 he chaired the California committee to re-elect Richard Nixon and later as state party chairman had to suggest that President Nixon resign.

Two interviews were recorded with Luce. For the session on March 13, 1981, the interviewer was Gabrielle Morris and the focus was setting up the Reagan administration in Sacramento. At the second session on February 18, 1983, Sarah Sharp asked additional questions on Luce's work with the governor's cabinet and with Republican campaigns. Both sessions were taped in Mr. Luce's handsome executive office at Great American Federal Savings Bank in San Diego. Luce reviewed the edited transcript with care and made few revisions.

Gabrielle Morris
Interviewer-Editor

February 1986
Regional Oral History Office
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University of California at Berkeley
BIOGRAPHICAL INFORMATION
(Please print or write clearly)

Your full name __________ Gordon Coppard Luce __________

Date of birth Nov. 21, 1925 Place of birth San Diego, CA

Father's full name __________ Edgar Augustine Luce __________

Birthplace __________ San Diego, CA __________

Occupation __________ Attorney-at-Law __________

Mother's full name __________ Carma Coppard __________

Birthplace __________ Texas __________

Occupation __________ __________

Where did you grow up? __________ San Diego, CA __________

Present community __________ San Diego, CA __________

Education __________ B.A., Stanford University, 1950; M.B.A., Stanford University, 1952; postgraduate, Indiana University School of Savings & Loan, 1959.__________

Occupation(s) __________ Banker __________

Special interests or activities __________ Travel, political involvement, community affairs __________
I RONALD REAGAN'S ELECTION AND TRANSITION INTO THE GOVERNOR'S OFFICE

[Interview 1: March 13, 1981]##

San Diego Campaign Committee

Morris: One of the things that is particularly interesting is how people came to go into government service. Had you worked with the Republican party?

Luce: Yes, I had been an active Republican worker, a volunteer worker in San Diego County. I was then Governor Reagan's chairman for the gubernatorial campaign in 1966. After the election, I became a part of his personnel screening committee which was to help recommend people for positions in the new government in Sacramento. Then I was drafted from that committee into Sacramento, into the administration in December of 1966.

Morris: Could you tell me a little bit more about the personnel screening committee? Was there a separate one in each county?

Luce: There was an attempt at that. I was asked to form a committee in San Diego after the election to collect names from San Diego that might be good candidates for positions in the new government. We had a committee of maybe twelve people.

Morris: In San Diego?

Luce: Yes, and I selected that group. These were mainly people who were known in the community. Some had been supporters of Governor Reagan and some had not been particularly active, but were known as civic leaders, et cetera. The master committee,

## This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 58.
Luce: so to speak, was in Los Angeles and that was chaired by, co-
incidentally, William French Smith who is now attorney general.
He was a lawyer at the time and had been asked by Governor
Reagan to help get these subcommittees to do some recruiting
around the state and then they would bring their information
to the main committee in Los Angeles where Mr. Smith and a
group of approximately twelve people had assistance with
computers, assistance from personnel people, so they could
keep all of these names in an organized fashion.

We were mostly dealing with high positions—cabinet
positions, department heads, members of boards—

Morris: This would be before the reorganization. It would be the sort
of across-the-board operational departments?

Luce: Yes. Simultaneously the new Reagan staff that he had selected
were operating and working on ideas of consolidation of
various agencies and departments and analyzing what positions
they wished to fill. So that was really a separate committee
of his staff. For instance, the director of finance, which
did not have a reorganization plan, was selected by this
committee and recommended to Governor Reagan.

Morris: To back up a minute, had you had a chance with the then-
candidate Reagan during the campaign to talk about some of
these questions that later became part of the administration?

Luce: During the campaign—he said this often—we talked about
philosophy of government, reducing the size and cost of
government—a business approach to government was used
predominantly at the time. I didn't specifically, thinking that
first of all, I would not be going on to government. That
was not my interest. I think it was only the last few
weeks of that campaign in November that some of his people
were in San Diego that he said, "We need to start thinking
about personnel for the new administration. Gordon, you
did a great job in San Diego. Why don't you start thinking
about people and putting together a committee and start to
work. We're going to need to recruit the best people."

Morris: Was San Diego at that time, in '66, a strongly Republican county?

Luce: More so than it is now. I can't remember if our majority
registration was Republican; it was close. Now we're a
Democrat registration majority; that changed somewhere in the
last ten or fifteen years. It would be close. San Diego has
a history of voting Republican even though there are more
registered Democrats than Republicans.
Morris: That is kind of a bellwether for the state then.

Luce: To a degree. We're known to be more conservative than some parts of the state, but not as conservative as Orange County. In fact, Governor [Jerry] Brown, in his first election and possibly in his second, did very well in this county, unusually, because, as I say, the Republicans seem to do well even though there's a good Democratic registration.

Morris: Would he have done well here because of the help of local Democrats like Hugo Fisher and James Mills?

Luce: I think it was that Brown gave it more attention; came here more often, spoke more, and recognized the importance of San Diego. This is a provincial community in a sense, with a large population, and the more attention the community receives by any candidate, the better the campaign seems to go.

Morris: That's interesting; to try and separate San Diego from the mass of Los Angeles?

Luce: Yes. We don't like to be merged into them at all. I can remember the Deukmejian campaign for attorney general some years ago: in this county I think he came in second; in the state he came in third or fourth.

It so happened that quite a few people in the county liked George, and they said, "Get him down here more often." And so he had more press conferences, more fundraisers, everything. It showed up in the election results. He spent a lot of time here. They respected the fact that he cared about San Diego, and they got to know him.

Morris: So in San Diego a personal campaign works better than a media campaign?

Luce: Well, I think media is always important, but a personal campaign certainly helps.

Morris: When you were running the governor's campaign here in the county, did you tie it in closely with some kind of a master plan that Spencer-Roberts had developed?

Luce: They had a statewide plan. I'm certain there was a manual and meetings and we'd go to Los Angeles and get our instructions, et cetera. We worked closely with them, but we tend to be
Luce: pretty independent and we'd take a bit of the suggested plan and then we'd sort of do our own thing along with it. I can remember I established a committee of sixty-six. It was the year 1966.

Morris: Oh, that's a good idea.

Luce: I thought it had a little zing to it. I tried to balance that committee so we had--offhand--different people from the community on it. I thought that was--

Morris: Businessmen?

Luce: Yes, I had the normal businessmen, but I had women and some minorities--I was trying to show the broadness of this campaign. I thought that worked well, that idea.

Morris: By and large, did you have any resistance, say, from black people whom you approached to come into the Republican party?

Luce: We have maybe ten to fifteen percent of the black voters who are Republican, so I didn't overstep my bounds and try to find a lot of Democrats for the campaign. Of course, you start at the primary, and the primary is Republicans. Then you try to add after the primary some others. I did have some blacks and they were identifiable Republican black people. George Walker Smith, the head of our board of education a few years ago; he was on the committee. Dr. John Ford was another black. A young man by the name of Bob Keyes later worked for the Governor.

Morris: He went into the governor's office, too, didn't he?

Luce: Yes. He died some years ago.

Morris: How about women?

Luce: Quite a few women. I told you about Mrs. Norman Roberts; they started at the top. Then I had others--Eleanor Ring.

Morris: Is she from San Diego?

Luce: Mrs. Roberts?

Morris: Eleanor Ring.

Luce: She is from Coronado.
Morris: Is she still around?

Luce: Yes, Eleanor Ring Storrs now.

Morris: In Coronado? That was my first acquaintance with this part of the world.

Luce: That's right.

Morris: Sometime we would like to talk with her. She was co-chairman of the 1970 campaign.

Luce: That's right; she's been involved in more Republican party history than all [the rest] of us put together.

Morris: Women in politics is an interesting story because for so long they baked the cookies and didn't have the chairmanships.

Luce: Right. She was a leader. She has done everything from baking the cookies to chairing national convention platform issues. She's valuable. Mrs. Roberts too; she's not doing party work anymore, but she's very good. We have--much more than fifty percent of our [campaign workers] were women.

Morris: Did you draw from existing Republican organizations?

Luce: I identified some civic people because I am a civic-minded person and then we got other interested people too.

Morris: How did you interest people in a political campaign who hadn't been in politics before?

Luce: [inaudible phrase]. First of all, we had a very charismatic candidate. We had events that I thought were different and more interesting than some others had done in the past. We had theatre nights; we used the civic theatre here for a show that we wrote. We had a Rotary show, visiting guests, and the candidate came on stage and thanked us all. An original song was written for it in his honor. We sold tickets to all those.

You see, we weren't ashamed that he was an actor. You remember what Governor [Pat] Brown said, and it blew up in his face.* But I think we were enlightened enough to recognize that

* In a film made for his 1966 campaign by Charles Guggenheim, Governor Brown was shown talking to school children and saying that it was an actor who shot Lincoln.
Luce: an actor might have had more experience in a certain sense--
certain activities: his union work in L.A. and his travels and his
working with top level people and his knowledge of what's
going on in the community. So we took advantage of his celebrity
status and rather than apologize for it, we utilized it, certainly
[inaudible phrase].

But there were other people who didn't want an actor for
governor, so we tried to hit that head on. If you're going to
break it out, let's talk about that: why not an actor for
governor as well as a mayor from San Francisco? Let's just
get down to the brass tacks. The mayor may be more oriented
toward that city, which is fine for San Francisco, but let's
talk about other cities. We had an actor who is honest,
works hard, covered the country in many ways, very knowledgeable
in labor activities and in working with people and business,
and very articulate, with new ideas and very communicative.
These are things that in the '70s, end of the '60s, that we've
got to start thinking about.

But we had a lot of different kinds of events. We had a
mobile van. We had some sixty or seventy young wives that
would take that van to shopping centers to distribute literature;
"mobile maids" they called themselves.

Morris: Oh, that's an interesting idea, all decked out.

Luce: It was great fun!

Morris: Somebody donated a van?

Luce: Yes, and they'd give out bumper strips. So rather than
expecting everyone to come down to the [central] headquarters,
they'd go out to the shopping center on Saturday and have music
playing and give out literature. They would all have on hats
and things, sort of a costume, in a way to [liven things up].

Morris: Did you have somebody from San Diego who was a professional in
campaigns to help create these ideas and coordinate them?

Luce: Not really. I think we originated most of these ideas. At one
time we had a professional here named Bob Walker who led the
Republican Associates, worked in Sacramento. He was a very
good political pro. He was in and out of San Diego and very
professional.
Morris: He wasn't based here in San Diego?

Luce: At one time he was, with Republican Associates. He wasn't based here with Ronald Reagan.

Morris: I've heard of the company spoken of before. It started here in San Diego?

Luce: Republican Associates started here, yes.

Morris: It is confusing since there is also the California Republican Assembly, and that's a volunteer organization. Did you make use of them or was that a good enough organization in this area?

Luce: They were very conservative and had an interest in Reagan. They also had an interest in their own candidates running for the legislature and all, so they spent a little more of their time doing their own candidates' operations. But they also supported Reagan and were very helpful. They weren't a strong chapter; it wasn't a large chapter here of the CRA. Some of those people did come in and help. The door was always open. We asked everyone to come in and help.

Morris: Earlier, in the state Republican party there had been some struggles between--

Luce: CRA and UROC.

Morris: And all of those. Did that have an impact down here?

Luce: We didn't have any struggles in that sense. We had our struggles, but not among those groups.

Morris: Not within the Republican party?

Luce: No.

Recommending and Recruiting Appointees

Morris: Did many of the people who worked with you on the campaign turn out to be people that you thought might be recruited into state government?
Luce: Not necessarily, no, because so many were not interested in state government. In fact, they resented, quote, bureaucracy, public servants, et cetera. People wanted a change in government, they wanted government to "get off their backs," but were not seeking a position in government. They didn't want to leave their families or in some cases just did not want a post. They wanted to be active supporters, wished us well, but they really didn't want a job. So I would say the majority of the [campaign] committee did not ask for or seek or want positions, including myself. I was really drafted; because I was very content and happy with what I was doing.

Morris: Were you with the--did the San Diego Federal exist then or was it acquired?

Luce: No, I was with another savings and loan called Home Federal Savings. I was senior vice president of Home Federal Savings and doing this as a volunteer. I liked my job and so I was not interested in going up to Sacramento, although I was asked by Governor Reagan, some of his people, to do so.

Morris: Was it the Governor himself or this overall committee that William French Smith was chairman of?

Luce: The Governor asked me, but that committee must have proposed it. I don't know because they didn't approach me when I was there. I received a call from the Governor asking me if I would like to be secretary of transportation. That was before they made the decision. I accepted. But I figured that some of the people on the screening committee had suggested me.

Morris: Did they kind of review the whole bunch of names that came up from all over the state?

Luce: Yes, they did. They were reviewing lots of names, lots of people on whom they had files. So that's why they needed their computer [for personnel analysis].

Morris: Who was the personnel firm that they called on?

Luce: I don't know who it was. I don't remember. Mr. Smith would know; they were out of Los Angeles.

Morris: It would be interesting to talk to them and see if this was an initial experiment in using head-hunting methods to staff--
Luce: Smith would be one person to talk to; another is Holmes Tuttle who is still one of the President's closest friends. He was involved in that.

Morris: We'll be on this project for a couple of years and we hope in that time that people will hear what we're doing and pass the word. We hope that they'll be comfortable talking with us because it is important to get all of these viewpoints.
II BUSINESS AND TRANSPORTATION AGENCY SECRETARY

Organization and Staffing

Morris: So you accepted the secretaryship to go up there with the first wave.

Luce: Yes, I started January 1 of 1967.

Morris: Was there any kind of orientation for you or preparation for what would be going on?

Luce: We had some briefings in the governor's office from some of his people on what to expect, role, et cetera. But my agency had not had as much focus. They had been spending a great deal of their time with this project, the budget, which comes first, and then with some of the other areas of concern which were really more on the firing line at the beginning--welfare, education, cost and size of government. So I don't think too many people had thought too much about transportation.

So when I arrived, had been asked to go up, I said, "I really want to see a combination of business and transportation because that's my interest pursuit. I think they work together, and I know you are trying to consolidate. I think it would be a natural thing to consolidate, because the business department of the state of California is very small." They had their own budget, funded by each industry, so to speak.

Morris: These are the regulatory--?

Luce: Regulatory agencies. There was a separate investment board with these agencies "hanging out there" somewhere.

I said, "If you put this in transportation, not that business and transportation are identical, but if you are going
Luce: to consolidate, these complement one another." They don't have enough interaction. Obviously, banking and highways is not an interaction particularly, but it fits better than it would with welfare or education or something like that. So let's get these over here together and save ourselves another agency and so forth and so on. They accepted this, after going through their planning commission—they had a restructuring group under Cap Weinberger.

Morris: Oh, there was a commission on state government and efficiency. Task force was the term that was used.

Luce: This was the Little Hoover Commission.* Weinberger did quite a bit of it as a volunteer helper at that time, before he joined the state government a year later as finance director. But the first year he came up and helped structure. He was doing some of this since he had been in the assembly. He and his committee knew more about the past, the history, and would these things go together or not. Some of this work was done by Bill Clark, the cabinet secretary.

Morris: Weinberger had done some work, too, I believe on government organization in terms of setting up the first water department and he was in the battle to reorganize the liquor licensing. So he was that kind of an administrator.

Luce: Yes. So when we were sort of putting these together, I knew that he was in that, not an architect so much as--this was being passed by his committee. My ideas were being judged by his committee; they were [working on] how to do this, what the structure would be in the bill. They were doing that with all these agencies basically.

Morris: Pat Brown made a couple of steps in this direction.

Luce: Yes, definitely. He had created what they called super agencies and this was refining them even more.

Morris: In those first months in Sacramento, did you in essence find out what went on in your area from the civil service area?

Luce: Once I took over my office, we had all kinds of briefing sessions by people in the agencies and the departments, the Public Works Department. The Public Works Department dominated my agency. My office was right next door to it; it was the biggest part of the budget, with very knowledgeable people. So I got a great deal of help in briefings. Plus I had a letter of good luck from the past administrator of transportation, Mr. [Robert B.] Bradford, and I called on him for information.

Morris: What kind of advice did he have to offer?

Luce: He was very helpful. He was more of a transportation executive. He was what you would call a czar. It was a very large agency to try and fit business into; it was very important--highways. He felt supportive of what had been done in transportation, and I think he wanted to encourage me to continue his programs and some of the people who were very talented in the agency, which they were, and he had a great deal of respect for things they had done. That kind of thing.

Morris: Who particularly did you yourself find helpful in the agency?

Luce: Well, Mr. Emerson Rhyner [spells name] now retired. He was an attorney to the division of contracts and rights of way; I found him extremely helpful. And Mr. Sandstrom, a young attorney in the department who is now with me here, and who came in as one of my deputy secretaries.

Morris: You brought him with you?

Luce: With me back to this business, but I found him in Sacramento in the Public Works Department. Then he came into the agency to be one of my two deputies for the three years that I was there.

Morris: As attorneys, were they providing legal counsel?

Luce: Some; some operational; some background to the department. But as I say, I sort of adopted those two because I liked the legal mind. I think that was very helpful; they seemed to be oriented more toward my philosophy, which is what I was seeking.
Luce: I wanted in this position to develop the changes needed in state government (and that included all agencies), and I wanted to proceed in a very orderly and balanced fashion. I didn't want in any way to interfere or hurt any of the good programs that California had in transportation. Yet I felt a prime need for, first of all, cost-cutting and efficiency and improvements in that way; the organizational kind of things. Then later on we developed into balanced transportation—at least an attempt to bring balance to the transportation scene in California.

I had quite a few people from the Highway Commission, staff people. Some of the other departments we had, the Department of Motor Vehicles, the Highway Patrol, it was more of an administrative, operational, budget kind of function that I had with them. I wasn't trying to make any real changes there. I was trying to improve their efficiency. So I spent a great deal of time in the beginning with the Public Works Department, which is the highway department. I had an excellent deputy in Jim Schmidt from San Diego. I was chairman of the California Highway Commission by—

Morris: Ex-officio?

Luce: No, I was chairman by legislative action, which we changed about a year after I was there because it just seemed to me that running these departments as administrator, you should not also be the chairman of the Highway Commission, which takes a great deal of time. That should be somebody else's responsibility. So the legislature did change it about a year later, but at the time I came in as secretary of transportation I was also automatically the chairman of the California Highway Commission.

Morris: That's an interesting survivor, I guess, from earlier times.

Luce: Yes.

Morris: Hold on a minute, let me turn over the tape.##

Who from the Highway Commission do you recall as being particularly influential in the way the commission operated? We've never really talked with anybody from that—

Luce: I had good staff. We had a full-time staff and they were very good people, who staffed the Highway Commission. Jack—I can't remember his last name now. He was Rhyner's assistant counsel; he did some work for us. There was a group of people, some remained from the past administration, some were brought
Luce: in by Governor Reagan. I can't remember some of those names. Then we appointed a new Public Works director later on down the line—we had the hold-over Public Works director, [John] Erreca, for about six months. Then we brought in our own, Mr. [Samuel B.] Nelson and then eventually Mr. [James] Moe [formerly deputy director], and they helped me with Highway Commission matters.

Businessmen in Government

Morris: One of the most interesting questions I think is this business of the businessman in government. What was your reaction from a businessman's point of view to how government operated when you found yourself on the inside?

Luce: Well, frustration; nice people to work with, talented people to work with, but a whole different mentality—nine-to-five or whatever you want to call it these days mentality: "I can only go so high; therefore, I might as well goof off Friday afternoon and go to Lake Tahoe for two days and a half. My pay scale won't change that much because it is all set by the Personnel Board."

Here you are looking at talented people, but somehow in my mind [they] are sold short in terms of doing a superior job. In a pleasant life, pleasant area to be. Security: there can not be a change whenever an administration comes and goes. Some were very helpful to me. Some were not, but the majority were. But, in a sense, I didn't feel that career came first with them, and I think to accomplish in the area of public service your career has to be very, very important to you. You have to put in extra hours and extra thought and extra productivity and incentive to make you really produce more.

Morris: Are you saying that you felt that some of the senior civil servants sold themselves short?

Luce: Yes, which was interesting, because I had been used to more of the business world where people are more ambitious, wanting to grow more valuable and are seeking ways, more ideas to do that and grow. Whatever these things are that make people move forward in business was not as evident in the public sector.
Morris: That's interesting from your banking background because, to many people, the image of banking is that there are an awful lot of routine jobs and an awful lot of people spend an awful lot of time--

Luce: Not so much in a smaller banking company. The larger it is, the more it becomes bureaucracy and is similar to a governmental position, yes.

Morris: Is there a point at which they become similar?

Luce: I don't know. I've never worked in one that large, but I would suspect that working in a utility or in a large bank or a large corporation, you begin to feel the same thing that you might in public service, where you risk being just a number.

Morris: Did you have any thoughts of trying to adapt some of the methods that you used in private business to the way you ran the agency?

Luce: Yes, we did.

Morris: What kinds of things?

Luce: We called in consultants. McKinsey Company, for instance, in San Francisco, gave us very good advice. The Governor, as you know, appointed a blue ribbon 400-person reorganize-government task force. Some very fine executives were assigned to some of our departments. They examined these departments for six months and came up with new ideas on how we could save money and how we could reorganize and how we could consolidate. They would meet with me on some of these ideas and that was extremely helpful. My agency was about five or six people.

Morris: In the director's office?

Luce: In the Business and Transportation Agency director's office. I could have two deputies. I think I finally had three deputies, three secretaries. Then I could reach out and use for special projects someone out of the Highway Patrol, for instance, if we were going to do a special study on highway safety; I had some people like that who could help me.

Morris: Were these volunteer recruits from business?

Luce: That I had in my office?
Morris: No, in the ones that came in--

Luce: Yes, those were volunteers: six months sent by their company. Now, that's a very famous part of the whole Reagan administration.

Morris: How would I go about getting a handle on it? Was there somebody in charge of that? I haven't yet found the list.

Luce: The people that really know more about that are now in Washington with Governor Reagan and the man who was head of it, out of Price Waterhouse [and Company] is now dead. He was an older man from Price Waterhouse who came as a volunteer. They began to get these companies--U.S. Steel sent a person, Standard Oil sent a person, and there was a black who was with Pacific Tel[ephone Company] in San Francisco; he was a member of this. There were four hundred of these people. The companies contributed their services. They were extremely helpful.

Morris: Just with the recruiting of those folks--

Luce: It was incredible. Of course, the first thing the press wanted to talk about was wouldn't there be a conflict? Here we had waited all our lives to have people volunteer to help government at no taxpayers' expense, to bring top level expertise--give it six months and live out of apartments and hotel rooms--

Morris: [laughs] The housing problem in Sacramento must have been fierce!

Luce: It was fierce anyhow. Then, of course, you had to try to assign people so they weren't exactly examining a department that their company might have some business with some day. You're going to avoid that. But that was avoided pretty well. In the six months I don't think there was any charge really made of anything like that. But that was again another problem, because the press was saying what will you do if you're like Standard Oil--they'll all be for smog, they'll allow smog and they won't do anything about it. So anyhow, that was overcome, but this was an incredible thing.

Morris: Did those fellows ever have a reunion?

Luce: I think they used to do that.
Morris: It would be interesting to--the same question I asked you, whether they came because they had some interest in government or whether, after they had spent six months sitting at your elbow, they then continued just as citizens or businessmen to be interested in--

Luce: I think it was a combination of factors. I think it was sort of a curiosity and interest in government, and a business person has that curiosity and interest. But a business person also has little opportunity to explore that, so this was a way to go out there and experience a bit of government and ferret out-- I think they were dedicated people who really wanted to help and it was Reagan who set this scene. He got them to come up and said I really need your help.

Morris: Did they tend to be younger people from middle management?

Luce: Middle-aged, I would say. No, some were from senior level, the ones that I worked with. Now, they had quite a few teams, so I didn't meet them all. A lot of them that I met were senior level people. They might not be the president of the company, but they would be third or fourth from that. They came from all over California, many from San Francisco--

Morris: That sounds like Caspar Weinberger might have had--*

Luce: He was already doing that kind of thing for Reagan. He brought that kind of person into government.

Morris: Is your impression that he was very much a part of all of this that was going on?

Luce: Weinberger? Yes, very much so. He would come in at least every week or so to the cabinet secretary's office and discuss what was developing.

Morris: You mentioned the two attorneys in your agency that you enjoyed. [inaudible passage]

Luce: There are all kinds of attorneys. I was--at least I felt was--more of the organizational, administrative type and therefore, in-house I wanted the issue-oriented type.

* See also interview with Jaquelin Hume in this series.
Luce: Yes. We were balancing our agency with different kinds of people. I think it's terribly important.

Morris: I was thinking about Mr. Weinberger in particular.

Luce: He has administrative abilities as well as legal.

Morris: Is it an interest in design?

Luce: That he has?

Morris: Yes, can you design a system that works better?

Luce: He has a great interest in government and how it works as a system.

Seeking Economy and Efficiency

Morris: At that point was systems analysis a common concept in the business world?

Luce: Yes, we had systems analysis, we were interested in that field. In cost accounting and zero budgeting and all these kinds of things.

Morris: Are they still in common use in the business world?

Luce: Various concepts in various stages.

Morris: Did they work in Sacramento?

Luce: This task force that I was talking about earlier, the 400-person task force, came up with an immense report and that had all kinds of ideas. Some were implemented, some were not, but you were asked to come back with as many ideas as you could. [inaudible phrase].

Morris: Was it Mr. [Ned] Hutchinson who was in charge of the follow through on that?

Luce: Yes.
Morris: I have done some work, trying to get an overview, in the papers at Hoover and to me it looked like a startling amount of follow-up was done, like you got a list every couple of weeks--

Luce: Yes, that's right.

Morris: --Asking for percentage breakdown [of disposition of recommendations] and things like that. Was that an effective tool for getting the recommendations accomplished?

Luce: Yes.

Morris: To have somebody riding herd on you and that sort of thing?

Luce: Yes, it certainly was. You tend to go off and do your own thing, but everything was pulled together in this report.

Morris: Was this a subject at the cabinet meetings?

Luce: Yes, sometimes it was, definitely; certain major issues would be brought up at the cabinet: savings of x number of people and x number of dollars could be accomplished if you did this or this.

Morris: There were hundreds and hundreds overall of recommendations. Did the time and effort to implement the recommendations balance out with the kind of savings and streamlining that were possible?

Luce: Yes, I think we had all hoped for large amounts of savings--billions of dollars sometimes in the federal government and certainly millions in the state government. And there were millions of dollars [saved]. But you never have enough. [laughs] After that report, that was a stimulus to our own task forces and our own agency people to keep "the heat on." We'd look into ways, and that's why we had consultants in after that. So other steps were taken after this starter. It wasn't a cure-all, but it was a good start.

It was a very good personal relationship for all of us because we could have lost our focus easily with the headiness of being a new government secretary, et cetera; and everyone rushing in with their programs; and pretty soon you're being
Luce: oscillated or whatever you want to call it by constituencies out there, whether they were the trucking industry or whether it be the auto industry. You might get on that and start building more and spending more taxpayers' money. A lot of people have done it.

So once in a while someone has to stop and say, "Let's see, now, let's get this thing reorganized and see where we are, and then go forward. We're not doing it today in California transportation." My idea was let's start first with get the shop organized and get this house in shape, which has to be done in any business, and then let's start thinking of the dreamier things that can happen in California, which California has to have. So they're both important, but we have to do this first, before we're going to start working on some of these other areas.

Morris: Was that Mr. Reagan's feeling on it, too?

Luce: Well, I thought it was. I interpreted it as that and some agencies had different problems.

Morris: But what you're trying to do is get a handle on where you are and get costs under control?

Luce: Yes, exactly.

Morris: That's the basis for then your future--

Luce: Yes, and I wanted to be somewhat frugal because that's the way I am, and I really felt a need; as he did. He agreed that California needed planning for the future and for a balanced approach in the future. We had come off a completely dominating highway program in building freeways and highways, which is--it's probably just as well we did it under Father Brown, because Junior has stopped it completely, and that's not balanced either.

So we had the two extremes in the two Brown administrations. We were right in the middle there. We went so far as to say, "This is a good program, but let's see if we can develop some balanced approaches." I think we were successful in our program. Some of our work has been destroyed by Ms. [Adrianne] Gianturco and some others that just couldn't bring themselves to do anything--I don't think we have progressed as rapidly as we should have; I really think we have a gasoline tax for a purpose, and the purpose was to improve transportation for the people of California. Now we've lost some of our money from the federal government in some cases and some through mismanagement.
Morris: Was there a major shift in terms of your activities when the reorganization went into effect? [And the Business and Transportation Agency was created combining the existing Business and Commerce and Highway Transportation agencies]

Luce: After it was approved by the legislature, then I took a greater interest in the business part. But the regulatory agencies, if we had a good regulator in charge, took care of themselves. We coordinated them, had meetings with them—talked about their budget, talked about their goals. But if they were doing their job, you let them do their job. We had a minimum of problems in those years so far as the regulatory agencies. So I would say that seventy percent of my time was spent in transportation, fifteen percent in business and fifteen percent in the business affairs of the agency.
III THE GOVERNOR'S CABINET

Agency and Governor's Office Interaction

Morris: Okay, how about in the overall aspect of being part of the governor's cabinet: did that sort of reorganization mean that there were four of you plus finance, plus some of the immediate governor's office people?

Luce: Yes.

Morris: Did that make it a different kind of working relationship between the cabinet then and the Governor?

Luce: Do you mean after--

Morris: After the reorganization.

Luce: We conducted ourselves as if we had been reorganized, but they made it official, the legislature. But we started early in 1967 with this plan. We operated it and then, of course, it was made official by the legislature around the end of the first term of the Reagan administration. But we conducted ourselves that way anyway. So we have a basic cabinet structure.

Morris: Even at the beginning?

Luce: Yes.

Morris: I've heard descriptions that early on there were meetings of eighty and ninety people, of all of the department directors.

Luce: Now, that's different. That's the governor's council. That was left over from the past administration. We'd meet once a month with all of the department heads. I had maybe fifteen or sixteen governmental agency department heads and they'd all come up that day [of the council meeting] as well as the other departments.
Morris: Did those meetings continue after the reorganization?

Luce: Yes, they did, but they were mostly communication meetings just to see everybody, bring them there, and the Governor addressed them. But it was not a voting group at all.

Morris: But the cabinet per se was a policy group.

Luce: Oh yes, it was a policy group, meeting twice a week or more.

Morris: What kind of interaction is there between someone like yourself working with highways and the Highway Patrol and somebody like Spencer Williams who has got responsibility for Health and Welfare?

Luce: Not too much. There was always interaction with the finance director. So that was an important relationship. There was communication in terms of all of these issues that were affecting the administration. So we discussed priorities, mutual problems, goals of the administration. But if Secretary Williams got into a welfare problem, I would probably not be involved because he was more of an expert in that field. But then as a cabinet member, when that finally got to a voting stage after we had discussed the problem and solutions, if it sounded a little weak to me, not knowing the expertise and yet having the Governor's goals in mind, then I would contribute something. So there were some issues that affected state government as a whole and then it was sort of a sounding board in which we worked on overall policy.

Morris: Was there any distinction between the agency secretary people and the people in the governor's office staff? Was there any difference in the viewpoints or responsibilities there?

Luce: Oh yes, and independent viewpoints.

Morris: Would that be because you had your own constituency as it were?

Luce: Sure, sometimes we knew more about our area than they did and didn't want to talk any more about it. We were closer to certain subjects. In my particular area, which was less controversial, I felt we all thought pretty much the same way. I would say some of us were a little more adapted to the Governor's philosophy, who had worked with him during the campaign.

Morris: Some of you in the agency?
Luce: Well, some in the governor's office. In other words, I had some empathy with some in the governor's office because they'd think, we've worked in the campaign before we got there and knew his philosophy and understood that better maybe than some others.

Morris: Who that you worked with in the campaign--?

Luce: Well, not so much--I mean many were in the campaign like Tom Reed, the director of personnel--appointments, we called them; he was northern chairman [of the 1966 Reagan campaign]. Bill Clark, the executive secretary, was from the Ventura area; he was the chairman from there; people like Ned Hutchinson, from San Mateo, who I'd known at Stanford.

Morris: Were you friends at Stanford?

Luce: No, I knew him. I knew his sister, actually.

Morris: That's a good connection!

Luce: Right. He's dead now.

Morris: I'm sorry. He sounds like he was--

Luce: Yes.

Morris: What were his particular skills that people speak so highly of him?

Luce: We all liked him so well. He had such a nice personality and was very helpful.

Morris: What was his personal training?

Luce: I don't know. He had been to Stanford and he came to the Peninsula area and had a great empathy with the Reagan philosophy. He worked on appointments, this sort of thing--a generalist.

Morris: Right, did he come from the business community or had he been a doctor?

Luce: Business community. I think real estate.

Morris: How about some of the juniors at that time, Ed Meese and Michael Deaver--?
Luce: Yes, they were excellent to work with.

Morris: Paul Haerle was there for a while.

Luce: Yes, he came in after we left, as appointments secretary. He was an attorney from San Francisco. Meese, of course, was the legal affairs secretary and he was outstanding. Deaver was associated closely with the Reagans.

Morris: He was an aide to Mrs. Reagan, too?

Luce: Yes, he handled a lot of her work from the governor's office, as well as the governor's work. He assisted both of them. There was so much scheduling to do and he was involved in that; protocol and scheduling and problems, as well as policy.

Morris: Yes, you raise an interesting point. This is the list that Molly Sturges [Tuthill] has kept, a sort of "who's on the staff and the cabinet."* I don't see a secretary for Mrs. Reagan per se. Was she not--

Luce: Actually, she did have a secretary. It might have been at the residence--

Morris: Unrelated to the official governor's office?

Luce: Yes.

Dealing with the Legislature

Morris: Did you have your own legislative aides or did you work through the [Governor's] legislative aides?

Luce: No, we had our own legislative aides in our agency and some of that was coordinated by the legislative aides in the governor's office. We tried to coordinate our stand on a bill, of course, with our aides in the office, public liaison and coordination. But we had our own people who did our own testifying on the bills and legislation.

* In the Reagan Papers at the Hoover Institution.
Morris: Would that get a little complicated sometimes?

Luce: Once in a while, though again my plan was to get cooperation from everyone involved so we were all on the same wavelength, so we had a minimum of controversy. That's half the battle. Once in a while we would get into the governor's office and he would explode, when the governor's office had taken a stand on that particular legislation. ##

Morris: I understand that there were difficulties between the Governor and the legislature.

Luce: The legislature had not addressed itself to this dynamic, controversial new governor of the state of California. He came in with a great deal of support—a million-vote plurality. Reagan was more than just a government celebrity. So there was enormous demand on his time and everyone wanted to see him, be near him, talk to him. That bothered other politicians.

Morris: Do you mean the people in Sacramento other than the government workers?

Luce: Yes, Sacramento. It was evidently dull that last year or two with Governor Brown on his way out. It was government as usual. And here came this new governor, with a million plurality, who wants to change government, and he had a lot of attention. The press from all over the world were coming to him all of the time. There were invitations to speak everywhere. So maybe that started it off wrong, because politicians are envious and they all seek attention, even Republicans and Democrats. So I think there was an awe here and a little envy and then, of course, newness—trying to work together. It improved. I think both sides learned how to react to one another and to get something accomplished.

You can see how Governor Reagan has progressed from our learning experience to now; he's become very adept in working with Congress in Washington. He is having constant meetings with them, phoning them, and working with them in a much closer personal relationship. He learned that in Sacramento.

Morris: In '67 and '68, was there some feeling amongst the governor's people that you should stay away from the legislators, that they were going to be difficult to deal with?
Luce: I think there was a basic feeling that we had a job to do and
that if you become too—I know this was not a written rule,
maybe it is an unwritten law—that if you became too close to
certain legislators, you risk going back to "business as
usual," government as usual. We were really trying to make a
change. I think we all felt that we were there to try to—we
had been elected (as I think the mandate is again today) to
change government, improve it and streamline it, and if you just
get back into the old constituencies, you might not get your
job done. I think we were independent. Maybe we should have
been a little more congenial and friendlier at the beginning.
As time went on that progressively improved though.

Morris: That sounds as if the perception was that most of the things
that you wanted to do could be done without—you didn't
need legislation for it?

Luce: Yes. But we did need legislation in a lot of cases.

Morris: That was evident from the beginning?

Luce: We just weren't adept lobbyists, you might say, for some of the
things we wanted. We, again, in my agency had very little
trouble with this. We had experienced liaison people from
our agency to work with the legislature, and we were not
involved in controversial issues usually.

Morris: You used people who were already in the department who already
knew the committee people. That makes it a lot easier, I
suppose?

Luce: Yes, it helps.

Morris: Did you have to testify yourself or present material?

Luce: I did, but very seldom.

Morris: It sounds like it.

Luce: I've got about fifteen more minutes and then I have to go run--
Working with Governor Reagan

Morris: Thank you, I have just a couple more questions.

Luce: Yes.

Morris: The other thing I'm interested in is the flow of the work and the relationship with the Governor—how much time you would spend with him and how those cabinet meetings would work.

Luce: Yes. Those meetings were well-structured. We did all of our homework in advance, preparing our memos. It took days and weeks maybe on issues, to synthesize an issue. Then when we would finally bring it to the Governor, we should be completely informed of what the subject was. That would go to our cabinet secretary. We had a preliminary cabinet meeting, with the cabinet secretary, and then we'd go in to meet with the Governor. So by then we really had this thing down to strictly the facts of our case.

Morris: What kinds of things would you work out in those preliminary sessions with the cabinet secretary?

Luce: Oh, maybe a further summarizing, clarifying. Confusion might still exist. The cabinet secretary would read a memo of yours and say, "I'm not sure what you're trying to get at." Sometimes he'd want an issue-oriented paper. So this was not to change your opinion so much as to get it in good order, get it organized so--

Morris: Pre--

Luce: Ahead of a cabinet meeting, yes.

Morris: Would there be agenda questions?

Luce: Yes.

Morris: If they've got five of you all wanting time, how would you work it out with the cabinet secretary? Would he say sometimes, "You can't get it in this week, you'll have to wait on it till next week"?

Luce: Yes, that would happen. Sometimes items were postponed. It would need much more research or they dovetailed, had some connection with some other agencies. This was a very [pause]
Morris: Critical?

Luce: Yes, critical cabinet situation that we had there and nothing was ever--almost never--delayed. We didn't postpone meetings--rarely we postponed the meetings. I mean this was a ritual and it was very important. It wasn't just a sounding-board group. It was a very formal kind of situation.

Morris: This preliminary work is done by the cabinet secretary?

Luce: Yes.

Morris: Then that person is different from the executive assistant?

Luce: That's right, yes. The executive assistant once in a while might give the cabinet secretary a very major issue, and he might go in his [the executive assistant's] office and talk about that major issue or an overall priority item, high policy issue--

Morris: And work that over?

Luce: And go over that together.

Morris: So that before things went to the Governor, you would work them out yourself with your people and then with these close aides so that everything was tightly structured to push it through and get a cabinet meeting on schedule.

Luce: Yes, that's right.

Morris: Are there many businesses that can operate on the policy level on that tight of a basis?

Luce: I would hope they could. Some are less disciplined and more informal. Of course, a business has an advantage in that the names and numbers of the players are very well-known, and they have all worked together for years, progressing every year. People don't come and go as much, and the goals are not argued every year. This is a much more dynamic situation, but I think that business, the ones I've been associated with, try to keep the meetings on the agenda--

Morris: Any organization can spend an awful lot of time sitting around talking about--

Luce: Nothing!
Morris: Well, it's fascinating at the time! [laughter]

Luce: Well, sure, how would you ever get through the day and get these things done unless you had this structure.

Morris: Right, and with all of those things to cover. One last question is the business of access to the Governor--How much time could he spend with each of you or how quickly could you get to him if you needed to?

Luce: Here again, my needs were not as great as some others, being in a field that was not as controversial. I only asked for private meetings with the Governor when it was a very top issue, to debate the subject. I can remember we had some debates with the director of Finance; sometimes that had to be refereed by the Governor himself. Or [inaudible phrase] to create a new plan or when we put together the task force on transportation. We had meetings on the people we would want on this.

Morris: That was under your command?

Luce: Yes. The chairman was William Pereira who was a volunteer, architect in L.A., a very good friend of the Governor's. We made him chairman, but we staffed it and I'm listed as one of the members of the executive committee. But this was really my idea and I have a picture of myself here on one side and Governor Reagan in the middle down there and Bill Pereira on the other side of the podium at the dinner we had when the task force finished its work.

Morris: Very nice. So you and the Governor and--

Luce: We had some meetings on this subject.

Morris: Who would be on the task force?

Luce: Yes.

Morris: Then did he appoint them or did you?

Luce: He appointed them, but with my counsel on the kind of people we should have.

One time I asked that he install a special button in his telephone for each cabinet secretary because I felt that there were issues on occasion, subjects that we ought to be able to reach him and not have to go through the cabinet secretary process.
Luce: He said, "Marvelous idea." So we got a red button [inaudible phrase]. I didn't have to use it very often, and then it disappeared at some point. But I knew I could, if I wanted to, reach him and not have anything diluted. He always agreed to do whatever was necessary to make the machinery work.

He would also come over and visit your agency on occasion. He was always available when essential.

Morris: Come out and encourage the troops, that kind of thing?

Luce: Yes, we'd do things like get him in the auditorium [of the State Transportation Building] so people could come over.

Morris: Was this something that you would request or did he say, "I would like to do this in order to stay in touch."

Luce: I don't know how it started, but I think you do something like that; if it goes well, you do it again.

Morris: Yes, it's a good communication-type thing.

Luce: Yes, it's like you do in a business really, where you can reach out and meet people and talk to some and be the signal to your people that you're on the job and doing business. It also gives you some chance to describe to him what you're doing, you know, your success story.

Morris: In the time that you were there, what kind of changes did you see or not in the Governor himself and how he dealt with chairing the cabinet, for instance, or dealing with other issues that came up?

Luce: Of course, he became extremely informed on all the issues in California [inaudible phrase]. He seemed to thrive on his role and the more he learned, the more he enjoyed his position, the job. He has not been and never has been really a person that abuses power--power can corrupt a person and that never happened to him. He didn't change in personality, his way with people, or you never sensed any kind of going to his head or a "Now, we're going to do it this way" and pounding the desk, or crude approach or whatever. He kept a very steady schedule and he is a very disciplined person.

Morris: Were there times when he did lose his temper?
Luce: Rarely.

Morris: Maybe temper is too strong of a word, but was angry or upset about things.

Luce: Yes. He could get that way once in a while when something would go wrong or someone wouldn't understand or some legislator would say something derogatory on the floor about a certain bill. He could get unhappy about that and say so, and so forth. But he's not a temperamental type. Didn't take things out on the staff.

Morris: Were there some people within the group of the agency and the office staff who--?

Luce: Some were more emotional than others.

Morris: Yes, who did have trouble with--?

Luce: Well, the first Finance director, Gordon Paul Smith, tended to get emotional and left after six months.

Morris: In other words, some people don't really make the transfer terribly well from business to government?

Luce: Most people did make the transfer quite well. A few did not, but the majority of them did. I think that most of the people in our agency did very well; they had credentials in transportation or finance in the private sector. My agency was mostly business-oriented kinds of people. Some of the Governor's people were a little more political. Most of them did well.

Morris: Then there is somebody like Tom Reed who was kind of in and out.

Luce: Yes.

Morris: He worked on campaigns and then he came in the office for a while.

Luce: Yes, quite unusual.

Morris: Then in 1970 he came back and he was co-chairman with Eleanor Ring for the 1970 re-election campaign.

Luce: Yes, he probably was. He was national committeeman--
Morris: Then he was national committeeman right in there, too?

Luce: He is still in Washington, in and out of Washington, you know; he was Secretary of the Air Force under President Ford.

Morris: He still keeps a California base.

Luce: He is fascinated with public service. Enjoys politics.

Morris: What is his particular approach and interest?

Luce: He was only on hand for three months as the appointments secretary, so I can't really say. He was there for two or three months and then left.

Morris: But do you see him off and on?

Luce: Well, not recently. But through those years I would see him at a convention or political event [inaudible phrase].

Morris: Does he like the public service or is it the party orientation?

Luce: He likes both.

Morris: Well, they sort of--

Luce: They sort of go together sometimes, but so many of the people that I had in my agency, the savings and loan commissioner and the recreation commissioner and the ABC [Alcoholic Beverage Control]; they were not political people; they were more interested in public administration and public service, but not politics.

Morris: Well, thank you for giving me so much of your time on a Friday.

Luce: Well, certainly. Nice to talk to you, Gabrielle; it's nice to see you.

##
Balancing Transportation Needs With Environmental Considerations

Sharp: I thought we'd start by talking more about your work in the Business and Transportation Agency. Sixty-seven through '69. Most of my questions about this are built on the interview that Gabrielle Morris had with you several months ago. You made really interesting comments about your work, so I would like to push you a little bit further to make some more recollections of that.

Luce: All right.

Sharp: The creation of the agency was part of the reorganization that went on, started in '67 and then pushed through till 1968.

Luce: Yes.

Sharp: It was then the existing Business, Commerce and Highway Transportation agencies that--

Luce: They were separate agencies.

Sharp: And then brought together.

Luce: The Transportation Agency was existing at the time Governor Reagan came into office and I became secretary. Those departments were merged at that time together, DMV [Department of Motor Vehicles], Highway Patrol, Public Works, and with an overall umbrella of just transportation. There was a secretary of Transportation, Mr. [Robert] Bradford. The business departments were really on their own, and
Luce: they were a part of something called an Investment Board. They met on occasion together and they elected their own chairman from among the regulators. It was really not actively included in the government family. So I suggested that we merge that group of departments with the transportation area so that we had more control and communication. Then we added several others, as you know, ABC and housing and community development.

Sharp: Right. You mentioned in the interview with Gaby Morris that you took a greater interest in the business part of the Business and Transportation Agency.

Luce: Originally I did. Coming into the position, I was a businessman and was more familiar with banking and savings and loan and real estate and insurance than I was transportation. But by virtue of the importance of transportation to the state of California, the budget, the responsibility, and the needs, I soon became a transportation administrator and less of a business administrator.

My role with the business departments was mainly one of coordination and making certain that they had their budgets in proper order and that their important problems and policies were looked at by the governor and our cabinet. I had very little problem there. Regulatory agencies, normally speaking, are well organized and have a certain definite goal and program to implement. We had excellent heads of those various departments. I just think back often on how fortunate we were. The people that headed up the Department of Real Estate, Burt [Burton E.] Smith, and the Savings and Loan, Preston Martin, etc., and Bob [Robert] Volk [Jr.] in Corporations, were all outstanding.* So most of my time was devoted during those years to the transportation areas.

Sharp: What would you say were some of the main issues in the transportation area?

Luce: Overall, the main issue when I came to Sacramento and Governor Reagan came to Sacramento I felt was possibly the perception and dominance of the highway program over environmental considerations and over rapid transit considerations. Those two subjects were just becoming major public topics in America, and certainly I felt that in the past, the administration had not spent enough time and concern about those subjects.

Luce: I made a strong effort to concentrate more on those subjects so that we had some balance to the transportation subject in California. One of the things that we did to make it more than just a speech and a statement was to propose legislation that, by the way, was an outgrowth of the transportation task force, which I think I told Gabrielle quite a bit about earlier. We developed a Transportation Board rather than just a highway board so that we could begin to discuss balanced transportation. Eventually came legislation and the governor signed a bill to allow sales tax, etc., and highway tax monies to go into rapid transit programs in the state of California.

One project is evident here in San Diego with the San Diego trolley, that was just inaugurated last year and is running very successfully.

So we crossed the line, I would say, of perception and began to do something substantial in this field. I am very proud that during our years in Sacramento the word balance became a very well-known word in our division. We weren't just highway builders anymore, which actually was all we had been allowed to do. We had a Department of Public Works, and it was bridges and highways. But we began to start talking rapid transit and balanced transportation. And we began to make plans accordingly.

We were able to stop some projects that would have been harmful to the environment. One being, which no one in today's world would ever believe could have ever even been considered, a bridge across Emerald Bay in south Lake Tahoe. The model was sitting in front of my office of that proposed bridge, and I said, "This is unbelievable! I can't believe that anyone seriously could be considering a bridge at Lake Tahoe, regardless of the needs of transportation in that area."

The bridge "affair" was symbolic of some of the things we were able to accomplish in those days.

Sharp: I'd like to back you up just a little bit, but I do want to talk about some of the environmental controversies. You must have worked some, then, with the BART [Bay Area Rapid Transit] organization, the administrative agency that was running BART in San Francisco?

Luce: Yes.

Sharp: I wondered if you could tell me just a little bit about that.
Luce: That was not an easy relationship, because BART, of course, had gone through many years of planning and work before our administration came to Sacramento. Now, talking again about rapid transit, I think I personally, and I think many of our people, favored the concept. We need rapid transit in California, and here is a city where it is most conducive to that kind of transportation. Therefore, I went into this thinking BART is a good and necessary project, and we must help BART.

But as we went down the "track," we found that the funding of it was confused. There were many problems with BART in the early days, in the planning of it and the administration of it. It was a new enterprise, and rapid transit's very hard to produce. There were many days, mostly in the legislature, where the funding of the BART project came up, and sometimes we had to be in opposition to certain forms of funding without caveats and parameters, etc. If the state of California was to fund more money for BART, you had to require things in order to make certain that it was a good system, and that it served x number of people, and that the plans were carried out properly.

BART was in essence a project that was going forward regardless of our involvements in those days. I think I was of some help in saying overall as an agency director in Transportation that this was a system that was needed, and we must try to make it work, and it must be a success, and it would be most unfortunate for California if it was not a success.

Sharp: Did you have quite a bit of working, then, with the committees in the state legislature, either the assembly or the senate?

Luce: We would be called for presentations. Our department was called on for information.

Sharp: I wonder with respect to BART specifically if there were some anecdotes you recall about how the legislature might have supported or balked at that?

Luce: Well, not really. Of course, the Assembly Transportation and Commerce Committee and the Senate Transportation Committee had a dominance of northern Californians involved, and they are BART supporters. Yet the entire state of California was asked to in various ways help fund this project. So there were controversies along those lines. I myself personally was not as involved as some others in our department were. So it's a little hazy in my memory now.
Luce: I can remember being part of the dedicating ceremonial group and having the chance to be on the barge over the [San Francisco] Bay where the last portion of the [transbay] tube was--

Sharp: Put in place.

Luce: Put in place, yes. That was a personal pleasure because, again, I always felt that there were perceptions, inaccurate perceptions, that we were a misunderstood and limited highway-building group over there in Sacramento. Unfortunately, people didn't understand that we were really trying to take a leadership role in balanced transportation. I was so pleased that they invited me to the ceremony, and I was one of their major guests at that particular ceremony.

Then I think people began to realize in the Bay Area that there had been a change in Sacramento, and that the past highway building, which had been very unpopular, as you know, in San Francisco, had changed in terms of our perspective of the subject and the directions we would be taking in the future. I was trying very hard to change that perception, because it was a sincere thing that we were trying to do.

I had come obviously from southern California where highways had been our only mode of transportation, but we'd all seen the folly of possibly too much concrete and not enough beautification and environmental considerations when freeways were being built through various areas.

So we were able to, I think, bring this thinking into the Highway Commission and certainly in our task force, which was selected by the governor and myself. [We] brought people like Bill Pereira into the chairmanship, because we saw these people as visionary planners and people with a concern for the environment, as well as having a great interest in good transportation. We built and supplemented and complemented, I think, highway building with other forms of good transportation planning and thinking.

Sharp: I have a couple of questions about the Highway Commission, but I want to fit those in later, because they deal with some of the environmental concerns.

To push you into a different area, I know that Mr. Volk was the Corporations commissioner during the same time that you were the agency secretary. He has done a couple of interviews with us. One of the efforts that he was talking about was the rewriting of the
Sharp: corporations code, which occurred during his tenure. He got the code passed through the legislature. One of the reasons for the changes in the code was to allow more corporations to come into California and dropping some of the barriers, with respect to underwriting and sales of securities.

I wonder if you recall any other sorts of efforts within the Business and Transportation Agency that might have worked toward this same sort of goal that Mr. Volk had in mind for the corporations code?

Luce: Again, an overall policy of deregulation. A policy that would not impede and be a barrier to those businesses in California that were trying to do a good job, so that regulatory agencies were mainly in business to guard against wrongdoing and offenses and anti-consumer type initiatives that we would be against.

We were able to say to our various regulatory departments, take a good look at what your programs are and what your bureaucracies are doing, and let's set our sail with the idea that we would, first of all, speed up any services that each regulatory agency is offering, so that things can be processed more quickly, so that there's less red tape, and still adequately protect the consumer, and so that there's less harrassment of the business community.
So that we would certainly do as Mr. Volk did so well in his area: instill a feeling of encouragement to improve the business climate in California so that other states and all would consider us as a leader in this field.

I think that we were able to do that. I think we helped the governor with a program of encouraging business and improving the business climate in California.

Sharp: I know that later, in the 70s, the issue of the business climate or anti-business climate--

Luce: Yes, certainly under Governor [Edmund G., Jr.] Brown's administration that became a major issue. After several years of, I think, a downward trend in that field, he adopted some programs and brought in some appointees that were more pro-business. He was really criticized the first several years of the administration with being anti-business, and he became concerned finally and woke up to this problem. He tried, I think, at some stages in his administration.

Sharp: Did you think that you were attempting to recover some, too, from Governor Pat [Edmund G., Sr.] Brown? Was that--?
Luce: Not so much Governor Pat Brown as the times. I think the times had been one of a great effort in highway building, which had been very important. We had become the leading state in the nation in terms of our highway development program. Possibly when our time came, there needed to be more balance in the overall transportation planning situation, and yet we didn't want to deter the highway program in California. In fact, we added a thousand or more miles onto the highway program and tried to complete the highway program, because Californians need their highways. It's an essential way of transportation and it works. It can carry more people than any other form of transportation devised by man. Until we can find the answer to more efficient transportation on the ground, the automobile will still be the major force.

Sharp: With your background in savings and loan, I wondered if you brought into this position as agency secretary some special perspective?

Luce: I stayed away from savings and loan as secretary of Business and Transportation for several reasons. [First,] that I certainly didn't want a conflict of interest; and secondly, I was so fascinated with other new subjects. Thirdly, we had a fine commissioner, Preston Martin, so that I felt we were in good hands. The things he did as an expert in his field were all helpful to the administration and to the community.

Sharp: Did you have any special ideas for legislation in that area that you might have tried to pursue?

Luce: He did. No, I did not. First of all, during Preston Martin's time savings and loans became statewide in nature. They had not been. I think the original idea for savings and loan associations was to have a fifty-mile radius around their headquarters. Of course, California and the times have changed greatly, and one of his initiatives was to allow savings and loans to branch from southern California to northern California, or vice versa. It was something that he initiated, and it made sense. He went through the proper procedures and hearings in order to achieve that. He had quite a few exciting ideas, but I think it would be best if he presented those if you interview him.

But the overall idea of a positive, progressive department in that field with less harrassment was certainly an important one.

Of course, as you know, he's now vice-chairman of the Federal Reserve. He's doing well. He's gone a long way, as many of our department heads did, and he became Federal Home Loan Bank chairman after his stint in California. So he'd be a good person to interview.
Sharp: He would. He certainly would. It's an area that we don't have very much on.

Luce: He'd be good.

Notes on Specific Controversies: The Century Freeway, Mineral King, and the Tahoe Bridge

Sharp: I'm trying to figure out what kinds of matters might have come up for discussion in cabinet meetings that would have involved your work as agency secretary, and I wonder if you could fill that in for me just a bit?

Luce: Well, there were legislative proposals, for instance. One very large subject at the time was the "Century Freeway" subject. The Century Freeway had been planned by the earlier administration. It was in the Highway Commission's overall plan for California. It was to be a major freeway in Los Angeles, connecting to the Los Angeles International Airport. One of the problems was the fact that the freeway would go through many residential areas on its way to the airport. So we worked out with Assemblyman Leon Ralph from the heart of Los Angeles, a relocation program so that residents in the Century Freeway area would have a certain allowance and a way to move their residences to another part of Los Angeles and not lose, but in fact upgrade their quality of living through the use of this program and legislation. That was one subject I remember bringing to the cabinet.

The Century Freeway support monies had been locked up in Washington. The highway program has worked with all kinds of caveats from Washington that if you don't have certain safety standards or if you don't do this or if you don't do that, then you don't have the money. Lyndon Johnson had frozen some of the highway funds across the nation because of the needs of the federal government at the time.

So we went back to lobby in Washington to release the Century Freeway money for use in Los Angeles. It was money that California taxpayers had paid into the fund in Washington, and we used this symbolically to again show Californians where their monies were going and how important our system was and how much was held back in Washington. The cabinet strongly supported my efforts to retrieve these funds for California. Meanwhile, we were effectively making our point that those monies were due California and we had to have them back, and they finally were given back to us.
Luce: Those kinds of subjects were discussed in the cabinet, that whole Century Freeway battle and progress in Washington, et cetera. I went back on several lobbying trips to Washington for that particular project. We called on Transportation, Interior, White House liaison with state and congressional people.

Another project was the Mineral King development in the mountains of the central mountain area of the Sierras.

Sharp: Right. I have a few questions about that.

Luce: We felt we had everybody on our side. All the newspapers in California were in support, and Californians needed new recreation-oriented areas to ski and to enjoy. Yet we were having all kinds of problems with the national park people in Washington, and we went back not just to aid Mr. [Walt] Disney, but to aid a project that we felt Californians wanted and needed.

Sharp: You got fairly hot controversy from the Sierra Club--

Luce: The Sierra Club, yes. But, as I say, at this time we felt on very solid ground, because the San Francisco Chronicle, the Los Angeles Times, and most every media representative in California favored this overall plan. Mr. Disney had gone to a great deal of effort to make this an environmentally attractive, well-conceived project, you know, with—you'd only drive in so far and then you'd have to take a train up to the development, so we wouldn't have problems with fumes and exhaust. And there would be all kinds of protective trails along the way for the wildlife. It was really well planned. This was an exception to what the normal development in a beautiful area would be. This was well worked out, and expertly planned and was needed. I'm sorry that it never really came about. I think that was possibly due to too many years of hassling, plus Mr. Disney's death and, I suppose, changes in their priorities.

Sharp: This issue that came before the Highway Commission brings up the question of the criteria that the Highway Commission formulated in working on projects like the Disney project, and I wondered if you could comment just generally about the kinds of criteria that the commission established?

Luce: Well, first of all, there was a great deal of legislation in the field of highway planning, and so those criteria were strictly adhered to. Then we, the members of the commission, requested official interpretations of the law. We requested more concern
Luce: and interest in environmental considerations. We had the
opportunity to adjust the budget so more would be put into, say,
landscaping, etc., before decisions were made in terms of adopted
freeway routes. We made certain that there were more people heard
and involved in the concerns of those areas before a freeway route
was adopted.

I was very sensitive to this subject. I mean, I'd lived
through several freeway controversies in San Diego, and I had been
more on the side of the anti rather than the pro in some cases as
an average citizen. Nobody wants a freeway in their backyard.
Nobody wants a freeway in their park. Yet there are places, for
instance in Balboa Park, where a freeway was appropriate and well
planned. By the way, that freeway was there before our administra-
tion, and it's a well-conceived, attractive freeway. It solves the
transportation problem and it brings beauty to the driver.

It's a very serious matter when you plan a freeway, and we must
be doubly careful when a freeway is going through a beautiful area,
or certainly when it affects somebody's home.

##

Sharp: Would this be the point of bringing up the issue of the bridge that
you mentioned when we first started?

Luce: The Tahoe bridge?

Sharp: The Tahoe bridge, yes.

Luce: There are many strong reasons why freeways are good public policy.
You have less pollution because the car's not stopping and starting,
etc., and you have less loss of life. Obviously, freeways are
much safer than city streets.

So good ideas are presented at these hearings, and one has
to say, "That's important, but maybe in the Tahoe case, something
is more important, and that is the long-term beauty and environment
of that area."

Sharp: Did you get quite a bit of uncomfortable reaction from certain
groups?

Luce: I think that there are highway builders who resent those who impede
the progress of a highway. I think there were some people that
were somewhat bitter that the bridge was stopped. But obviously
Luce: there were many who said, "I can't believe that this was even being considered," because the beauty of that area should be preserved, and in that case that takes precedence, I think, over the needs of the automobile, the motorist, in that particular area.

There are many other areas where the motorist's interests must be balanced with the environmental considerations.

Sharp: Did Mr. Reagan have any strong feelings one way or the other about the Tahoe bridge?

Luce: I think he expressed the same concern as we had; he was pleased we discovered this was on the plan and cancelled it. He was very supportive of our efforts against it, and in a much bigger sense, he was very supportive of the idea of balanced transportation and the idea that we would have to move further into the directions of rapid transit considerations and environmental planning in our transportation program.

You know, he is really a man of the outdoors. He loves the beauty of the California wilderness, etc. He is a horseback rider and for many years had taken his rides through the trails of the Sierra and so forth. So he's very enlightened and balanced in his approach.
Ronald Reagan and Presidential Politics: 1968 and 1972

Sharp: I want us to have time to talk about the Republican party and your involvement in the party. How much more time do you have today?

Luce: Let's see, we've got about twenty minutes.

Sharp: Let's get to the party activities then. I thought we might spend just a bit of time on the party at the national level. Then I have quite a few questions about the party at the state level. I have you down as attending the Republican national conventions in '64, '68 and '72. I think that's right.

Luce: It's on my resume, so you can pick it up from there. But the last convention [1980] I was a delegate, and the one before [1976] my wife was. Then before that I was always the delegate. So one or the other of us have participated in every delegation since 1964.

Sharp: Now, of course, Mr. Reagan had a very different role in each of those.

Luce: Yes.

Sharp: If we take just the '64, the '68 and the '72 ones--

Luce: I met him in '64. He was an alternate delegate two rows away from my seat, both supporting Barry Goldwater.

Sharp: I thought probably that was the case.

Luce: Yes. Then on from there, of course, he became governor of California and he headed the delegation from then on out. And certainly a candidate at many of those conventions.
Sharp: I thought we might begin in talking about '68, which of course was his first—that's the favorite son candidacy. That brings up the issue of Mr. Nixon's hegemony, his control of that particular convention and Mr. Reagan's candidacy. I wondered what sort of perspective you had on that particular convention. There are some who feel he just barely missed it, and some who feel it wasn't the right time, and I wondered where you fit in all of that?

Luce: First, he would have been the best candidate in any of those particular years as far as I'm concerned. There were those who felt it was too soon. He was being drafted really that first time. He had just become governor of California, had been governor for two years. He was doing an excellent job. He was being watched nationally and internationally, and he really was the favorite son of California. When you're a favorite son of California, you have one great step ahead of any other candidate. So he went into that convention as a very popular governor. There were those of us who felt that he would be an excellent president.

It just was possibly not quite the right time. Not because it was too soon for him, but Richard Nixon had more national involvement in the party. He'd been out there many more years. He'd built his career, and he had narrowly lost to John F. Kennedy in that election. Very narrowly, if you remember. By two close states, Texas and Illinois. With their problems at the ballot box, if there had been any change there at all, Richard Nixon would have been president. So I think the Republicans nationally as a group felt that Richard Nixon had narrowly lost before and that he might be the more electable candidate at the time.

But we Californians were biased. It was a favorite son delegation. And we were there to help the governor, although he didn't request that help. He was somewhat a draft choice of our delegation. We said, "Governor Reagan, you should be a candidate at this convention." But a great deal was not done about that in terms of organization and planning. It was not a big, planned, strategic operation as far as I'm concerned. It was not a professional operation.

Sharp: I think there must have been different levels of activity.

Luce: Yes.

Sharp: I know Mr. [Paul] Haerle and Clif [F. Clifton] White--
Luce: They were more politically oriented than I was. They were doing political work, and I was in those days on the cabinet in Sacramento and I was not involved in the Republican party in any official way.

I was a voting member of the delegation, but I was not involved in behind the scenes building up of any candidacy. So I know little about that, other than what I experienced and what I've read.

I know that people such as Haerle and White and others were actively pursuing the subject. I was prohibited from doing that by virtue of my role as an agency secretary on the cabinet. In the conversations I had with people across the country, people who called, I described his accomplishments at that time and why he would be the best candidate. There was a great interest among Californians about his possible candidacy.

Sharp: Now, if you shift to the '72 convention, Mr. Reagan then comes again to Miami, of course, as the head of the California delegation in support of Mr. Nixon. How was that? How--?

Luce: How did it work?

Sharp: Yes.

Luce: Mr. Nixon had that convention well lined up. He really had an organization nationally and had done a great deal in building his organization. In 1972 many of course were vitally interested in seeing the governor become the candidate, but again, Mr. Nixon had been there first. He'd been vice-president of the United States. He'd narrowly lost the presidential election. He had an organization nationally. But even then, with having said all of that, there were those at that convention that said Ronald Reagan would be the better candidate.

Sharp: I had seen a note that there were some pretty heated discussions about the rules regarding the platform issues at this 1972 convention, and I wondered if you recall very much about that?

Luce: Stuart Spencer would be a good person to talk to about those rules, and Eleanor Ring [Storrs], too. They were involved in the platform work.

Sharp: I had one card that told me that you were on what was called the California Steering Committee with Mr. [Franklyn C.] Nofziger and a few others, and I guess you must have spent some time meeting in the period before the convention.
Luce: Some. I had left Sacramento in 1970, come back to my business, and I had a year in between there to get back to work. Then I was elected vice-chairman of the state [Republican] party. That's when I became involved again with Nofziger and others. But more so in the party way, in terms of building the party in California. Then eventually, as Nixon was nominated, then became more involved in his particular campaign, and went on to being chairman of his re-election campaign in California, with Mr. Nofziger as our executive director.

Roles as State Party Vice-Chair and Chair; The Shadow of Watergate

Sharp: Let's talk some, then, about your work as vice-chair of the state party.

Luce: Vice-chair was an interesting role. My job was to help build precinct operations in California, and our staff worked on that subject. To appeal to the grass roots, to build the party, to open the doors and try to build more minority and other group elements into the party apparatus. Then I was tagged to be the chairman of the Re-elect the President campaign. The little time I had from my business was really involved in building that campaign and selecting the people that ran that campaign in California. I was really doing this as a long-term Republican and as the vice-chairman whom the governor of the state had selected. Because I was closer to Ronald Reagan than I was to Richard Nixon. But I was asked by the national chairman, John Mitchell, who was his [Nixon's] chairman, to be the chairman of the California campaign, with the governor, of course, as our leader. We wanted to do well in California. Now that Nixon had been chosen, we wanted to have him elected by a big majority, and we needed to build the party—through the presidential campaign, which helps build your party for the future.

Sharp: Now, Mr. Livermore, Put[nam] Livermore, of course, was the chair.

Luce: He was the chair of the party, and so I could take this side role and run the president's campaign as he was running the state party and building the party. There was some overlap there, obviously, because if you're building the party, that's going to help the president's campaign, and vice versa. So we had a close knit group, and we were all dedicated Republicans trying to elect a Republican president.
Sharp: We might just slip a few notes in here about San Diego, because it's such an interesting county for the Republican party. It had quite a bit of success since, at least since 1962 when Dr. Gaylord Parkinson and some of the others had gotten so involved.

Now, ten years later when you're working on San Diego for Mr. Nixon, how did you find the county in terms of organizing and precinct work and all of that?

Luce: This is a county where many Democrats vote for Republican candidates, so it's a very fortunate situation. [laughter] There is a Democratic majority in San Diego, a registered Democratic majority.

Sharp: I didn't even realize that.

Luce: Has been for years. Most people don't realize that, and it's more or an urban county than, say, Orange County, so therefore, there is a possibility here that in a specific election, a Democrat would do well. And Jerry [Edmund G., Jr.] Brown did well in his first election in San Diego County. But by and large, many San Diegans who are registered Democrats do vote Republican, because they're more conservative.

When I worked in all the governor's campaigns the two times he ran, and then the Richard Nixon campaign, the organization here worked well. We had our trials and tribulations, as any campaign would, but I was the state chairman and would help select the local chairmanship. It usually worked well. There were always concerns that we weren't working hard enough or accomplishing what we wanted, but then our vote was always extremely high. A good Republican candidate can do very well with Democrats as well as Republicans in this county. George Deukmejian did well here. Pete Wilson obviously did well, but that's an unusual situation. But going back, I can remember many a Republican candidate that had a surprising showing here among Democrats as well as Republicans.

Sharp: How did the fund raising go in San Diego for that--?

Luce: San Diego's not known as one of the best fund-raising areas in the state. Many of our businesses—in the past, not so much today—were branches. Most of the banks are branches. It is not the wealthiest community. There are many retired people here that have wealth, etc.
Luce: Fund raising has never been a great success. It has progressed, and Pete Wilson, I think, did very well in his fund-raising activities here, because he was so well liked and so well known. And in our Governor Reagan efforts, he did very well, because he was extremely popular here.

But I don't think San Diego gives the kind of money that it should for the size city it is. That may be because we just have not worked hard enough at that. The money situation is improving, and candidates seem to be doing better now. But I always felt, and I still do today, that we should do better.

Sharp: Either for Mr. Nixon's re-election campaign or for Mr. Reagan's re-election campaign in '70, or even in '74 when there were so many Cal Plan candidates, were there new different sorts of efforts made in fund raising, or were the--?

Luce: You mean like direct mail efforts or more--?

Sharp: Yes, just strategies, different strategies used to up the--?

Luce: It's been improving. There have been more professional people in the direct mail side of it, and we have learned how to bring more money out of the county. I think we've become much smarter in terms of events and in how we do our thing.

But I think we traditionally price ourselves down a bit. This is part of my problem. I mean, I was one of the chief fund-raisers, and I've never pushed hard enough in terms of the pricing.

I think we've been remiss. Looking back, we probably should have tried to increase that goal and that total more every year, and I think we could have done better.

But I think we can do better, and I think we are doing better. Of course now we're the second largest city in the state. We have something to talk about, and we've produced a United States Senator, so I think it will be coming around much better now.

Sharp: You know, it brings up the question of San Diego versus Los Angeles in terms of southern California. Is there still an element of being seen somewhat in the shadow of Los Angeles?

Luce: Yes, there is that. But we receive a great deal of attention when you consider our size in term with Los Angeles. A candidate is obviously in Los Angeles more times than here, but when the candidate's
Luce: here, everyone knows about it. Everyone can shake his hand, or her hand. And Los Angeles is such a giant area that sometimes the public isn't aware. I think we really are beginning to get, and we did with Governor Reagan, a great deal of political attention.

Sharp: Did he come here often?

Luce: Yes, he did. He spoke here a great many times. And George Deukmejian did in both of his campaigns. So we've had some very good attention from Governor, then President, Ronald Reagan and others.

Sharp: Let's just get a few notes about your years as chairman. I had you coming in in '73 and being chairman through '74.

Luce: That's probably right. You can come in February, and you go out two years later.

Sharp: Now, when you came in there was quite a list of people who were interested in being chair along with you, if you recall. I have down H.L. Richardson, Bill Campbell and Cliff Anderson as well.

Luce: Oh, yes.

Sharp: Why did you triumph? Why was it likely that you--?

Luce: [laughs] That's a good question. I was telling somebody about it the other day. Well, I was drafted by Governor Reagan. I'd come back to business, and he called me, in essence, and suggested that I run for vice-chairman. I'd had three great years in Sacramento, and I was one of the faithful to the Republican party, and I wanted to help. So I said yes. Then I found out two days later that I really had to run for something. I thought I was the hand-picked candidate of the governor of California, therefore I was it! Then I found out that there were others that had already been talking about it, building their forces. Cliff Anderson particularly had a real campaign going, so I had to get down to business.

Then I started touring California, being a candidate and raising money, putting out brochures, ending up with a big election party in Sacramento that the governor attended. So I had the advantage of the governor being for me. That obviously was the bottom line. But I had to work at it. People in Los Angeles particularly, some of the party workers, wouldn't just accept me just as the governor's hand-picked man. They wanted to know what was I going to do about the party and, 'You've been drafted, Luce, but we have these other
Luce: people who have been working for years. How come?" and "Are you
going to be a good chairman or not?" I had to prove myself. I had
two months of campaigning, and every day I said, "My gosh, I
didn't expect all of this."

But I began to be enthused. I really wanted to win. I
became a candidate. I had never wanted to be a candidate, but once
you're halfway in and your reputation is at stake, and you know
that the governor can't really save you if you stumble, you have to
tell the right things and meet the right people and keep working at
it. So I thought, "Well, I'm going to be a winner now."

Sharp: How did you feel about that transformation of yourself from--?

Luce: I was dragging my heels for a while, and then once I was elected
I felt very good about it and I enjoyed it. It was a hard task for
me as the chairman of the Republican party. I probably overreacted
to the negatives and did not consider all the positives, and
looking back, I can now re-evaluate that particular situation. You
have a thousand delegates, and 90 percent of those people really
like you. You're doing a good job, and they recognize it and
they're with you.

But there might be 10 percent that you hear from, who complain,
who have problems, you're promoting the wrong candidate or whatever,
or you're giving someone a more visible role in the state party. So
those things would hurt.

Sharp: It's hard to get used to.

Luce: You know, it really is. I went to Sacramento in an informal way,
and I thought I did a good job, and everyone seemed to be pleased
with what I did. I had very little criticism, and I had friends
even in the press who thought I did a good job, and so I felt I
had done my role well.

All of a sudden you're thrown out here as a chairman on your
own. So I found that a little difficult, but looking back, it was
a good experience for me, and I really think I enjoyed it.

Sharp: You know, just the chronology of your coming in as state chair in
'74 brings up the somewhat difficult issue of Mr. Nixon's
re-election campaign, some of the difficulties--

Luce: Then Watergate, you mean?

Sharp: Yes. Was that a shadow at all?
Luce: Yes. It was very hard, because I had been his chairman for the re-election in California. Watergate steadily progressed to be a problem. But, of course, President Nixon was re-elected by a giant majority, and Watergate was sort of put in the background.

Then, of course, things started to develop. So there came a time when even I as the chairman of the party in California had to suggest that Richard Nixon resign, which was a very hard thing to do, because I'm an old, loyal party worker, and to see our party crumbling was not a pleasant experience.

On the good side, I became a friend of George Bush's at the time, who was Republican National Committee chairman, and he went strongly through that era, was able to be an objective person in the situation, and he did a very good job that way. We took some of our lead from him.

But I can remember at a [Republican] Federated Women's national convention in Los Angeles where we were asked to bring together fifty leaders of the party to meet with Spiro Agnew. This was backstage after one of the speeches. He spoke to that convention. He proposed this meeting and wanted to tell us what was being said about him at the time in Washington was untrue, that he was innocent of any wrongdoing and that he was going to continue as vice-president. These things were beginning to bother me. Of course, I had no inside information. All I knew, and all we knew as party workers in California, was what we were reading in the paper, but we felt very bad about what was going on there. He wanted obviously to build into the party apparatus a feeling of confidence and support, and--of course he resigned a couple of weeks after that.

So one does learn in party work that people in your party will disappoint you.

##

Sharp: Did you feel that maybe you didn't want to work for the party anymore?

Luce: No, I've never felt that. No, I think I was old enough and broad in spirit enough to know that there are people who make mistakes in your party, maybe in your family, etc., and that doesn't turn you off life. In general you go forward. That's the way I feel today. But I was very disillusioned and disappointed in Watergate and what was going on in Washington. But no--my views were, the Republican party has been here much longer than Mr. Nixon and
Luce: Mr. Agnew, and America has been here much longer, etc., and we're going to go forward with our party and we're going to build for local candidates and state candidates and national candidates.

I probably said somewhere along the line, we should have elected Ronald Reagan, as an I-told-you-so. As I said we should have elected Barry Goldwater rather than Lyndon Johnson. [laughs]

Sharp: Do you remember talking, or did you know Mr. Reagan well enough to talk with him about Mr. Nixon and what was happening after Watergate? I mean really talk to him about how it was all--?

Luce: I don't remember any in-depth conversations about the subject. I do know that Ronald Reagan used to say and probably still does that part of the problem in party politics is that people don't care for the wounded along the way. I mean, there are people that are hurt--let's say they lose or there's a battle, a controversy and the conservatives beat the liberals. Whatever it may be, there are a lot of wounded veterans along the way in party politics in both parties. Somebody ought to care for those people and say, "This isn't just a winner-take-all world, but those are people that can be, should be, should continue on as active members of the party." I don't know what he really said, other than what we read in the papers. I know he was very disillusioned and disappointed in what was happening, and I think he spoke up along the way. I don't recall any specific conversation on the subject.

Sharp: As sort of an ending note, I'd like for you to somehow step back and sort of assess what you saw going on in the Republican party, the California state Republican party, when you were vice-chair and then chair. What do those years bring back to you about what was going on?

Luce: The Watergate affair, of course, intrudes into anyone's memory on all the good things that were happening, because I think we had a united party at the time. I think unity was very big in my quest. We were tired of the bickering and battling that goes on in party politics. It goes on today and always has in both parties. It's not a way to win. So we were bent on having a committee of people that were representative of the party. That meant moderate, conservative and liberal members of the Republican party. We had those elements represented in our officership and in our committee structure, etc.
Luce: I think the Republicans had some excellent conventions along the way. We got Watergate out of our systems. We had successful meetings. I have a scrapbook with some of the letters and statements I had from all the various speakers that would come.

There was a good feeling in California. We suffered the problem of Watergate nationally, and yet California was the bright state.

We had a fine central committee organization; we had good financial planning and results in terms of our fund-raising activities. We had very good organization. When I became chairman, I inherited a deficit, and we made up that deficit. We were developing interesting people and good candidates. All of my staff advisers have been successful in their quest. One is Bruce Nestande, who is a county supervisor in Orange County. He was on my staff for a couple of years. There are many others.

I feel very good about the progress that the party has made in California. I think we did a good job in those days of keeping it united and organized and people turned on and people interested. The doors were open. I think we had a good open feeling about what we were doing, and that the public perceived that. It was a good period other than Watergate which would be the one element that people would say, "Oh, you poor guy, you were chairman during Watergate." It did permeate some of the feelings during the time.

Sharp: Seventy-four was a unique year, I would think--

Luce: Hugh [Houston] Flournoy ran for governor, and he narrowly was defeated. If it hadn't been for Watergate, I think Hugh Flournoy would have won. And we had some victories that year, but it was a change of direction. Jerry Brown had done a successful campaign and was a new person on the scene and a very interesting one to the media. I think the public was disappointed in the Republican party because of Watergate.

Ronald Reagan: "A Good Party Worker"

Sharp: Could you say something about Mr. Reagan's role in the '74 campaign around the state?
Luce: Ronald Reagan was the best, and still is, in party support. He always was available to do the speaking at various fund-raising events for various candidates. He would sign many a letter for fund-raising work. He was a party builder, and he had a very full schedule that we worked out with him on candidates in the Cal Plan, and other ways that he could help the party. He traveled the state with Hugh Flournoy. I remember several events here where both Governor Reagan and Hugh Flournoy came and spoke. So he was there whenever needed, lent his name to almost any activity, gave us encouragement. We were all called to his home in Sacramento on occasion and to the office, and we had our Republican Central Committee board meet with him and his people. You know, we were in close harmony, I think you would say, during those years.

Sharp: You might be the person to answer this, but there is a rumor, or feeling or something, that Mr. Reagan was not too thoroughly attached to the party and that some of the reason for the dropping away of support on the part of certain people within California in '76, favoring Mr. Gerald Ford as opposed to favoring Mr. Reagan, that--

Luce: That is really untrue as far as my viewpoint goes, because he really has given to the party more than any other party person that I have ever worked with. In terms of hours and dedication, fund-raising ability—you know, he can raise more money (could then and still can), than any single candidate we've ever had in our party in my generation.

There certainly were candidates that he favored over other candidates in terms of his preferences, but he'd be very careful in primaries. He would never endorse. I think philosophically he would rather have a candidate that's more conservative and more to his liking. He has his preferences, but he really worked hard for the party.

Sharp: Was that gradual? In the sense that he did it more perhaps in the second administration that he did it in the first?

Luce: That would be hard to judge. My memory on that scale of how much he participated between the first and the second administration is hard for me to develop. But I think he was very active from the time of Barry Goldwater—that's where he started—and then of course to the time he ran for governor. Then he knew that only with a majority of Republicans in the legislature would he have the victories he would want, so he worked very hard to elect assemblymen and senators. He continued that onward for congressmen, etc. He was really a good party worker.
Sharp: Are we out of time?
Luce: We are, yes.
Sharp: [laughs] Thank you.
Luce: We could go on and on, couldn't we.
Sharp: We could, we could.

##

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Verne Orr

BUSINESS LEADERSHIP IN
THE DEPARTMENT OF MOTOR VEHICLES AND STATE FINANCE

An Interview Conducted by
Gabrielle Morris
1982 - 1983

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Verne Orr was ready for a career change in November 1966 when a friend told him that governor-elect Ronald Reagan was looking for fifty good men to help him run California state government. Orr had run a car dealership, a savings and loan, and chaired numerous civic committees. He was fifty years old, with good years ahead, and didn't want to just sit. So he let it be known that he was interested in being savings and loan commissioner in the new administration.

He was appointed director of the Department of Motor Vehicles instead and put his MBA to such good use that he went on to serve for five years as director of Reagan's Department of Finance. This interview describes the methods he used and some of his successes in these two departments, as well as his observations of Governor Reagan and his cabinet in action.

In informal, anecdotal style, Orr explains that he was interested in government rather than politics, although once in government he did begin to assist on election campaigns. His perspective is that, in business or government, the job of management is to know how to do business with people. With a chuckle, he recalled that he had once argued with the president of the University of California that "the president of any good pickle factory can run a university."

In the Department of Motor Vehicles, Orr pursued the recommendations of the governor's task force on economy in government by rotating employees into new jobs and encouraging them to try new ideas. They succeeded in reducing the time taken to renew a driver's license from 60 days to 10. In the Department of Finance, Orr was responsible for making the budget cuts the governor decreed. He would explain that the department had a job to do and work with the departments to make the cuts where they would be least hurtful.

He was perhaps most notably successful in his dealings with the legislature, which had been a trouble spot for the administration. William Bagley, then a Republican assemblyman, has commented that Orr was one of the first of the Reagan team to take the trouble to come to legislative offices and talk over problems, and would even put his feet up on the desk after hours. Orr's view is that such quiet contact leads to respect among persons, which takes away personal animosity.

The interviews with Orr, recorded on 28 April 1982 and 5 May 1983, were conducted in similar relaxed and businesslike fashion. Orr was by then Secretary of the Air Force for President Reagan, and the interviews were
recorded in his spacious corner office at the Pentagon, in armchairs over a cup of coffee. Orr dealt easily with the questions on the outline sent to him in advance, neither rushing the interviewer nor keeping his next appointment waiting. The transcript of each interview was sent to him for review and returned promptly. Details requested were supplied and few other revisions made.

Gabrielle Morris
Interviewer-Editor

February 1986
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley
BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name George Vernon Orr, Jr.

Date of birth Nov. 12, 1916 Place of birth Des Moines, Iowa

Father's full name George Vernon Orr

Birthplace Iowa

Occupation Automobile Wholesaling and Retailing

Mother's full name Wilhelmina Van Niewaal Orr

Birthplace Iowa

Occupation Homemaker

Where did you grow up? Ages 1-12, Various cities in mid-west

Age 13- San Marino and Pasadena, Calif.

Present community Pasadena, Calif

Education B.A. Pomona College, MBA Stanford Univ. Pomona College

L.D. (Hon)

Occupation(s) Automobile Dealer 1946-59; Savings & Loan Exec 1960-66

Calif. Dir. of Motor Vehicles, 1967-69; Calif Dir. Of Finance 1970-75

Secretary, U.S. Air Force, 1981-85

Special interests or activities Photography

________________________________________

________________________________________
I A YOUNG BUSINESSMAN IN SOUTHERN CALIFORNIA

[Interview 1: April 28, 1982]##

Retailing: Department Stores and Automobiles

Morris: I'd like to begin by asking you a little bit about your personal background. Are you a Californian?

Orr: No, I was born in Des Moines, Iowa and moved around the country with my family until I was twelve—no, fourteen, I guess. I came to California at the start of my second year in high school and I have been a Californian ever since.

Morris: In southern California?

Orr: Always in southern California and always in or near Pasadena or San Marino, which is adjacent to Pasadena.

Morris: Did you go to the University of California?

Orr: No, I attended Pomona College for my B.A. and Stanford University for my M.B.A., getting my Bachelor's in '37 and my Master's in '39.

Morris: So you came into the business world with a--

Orr: I started—and I wanted to be a merchandiser—I started with Bullock's. My ambition was to become a buyer in women's ready-to-wear, which is the fast moving and highly profitable area of most retailing. And I served with Bullock's in a trainee capacity and in office capacities until the start of World War II, and the day after Pearl Harbor I went down to get a commission in the navy. I was successful and I

##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 58.
Orr: went on active duty in April of '42, and stayed on active duty through a couple of months after VJ Day, and then I went back with Bullock's.

But about the time—as a matter of fact, the morning—that they called me in to tell me they had a buyer's position for me (in an obviously relatively small department because it would have been my first experience), my father and I had the night before reached the conclusion we would go into business together in the automobile business, which was his field. And so I told them that I would be leaving and I never did learn the department that they were going to—they had merely told me, "We have some good news. We're going to make you buyer." And I said, "Well, before you do, I've got to tell you that I'm leaving."

So I came within an ace of getting a little part of my desire, but I was never disappointed. I made the change, so then I became a businessman for myself and a part of the community, and I was active in a great many community things I could never have done as a buyer in a big organization.

Morris: Was this one of your interests at that point as a young man, to be—?

Orr: No, frankly, when you are in a department store, you don't even have that interest. In those days, department store people worked six days a week. We worked from around eight in the morning until six-thirty or seven at night. I took the Big Red Car from Pasadena down and back and that took over an hour each way. You don't even have fifteen minutes! And as a junior employee, you couldn't even take time off at lunch to attend a luncheon meeting. So I didn't even have those interests until I got in business for myself.

Morris: Were you interested in going into business for yourself and being your own boss?

Orr: My father began to talk with me about it about the time I got out of service. It was very apparent that Bullock's had been extremely hard on my health. With all due respect to a fine firm, six full days in which you never saw the sunlight from eight in the morning until six-thirty at night and not even a Saturday afternoon off, I was running down hill and he felt that we could find some business that I would have more freedom in. We did look at his investing in a business that I could run, such as a Goodyear Tire franchise or something of that sort. Then he finally decided to retire and we would together buy an automobile dealership. He was vice-president of Chrysler and he left the factory and we bought a Chrysler dealership.

Morris: Oh, that's interesting. He went from manufacturing into sales.

Orr: Yes. In his early days, as a young married man, he had been in retailing and then he had gone with the corporation.
Morris: So the two of you kind of learned the business--

Orr: Oh, no, that's not true. He knew the business and he taught me, and after about three or four years he became a less active partner and did a great deal of traveling. He was one of the first people to go to Russia when they opened up the country, he and my mother. He was one of the first people to take around-the-world trips and go to countries which were just opening up because he had the freedom and also loved to travel and he had comfortable circumstances. So I would run the business and he would travel and then he would come back and advise me and help me at the end of the trip.

Morris: Did you share his interest in learning about parts of the world?

Orr: No, I really have never been as enthusiastic a traveler as he has. I have no desire to go to South America. I love Europe. We have been over, I think, three times. I have a slight desire to go to Egypt, the pyramids and so forth. But basically I don't have much ambition and oddly enough [with] this job I travel a great deal.

Morris: Right, you certainly do! How about the community and political interests?

Orr: None in politics, none in politics; a great deal in the community. Successively I served in so many of the things most business people do--president of the Merchant's Association, president of Family Service, chairman of the budget division of Community Chest, president of a luncheon club, and I finally went on to become president of United Way of Los Angeles County, which is the overall community--

Morris: That's a major task.

Los Angeles County Grand Jury Experience

Orr: Yes, that's a big job. Then, after we left the automobile business and I semi-retired, I became foreman of the Los Angeles County Grand Jury, which is a full-time job.

Morris: It is a full-time job for a year period?

Orr: Yes, for one year. The jury meets at least three days a week and the committees meet on a fourth day and the foreman usually attends all committee meetings. So it's at least a four-day job for a foreman and a three-and-a-half day job a week for jurors. Most jurors are either retired men, housewives and homemakers, or occasionally a younger businessman loaned by a utility.
Morris: By a utility?

Orr: Utilities have a rate structure in which your rates are based on cost plus whatever the commission gives them as overhead. So when they loan an executive, they really in a sense get it back in the rate structure, whereas if U.S. Steel or General Motors loans an executive, that's just out of their pockets. They don't get that back. So utilities have been a little more generous in providing younger executives to take a year off.

Morris: In some parts of the state, there have been some questions raised about the composition of grand juries.

Orr: Oh, there were some questions raised. Of course, my year was 1962 and grand jurors at that time were nominated by superior court judges, each one of whom could nominate two, and the judicial system at that time had very few black judges and very few Spanish judges and almost no women judges, so that composition of the grand jury nominees were largely people the judges knew. And if you don't have black judges and your white judges don't know too many blacks, you've got a skewed representation simply because those were the people the judges knew and had confidence in. Since [then] they have made available a way to broaden it a little bit. I don't know just how it is. You can either volunteer or put your name in for grand jury duty. But the truth of the matter is that it's difficult to broaden it because most of your minorities don't have the wealth to give up a year. The person who is working for a living simply can't take time out to do it and the average company is not going to give you a year off.

Morris: To the average working--

Orr: To the average working minority or a majority person. It takes either a retired person or a homemaker by and large.

Morris: That's an interesting commentary. Did the grand jury experience give you some new insights?

Orr: Oh, yes, the grand jury experience was outstanding and it really whetted my appetite for government. It was a great--They call it a doctoral degree in county government, being on the grand jury, and I thoroughly enjoyed it.
Investigating Abortion

Morris: What particularly, what aspect of government operations?

Orr: Interestingly enough, one of the things that came out of it was we brought down indictments on two or three aborters and I became interested in the field of abortion and I studied it and I went around southern California making speeches to luncheon clubs on abortion—neither pro nor con. It was just an issue that I wanted to have discussed because at that time the word "abortion" would not appear in newspapers, and the subject of my talk was abortion. But, for instance, the Long Beach Press Telegram, in saying that I would come to speak to the Rotary Club, was saying, "Mr. Orr, former foreman of the grand jury, will speak on a subject of his own choosing." They would not use the word "abortion" in a newspaper in 1963.

Morris: Even in reporting on your speech afterwards?

Orr: No.

Morris: Did they cover the speech?

Orr: Yes, but usually it was not covered in that sense. The reason I was interested, as you may know, we had more abortions than live births in Los Angeles County and yet the word wouldn't even be discussed in the newspaper. I was simply saying, "This is a subject that needs to be talked about." I would give statistics, I would give some of the horror stories about abortions, and I wasn't trying to sway people to do any more than to recognize that we had a big problem.

Morris: What kind of a response did you get?

Orr: Oh, people were fascinated because abortion was such an under-the-table thing. It wasn't even talked about at coffees or cocktail parties, and yet as an automobile dealer, I would have men drive into my shop and ask the shop steward, "Where can I get an abortion for my daughter?" People were--

Morris: Good heavens. Because they knew you were interested in--

Orr: No, no, this was long before I became interested in--It was just that people seek advice on abortions because at that time doctors couldn't give abortions nor give advice on it. They would seek it anywhere and abortions were horrible. They were performed in all manner of hideous ways. That was what we learned in our grand jury investigation. We would say to some victim, "Where did you get advice to go here?" 'I asked the taxi driver," or some unbelievable source of information.

Morris: Did you reach a point where you wanted to assist in some kind of public program?
Orr: No, no, I was just fascinated as an outcome of my grand jury experience. I did offer counsel and advice to Ronald Reagan at the time that the abortion bill came to his desk, and I was one of those that felt he should sign it. He did sign it and later he regretted signing it. He has since stated he wished he hadn't signed it.

Morris: Because of his thoughts on abortion as a social concern or because of the specific legislation?

Orr: Basically Ronald Reagan is opposed to abortion for a very personal reason. His son Mike is an adopted boy and he looks at Mike and thinks, "If there had been abortion when Mike was born this child might have been aborted and I would never have had this wonderful, fine son," which is a very human feeling. The legislation didn't prove to be what any of us had hoped because it was designed around a position certifying that this abortion was necessary for the life and the health of the mother. What it turned out was that anyone who wanted an abortion could buy such a certificate from a physician for fifty dollars, from almost a quack that would come in, sit at the bedside, ask a dozen questions, and certify that this woman needs an abortion, and that was not what the governor had in mind when he signed it. He genuinely was not expecting it to become a wholesale permission for abortions at fifty dollars more than the going price.

Morris: That is often the case with social innovation, isn't it? It doesn't work out.

Orr: Yes, it didn't work out as Ronald Reagan had anticipated.

"My Interest is in Government": First Encounters with Ronald Reagan

Morris: You said you weren't too interested in politics per se.

Orr: I have not been interested in politics. I am interested in government. I only serve in politics because you can't be in government unless you become active in politics! Your party has to win in order for you to get into government, and I took no part in the campaign that elected Ronald Reagan governor, other than voting, obviously, for him. I am a Republican and I'm a conservative. But I didn't ring doorbells and I have never belonged to the Republican central committee nor to any --I belong to the local Pasadena Republican committee, but I have never done much work. My interest is in government. Since I've got in government, I have done more work politically, but I am not what you would call a devoted precinct type of worker.

Morris: The election campaigns themselves do not particularly interest you?
Orr: I have been on them since I have worked with Ronald Reagan, but it was never an interest as much as community functions like Community Chest and Family Service. Some people go to spend their life working in Republican or Democratic circles; I spent mine on other things. Then when I got interested in government, I became somewhat more active, but I am not vitally a part of any political operation.

Morris: Party--

Orr: Well, I'm a Republican and I have been to the conventions and I work hard for Ronald Reagan, but it was more an offshoot of my work for him than a deep interest in politics.

Morris: Had you had an occasion to meet Mr. Reagan before--?

Orr: Yes. When he was thinking about running, Holmes Tuttle, who was an automobile dealer and a very good friend of mine, set up a little luncheon at the Huntington Hotel in Pasadena for twelve or fourteen business persons. I was invited. Holmes Tuttle stood up and he said, "I've got a man here that is thinking of running for governor. He's got a philosophy that I believe in and I want him to tell you what his philosophy is." So at this little luncheon for a dozen people, Ronald Reagan stood up and said he was giving thought to running and, believe me, he thought there was too much fat in government and if he got elected, he was bound and determined to see it ended. The first thing he would do would be [to] call in all of the department heads and say, "I want you to cut your budget ten percent." And so I left the meeting without realizing that a year and a half later, I would be one of the people called in and [told] "cut ten percent."

Morris: [laughs] When would this have been?

Orr: This would have been in '66, I imagine. It was probably in early '66 or late '65, somewhere in that neighborhood.

Morris: Who else did Mr. Tuttle invite?

Orr: I have no idea any more. I just remember sitting in that little diningroom at the Huntington and hearing this good-looking gentleman articulate his philosophy.

Morris: You presumably were aware of him. You had seen him in a film at some point?

Orr: No, I don't go to movies. I don't think I was even aware of the name of Ronald Reagan. I don't follow movies at all.

Morris: There wasn't much contact between the business world and the film industry?
Orr: At least I didn't know Ronald Reagan from anyone.

Morris: Were the other people at the luncheon people that you already knew through the--

Orr: Yes, I am pretty sure they were Pasadena business persons whom I knew, but I just don't happen to remember who was there.

Morris: It was a Pasadena group?

Orr: Yes. Holmes was just doing this around Los Angeles in different little--he was making a campaign of this and I imagine he had dozens of these luncheons in Bellflower and Palos Verdes and Santa Monica and Pomona.

Morris: It's a good way to start building a base.

Orr: Oh, he's been one of Ronald Reagan's strongest boosters and he was widely known in the automobile industry, and I wouldn't be at all surprised if there weren't other automobile dealers there for that reason.

Morris: Right. I don't get the sense that Mr. Tuttle himself had been terribly active in politics and government.

Orr: I don't know how much in politics, but Holmes Tuttle has been an outstanding fund raiser for years in good causes. Now, whether those were government or whether they were like community chest things or scholarships, Holmes has the capacity. He is well-to-do himself and he travels in circles of well-to-do people. He has the capacity to call up and say, "Look, I want you to buy ten tickets at a hundred dollars a plate for this or that."

Morris: No fussing around, just do it.

Orr: Oh, he comes on strong and, of course, by the same token, he gets all kinds of calls back because these are "you scratch my back, I'll scratch yours." So I am sure he gives a great deal. Other people will call him and say, "Holmes, I bought a table to your Red Cross dinner. Now, I want you to buy a table to my whatever." But I don't know how much activity Holmes had had in government. I suspect very little up to that point, but I don't know because I wasn't active in government.
II BECOMING DIRECTOR OF MOTOR VEHICLES

Seeking an Appointment

Morris: Did you then take part in the campaign or sit on a committee or anything?

Orr: No, none; none. What happened was at that time I was president of a savings and loans called Investors Savings and Loans in Pasadena, and it was owned by a large savings and loans chain called Imperial. The man who headed Imperial had been my best friend and he had gone to the head of the chain. I took his place as head of the branch in Pasadena, but friendship and business didn't mix very well and I didn't enjoy working for him. Our relationship wasn't smooth and so November 1, I submitted my resignation and told him it would be effective December 31, which gave him two months to find a successor. On November 5 or 6, Ronald Reagan was elected in the normal course of events and one of my friends came rushing in a week or two later and he said, "Verne, Ronald Reagan is looking for fifty good people to run his government and one of the jobs open is the commissioner of savings and loans. You have had experience as president. Why don't you apply to become the commissioner of savings and loans?"

I was a young guy at the time. I had to be just fifty and I had good years ahead and I didn't want to just sit. The people who headed up the screening committee in Los Angeles were people like Holmes Tuttle that had promoted Ronald Reagan and I knew half a dozen of them. One of them was president of Claremont Men's College and one of them was an attorney that I knew, so that sounded like a very good thing. I inquired where was the savings and loan commissioner's office and they told me it was Los Angeles and I could live at home; that would be nice, and the job interested me. I had dealt with the commissioner a great deal when I was president of the savings and loan. I knew it was a prestigious job because it controlled all of the branching of savings and loan and people paid lots of heed. So I let it be known I would be very interested in being Ronald Reagan's savings and loan commissioner.
Morris: Did you call up, drop a line, or tell a friend to--

Orr: Oh, yes, I actively worked at it. I called Holmes Tuttle or wrote him, I don't know which, and I called or wrote the other people on the committee. I even wrote somebody back in Washington that was here on a federal commission that I knew and said, "If you could put in a good word with your law partner who sits on the screening committee, I'd be delighted."

So I actively sought the job and New Year's Eve (Ronald Reagan was to take office the next day), I got a call from one of my friends on the screening committee and [he] said, "Verne, would you be interested in becoming the savings and loan commissioner." I said, "Well, I'm interested in becoming the savings and loan commissioner." He said, "I am sorry, we can't offer you that." He didn't tell me why, but he said, "I think the governor might be interested in talking with you about becoming his director of motor vehicles." I said, "Where is the office," because I didn't want to move. He said, "Wait just a minute and I'll find out." So he held his hand over the phone and I could hear the conversation. They said, "They have an office in Sacramento and one in San Francisco and one in Los Angeles." He came back on the phone and told me that and he said, "I am sure you probably could run it from their office in Los Angeles if you want." I said, "Now, that sounds good." I had been an automobile dealer fifteen years and was looking for a challenge, and so I said, "I'll accept if it's offered to me."

It finally was offered to me in February, roughly the twentieth, and I didn't know much about the department, so I ran down to the Pasadena Library to look up the state budget. And I found to my tremendous surprise [that] the Department of Motor Vehicles had 6,600 people and the savings and loan commission had two hundred. I had no idea what I was getting into, but I also found out that of the 6,600, 6,600—not that many but 4,500 of them—were located in Sacramento, a hundred of them were located in Los Angeles, and the rest of them were located in little ten and twenty-five or thirty-person offices in Pomona and Los Angeles, all over the state.

Morris: The places where you go to get your license.

Orr: Where you go to get your license, and I quickly learned that while you can run it from Los Angeles, you couldn't run it very well because everything was in Sacramento—the legislature, the governor, the cabinet, the budget decisions. Los Angeles was simply a small branch office to get your license. So it involved then having to move to Sacramento. I went up there on February 22 because the governor at that time, in trying to decrease state expenditures, had decreed that he would like state employees to work on Washington's birthday, which was a holiday, and was greeted with a great lack of enthusiasm.
Orr: When I reported to the department, out of 6,600 people, my guess is not more than three or four hundred were working. The rest of the people just said, "To heck with you, governor, it's a holiday." All of the top people were there, of course, division chiefs, to meet me.

Morris: It was on this non-working holiday--

Orr: That I went up to Sacramento and I was really going up to see about starting to work immediately, but Gordon Luce, the head of Business and Transportation, suggested that maybe just make it an even March 1. So there's only five or six days, including a weekend, I think, in there. So I went back to Los Angeles and moved up or went up to stay on March 1.

Morris: Did you move your family up?

Orr: We rented all of the time I was in Sacramento. For the first year we rented an apartment and for the next seven years we rented a house, and we furnished it. It was not rented with furniture. But we really never moved up there. Our children were in high school and Mrs. Orr only came up occasionally. If there was entertaining to do either by us or for us, she would come up. But basically the entire eight years, I flew down Friday nights and flew back up Monday mornings early. So we never effectively lived there except we did have a home and place to hang our hats.

Morris: That sounds like from Monday through Friday you really put all of your effort and concentration--

Orr: Oh, so much so that my people had to finally caution me. Because I didn't have a wife up there, I started calling staff meetings at five o'clock. It didn't make any difference to me--a little like Jerry Brown did actually. It made no difference to me when I got home because I was just going to put something in the oven and after a few months of this they finally said to me, "Mr. Orr, if you wouldn't mind, we have families and these staff meetings that go on until seven-thirty or eight are a big disruption to our families. Could we start to have them at some other time?" Of course, I just hadn't thought of it because my time was so free.

Morris: Did you have a session with by then Governor Reagan at any point?

Orr: Never did; no, never did.

Morris: With somebody in the governor's office?

Orr: The screening committee recommended me; his personnel people, including Tom Reed, who is now back here.

Morris: He's working for you, isn't he?
Orr: No, he works for Bill Clark over in the White House. But Tom was a former Air Force secretary. He sat in this office for a year. He called me to actually offer me the job. I never did meet Ronald Reagan at that time.

**Working with Gordon Luce**

Morris: At some point after you got to Sacramento, did he or somebody on the immediate governor's office staff sit down and tell you what they had in mind?

Orr: No, I think not. I think the screening committee chose me and made the recommendation to his people--partly maybe because I was fairly well-known. I had done all of these things. I had been president of the United Way in Los Angeles County, foreman of the grand jury. I probably was not an unknown quantity. So I didn't actually interview [with] the governor.

Morris: I was thinking the other way around, some kind of a briefing on what they had in mind for the--

Orr: That took place when I went up on February 22. Gordon Luce then outlined his desires on the job.

Morris: Had you had any business dealings with Gordon Luce at that point?

Orr: I had never met him, never met him.

Morris: Was he already in the savings and loan world?

Orr: Yes, Gordon Luce was already with the savings and loan in San Diego. When I say I never met him, I don't recall. If I met him, it would have been casually at a convention because he was not an acquaintance of mine in the normal sense.

Morris: Do you remember what kinds of concerns he had about the motor vehicle department?

Orr: Specifically, of course, our big concern was economy and efficiency at that time. And one of the reasons I got the job, the former director, Tom Bright was not a bad director, although he was appointed by Pat Brown and was a Democrat I presume. He was a careerist, so you don't know--

Morris: Yes, he went back to Goodwin Knight's administration.
Orr: Goodwin Knight, and with careerists you really don't know how they vote. It didn't make any difference. Part of the problem, however, was that when Ronald Reagan announced that he wanted a ten percent cut in every department as I said he had promised he would do, the reporters went to Tom Bright and they said, "How will this affect the department?" His answer was, "People will just have to stand in line longer," and that was not a response that pleased Ronald Reagan. That was not his idea. So that shattered any possibility that Tom Bright would be selected, even if otherwise he might have been, simply because Ronald Reagan did not intend to make people stand in line longer. He wanted to make things more efficient.

Morris: By the time you got there, was the task force on efficiency and economy working?

Orr: No, it came in a little later.

Morris: Gordon Luce told you this was going to be--

Orr: I don't remember whether he did or not, but somewhere along the line it was made clear that there would be such a task force. But I don't believe they were there when I got there March 1. I don't recall, but I don't think so.

Morris: So you were really there during the shake-down period.

Orr: I got there quite soon, March 1, and he had just been in office two months.

Morris: Was Gordon Luce already functioning as secretary of the agency?

Orr: Yes, Business and Transportation.

Morris: Would you recall the first time you met as a group with the people within his agency?

Orr: Not specifically. Gordon used to have meetings at first. Gordon ran the agency with no help. He had an assistant who was little more than an executive type of--I don't want to say errand boy, but just an aide--and one secretary. The original idea of Ronald Reagan had been that his agencies would be very thin. He didn't want but a person and they had at one time, as you may know, talked of putting them over in the capitol. They were each going to have an office just where finance is, where Hugh Flournoy's office is. They were going to cut that up and each of the four secretaries just have his office there.

So at first all of the meetings with Gordon would either be one-on-one or there would be just his approximately ten department heads meeting with him. Over the years, the agencies got bigger and he
first got a deputy and then I began to deal almost exclusively with the deputy as anyone does when an agency has a deputy because the principal goes off to cabinet meetings and he’s working away from the office all of the time and the deputy starts to handle the details. Then subsequently, as the administration progressed, some of the agencies got bigger and bigger and they began to have a life of their own.

Morris: Some of the departments within the agency?

Orr: No, some of the agency secretariats. I suspect that the Health and Human Service secretariat may have grown to fifteen or twenty people and I am sure that there were eight or ten in the Business and Transportation Agency by the time we left. First, they need a legislative person to coordinate legislation and then they decide they need a public relations person to coordinate PR—you know how it goes—and all of these things tend to grow.

Morris: It's sort of the life cycle of an organization.

Orr: Of a government agency, yes. But Gordon always had, as long as I can remember, a luncheon at least once a month. He used to have it at Antonio's. I believe the name was Tony.

Morris: Right near the--

Orr: In an old house close to the capitol. We would sit up on the second floor and have an agenda that was partly social and partly Gordon would go over all of the concerns that had been passed to him from the cabinet. But the bulk of my activities with Gordon were strictly one-to-one either over the phone or—and he operated with a very loose rein and I think gave me lots of freedom.

The Department: An Historical Sidelight

Morris: Did you have a real sense of how the Business and Transportation Agency as a unit functioned?

Orr: Not when I went up there, I had none. I just knew that my boss would be Gordon Luce and I would report to the governor through him.

Morris: But did you develop a working relationship between and amongst the departments in the agency?

Orr: No, the agency was such that there was very little community of interest. I developed a working relationship with the Department of Transportation, which is primarily the Division of Highways, and
Orr: with the Highway Patrol, which was Commissioner Sullivan. Our interests were close and we used to meet quite frequently because we and the patrol and to some extent the highways are very closely intertwined. As you may know, at one time the Highway Patrol was a division of the Department of Motor Vehicles.

Morris: Oh, it was?

Orr: Oh, yes, it was made an independent group around 1920, but it's fascinating if you look at the stars. The director of Motor Vehicles has a big police-type star or badge and it has four stars on it, and the commissioner of the Highway Patrol has three stars and that was because he was at one time junior to the director and worked for the director of motor vehicles.

Morris: But that had already been straightened out by the time you got there.

Orr: Oh, long ago, before I got there, long ago.
III INSTITUTING ECONOMY AND EFFICIENCY IN THE DMV

The DMV and the Governor's Task Force

Morris: Let me back track a little bit. How did the governor's task force on efficiency and economy relate to your department? Did you see the management consultants?

Orr: All right, let me tell you how they related. As I remember it, they probably sent in about twelve people to start, of whom six stayed around for a couple or three weeks and six stayed around for two or three months, and they did a fantastic job because they had no guidance and no agenda. They started out at the very bottom of the organization and they would sit with the mail clerk and watch her open mail and ask questions and then follow the mail all through our block--have you been there? Do you know Motor Vehicles?

Morris: I don't actually.

Orr: It is two buildings in Sacramento, one of which is six floors tall and a block in each dimension and the other one across the street is a half block and about three stories. So they assigned people to follow the mail. They assigned people to telephone desks and they would just sit there and watch what happened. Then when they were thoroughly satisfied they understood that task, they followed the mail to the next desk and the next desk, and they would split up. If it was driver's licenses, several of the team would follow applications around; if it was registration, same thing; if it was driver improvement analysts which are trying to take care of people who get too many tickets--and so they spent all of this time in studying a department in a way I never could. The real advantage was they came before our feet were in concrete. If you come after somebody has run the department a year, he is convinced that there are no recommendations worthwhile--"I know how to run it, don't tell me." But because I was new and I didn't know how to run it any more than they did, they got in in time before I was entrenched.
Implementing Task Force Recommendations: Illustrations; Employee Reactions

Morris: This sounds like the old classic time and motion study.

Orr: No, it really wasn't. They weren't making any effort at all to say, "You've got too many people doing this job." They were making efforts, however, to say, "Here are jobs that don't even need to be done. Here are ways in which you can eliminate functions of your department." I came over to time and motion study. I put one in effect when I was there, but the original one wasn't.

Now, let me give you an illustration. When I came into the department, if you came over from Germany with a German driver's license and you were attached to the consulate or the embassy or you were a business person and you were going to live two or three years in California, you would go in and get a California driver's license. We would then take from you your German driver's license and send it up and file it in Sacramento under your name and then when it came time for you to go back to Germany, you would go into an office and you would say, "I want to surrender my California license. I want my German license back." We would send word and Sacramento would find your German license and mail it to you.

I got into this because we lost a German license and the man was unbelievably furious. A German license is extremely hard to get and costs hundreds of dollars. It is nothing like an American license. The task force came along, and the reason why we took the license away is we didn't want people to have two, so if you got so many tickets on your American license, the next time you are stopped you show a German license. The task force came along and said, "Why don't you simply stamp on the German license one rubber stamp that says, 'Not valid for driving in California,' and hand it back to the person who then keeps it in his own possession. You don't have to worry about losing it." It saved us two clerks, all the mail, and bins much bigger than this room because we had tens of thousands of foreign licenses stacked up that we were keeping.

Morris: In California?

Orr: Yes, we had thousands and thousands. Well, their whole procedure was like this. They were finding ways to say, "You don't need to do it that way, do it this way." Now, that's a simple one. You wonder why nobody thought of it, but it took that task force to say, "You can do this a lot simpler."

Morris: How did the people, the career employees of the department, feel about it?
Oh, they reacted with horror. I think any time that you've done a job you are convinced that's the best way to go. Let me tell you what happened. The team stayed around about six months before the final report was issued and they had approximately 110 recommendations for the Department of Motor Vehicles. So I called our people in and they looked at them and with great reluctance they found four that they thought they could implement; all the rest were garbage.

Morris: This is your middle management?

Orr: No, this is my top management. The top management in the Department of Motor Vehicles are almost entirely bureaucrats. Out of 6,600 people, I had two assistants, one of whom was permanently assigned to the governor's office, so it was just a slot that the governor used.

Morris: I don't understand.

Orr: I had an assistant that was on the payroll as an assistant director of Motor Vehicles. That assistant never entered the building.

Morris: You never saw him?

Orr: Well, at first I did because the governor didn't understand the slot, but soon they found out that traditionally that assistant had been quartered with the governor for speech writing or whatever. It's done that way in government, as you know. You have many positions assigned that are paid for in the payroll of a given department, but are loaned to the governor's office, which makes the governor's office look as though it had a small payroll. It's done here in the federal government, too. So effectively I had a secretary and one assistant.

Morris: That you brought with you?

Orr: Well, I could have; I didn't. The governor appointed them. But all of the rest of the 6,600 were civil servants. So when you say top management, I didn't have any top management that weren't civil servants, except my deputies. So these civil servants looked at these 110 and they said, "Obviously, nearly all of them are utterly useless, they couldn't be implemented, but we think we might try four." So we implemented four and the next month Ned Hutchinson, who was running it for the governor called over and he said, "How are you doing?" I said, "We implemented four." He said, "That was last month, how many this month?" So I called the bureaucrats in and we scrubbed the list again and we came up with two more. I called Ned—"That's all right." But then Ned calls the next month and he said in effect, "Verne, we've got a community chest-type of thermometer here. The governor is watching the production of every department. You are looking very low compared to the number of others. How many more are you going to do?" Well, I'm not going to look low on anybody's list! It became that kind of competition.
Morris: I see, and your staff people responded to this kind of thing?

Orr: I insisted. I'd come in and say, "We've got to have some more. By the end of today, I want to know what five you will implement this month or six or four or ten." To make a long story short, month after month I cracked the whip and they grudgingly said, "We'll try this one and we'll try that one," and we finally got to the point that about half of them were implemented. Now, some of them were unrealistic. People come into a department and they tell you to do things which simply won't work for one reason or another. A lot of it might be political.

For instance, you could come into the air force and you could say, "One of the things you can do to save money is close some bases." Well, you go over the hill and they won't close bases because that base may be in the hands of a very influential congressman. It doesn't matter how many efficiency studies tell you to close the base, you can't close it.

Morris: And each base is in the territory of--

Orr: Somebody that doesn't want it closed and you can't do it. Well, the same thing was true--We had some suggestions that simply were not political. They wouldn't fly.

Morris: How many of them had to go back to the legislature?

Orr: Oh, probably half of all we implemented in one way or another required some kind of legislation or at least to go over to the committees and get permission. Just like today, if you want to close a base in the air force, it doesn't take legislation to close it, but you would have to go over to the committee or the senator that's involved and say, "I'm going to close it," and he would either say, "You better not try because I'll clip your budget" or else he would accede to your--

Morris: The courtesy of letting somebody know.

The Director's New Approach to Auto Registration

Orr: Yes, that doesn't require legislation, but if you're smart, you'll get legislative permission. I'd say we had to get legislative permission at least on probably half of all we implemented. But let me give you another example. In the old days, Californians used to buy their new license plates in the period from about December 1 until February 4, and if you will remember on February 4 there used to be lines around the block of people that never did get in.
The task force came in and said, "Why don't you start to send out your renewals October 1 instead of December 1 and that will give you two months longer to lighten the work load," and so forth. Our people had all kinds of reasons why they couldn't do that. We didn't bring on the temporary help until December 1 and these people were just people that were what we called "permanent temporaries." They worked every year at this time. They gave up that time, they wanted to earn the money and they knew their job, but they didn't want to work all year long. We had many hundreds of them like that. They wouldn't want to work four months because they only were used to working two months—you know, the whole business. So finally that was one we said, "Okay, Mr. Hutchinson, we'll do this one." One more chalked up. It worked beautifully! A lot of people pay a bill the minute it comes and we got millions of dollars in and earned the interest on it from October 1.

So it had a cash flow advantage.

Oh, a terrific cash flow advantage! We earned interest on it and the work load was slightly more even. Now it didn't even it out completely because you still have the type of people that wait until the last day and the lines were still around the block. So to go on a little further, I wanted the bureaucracy—there had been many people say, "Why don't you register around the year?" When you buy a car in October have a one-year—

Yes, turn-around.

So ultimately the work load in the whole period of time would get to be even. "Oh, no, the bureaucracy couldn't do that." We had set up all of these temporary permanents. They knew the system. It was great to get it done all in one time and this and that and they had done studies and every study came out that the way they did it was the best, and I wasn't convinced. So one time I made a speech and I said, "Starting next month we will register motorcycles around the calendar based on the day you buy it." Well, the bureaucracy was horrified, but the director had made the commitment in the press and there was nothing to do but do it.

I see, this was an outside speech?

This was mine and this wasn't the task force. This was just my decision. They may have had a recommendation to do it. I can't remember, but we didn't implement it as part of the task force. It was a year later or more that I did it, and I did it with motorcycles because if it didn't work, you were working with a very small segment. If you had done it with automobiles and it didn't work, you've got seventeen million problems. But if you do it with motorcycles, you probably had a million problems. Again, to make a long story short, it worked. We did it for eight or ten months with motorcycles and
Orr: found out what the bugs were and it worked. So now in California you register your automobile not in February but a year from when you bought it.

Morris: That's an idea that's kind of cycle billing.

Orr: Yes, that's all it is. The same thing as the department store that bills the A's to E's in the first week and the E's to S's in the second week.

Morris: And that had not been in operation all that long in the business world.

Orr: That's right. Everybody used to send their bills out the thirty-first of the month or the first.

Morris: It sounds as if from the process you are describing it was the less significant recommendations that your managers were willing to--

Michael Deaver and the Department

Orr: Oh, always. I mean that's human nature. The more difficult to implement, the more inbuilt resistance. So they picked the easy ones and then as Hutchinson would crack the whip, we'd stretch harder and harder to find another one we could implement, and it was a splendid system. I would never have done it without his pressure and he was under pressure from the governor.

Morris: And you had this task force which generated all of these lists of things--

Orr: It was Ned Hutchinson that cracked the whip. Ned Hutchinson was the one that did it, not Mike Deaver, and Ned has since died, as you may know from your oral history.

Morris: Yes, I am delighted to have people like you tell us about him. He sounds like he was a--

Orr: He was a great guy, but it was Ned that was assigned that task, not Mike Deaver. Ned used to call me. That's been fifteen years ago and I had forgotten.

Morris: Did you have much contact with Mike Deaver in that period?

Orr: Not until I got in the cabinet, not until I got in the cabinet.

Morris: Then he was particularly interested in the finance thing?
Orr: I had contact with Mike Deaver only twice directly, both rather interesting. The guys in the corner office got in the habit of having their driver's licenses reissued with the address, "the governor's office, Sacramento, California," so when they were stopped by the police, they would show this license and hopefully he'd see "governor's office" and wouldn't ticket them. Mike found out about it and he was furious, and he called me to have me stop it.

The other thing was a peculiar one. We changed our license plates from ABC-123 to 123-ABC in those days. That reversal came when I was there and we started the new series of license plates 000-AAA. But we did not have individual license plates and somebody conceived of the idea, "Why not have Nancy Reagan's personalized plates "NDR." It was a regular issue, NDR--000-NDR--except that we wouldn't have gotten to it for a year and a half or two years or three years. It was only personalized in the sense that it would be a regular plate at some time, but we still were up in the A's and B's. So that was fine. I put through the order. It didn't make any difference to me. Folsom can make 000-NDR as easy as they can make ABC.

So I put through the order and Mike Deaver called me. He was horrified and he said, "We've been thinking this over and Nancy Reagan has threats, like all executives' wives, and if you give her license plates 000-NDR, everybody in the world will know that it's Nancy Reagan's car, so I want you to stop it." So I said, "Fine, we'll stop it." But a month later I get a call on the phone: "Hello, Verne, this is Nancy." "Yes, Mrs. Reagan." (I didn't know her well enough to call her Nancy at that time.) "How is my license plate coming?" I said, "Mrs. Reagan, I am sorry but I was told to stop it." There was a pause on the other end and she said, "Verne, whose car is it?" I said, "It's yours, Mrs. Reagan." She said, "I want that license plate," and she hung up the phone. [laughs] So she got NDR!

Morris: It sounds like Mr. Deaver had not checked back--

Orr: He was trying to protect her and people do that. Mike is normally very close to the Reagans and he was just doing his job and trying to make sure that she was protected, but I had to laugh. In this instance, she didn't want to be protected!

Business Experience in Government and Education

Morris: To what extent was your business school experience useful, or how much of transferred into this new territory?
Orr: Oh, I suppose a little of it. Business school, to me, is a little more of a growing up and a maturing than advice that helps you. I went to Bullock's as a shirt salesman working my way up and I knew whether Bullock's should issue bonds or stocks or whether they should go for bank loans because I had learned it all. But Bullock's never came down to a shirt salesman and said, "Do we issue bonds or stocks?"

Morris: Oh, that's too bad!

Orr: Yes, I was ready to tell them! I had all the answers and I was never asked any of the questions. So I can't tell you that learning about industrial management or accounting was good or bad. It probably helped me because it added, but it's difficult.

Morris: How about your experience both in the automobile business and in the savings and loan business?

Orr: Let me tell you this, I just think that experience is a great teacher—what do I do here that I might not do at thirty-five? Well, I'd probably work harder at thirty-five, but I would make a lot more mistakes because everytime you undergo a year of dealing with people, and that's all any of these jobs are, you learn.

Morris: It is primarily dealing with people.

Orr: Oh, it's all people-oriented. That's how I used to get in great big fights with Charlie Hitch in your own dear university. You have the hidebound idea that the only person that can run one of your campuses is an educator, and he's got to be selected because he's published or he's a microbe hunter or something. We don't have any campus head that isn't, and I don't believe that. I've argued with Charlie one time. Chet McCorkle and I got into a shouting match that we didn't even need to phone from Berkeley to Sacramento and I said, "Hell, the president of any good pickle factory can run a university," and Jesus, I thought he was going to go through the overhead. But it is to me true. Now, the faculty will not tolerate it, but all you are doing as the president of a university is dealing with people, and if you have the talent to pick good people and motivate them and weed them out if they don't do well--no president of a university looks through a microscope any more, and darn few of them write any [more]; they don't have time.

Morris: Speeches to the legislature they write!

Orr: Oh, I write those. That's businessman's use—speeches. But I am talking about the kind of research that an academic does, the kind of books that they may have written on their way up. [David] Saxon's undoubtedly got books to his credit, but I bet he hasn't written one since he's been president. So I have this phobia that these jobs
Orr: are management jobs and it doesn't matter how you get the experience, your experience is to teach you how to do business with people and everyday I make mistakes.

Morris: But each group of people in each setting has their own standards for worth amongst those people. I believe it's true in the military and in the educational world.

Orr: I'm not a pilot and that doesn't mean I can't run the air force. I don't have to know how fast a plane will turn in order to select people who can train pilots. I don't go out and fly airplanes, but I can tell you who the good officers are because I have dealt with people and after you come in an organization and you begin to rub shoulders, you learn within six months who are your good people--just as the president knows who his good deans are. He may not know history or physics because he can only be a specialist in one field, but he knows who his good deans in the other departments, who his good administrators, who his good Chuck Youngs and Mike Heymans are, and who the weak ones are, and they may be in the fields that he isn't in.

Morris: That's an interesting summary of management either in or out of the--

Orr: So anyway, my broad experience in business and government was very helpful in the sense that it had helped me deal with people--the same as here. I have some strengths because I've got forty years of business. I have some weaknesses because a thirty-year old would probably have more fire and vim and charge harder and you balance out.

Budget Dealings; Special Funds; Legislative Committees

Morris: How about your own budget dealings with the Department of Finance?

Orr: Oh, they were very interesting. We used to go through the drill. We were so nervous about presenting our budget to Cap Weinberger or Gordon Paul Smith that we would have dry runs. I would get in my conference room before all of the top level bureaucrats and they would fire questions at me--"Mr. Orr, how much"--they called me director at that time because it was a military type of organization, they always called me director--"director, how much of your budget goes for driver improvement analysts." I said, "Seventeen percent," or 17.3, or whatever the answer was, and we'd go back and forth for three hours. Then I'd go into Cap and I'd be primed. Cap would sit down and he'd say, "Verne, I have been very interested in this program. Let's visit about it." And we'd spend the hour on one segment of a program that happened to interest Cap and that was the end of it.
Orr: Now, part of that was I had established a reputation for running a good department and it's like dealing with people. You learn who your good people are, and the guy that has a reputation for running a tight department, you're not going to rake him over the coals like you were the ones that were weak. It was obvious that I had a good reputation because the governor promoted me, but that made my budget easier. Just like if you work hard and you become Phi Beta Kappa material, at the end of your fourth year they may forgive you your exams just because they know you are a good student or if you read your own exams and you know the student, you are going to have a bias toward a good student. It just follows and that's why many professors that I know of either have their papers read or block the names out.

Morris: That's interesting. In this period we are dealing with "cut the budget ten percent" and then in the succeeding year they cut the budget some more. Did you accept that and did your initial budget submission represent that?

Orr: Oh, yes, yes, we had to cut back ten percent. We were a little more favored than some because we were not a general fund agency and if we cut ten percent on the Department of Motor Vehicle's budget, the residue went to the Department of Transportation to build highways. It did not help the governor with his taxes; it did not help him with paying for parks or schools or aid to the poor. It was an internal—all of the money you paid for your license registration and driver's licenses supports this, the Department of Motor Vehicles first, the Highway Patrol second, and the residue goes to the Department of Transportation. So the pressure was a little bit less than the general fund agencies where there were so many other demands: "Why should I starve people and make them wait in line too long to get a license only so that they can have another mile of concrete to drive on?" And everybody recognized that. So there was a tendency probably to be a little more lenient on my budget.

Morris: Did that apply in general to activities that were funded through special funds?

Orr: Yes. As a matter of fact, when I got to be director of Finance, and this is jumping the gun, it is a very hard argument with special fund people. Let's take teachers. Are you by any chance a credentialed teacher?

Morris: I am not a credentialed teacher.

Orr: All right, take a credentialed teacher. A credentialed teacher pays x-dollars for her credentialing license and each year a renewal. Now, that money is paid out of her pocket and for that—or his, but very often hers—they expect good service. If you are now cutting back and you eliminate employees in that department so it takes three
Orr: months to get the credential back instead of two, the teacher says with some truth, "I'm paying, why can't I get service?" The real estate brokers are a prime example. They built up money when I was director of Finance in the real estate fund, and the governor, through me, went to them and said, "We want to change the real estate license from fifty dollars a year down to ten. We don't need more. We've got a surplus." Oh, no, the realtors didn't want it cut back.

Morris: They wanted a little slush fund.

Orr: They used it for scholarships. They have established courses in real estate at the University of California. What they want to do is to make real estate as great a profession as M.D.s and they are working it so that you will finally have to have a degree in real estate, or even, eventually, a graduate degree in real estate, to be a realtor. That's their goal, and they use their money, they willingly pay it--it is really a drawbridge. Once you are in, it makes it harder and harder for competition to get in, which is one reason for the M.D. and the lawyer's board. It's a protection for the "in's" when you come right down to it.

Morris: Rather than standards for the consumer.

Orr: Well, they guise it as though it was the consumer, but basically all of those protective agencies are to keep competition down.

Morris: They're fraternal organizations.

Orr: Well, so is your bar. Now, it is never produced as that. It is always to protect the public from unscrupulous lawyers, but the real reason is they don't want every Tom, Dick, and Harry in there with a shingle out.

Morris: How about the legislative budget committee? Did you have to deal with them regularly?

Orr: Yes, the transportation committee of both the senate and the house, and we got along very well. I early learned that your success in a department like that lies in good relationships with the committee chairmen and the committees. I made it a point to get around on courtesy calls and frequently at other times to say, "Do you have concerns about the department? What would you like to see happening? Where can I help you?" By the same token, they were very courteous to me. That lasted all through my eight years. I got along very well with the legislature.

Morris: Yes, your reputation has gone before you.

Orr: Well, thank you.
Morris: They say, "Verne Orr was somebody we could talk to."

Orr: Yes, I tried to be straightforward with them, never undercut them. If we had to make a change that affected them, I always wanted to get to them first so they didn't read about it in the paper, and they learned to respect that.

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Management Reorganization and Driver's License Renewals

Morris: On your activities with the agency as a whole, I am curious about the Office of Management and Services, which was charged with data processing.

Orr: Let me leave that one for a moment and tell you something else that is really much more important about the agency, and it is the thing that probably got me the most attention and my later promotion. I was striving for efficiency and struggling to find ways to do it, and we had four major department heads. We had the driver's license division, the registration division, the field office division, and the administration division. The youngest of the four department heads had probably been in his office five years and the oldest had probably been in almost twenty years. So they were very senior, and as I was starting to make improvements, I would call them in, sometimes in response to management inquiries, I mean this group, this efficiency group, sometimes because my job was to run it more effectively. I would say, "I've been thinking, why don't we do it this way," and the answer would come back almost invariably, "Oh, Mr. Orr, we tried that seven years ago and it didn't work, and there is just no use in trying it again."

Well, you get real discouraged with that sort of thing and I finally got fed up with it. So I talked with my deputy and I made my plans and one Thursday morning with real fear and trembling, I called all four into my office. I said, "I am reassigning each of you. I am putting the man who is in charge"--Oh, first I want to tell you what really teed me off. It took over fifty days--no, it took over forty days, forty-four days it was taking--from the time your driver's license renewal or application hit Sacramento until we mailed it out of Sacramento. We gave you a sixty-day temporary permit. If you include two or three days to mail it to Sacramento from the field office and two or three days to mail it back, you were getting dangerously close to sixty days in addition to which thousands of people every month start their vacation and they are going to drive and they've got this permit that is going to run out in the middle of their vacation.
Orr: So by the hundreds everyday people would call up or go to a field office and say, "I am starting my vacation, I don't have my license, what can you do?" We had a whole crew of runners in the driver's license division that were handling individual problems. The field office would call up and give the date on which you had applied, and we would run that batch down and try to pull your license out in order to get it back.

So I called the head of the driver's license division in and I said, "I want to reduce the time that it takes in-house for a driver's license renewal. What can you do?" He said, "It's running forty-four days, Mr. Orr, and I think if you give me about fifty more people, I can get it down to forty-two days." I said, "I'm sorry for two respects. That isn't what I have in mind. I want a much bigger cut than that and in the second place, Mr. Reagan is not adding people to this administration, he is cutting." But it was that kind of a response that I was getting to all of my requests.

So on one Thursday morning—I had probably been in office eight or nine months, something like that—

Morris: We are still in 1967?

Orr: Oh, we are in '67. It could be the early part of '68; I think in '67 still. I called the four department heads in and said, "I've given this a lot of thought," and I had and I had built up some arguments about why each one should take a new job, that when you get in a job too long, it isn't fresh and it isn't exciting. You come down to the office bored because the problems you have seen today, you have seen a few years ago. But if you have a new job, there are new challenges, you are excited, and I built this whole thing up, and then I dropped the bomb. I said, "I am reassigning each of you. The driver's license head is going over to the field offices, the field offices' head is going to driver's license, the registration man is going to administration, the administration man is going to registration. I would like to have you each in place in your new offices tomorrow at noon. You may take your furniture and your secretary." I didn't dare give them over the weekend because I was afraid this would cause a riot in civil service. It had never been done before. You don't take somebody that has gone up—it would be like taking a history professor and saying, "Tomorrow morning, you start teaching French."

Morris: I was just thinking of that.

Orr: It was just a stroke that absolutely blew the minds of the civil service.

Morris: You could move deans around. You really couldn't make a history professor very useful teaching French.
Orr: No. This was considered to be shocking because this man knew driver's licenses intimately and I was kicking him out as though I were insulting him. But I was the director and I didn't tolerate any argument and I didn't give them time. That's why I said, "By tomorrow at noon, you will be in your new job and you will have your furniture there and your secretary. Your assistant will stay to guide the new director." I didn't want to change all of management. Well, you can imagine the shock—not only in Motor Vehicles, but in the entire civil service in the state of California. They had never witnessed this kind of a massive change.

What happened was we started to find some unusual situations. When the field office head went over to driver's license and started working, he came to me a few days later and he said, "I find we are producing the same report in both departments independently and we can save x-amount in time and effort with one report.

So I gave them about two months in order to learn their new jobs and then I called the new head of driver's license issuance in and I said, "I want to cut the time that it now takes to renew a driver's license, forty-four days." He said, "What do you want to cut it to?" I said, "Ten days in-house." He didn't know any better. He didn't have twenty years experience to tell me it couldn't be done; he was too new. So he said, "All right." So he was a great executive, one of my best. That was one of the reasons I had put him there. He was much stronger than the man that I shifted. So he went back and he made a game of it. He approached each of his people—Now, your driver's license when it comes up, it goes through different processes, like the photograph has to be made. It has to be attached to the file. You have to be checked for your driving license violations to see—

Morris: If it's still a good license.

Orr: Yes, if you have had too many and all of these things, and there are maybe twenty-five sub-assemblies. So he went to every sub-assembly and he said, "How long is it taking you? I want that cut." And he began to get competition, and this competition, they would come out and say, "We have cut two hours off of our time." That's fine, but this division over here says, 'We have cut six hours.'" He had community chest-type of thermometers in the hall—"This division has cut x-hours, this one is a little more, they've cut more." Well, not to drag it out, six months later he called me. He said, "I want you to come over, we're having a big party—tea and cookies." It was not a liquor party, it was a party, and I said, "Fine." I went over and he said, "Mr. Orr, I want to tell you today it's ten days. Driver's licenses are going out in ten days."
Orr: Well, that sold Ronald Reagan and the thing that was interesting is that it was with much less employees because now all of the runners that used to run around looking for your license were eliminated because in ten days, you never had time to worry. It came before you even expected it and it never got close to the sixty-day maximum. It was that kind of thing that we were able to do and offer better service and more efficiency. [tape interruption]

Anyway, that was probably the thing Ronald Reagan used to go through making all of the speeches in California--"This is what our government can do. We've turned around driver's licenses from forty days to ten, we've done it with few people." It was a stroke of good luck because the executive I put over there was the kind of a guy that took it as a challenge. But it never would have happened if I hadn't switched the executive. The old boy, he thought he would be doing wonders to get it down to forty-two days and ten days would have blown his mind.

Employee Suggestions and an Able Deputy, Jay W. Chapman, Jr.

Morris: So you are saying that this kind of personnel challenge and response was more important in Sacramento at that point than the hardware of developing data processing?

Orr: Oh, there's no comparison! There was no comparison. We didn't have a different piece of mechanism in driver's license to go from forty-four days to ten. We didn't have a new computer or anything. It was just that people started learning what they could cut out, just like I am telling you about stamping a driver's license. Over there there were tasks that didn't have to be done when they finally looked at it. Now, your best source of improvement in any organization is your employees and let me finish by telling you a little story about that.

We were getting employee suggestions, very few in number and very unproductive. My deputy, who was a former air force general officer--

Morris: Who was he?

Orr: His name is J.W. Chapman, Jr. He lives in Sacramento if you ever want to interview him. General Chapman is on American River Drive and is in the phone book. He came up with the idea that we add one more copy to our employee suggestion [form] and the last copy went directly to his desk. He would keep it in a tickler file with his secretary and at the end of sixty days, he would call through the system, "Where is the answer to this employee's suggestion?"
Morris: Now, this fifth copy went to General Chapman or back to the employee?

Orr: No, it went back to Chapman. It may not have been a fifth; it was an extra copy, however many there were. One more copy was added to the form, which went directly to General Chapman's desk, and he tickled it for sixty days and at the end of sixty days, if it hadn't come up to his desk, either approved or disapproved, he would tap the system to find it and bring it up. What we found was that nearly all employee suggestions died at the first level of supervisor until he did this because the first level of supervision always looks on it as a threat. Here is an employee's suggestion that will save labor--"I may not be a supervisor." That's really what happens--"It may eliminate my department. I've got eight people working for me and this would save six and they may decide that two people isn't enough, so I won't be a supervisor any more." And they would disapprove of them or bury them, just never forward them, until we had a tickling system and the system at that time never knew that an employee suggestion had been made because it just used to flow up with an approval or disapproval.

Morris: The front office didn't know--

Orr: We had no way of knowing an employee had ever made a suggestion until we got the copy that came to him. Then we started phoning down, "We haven't heard about Joe Smith's suggestion. Where is it?" Then the first level supervisor had to either approve it or disapprove it and we could look at the reason for disapproval and say, "That's not valid." But it was that kind of thing and they came up with many fine suggestions.

Morris: I have heard that from other people. Was General Chapman a person that was in an exempt spot and he came in with you?

Orr: No, but he is a very interesting individual and I will conclude very briefly by telling you that he was a brigadier general at Travis Air Force Base. He was given orders back to the Pentagon. He didn't want to come because he said, "I have been the commander at Travis. If I go to the Pentagon with one star on my shoulder, I don't amount to much." He had been very active in Sacramento and somebody said to him, "Governor Pat Brown is looking for a deputy director of Motor Vehicles. Would you be interested?" He said, "I'd love it." So he interviewed with Pat Brown and Pat Brown offered him the job. He took it, he resigned his commission, canceled the forwarding of his household effects, and prepared to take office.

Then somebody told Pat Brown, "The guy is a Republican." Pat Brown's system had not alerted him. Nobody had thought to ask. Pat Brown then sent down word he couldn't have the job. Now the guy has resigned his commission, he is out of work, he has ruined his career. So he finally got back in to see Pat Brown and he convinced him that "this wasn't my fault, you didn't ask me. I would have told you I was
Orr: a Republican and it's not fair to me. I've given up my career."
So Pat finally relented and put him over as deputy director of Motor Vehicles, but he had been promised the top step. There are so many steps. When his salary check came, it was the lowest step. So he suffered a many thousand dollar reduction.

So he served Pat Brown about a year or a year and a half until the election, and then, lo and behold, he was going to get fired because he was a part of the Pat Brown team.

Morris: Even though he was a Republican?

Orr: People didn't know that. He looked like he had been working for Pat Brown. So Barry Goldwater, who knew him through the air force, personally phoned Ronald Reagan and said, "Don't fire the guy, he's your guy!" [laughs]

Morris: This is the senator, Senator Goldwater?

Orr: Yes, the senator. This was a long time ago before the young guy was out of school. This is Senator Barry Goldwater, who had been a flying buddy of my general, [who] called Ronald Reagan and said, "Keep him, he's your guy." So when I came in, he was ready-built, he had a year and a half experience, and he was an excellent deputy--very good--and he gave me continuity that I could depend on. He told me all of the faults in the system. He alerted me to what the bureaucracy would be doing to me. He supported me when I made my transition move. I knew that he was right with me. He just was a very strong executive.

Morris: He supported you on trying to get support for the recommendations?

Orr: No, he supported me mainly on this interchange of the four department heads, which was the most worrisome thing I did while I was there.

Morris: It gave you some anxiety?

Orr: Oh, I was scared to death they'd just simply say, "I won't go," and then I didn't know what I'd do.

Morris: Had you talked about it with Chapman?

Orr: Oh, yes, he and I talked about it.

Morris: There were assorted military people floating around in the Reagan years in Sacramento. How important was their input in terms of how you run large organizations?

Orr: Well, Jay was very helpful to me, very helpful to me. I can't speak to any others because that is the only one I really rubbed shoulders with, but he was very--For instance, his employee suggestion factor
Orr: and his continual support and his continual alerting of what a bureaucracy can do to you because I was new to six thousand people. My dealership and my automobile firms were nearly a hundred, and six thousand was an overwhelming number. I suppose I should go. It's that time and I have somebody waiting.

Morris: Thank you very much.
Working with Reagan and the Cabinet

Orr: [Raymond] Procunier has told you that Ed Meese and I found him difficult to deal with in office and great friends outside, which is exactly true.

I recall an instance in which Lucian Vandegrift was the secretary [of Health and Welfare] over Mr. Procunier and the governor had ordered us to make cutbacks. Mr. Vandegrift came to me and said, "You'll have to come and talk to Mr. Procunier because there's no area he feels he can cut, and I can't convince him to make any cuts."

So we went over and Mr. Procunier told me in no uncertain terms that he was unable to make any cuts in his department, that each element of it was absolutely necessary. I made a few tentative inquiries about did he consider that food was as important as religion or religion as important as sports, and he indicated that there were no possible cuts in any, that the temper of convicts was they absolutely had to have recreation, they had to have religion, that things were very tense in the prisons, and that he simply wouldn't be able to make any cuts [in the Department of Corrections budget].

But I was under orders to make cuts, and so I said, "Well, fine, Mr. Procunier, I have to make cuts and since you can't establish priorities, will you please notify the prisoners that effective the first of July, there'll be no noon meal." He looked at me as though I had holes in my head. I said, "I'm sorry, but it's necessary to make cuts, and you haven't got a priority, so I do." He said, "Maybe we need to talk a little further." [laughter]

We found a common meeting, but Ray was doing a fantastically good job of protecting his department, which was his job and what he was there for. But I was also under governor's orders to find cuts. So when he found it was absolutely necessary, we did work out something that apparently wasn't too harmful.
Morris: Did you encounter much of that kind of horse-trading with the department directors?

Orr: In general, Ronald Reagan made it easy on his director of Finance because he would tolerate almost no reclamas or appeals.* A director of Finance loses all his effectiveness if he makes a cut and someone can come to the governor, or in this operation the president, and protest and have the cut overturned. It then becomes readily apparent throughout the state that if the director of Finance makes a cut, all you have to do is go to the governor's office and get it reinstated, and the line would soon form around the block.

They quickly learned, not necessarily starting with my operation, but certainly starting with Cap Weinberger's ahead of me, that the governor placed a lot of confidence in his director of Finance and expected him to come up with solutions to the state's fiscal problems. He wasn't about to enter his judgment in individual cases and upset it. So I had very great success, since the word was out that it didn't do any good to appeal to the governor.

Morris: Were there ever times when you felt that when somebody appealed to you that you didn't want to make the decision and you'd take it on to Mr. Reagan?

Orr: There were times when people did appeal to the governor and when he upheld me in the meeting but, because I knew him so well, I could recognize he was a little uncomfortable with my decision. He would affirm it, but after we left the office I would recognize that probably this is one his heart wasn't in, and so I would call the people who made the appeal and say, "Gee, you made such a good appeal and I know that your needs are great. I wonder if we can't work out something and then we can go in together and see if we can sell it to the governor."

This worked very well. He never undercut me. But by his mannerism and the fact I'd worked for him so many years, I could tell when he was uncomfortable. This saved my face and never caused him to have the reputation of undercutting his director of Finance, but still [he] normally got his wishes through.

Morris: Acceded to.

Orr: He never, I believe, called me in after a meeting and said, "Verne, I want you to change it." You just get to know him and you recognize through his questions and his hesitancy, or his forthrightness, that this is one that bothers him a little bit.

*reclama: an action in contest of a decision by a panel, committee, Bureau of the Budget, or the like, to restore what has been taken away. United States Air Force dictionary, courtesy of Mr. Orr.
Morris: In some of the briefing sessions that I understand would go on before cabinet meetings, would the discussion be that so-and-so has appealed a finance question and maybe we should take another look at it?

Orr: If I made a ruling, the next board of appeal would be the secretary that had that given department. For instance, the secretary of Business and Transportation would take up the cudgels for Business and Transportation, and that would be done occasionally in cabinet meetings. But generally I was supported by both Ed Meese and Ronald Reagan. As they came to know that, the secretaries would usually try to work with me outside of the cabinet, because they hated to go in and get turned down publicly.

Morris: Even in that small group.

Orr: Even in that small group. It wasn't that small. The cabinet was only seven, I guess, the four secretaries and Ed Meese and I, six and the governor. But around the outside of the cabinet table there were another twenty. There was the personnel director, the public relations director, and the minorities director, and so there were a whole--

Morris: The staff, the governor's staff.

Orr: The governor's staff were what we call the back-benchers. In other words, we sat at a table and they sat in the chairs against the wall. So that anybody that made his appeal had an audience of twenty or twenty-five. It wasn't just a little close-held group. They were usually so supportive of Finance that most of the secretaries would come to me. I came to know if they thought it was important enough to come to my office and discuss it with me, that it was a very deep problem to them, and we tried to work out solutions. You don't gain anything in flexing your muscles just because the governor supports you. If you make too many wrong decisions, he soon loses his confidence in you, so it's better to work out solutions that don't cause internal frictions if you possibly can.

Morris: That seems to have been the general rule of--

Orr: That was the general rule. We had good secretaries. They understood the pressure Finance was under to make cuts when necessary, and while they didn't want them made in their area, you finally just have to try and convince them you're being equitable and fair.
Move from Department of Motor Vehicles to Department of Finance

Morris: Let me go back a minute and ask about your move from the Department of Motor Vehicles over to the Department of Finance. When did that begin to be something that was talked about with you?

Orr: It came in two stages. I think in March or April [1969], I was called over to the governor's office—not to the governor personally—and asked if I would like to become director of General Services. That was a smaller department than Motor Vehicles, but more important. It had across-the-government responsibilities for printing and automobiles and property and all purchases.

Morris: It had been broken out of the Department of Finance.

Orr: Many years earlier it had been broken out of the Department of Finance. I said certainly, if the governor wanted me to go there, I'd be delighted to take the responsibility.

They said, "The present director is looking for other employment. The governor doesn't want to terminate him." The present director at that time was Andrew [R.] Lolli. "The governor knows that he's looking and when he finds other employment, then we'd like to have you step in, but there have been some problems in the department, and we'd like to have you ready to step in the day he steps out. And please don't take any vacation." [laughs]

So I stayed around in Sacramento from April clear through August and September and October, and Mr. Lolli didn't find employment that suited him. About the first of November he announced he'd be leaving the fifteenth, as I remember. About that time Mr. Weinberger told the governor that he'd be coming back to federal government. My boss, who was the secretary of Business and Transportation, Gordon Luce, thought I would make a good director of Finance. He urged me to make application for it; he was a strong supporter of mine. So I went in to the governor at his request--

Morris: At the governor's request?

Orr: At the secretary of Business and Transportation's request. I made an appointment with the governor, and it was one of the shortest appointments on record. I probably was in there only three minutes. I said, "Governor, I'm not going to tell you my qualifications. I've now worked for you almost three years. But Mr. Luce thinks I would make a good director of Finance. That would be a very challenging position, and I would like to have my name considered. But," I said, "I have one difficulty, and that is that within the next two weeks I'm going over to become your director of General Services and I
would be very disappointed if my name came to the top of the list and you and others felt, "Well, he's a good man, but we just put him in General Services and we can't move him."

The governor said, "Verne, I'll make an agreement with you. If your name should come to the top of the list, I will not let that interfere." So I went to General Services on November 15, unofficially. I became the director of General Services December first. The day before Christmas the governor called me and said my name had come to the top of the list, and he was inviting me to be director of Finance effective January first [1970]. So I served one month officially as director of General Services. Actually forty-five days in the chair and moved on.

Morris: Quite a Christmas present.

Orr: It was a Christmas present. It was a very interesting example of Ronald Reagan being as good as his word.

Morris: Did you have an opportunity to talk with Mr. Weinberger? Did he do some briefing and orientation or whatnot?

Orr: As soon as I got the job, the day before Christmas, I called Mr. Weinberger's home. He had already checked out, because of Christmas and then New Year's; he was through December 31st. So he'd packed up and gone to San Francisco. When I called Mr. Weinberger's home and Jane, his wife, answered, and I told her I had just been selected to be her husband's successor, she said, "Oh, you poor man." [laughs] Which I thought was a very discouraging reaction.

I asked if I could see Mr. Weinberger for a briefing, and she said she was sorry but he was planning on leaving immediately for the federal government, because he was due to take over on January second. I never got to talk to him for a minute.

Morris: I'll be darned.

Orr: Not even on the phone.

Looking Back on Caspar Weinberger as Director of Finance; Making Changes in Finance

Morris: What kind of conversations had you had with him just in the course of being around Sacramento?

Orr: Of course, when he was director of Finance, all departments had to present their budgets to him. That was standard at that time. It changed when I came in. But prior to my coming in as director of
Orr: Finance, every department in the state was given a two or three hour audience with the director of Finance, and he sat there and—In preparation for that we spent hours on dry runs getting me up to speed on the entire budget.

I would have what is now called a "murder board" in which my top people would sit around and I'd sit at the head of the table, and they would fire questions at me about my budget. I would answer, and if it wasn't right they'd say no, here's the answer. Then I would go over to see Mr. Weinberger, very nervous, very much on edge.

Morris: Just you and he?

Orr: He and I. I was probably flanked with three subordinates, and he was flanked with three subordinates, but it was basically between the two of us. On the occasions that I went over, maybe partly because there was a feeling I ran a good department and partly because it was Mr. Weinberger's style, he never asked me questions about the budget as a whole; he would pick one facet of our operation that interested him, like driving license examiners.

He would query me in very kindly terms. It was not an antagonistic head to head. It was more: I'm seeking information. Why do you do this? Is it effective? How many people do you have employed in this operation? Are you asking for more? That sort of thing. No exhaustive survey at all; a friendly inquiry about the operation, and that would end it. And all of my nervousness had been for nought.

Morris: [laughing] It's often the case.

Orr: Yes, yes.

Morris: Did you find those sessions with Weinberger useful in terms of working out department problems?

Orr: I think the greatest use was the fact it made me study the budget to the point where I knew it intimately.

Morris: Your preparation—

Orr: Yes, my preparation was worth more than the operation. As a matter of fact, when I became director of Finance, the governor changed it and made it so the director of Finance no longer did that.

Morris: I talked to Jim Dwight yesterday afternoon. He was telling me a little bit about that process of turning around budgets back to the departments.

Orr: He put them back to the secretaries. What would happen is that then, for instance, the Department of Motor Vehicles would justify its budget to the secretary of Business and Transportation.
Morris: Oh, I see.

Orr: And Finance would have a participant in that, one of my civil servants; not a top-ranked man, but the man who was given jurisdiction over that particular department, would sit in on that meeting. The success of those meetings pretty well depended on the individual secretary and his relationship with the Department of Finance. Those that got along well would accept almost any suggestion made by my representative as being the last word.

If a department came in for ten more people in driving license examiners, and the Finance person would sit there and say, "Gee, I don't think we can justify that. It looks like there are enough in that function," the secretary probably would say, "Well, I'll turn that down." If the man from Finance would say, "Yes, we've studied it and that appears to us to be logical," then the secretary would accept it.

Now if we had a secretary--and we had one--who didn't have a lot of respect for Finance, he wouldn't necessarily accept Finance's opinion. He would make an issue of it, and we would have more of an antagonistic discussion. But in three of the four secretaries, there were very few arguments. If our people said, "We can't justify it," the secretary generally didn't accept it. If our people said, "We've looked at it, it's a good move," the secretary would accept it.

Morris: Could I hazard a guess that it might have been Health and Human Services with which you had the difficulty?

Orr: That would be an accurate guess. There was always a great deal of controversy between those departments until Mr. [James E.] Jenkins came in. Mr. Jenkins tried extremely diligently to end the controversy, to the extent that he had a very delightful cocktail party in his home the first or second week he was in office in which he invited his people and my people so that we could meet socially and try to get over this long-standing disagreement.

Morris: Now, do I hear you correctly? The antagonism was between departments within the Health and Welfare area?

Orr: No, the antagonism was between the Department of Finance and the secretariat of Health and Human Services, and in that position he [Jenkins] represented his department. We actually had confrontations with mainly Welfare and Medi-Cal Services, not too many with all of the others, like Rehabilitation and Corrections. But it was the very fast-growing, very expensive Welfare and Medi-Cal Services over which we had many, many disagreements.
We had many arguments about caseload growth and that triggered budgets. In other words, the Welfare budgets almost entirely depended on how many people are going to be on welfare. The Medi-Cal is dependent on how many people are going to be on medical service and what the bills are apt to be. We didn't ever find ourselves in very great agreement.

Senate Confirmation and Introduction to the Department

Morris: Before we get past it, director of Finance is one of the positions that goes to the state senate for confirmation?

Orr: Yes.

Morris: What kind of an experience was that?

Orr: That was no problem because I had been three years director of Motor Vehicles; I knew them, and I think I had their respect, and there was no problem.

Morris: It was pro forma rather than a--?

Orr: Merely pro forma. In the state, you see, it's a little different [than in the federal government.] In the federal government, you can't sit behind a desk and start to do a piece of work until you're confirmed. In the state, you go into the job and you work, and maybe six months later they get around to confirming you. You are simply a nonconfirmed but legally acting appointee. So I probably was in the office several months before they even got around to confirming me, and most of the senators knew me. There was no problem.

Morris: Was Jim Mills chairman of the [Senate] Rules Committee at that point?

Orr: Yes, I'm sure he was.

Morris: He had sort of an anti-the-governor's-office stance at that point. Did he exhibit any of that in the confirmation hearing?

Orr: No, I didn't get any personal animosity whatsoever.

Morris: Any questioning about the governor's ideas on finance?

Orr: I can't honestly remember. I just know nothing stands out in my memory as having been difficult, nor, for me, even nerve-wracking. I didn't expect a difficult time, and I didn't get a difficult time.

Morris: Having dealt with Cap Weinberger's approach to the budget, the legislature held no fears?
Orr: I'm an entirely different type of person from Cap, and the senators knew it. Cap enjoys confrontation; he's a very hard fighter. I suppose I'm much more of you might say a compromiser, or you might say a less antagonistic person.

One incident that was interesting: Bill Bagley was a leader of the minority, the Republican party, in the house, in the lower house, and I had known Bill very well. So a week or two after I was director of Finance, I went up about five-thirty or six o'clock to Bill's office. He traditionally had a bottle and a few friends of his from the legislature in. I walked in. Bill welcomed me and put his arms around me and said, "God, we've got a director of Finance that wants to have a drink with us. It's a new day." And he gave me a white horse. It was, I think, the white horse from a White Horse Scotch.

He gave me this white horse and he said, "Here's a man who rides a white horse." It was that kind of friendship. I often would go up and discuss our problems over a drink at six o'clock at night and work out things that way; therefore, meetings before committees were somewhat less antagonistic, because we had tried to solve our problems in a social setting.

Morris: Work out some of the bumps beforehand.

Orr: They knew that from the three years I'd been director of Motor Vehicles. We knew each other. So we got along quite well. Now, there were frictions; there always are in different parties, in different designs. You don't solve everything just by going up and having a drink. But at least when you respect each other as persons, it takes the personal animosity away.

Morris: Mr. Bagley recalls that there was a cartoon of Governor Reagan on the wall.

Orr: Yes. That was the white horse, I think. The governor had come riding into town on a white charger, determined to clean up the town. I think it was an old cartoon from the governor's first election days.

Morris: Now, that's interesting. Mr. Bagley's recollection is that it was a rather naughty cartoon of Mr. Reagan in an Afro.

Orr: I don't remember it. I don't remember. I just remember he gave--I still have the white horse at home on my desk. It was given to me in the sense of a compliment. Bill gave it to me meaning it to be a compliment, and that's why I've kept it.

Morris: Certainly. It's a nice kind of souvenir.
Morris: How about Governor Reagan? Since, as you say, you were a different kind of a person than Cap Weinberger, what kind of orientation did he and Ed Meese, who by then was executive director, give you? Did they sit down and talk with you?

Orr: No, they never did. Ed and I became very close friends, and he was always very supportive. He was the leader, as I told you before, of the cabinet, the unquestioned leader of the cabinet, and always supported me. But, again, we tried to work out, or work in cooperation, so that it was easy for him to support me. In other words, before we got into open meeting, if I felt there was a question I'd go see Ed and talk it over with him.

I think the governor as an individual places his confidence in an appointee, and if their style is confrontational, that's fine; if it's non-confrontational, that's all right. The governor himself tends to have somewhat of a confrontational--

Morris: Does he?

Orr: Yes. Yes, he really enjoys a good head-to-head fight. He likes to mix it up himself. He worked on tax reform and went head-to-head with Jim Mills and Bob Moretti in a series of ten or twelve meetings lasting ten or twelve days in which he took the lead himself. I sat in on them, but there was no question. He was doing the arguing. And sometimes it was heated arguing. He enjoys that.

You can notice it here in the federal government. When he believes in defense, he makes no cuts; he just stands firm.

Morris: Was that confrontational approach evident in the cabinet meetings, too?

Orr: Oh, quite the opposite. Quite the opposite. In the cabinet meetings with his own appointees, the governor shies away from any confrontation. No, he doesn't like confrontation. He's not even too comfortable if two of his cabinet members get into a strong disagreement in front of him. He would much rather they would work it out, and that's where Ed Meese used to fit in.

Most of the things brought to the cabinet were brought after disagreements had been ironed out. It wasn't too often, occasionally but not too often, that real strong disagreements were brought clear to the governor. The cabinet itself tried to iron out its problems and worked quite cohesively.

Morris: Is there ever a problem with that kind of a process that you lose some useful ideas in the process of working out a disagreement?
Orr: It's possible. What I did in Finance on occasion (and it would be a rare occasion, but I suppose I did it at least once a year for the five years I was there) when one of my deputies would feel very firmly about an issue and I would make the decision against him, I would invite him to come into cabinet and make his presentation, and I would say to the governor, "Now, Governor, I've made a decision for Finance, and my decision is we should or should not do this, but my deputy feels so strongly about it that I have invited him here to make his own presentation, and because I've done it, I'm not going to be upset if you go with him instead of me. This is an issue that I think you ought to have both sides of. If I gave you both sides, I'd be biased because I have--"

Morris: Decided on this.

Orr: "--decided one way and he thinks another." And that way, I tried to make sure that on some very crucial issues—not many, but some crucial issues—the governor got both sides.

Now, I have done that once here [in Washington] with Cap Weinberger. We had a selection of a bomber, and one of my people who was head of the bomber command did not agree with my decision. So I told Mr. Weinberger that I wanted to bring him in and let him make his own pitch. Then Mr. Weinberger would get it straight from him with no diminution of his argument. When he finished, I said, "Now, Mr. Weinberger, I've heard his arguments; you've heard his arguments; my recommendation is against it, but the field is yours."

I did that probably not oftener than once a year and maybe not that often, but on some crucial issues, I let the governor make up his own mind.

Morris: Kind of a minority report.

Orr: Exactly.

Morris: Would you recall what some of those were?

Orr: They all involved taxes. But I don't recall the specifics.

Morris: Tax legislation?

Orr: Yes. They did not, any of them, revolve around budgeting. You see, the Finance director in California also has responsibility for taxes.

Morris: I'm not quite clear about that. There's a Franchise Tax Board, which does the collecting.

Orr: Yes, but the Department of Finance has to recommend to the governor whether the sales tax will be four cents or five cents or six cents. The Franchise Tax Board just collects it. The Department of Finance
Orr: has to recommend whether income tax rates should be raised or lowered, and whether all taxes—he has the responsibility to balance the budget. And he can do it in two ways: up the revenue—

Morris: Or decrease the spending.

Orr: --or drop the spending, or a mixture of both. If it's impossible to cut the spending enough, as it was in some cases, then it's up to the director of Finance to recommend to the governor what taxes he raises. Should he raise the sales tax? Should he raise the income tax? What should he do? It was on taxes more than budgeting, and I had a strong, capable deputy—he's now in California. Ken Hall. He had very firm ideas on taxes, and when I didn't agree with him in a couple or three instances, or maybe one a year, I invited him to give his views to the governor who respected Ken very much. And I didn't always win. [telephone interruption]

Taking Charge of Finance: The Withholding Issue##

Morris: How did you go about taking charge of the Department of Finance when you went in as director for Ronald Reagan?

Orr: I had a very interesting introduction. As I told you, I was invited to take it over on the day before Christmas, and so the day after Christmas, since Cap had already pulled out, I slipped into the chair. I suspect it was that first day that several members of the governor's staff came to me and said, "Verne, one of your obligations is to get the governor to draw away from opposing withholding tax."

Then subsequently during the day or two that followed--

Morris: His opposition to withholding tax?

Orr: His opposition to withholding, which was very, very firm. He had made statements, as you know, such as the fact that taxes should hurt and he didn't believe in withholding, and he thought withholding made it invisible since you only look at your take-home pay.

Then members of the finance department came in and told me that the state, the year after that, would not be able to operate any longer unless we went to withholding. The reason was that our big tax income at that time came from the income tax, and that was paid in to the state on April 15th, with some of the heavier taxpayers paying a portion on roughly November 15th. But basically, our expenses started July 1st and ran cumulative, each month piling on the month after. By sometime around January or early February, expenses would have climbed above revenues. While with what came in in April the
year would be in balance, we would have no way in the latter part of
February and all of March and the first week in April to pay our bills,
our employees, and the like, unless we got more regular income.

I listened to them, and then I had an exhaustive presentation.
It appeared to me that it was absolutely correct, that there just
was no other way. The state was prohibited from borrowing except on
bonds voted by the people. We could not even issue what are now
called tax anticipation notes, which are notes to banks that say,
"Look, loan us the money. You know perfectly well we're going to get
it in the income tax." That's commonly done in many areas.

So I worked and worked on it the first week I was in office, the
first full week officially in office, and I think about January 7th I
said to the governor, "I have to make a presentation to you that's
very important." So he called an expanded cabinet meeting and had
people like Hugh [Houston] Flournoy from the controller's office,
and the lieutenant governor, and lots of people that normally don't
sit in on a cabinet meeting. I had made my presentation, worked it
out very carefully, on what I like to make presentations on, butcher
paper, the kind of charts that flip over the top. Nothing elaborate,
such as drawn on slickboards, but done with big red and blue crayon-
type pencils.*

Morris: Done in advance, or do you draw as you talk?

Orr: Done in advance, but then I could talk with a crayon and mark it up
as I went. It was all prepared, but I would use this to emphasize
or draw under a line, or emphasize a line in red that was otherwise
in black.

I made the presentation to Ronald Reagan that, in effect, said
the state can't go on without withholding. Now, this had been a
presentation which Finance people had been trying to get made to
the governor but hadn't succeeded [in doing]. Nobody wanted to
make it. Here I was, only a week in office, but I felt it had to be
made.

There was a long silence. Ronald Reagan sat there for at least
a minute without saying a thing when I finished, and then he said,
"You mean it's like the emperor's clothes," meaning that nobody
had been willing to tell him he couldn't live without withholding.

Hugh Flournoy was very supportive. Hugh was the controller and
knew figures and knew exactly where our cash problems were. The
governor said, "Well, I'll have to think it over." He thought it
over for about thirty days. Finally he elected to go--[he said]
he would have to go very reluctantly with withholding, which he hated
do.

*These hand-drawn charts are among the state finance materials in
the Reagan gubernatorial collection at the Hoover Institution.
Orr: Of course, now, after having badgered him constantly to go for withholding, the Democrats seized upon the fact that he had to have it, and so they wouldn't give it to him.

Morris: My good heavens!

Orr: That's the kind of standard in politics, that when he won't move you badger him to move, and when you see that he moves out of necessity, then you deny it until you get some quid for it.

Morris: What did they want in return?

Orr: I think mostly harassment, actually.

Morris: Had you gone up and talked with Moretti or Bagley after work and said the governor was about to change?

Orr: No. No, about that one, I never talked to anybody.

Morris: What did he do? Put it in his annual message that year?

Orr: No, what actually happened was that he elected to announce it, but a reporter scooped us. It broke before the governor planned by a day or two. I think it broke on my desk or someone else's by a reporter that read it upside down.

Morris: Oh-oh. A good journalistic skill.

Orr: Yes. I think some reporter came in to talk; it could have been to me, or it could have been to someone else. I really am firmly convinced nobody leaked it in the sense--here we worry, in the federal government, about deliberate leaks. I think some reporter, maybe during a telephone conversation when the person was diverted, had developed the skill to read upside down, which can be done. I used to have it because I was editor of the college newspaper [laughs] and you learn to read linotype backwards. It's not hard to do if you want to spend a little time, and I suppose as a good investigative reporter you pick up some interesting tidbits.

Morris: Wherever you can, I guess.

Orr: So it broke a day or two before the governor intended to announce it. As I remember it, then he had to call a press conference and confirm it.

Morris: I see. Did those kinds of leaks cause a flap at the office?

Orr: No, that's the only one I can remember that was difficult. It's nothing like the federal government, where it's a regular game.
Morris: You said that people in the Department of Finance brought you this information, your first--

Orr: Yes, my top civil servants. They had been tracking it for years.

Morris: So you got your first briefing from the people in the career civil service.

Orr: I'm inclined to think I got my first tip-off from the governor's office, the people over there. Not the Meeses, but people a little lower than that.

Morris: Win Adams was around then? He was really interested.

Orr: I can't remember who did it, but there were people below Ed Meese that came to me and said, "Gosh, you've got to convince the governor we just can't go on this way very much longer."

Morris: And then you went back to the department--

Orr: Then about simultaneously, or a day or two later, my people were making regular briefings, and they came in and gave me the whole story of why we couldn't go on.

Choosing Staff

Morris: What did you look for in the people that you brought with you, or went out and recruited, as your deputy and the other exempt positions.

Orr: I didn't bring anybody with me. I entered with Jim Dwight [James D. Dwight, Jr.] as the chief deputy.

Morris: He'd been there a while.

Orr: He'd been there since the governor came. He came into the Department of Finance before the governor even came up to Sacramento. He was our advance man.

Morris: That's what he said.

Orr: Jim went up there in the days in which Hale Champion was still there. Jim has probably told you, as he has me, the story that Hale said something to him about, "We're spending a million dollars a day more than we're taking in. Good luck."

Morris: Were you familiar with Jim from--?
Orr: No. Not really, except as I knew him slightly. Having served in the state government, you know him, but not intimately.

Kirk West was the junior deputy. Kirk later left us to go over to work for the controller. I brought in a friend then. I brought in a college classmate, Ed [Edward M.] Fryer, to be junior deputy.

Let's see, I guess first [pauses] I brought in Ken [Kenneth F.] Hall. I'm trying to remember how they came in. Ken, I believe, was the first one in, and he replaced Kirk West. Then Ken moved up to senior deputy, and I brought Ed Fryer in as junior deputy. Then when Ken ran for public office as an assemblyman, Ed Fryer moved up to be the senior deputy, and we brought Tim Cole in. Tim is back here now [in Washington], as you know. He works in Transportation.

Morris: Right. And he'd been in the governor's press section?

Orr: I think he was in not the press, but the liaison with the legislature.

Morris: Some of those movements in legislation and press, we still have to sort out.

Orr: Well, I believe Tim came to me from having worked in legislative affairs, but he was in the governor's office. Let's see. I don't remember where I got Ken Hall from. But I think it was from Business and Transportation, where he was Gordon Luce's assistant. I got to know him there and thought very highly of him—a smart individual. Ed Fryer I brought in because I knew him from civilian life. Ed was at a change in his life. He had been a college professor at my old school for about nineteen years, a physics professor at Pomona College, and he had left that to go with Varian Associates in San Jose or thereabouts, Silicon Valley. I don't know his title; he may have been a vice-president. But he stayed there three or four years and had left and was retired. I thought he was a smart individual and could help me, so I convinced him to come into state government.

Then Tim Cole. I interviewed a couple or three people. I knew Tim from his work around the governor's office and chose him as being smart and diplomatic—and he was good.

Morris: When you got a sense of how the department operated, what did you feel could be done with the department?

Orr: I suppose in general I tried to get more of a non-confrontational thing. Finance is never very well loved. You're always the boys that say no. I tried to create an atmosphere that, yes, we may have to say no, but we can do it nicely. You don't have to be brutal about it. So we had our job to do, and I tried to explain to people that we had a job to do and to work with them to make the cuts where they'd be the least hurtful but still make the cuts.
State Revenue Estimation; Staffing from Civil Service

Morris: One of the issues that comes up often in reading about the state
government is the difficulty of determining what the revenue sources
are going to be and what their levels are going to be. Did you make
any changes in how those projections were done?

Orr: It used to interest me that the legislature would receive the budget
in January and would allot me one day, one presentation on revenues
and then an opening presentation on the budget, and would spend the
next six months on the budget, but all they ever spent on revenues
was the one afternoon hearing. Yet the revenues determine all of the
budget. So there is a general acceptance in the state that the
revenue estimation is nonpolitical.

Morris: Really?

Orr: Yes. That generally it is not open to the politics of discussion.
It has been for many years a policy that Finance gathers together the
leading people in the state and a couple of people from the East who
come out at California's expense for about a day-and-a-half conference.
We would have a labor leader, an agricultural leader, [someone from]
a bank like the Bank of America, from the agricultural lending, head
of the telephone company, head of the gas company.

Each of them—not necessarily the head in the sense of the chief
operating officer, but the chief economist of those companies—each
of them then makes a presentation of his estimate of California revenue
over the next year or two. The telephone company has to keep up its
rate structure. They want to know how many new lines, what communities
are going to grow, what number of telephones will probably go in.

Morris: That feeds into their rate specifications?

Orr: It's just part of their operation to try to make estimates of where
we go. The same thing, your agricultural experts make your estimates
of crops. Your bank makes an estimate of business activity. People
make estimates of sales of automobiles, which is crucial to the state,
because the big producer of sales tax is the automobile. It's the
big ticket item that brings in more than--

Morris: Really?

Orr: Oh yes, it's extremely important. A mistake in the guesstimate of
how many automobile sales there are is absolutely crucial. But for
a day and a half, these people give us their best advice on where
we're going to be. And we have in it the representatives of what used
to be A. Alan Post's office, the legislative analyst. We invite them
to sit right in and participate.
Morris: Was that an innovation in your time?

Orr: No.

Morris: Or they were always there.

Orr: They were, as far as I know, always there.

Then when all that is ended, our people go back and work the figures for about thirty or forty days. In other words, when they've got an estimate of sales of automobiles, they go in and massage that into how many dollars that means. They have an estimate. They break it down into gasoline, which is mileage driven, and they break it down into tire sales, which are mileage driven; and they break it down into dry goods clothing and style, and come up with very complex figures which add to the revenue. But they're not political.

There's going to be so many cars sold, and it doesn't matter whether you're Democrat or Republican, that's how many cars are going to be sold. The legislature recognized that. Alan Post was there as a neutral observer. He'd make his own estimates, and then Alan and I would try and agree. There's no room for disagreement.

If we guessed, and one year we were guessing, the legislature has an even more difficult time than usual in trying to plan expenditures without good knowledge of what the returns will be. And I went to the legislature and said, "I'm going to give you three estimates—a high, a low, and a middle, and I'm taking the middle." Alan didn't agree with me. But because we were open about it, we said, "You, Mr. Legislator, you're going to make the decision. I based my budget on the middle. Mr. Post thinks that's too high. And he goes for the low. Now if we're wrong and he's right, then we don't have as much money to spend. But I'm telling you the administration which I represent is going for this."

Morris: Periodically there were questions on both sides. The question was raised either that some governors' figures were too high because they didn't want to raise taxes, and that other governors managed to find a place to squirrel away some revenues because they didn't want to reflect that the state was doing as well as it was.

Orr: We inherited that because Pat Brown had played games with revenue collection. He had deliberately, I think, not given the figures as he saw them, for political reasons. Now, what those were escape me, but there was at least the feeling that it had not been accurate.

So in my first appearance before the legislature, giving revenue estimates, I said to them, "I recognize that some of you think that these figures have been altered by the executive branch for their own purposes, so I invite you to bring every one of my people up to this
Morris: Had some of your career people in the department indicated that previous governors had asked them to fudge the figures?

Orr: I wouldn't go that far. I would only go so far as to say there was a widespread opinion in the political part of it. I don't recall whether it was in the civil service part, but in the political part, that in his confrontation with Mr. [Jesse] Unruh, Governor Pat Brown, as I remember it, had been accused of coming in with lower estimates of revenue than maybe were accurately portrayed by his people and had convinced Mr. Unruh thereby, as the leader of the house, to introduce a revenue bill that would bring in more revenue. Then Mr. Brown, the governor, had come in and said, "We don't really need a new revenue bill. I don't understand why Mr. Unruh's proposing additional taxes. My estimate is that revenues are going to be much higher than my earlier estimates, and taxes are unnecessary." Which apparently—and this is all hearsay, because I wasn't active at the time—apparently was an intraparty fight between the two of them, one attempting to discredit the other. That's rumor only; I have no knowledge of its accuracy, but I do know that there was some belief that revenue figures were not accurate. I think that belief disappeared in my years.

Morris: You said you brought in a couple of eastern consultants for this process. Was that a new idea?

Orr: No. No, that had been done. I don't know who they were. They were analysts from the East that my people thought were particularly competent. I really don't know who they were. I just remember that we had to get money appropriated to bring them. They could have been analysts from brokerage houses or Chase Manhattan Bank, or something like that.

Morris: Did you make any changes in the mix of people—?

Orr: No. No, I didn't enter into it at all. I didn't enter into it all. I only let them pursue their own course.

Morris: Would you sit in on their day's discussion?

Orr: No, I didn't even do that. I didn't even do that.

Morris: Even in the beginning, trying to get a feel for the revenue process?
Orr: Out of the five years I was there, the five budgets I handled, I sat in on at least one, maybe two, but as a regular thing I didn't go over. One interesting thing did happen. The secretary of Health and Human Services, Health and Welfare, asked to go over it. I said, "Sure."

Morris: Which secretary? There was a succession.

Orr: Earl Brian asked to go over, and I said sure. Earl is quite an economist himself. He's written a book on stock market buying.

Morris: Has he?

Orr: Yes.

Morris: I'm going to see him next week. I don't know if I can get my hands on it.

Orr: Well, you ask him if it's still in print. He had a book on--I've never seen it, but it was making money in the stock market or how to invest.

Morris: Don't we all wish we had a good book on that subject? [laughs]

Orr: Earl went over to one of the meetings I didn't [attend], and immediately the rumor sprang up all through the state that I was leaving the Department of Finance and Earl was going to become the new director of Finance. That apparently was triggered by his going to the meeting, which he went to simply because he was interested. But I guess for six or eight months my secretary was so furious because many calls would start out, "Is Mr. Orr still the director of Finance?"

Morris: [laughs] Yes, secretaries really care about things like that.

Orr: Yes, that upset her.

Morris: Was this the secretary that you brought with you from DMV?

Orr: No, I didn't bring anyone from DMV. I didn't get to keep Cap's secretary. I wanted to, because she'd been experienced, but she was utterly worn out. Mr. Weinberger is a driver, and she said, "I want to go nowhere but to a rest home." [laughter]

So I did what I usually do. I'd tell the civil servants to do the screening and bring in two or three people, and I'll interview them and select one.

Morris: Did you find somebody in state government?

Orr: Oh yes, yes, I never brought anybody. I had the right to--it's an exempt position--but I never did that.
Morris: You'd find qualified people, then, in the civil service.

Orr: Oh yes, I've always found qualified people.

Program Budgeting vs. Line Item Budgeting; Streamlining the Budget

Morris: Do you have a few more minutes?

Orr: Sure, I've got let's say until ten.

Morris: I gather that Ronald Reagan--and you probably had a role in developing budget assumptions or guidelines for the various agency people as to what they should look for and should--

Orr: I not only had a role in it, I wrote it. That wasn't unique to me. The directors of Finance always did that.

Morris: I understand those were the years of experimenting with program budgets and the term "budget assumptions" was becoming a popular term.

Orr: I guess I stand unique. I am a firm disbeliever in program budgeting. It is one of the greatest wastes of time that I have ever seen. If you study the history of it--and I used to teach, as you know, in the graduate school at the University of Southern California--you'll see that program budgeting is a rolling concept which started in the federal government. If you read [Aaron] Wildavsky, who writes on federal budgeting, it was thoroughly and completely disproved in the federal government. Do you know Aaron? You know who he is.

Morris: Yes, yes, I've been struggling with that book for some time.*

Orr: It's my bible; I love it.

But anyway, he proves that program budgeting was utterly useless in the federal government. So about the time they were getting away from it, it became very popular in the state budget. About the time I was there, we were doing great things with program budgeting and also running the line-item budget. And nobody paid any attention to the program budget. It was verbosity; it was words. We budgeted on the line-item budget. About the time I left the state, it became

very unpopular in the state and got down to the city and county level. So when I was teaching, these poor finance directors in the city and county were struggling with program budgeting. It never works, and I'll tell you why it doesn't work.

It is not anything a legislature can accept. A legislature can look at a line-item budget and can say to the director of Motor Vehicles, "You're asking for a hundred new automobiles. I'll only give you fifty. You're asking for eight hundred new people. I'll only give you three hundred." He can go back to his constituents and say, "By golly, I taught him to run his department better. We saved you money. We saved you five hundred people and fifty automobiles, and there's no reason he can't run an efficient department."

But if you divide those up into programs, in which you have ten programs or twenty programs, and you say to a legislature, "Which program do you want me to cut?" the legislator goes back to his home district, and somebody comes up to him and he says, "You cut out the program that was the best one they ever had. Why, you fool!" So a legislator cuts in line items, never programs.

Morris: Because they don't relate to a specific function?

Orr: [So] they can't ever be accused of saying, "My service isn't any good because you cut fifty automobiles from the Department of Motor Vehicles." The legislature just says, "Oh, that's the stupidity of that director the governor appointed. If he knew how to run the department, he'd give you good service."

But if they actually cut a program, then they're responsible for taking something away from the public that the public is used to, and they don't want that. So they just pay no attention to program budgets and never will! It's not in our system.

Morris: Is it true that those ideas started here in Washington in the Department of Defense?

Orr: In this building [the Pentagon]. It started here. This [program budgeting] is the great [Robert] McNamara idea.

Morris: And why did it get enough credence that it became so established in the federal government that it passed down to state governments?

Orr: I suppose in the Department of Defense it comes a little closer to being feasible than it does elsewhere. Because you take a weapons system and make that a program, and you say, "Do you want to buy this weapons system?". Well, yes I do, or no, I don't. But it really doesn't have much credibility anymore anywhere, I think. You work on line items. The Congress wants to know, am I going to approve seven hundred tanks for the army or am I going to approve five hundred
Orr: tanks. They don't want to say, "I'm going to eliminate all tanks in favor of more foot soldiers." Or we're going to build you more helicopters and no tanks. They want to chop a little here and a little there and then just say, "Well, the army can get along with a bit less."

But if they had to choose and leave all the helicopters and take out all the tanks, then somebody immediately says, "You've stripped the army of all of its power."

Morris: And that works in state government too, a mix of--?

Orr: Program budgets just don't work. You'll never get a legislature to face up to eliminating programs.

Morris: Was that something that you made an announcement about in the cabinet, "We aren't going to use program budgets?"

[Mr. Orr wrote the following response on the transcript. His original comment and the interviewer's next question were lost when the tape side ended:

Orr: No, program budgets were very much in vogue, so I didn't attempt to fight them. They were prepared, but the legislature simply ignored them.

Morris: If you have another minute, perhaps we could start on how you went about preparing the state budget.]

##

Orr: If you go back in the years before I was director of Finance, the budgets were very huge, 1400-page affairs. If you go starting with my first year, which was probably the budget of 1971--


Orr: --because I got in in January 1970. That budget was all made. Starting the next year, you'll find the budgets are very thin, little four-hundred page, three-hundred page volumes. Go look at the bookshelf.

Morris: I quit looking when the budgets hit two volumes.

Orr: But I did that. And the reason is the first volume is very small. And that's the only one anybody ever looked at. The second volume was the backup, and nobody paid any attention [to it]. I was trying to get them to have something they would carry, because I would go into all my hearings and they didn't even carry my budgets. They carried Alan Post's little book of what's wrong with my budget. So I cut out all the verbiage and left that programming part in the
Orr: backup and just had a thin budget that said what the department is doing compared to last year. You'll find the working budget is small.

Morris: Good. I'm glad to hear that. That must have been quite a saving, too.

Orr: We may have had to print them all. Everybody needed both, but nobody was carrying the budget around. It was too big and unwieldy. Of course, it did save, because when we got requests--and you get several thousand--we only sent them Volume I. You had to actually request the backup.

Morris: Did you get lots of requests?

Orr: Oh, yes, all the libraries. They may have gotten both volumes. And people write in and ask for the state budget--somebody's civics class will want some and you send them budgets.

Morris: Really? There's that much interest in each year's budget?

Orr: Yes, oh yes.

Morris: Mostly student, educational groups or--?

Orr: We put out about a hundred-page summary of the budget, and I suppose we put out five thousand of those. Sometimes you'll take them to a particularly interested taxpayer group that you've speaking to and distribute them as a handout.

Morris: Did any of them ever come back with ideas that were useful?

Orr: I can't recall any. That doesn't mean there weren't any. We experimented with height charts and bar graphs and all of that. [brief interruption by office staff]

Yes, I am. We're going to finish up here in about two minutes. Maybe less. I knew I'd probably be getting a call.

Morris: Yes. I could feel it was about that time.

Orr: We'll take one more question if you've got it, and then we'll--

Morris: Why don't we wind up there because from here on in, I would have more specific questions. You really do a nice job of making complicated things simple.

Orr: Not at all. I just enjoy my work with government, enjoy this job.

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RONALD REAGAN
ON BECOMING GOVERNOR

An Interview Conducted by
Sarah Sharp
in 1979

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**TAPE GUIDE**

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Ronald Reagan was governor of California from 1966 through 1974 and, as all of the other interviews for this oral history project have shown, he had a tremendous influence on the politics and policy developments and the tone of these years. It was especially important, then, that the staff of the Regional Oral History Office invite Mr. Reagan to participate in this project which has focused on the years of his governorship. The staff had planned a lengthy series of interviews to be taped with Mr. Reagan, much as had been conducted with Earl Warren and Edmund G. Brown, Sr. for earlier segments of the Government History Documentation Project, to cover all aspects of Reagan's own perceptions of his years as the chief administrator of the Golden State during the turbulent late 1960's and early 1970's. But, by the fall of 1980 with Mr. Reagan's election as president of the United States, more urgent matters of national importance took precedence. Completing this planned series of interviews has not been possible.

What follows is the edited transcript of two interviews conducted with Mr. Reagan in 1979 covering his 1966 gubernatorial campaign and the transition into the governorship in early 1967. One of the things the oral history process does best is to offer an opportunity for the interviewee to reminisce informally about his own perceptions of dramatic events which may have shaped his life. In Mr. Reagan's case, he has shared his perceptions of the initial and later arrangements for his first campaign to become governor. There were those who "kept insisting," as he recalls, "that I offered the only chance of victory and to bring the party back to something viable," and the definition of his own commitment to be a candidate: "I hit the sawdust trail."

Mr. Reagan continues his recollections in the second interview regarding the period after the 1966 victory at the polls when the difficult work began of putting together a new and inexperienced gubernatorial administration. He comments on the exigencies of facing the budget deficit crisis and the challenge of creating an atmosphere in the cabinet meetings of open discussion and participation, as well as the triumphs of persuading legislators to his point of view. It was not always an easy time, especially in the early months:

When I got in office then, I must say those first days were very dreary...we were uncovering more and more of our problems. It just seemed like every day I came into the office, almost immediately there was someone standing in front of my desk saying, "We've got a problem."

I got so the temptation was almost irresistible to look over my shoulder--.
The interviewer conducted much research in preparation for the interview in the Reagan gubernatorial papers deposited at Stanford University's Hoover Institution. Outlines of the material to be covered in each session were sent to Mr. Reagan as well as a chronology of the 1966 campaign and other materials to help refresh his memory. The first interview, conducted on 19 January 1979, was held in Mr. Reagan's office at Deaver and Hannaford, Inc., in the Westwood area of Los Angeles. By the time there was an opportunity for another interview, Mr. Reagan's campaign for the presidency had heated up considerably, and so the second taping session, recorded on 25 June, 1979, took place on a flight from San Francisco to Santa Barbara in a small, sleek, private jet.

Perhaps because of the close physical setting for this session, this interview was more fruitful than the initial meeting. Mr. Reagan seemed very intent on answering the interviewer's questions; interviewee and interviewer exchanged lists of names and interview questions across their laps. This second session was much more of a conversation between two fellow travelers who were discussing historical topics of mutual interest.

Once the transcripts of these interviews had been edited lightly for clarity and continuity, the interviewer sent them to Mr. Reagan, now in the White House, in April, 1982. The president returned them in December of that year. While it is clear that members of the president's staff helped him in the editing process, the president's own hand is evident in making a few wording changes and filling in certain proper names and other information.

Sarah L. Sharp
Interviewer-Editor

4 March 1986
Berkeley
Working for Barry Goldwater in 1964

Sharp: The first set of questions will deal with the pre-1965 period. Then I have some about the period between January and June of 1965, from there through the campaign to the general election of 1966.

The first question I'd like to ask is about your role in Barry Goldwater's campaign in California in 1964.

Reagan: Well, I was only a very recent Republican. I had finally, over a long period of time, come to the conclusion that I had not changed as much as my party had changed, and therefore I could no longer go along with the course that the Democratic leadership had set. I guess I was one of the very early ones who—I met Barry Goldwater and began saying that I thought he should be a candidate.

I must say when that was first broached, and the first time I ever said it to him, he had no such thing in mind at all. I think he really was, as has since been pointed out, a reluctant candidate who literally was drafted into that.

Here in California then, when he was actually a candidate and the elections started, I was asked to be a co-chairman statewide. Now, I didn't know anything about the organizational work of campaigning or anything else. I had always believed that you pay your way for how good life has been to you. So being a performer, and therefore having some ability to attract an audience, I had

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###This symbol indicates that a tape or a segment of a tape has begun and ended. For a guide to the tapes see page 50.
Reagan: always campaigned for causes and people that I believed in. As a matter of fact, the last Democrat I campaigned for was Harry Truman. You'd emcee rallies or you'd go make speeches and so forth.

I've always said that in Hollywood, if you don't sing or dance, you wind up as an after-dinner speaker. So mainly my part in the campaign was out on the road here in California campaigning for him, speaking. I had no idea--never kept track--of how many appearances or speeches I made, but believe me, I covered the state of California from top to bottom.

Sharp: Did you go to the 1964 Republican national convention, then?
Reagan: Yes. I was an alternate delegate.

Sharp: And so you did have some role actually in the convention, as an alternate or you didn't--?
Reagan: No, there was never a time--oh, now and then in sessions, as is always customary, the delegates sometimes for routine matters would come back and tell their alternate that they could sit down with the regular delegation. They'd change places with you.

Sharp: Did you have an official duty that you were responsible for?
Reagan: No.

Sharp: What did you learn about the Republican party in California from working on Mr. Goldwater's campaign?

Reagan: Well, of course, that was a time when nationwide, but even more so here in California, the party was shattered and split right down the middle in that very bitter primary that was fought. It was such a divisive thing. I know there were people who wondered whether or not the party could ever get together again. It did two years later.

I think that what really happened was--there had always been divisions and factions and so forth, but I think that split, and the disaster that followed, was kind of a catharsis, I think, on both sides. When that was over, they wanted no more of it, the people wanted no more of it.

Sharp: Did you sense that an era in the Republican party in California was ending, and there would be some sort of a new wave?
Reagan: You didn't at the time. You didn't really know until the '66 campaign was coming up that there was going to be this thing. Then when [Gaylord] Parkinson voiced his "Eleventh Commandment," and various volunteer groups like the Federation of Republican Women
Reagan: passed a resolution that they would not support a candidate in the general election who violated the "Eleventh Commandment," it then became evident that the people wanted to get back together.

Considering a Gubernatorial Campaign, 1965

Sharp: If you hadn't been active in this campaign in 1964, do you think you could have won in 1966?

Reagan: I never would have been a candidate, because there was one thing I have to tell you. The farthest thing from my mind was running for political office. I liked my life. I thought it was an exciting life. I loved what I was doing, when in '65--really as an outcome of that election and of the national speech that I made that went on the networks for Goldwater--people began coming to me.

It wasn't a case of, you know, party leadership or anything, as sometimes it looks, that they get together in a room. No. Just groups and people who knew me started coming, and were just very insistent that I should be the gubernatorial candidate. I dismissed them lightly and quickly to begin with, but they just kept coming back, because I had never--I didn't want to do that. It did not look attractive to me at all. I kept saying, "Look, I'll do that for Barry. I'll campaign for someone else."

Sharp: Tell me about the Citizens for Constructive Action. Some of the members of this group were Gardiner Johnson, Bill Knowland, Walter Knott, and Henry Salvatori. Does this group mean anything to you?

Reagan: No. Isn't this funny. I read this in your notes here. I can't remember the title. Now, when was this?

Sharp: This is an early group. In our files, this seems to be perhaps the earliest group that supported you.

Reagan: Ah. Then you know what that was?

*Gaylord Parkinson was chairman of the Republican State Central Committee between 1964 and 1967. His "Eleventh Commandment" said, "Thou shalt not speak ill of any Republican," and was issued before the 1966 California state primary. See an interview with Dr. Parkinson in Issues and Innovations in the 1966 Republican Gubernatorial Campaign, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1980.
Sharp: The pre-'Friends of Reagan' period?

Reagan: Yes. What I think though, what that group did was finally, when they kept coming back and coming back, and I was aware of the disastrous state of the party and all, they kept insisting that I offered the only chance of victory and to bring the party back into something viable.

It got to the place where I said no, and no, and no. And Nancy [Reagan] and I couldn't sleep any more. You know, we wondered, "Are you making the right decision? Are you letting people down? What if they're right?"

So finally Nancy and I agreed, and I went to some of these people, including Henry Salvatori. I think that's what that group was. I went to them and said, "Look, if you will arrange it and make it possible so that I can go around this state—." This was 1965.

Sharp: Very early.

Reagan: Yes. It was like June, like early summer.

Now, let me point out that once you get on the mashed-potato circuit [laughs], you find that there are more things to speak to than there are speakers. In my eight years with General Electric, a part of that program had called for me, about ten or twelve weeks out of the year, to be out making personal appearances. GE never told me what to do or what to say or anything, so I always did my own speeches.

I said, "If you make it possible for me to spend these six months accepting these speaking engagements all over the state, I'll make the decision whether you're right or wrong. I think you're wrong." And I really meant that. I said, "I think that you're wrong about me being the candidate. But I'll come back. By December 31, [1965], I'll tell you whether I should or should not be." And they agreed.

Now, what this entailed was that that was my first introduction to Spencer-Roberts, because they [Friends of Reagan] employed them then to screen and accept the invitations.* These were not necessarily to political groups. These were speeches of the kind made before chambers of commerce—whatever.

*See interviews with Bill Roberts and Stu Spencer in Issues and Innovations in the 1966 Republican Gubernatorial Campaign, noted above.
MEMO
10/8/65

TO: Steering Committee and Finance Leadership, Friends of Ronald Reagan

FROM: Bill Roberts

RE: Major strategy meeting

It has now been approximately five months since the initial exploratory efforts were undertaken on behalf of Ron. At the inception of the exploratory effort a limited budget was prepared covering the approximate eight-month period to the end of 1965, and certain projects were undertaken based on what was then current strategy needs.

Much has happened since that time. In many areas the effort has gone way beyond the fondest hopes of all those concerned, plus other factors have entered into the political thinking. With this in mind, Ron has asked that we pause now and review the bidding in order to determine whether those projects now underway are still germain, or whether new projects should be instituted,—in other words, reassessment of the situation.

Therefore, a major meeting has been called for Sunday, October 17 at 10:30 A.M. at Ron's home, 1669 San Onofre, Pacific Palisades. Your attendance would be deeply appreciated by Ron. Please communicate with Kathy Davis, #383-3129, as to whether or not you can make it.

Among the subjects to be discussed are:
1. The existing budget and the projects which it encompasses. Should it be revised or stand as is?
2. Ron's schedule through the balance of 1965.
3. Should a major survey be undertaken now or in the near future?
4. Timing on a possible major television appearance.
5. Should a major attempt be undertaken to encourage elimination of possible primary opponents?
6. Should we begin the structuring and formalization of a major campaign committee throughout the state?

Naturally, you should bring up other items which may be of concern to you. Ron is anxious that a complete and thorough airing be given to the entire effort, not only as to where we stand today, but where we are going through the next several months, perhaps through the primary in June. This will be a most significant meeting.
Reagan: The speech I made was the same speech that I would make for any invitation out of the state because I still had invitations to speak in other parts of the country, on my feelings about government interference and harassment of the free-market system and so forth, where we were going if government continued increasing its power. Some of the titles of the speeches that I gave—they were all in that general theme—were "Encroaching Control: Business, Ballots, and Bureaus," and things of that kind. So this is what I did for that six months. They [Spencer-Roberts] made that possible.

Before December 31, I told Nancy that they [Friends for Reagan] were right, because I would go out, and afterwards people would come up to me. They'd say, "Oh, you ought to run for governor---" and I would say, "Oh, no," and I'd name people prominent in the party and say, "Why not so-and-so or so-and-so, and we'll all go campaign for them?" They just dismissed that and came right back to me. So I told her, "They're right. I think I do offer the best chance of winning. Now, do we want to do this?"

About a month before December 31, I knew that I was going to say yes.

Sharp: What went on inside you during this period?

Reagan: Oh, all sorts of things, because it meant a whole change in our lives, change in lifestyle and everything else. For one thing, the economics of it. Being in public life is not quite as financially rewarding as show business. [laughs] We didn't know what we were going to do. We had a ranch. As a matter of fact, we had to sell in order to do this. That broke my heart, because for all those last eight or ten years, I had had television worked down to an average of about one day a week, and I could spend four or five days a week at the ranch. My routine was just get up—the ranch was only a thirty-five minute drive from our home—go out there for the day, back in the evening. I loved every minute of that.

But I have to confess something to you also. I honestly believe the whole emphasis had been so on winning that when I said yes, I had not actually thought beyond November.

Sharp: You mean November of '66?

Reagan: Yes. It wasn't until after I had agreed, and I said [laughs], "Wait a minute. I'm talking about the next several years."

When I was a Democrat, I was out speaking on this theme that I believed and still believe today, that government has gone beyond the consent of the governed. So suddenly I realized that now I was
Reagan: going to be in a position to deal with it instead of just talk about it. My speeches had been urging people to do something about this. Well, now—. [laughs]

Sharp: You were in the hot seat.

Reagan: I was going to do something about it.

Sharp: Can you tell me about a meeting that you had with Mr. and Mrs. Holmes Tuttle at some point in 1965, in which they convinced you to run for governor?

Reagan: They came to the house several times. I think Holmes was the most persistent, he and his wife.

Sharp: Why? Why was he so persistent?

Reagan: Well, he has always been one of those individuals who contributes to what he believes in, works for what he believes in. He had never sought anything for himself, of course, but you could always count on him to support the party and candidates. He just was firmly convinced that I could do that.

Sharp: And these people who supported you early on, like Holmes Tuttle and Henry Salvatori—they supported you for ideological reasons?

Reagan: Yes.

Sharp: Because they thought that you would be the governor, the kind of governor that they wanted? The speeches that you made and the ideas that you put forth were their kinds of ideas?

Reagan: Yes. As a matter of fact, the night that I was sworn in, at midnight—that is a whole other story, as to why I was sworn in at midnight—we went back to the governor's office. Holmes Tuttle told me to sit down in the governor's chair there, at the desk, and I did. Then he said, "I don't know whether anyone has ever been able to say this before to a governor of California. But now you are sitting in that chair. And you don't owe any of us anything."

He said, "All we wanted was good government. We believed that you could do that. You have no commitment, no promise to keep to anyone at all. You just do what you believe should be done."

Sharp: That's a very hard assignment.

Reagan: Yes.

Sharp: Would it have been easier if he had said, "Okay, you're beholden to us"?
Reagan: No, it wouldn't. I remember when General Electric first sent me out on the road, and then told me that they had made me available to speak for the first time, at a chamber of commerce or something. I stood there kind of waiting to see if they were going to try to hand me a canned speech. I knew there was going to be a confrontation if they did, because I wouldn't make somebody else's speech.

You see before General Electric, in the picture business, as I say, I didn't sing or dance. There was a phone number for the movie industry, you know, the major studios and so forth, so that unlike today, there were people concerned about the industry. There were always occasions in those days when they needed a spokesman for the industry. There were two or three or four of us that the industry would call up—Bob Montgomery, George Murphy, myself—to go to a convention or something and represent the industry and speak. So from that I had been doing this, and I guess way before that, when I was a sports announcer. I discovered in those Depression days that come the end of the football season there were things called football banquets. You could add a little to your income by being the speaker at those. So from the first I had always faced the problem of what did I want to say. General Electric never told me what to say, and I made my own, so the same thing would have been true there.

No. I could not have done that, if I thought that I had been put there as a front for other people. I can say this, to this day. In all those eight years, no one ever came to me on the basis of campaign help or contributions and asked me to do anything.

Sharp: That's pretty amazing. That's not what you would think.

Reagan: It doesn't fit the popular picture. I wonder, though, if it isn't much more common than people believe. I'm inclined to think that it is. The American people out there, they're good people. From the fellow who contributes $1 to the fellow who contributes a $1,000, really, they usually—I know there are other kinds in other areas—are doing it because of their own conviction and their own feeling that this is the person who will do what they want in government.

The Pre-Primary Period: "The Eleventh Commandment," Doing the Homework

Sharp: Let's talk now about the actual pre-primary period that starts, say, in January and goes through June of '66. What can you tell me
Sharp: about your relationship with the officials of the Republican party in this early pre-primary period?*

Reagan: Well, it's kind of hard to explain. I had the support of them, of course. Well, no, not in the pre-primary you don't. Wait a minute, I was getting ahead of myself, getting to the election instead of the primary election. Under the law in California, dating back to Hiram Johnson, the political parties cannot pre-primary endorse. So you have no contact or support or help or anything in that regard.

All the party did was to keep hammering that "Eleventh Commandment." Then the party would try to stand back and try to unify the party and go forward when the election was held. So you didn't have anything then. You formed your own campaign organization throughout the state. And that's what we did. I hit the sawdust trail.

Sharp: Did you find yourself an insider or an outsider as far as the Republican party was concerned, in this early January through March 1965 period?

Reagan: Oh, not an outsider, because from the time I started campaigning for Republicans, which I did while I was still a Democrat, just once in the 1960 election, I campaigned and did everything I could, made all the appearances I could. Then in '62—again, but this time I re-registered Republican. So I had only been a Republican two years when I became an alternate delegate at that '64 convention.

But no, I had a good rapport with the party. They felt that I had been a stalwart and had always been available for fund-raiser appearances of that kind, so I had no problem with the party.

Sharp: Who were some of the people inside the party hierarchy who were trying to help you in the pre-primary period?

Reagan: Well, if you say hierarchy, if you're speaking official party organizations, they couldn't. None of them did. That's hands-off and a neutral policy. So your support is among people who don't hold party positions, but they'd always been associated with the party as supporters of the party and so forth.

*This interviewer sent Reagan a chronology of the 1966 gubernatorial campaign to help him recall details of this period. It is included on the following pages.
<table>
<thead>
<tr>
<th>DATE</th>
<th>ARTICLE SUMMARY</th>
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<tbody>
<tr>
<td>1-4-66</td>
<td>RR announced on this date that he was running for governor. Chron said he represented &quot;the right-wing conservatives of the Republican party.&quot;</td>
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<tr>
<td>1-16-66</td>
<td>Chron heaped upon RR his past as an actor.</td>
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<tr>
<td>1-24-66</td>
<td>RR used issue of tax reform as a major tool against Pat Brown at this point in the campaign. RR said a combination of sales and income taxes were needed, as well as tax incentives for industry in California.</td>
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<tr>
<td>3-7-66</td>
<td>RR walked out of meeting with black Republicans. Chron article did not say why.</td>
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<td>5-2-66</td>
<td>United Republicans of California (UROC) announced support of RR.</td>
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<td>4-2-66</td>
<td>RR received endorsement by California Republican Assembly (CRA) after a meeting between the CRA and RR in which RR was quizzed on his stand on issues such as &quot;right to work&quot;, income tax, members of the John Birch Society as CRA officials.</td>
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<td>5-10-66</td>
<td>RR accepted findings of the California state senate Subcommittee on UnAmerican Activities, and said that UC Berkeley had been degraded as a university by the actions of the radicals.</td>
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<td>5-24-66</td>
<td>Chron announced dramatic growth in percentage of people who preferred RR for governor, especially in northern California. RR had very early led both George Christopher and Laughlin Waters in southern California.</td>
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<td>6-1-66</td>
<td>Chron linked RR with defeated presidential candidate Barry Goldwater in many articles like this one.</td>
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<td>6-3-66</td>
<td>RR attacked too much government spending and waste in Sacramento, condemned too much unemployment in the state, opposed repeal of federal income tax asked for in Liberty Amendment, supported elimination of heavy property taxes, and said there was too much welfare.</td>
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<td>DATE</td>
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<tr>
<td>6-8-66</td>
<td>After RR won the primary, Chron called it a setback for the moderate faction of the GOP in California.</td>
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<td>***In light of this article and many others like it, the Chron has to be seen as a newspaper that would quite naturally support the city's past mayor, George Christopher.</td>
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<td>6-10-66</td>
<td>Chron announced a increasing &quot;beat Reagan&quot; engineered by the AFL-CIO in California. AFL-CIO chief Thomas L. Pitts was especially active.</td>
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<td>6-17-66</td>
<td>President Eisenhower announced his support for RR (only after the primary was over).</td>
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<tr>
<td>7-24-66</td>
<td>Chron reported on RR campaign tactic to concentrate on a specific problem for several days of a campaign tour, travel into the areas where the issue was acute, choose a &quot;Commission&quot; to recommend action, and finally adopt the result of the Commission's work as part of the RR campaign platform. Chron said that this plan was meant to combat Democratic charge that RR did not know enough about the affairs of the state to be governor.</td>
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<td>7-29-66</td>
<td>Periodically RR attended meetings of the GOP to listen to discussions of how money would be raised for the campaign.</td>
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<td>8-12-66</td>
<td>A 28-page book was developed by the Democrats which charged RR with being a &quot;front man&quot; for extremists in California. It was being distributed by Robert L. Coate.</td>
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<td>8-22-66</td>
<td>Chron reported that Dr. Stanley Plog of UCLA and Dr. Kenneth Holden of San Fernando Valley State College, both of the Behavioral Scientist Corporation of Los Angeles aided RR in finding out what the issues should be for 1966. Chron said this is why RR supported repeal of the Rumford Act.</td>
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<td>9-10-66</td>
<td>RR said he would name former CIA chief John A. McCone to head a &quot;fair and open&quot; investigation of the University of California if elected governor. Chron said it was RR's opinion that Pat Brown had tried to sweep under the rug the real problems of the University of California.</td>
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<tr>
<td>9-11-66</td>
<td>Chron reported that RR has moved to the center, causing concern both among Democrats and conservative Republicans.</td>
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Chron announced RR's development of Job Opportunities Board program of establishing training centers involving government and private industry.

Chron reported Gaylord Parkinson's writing of the "11th Commandment" in order to aid RR's election as governor. Chron defended Parkinson's accepting money for role as state chairman.

Chron reviewed some of RR's campaign issues: 1) unrest at Berkeley (UC should expel them); 2) too much crime in California (state should have more law enforcers and with better training); 3) taxes (tax increase unavoidable, but tax system should be overhauled); 4) Rumford Act should be repealed because the people of California showed that they opposed it in Proposition 14. Rumford Act invaded "one of our most basic and cherished rights - held by all our citizens - the right to dispose of our property to whom we see fit as we see fit." (said by RR in speech to California Real Estate Association in SF, 10-7-66); 5) too much unemployment (should have more job training); 6) should have cost of living pension increase for retired school teachers.

Chron wrote about key men in RR campaign: Henry Salvatori, considered RR's "braintrust"; Holmes Tuttle, a southern California auto distributor; Caspar Weinberger; Robert T. Monagan; Bill Roberts; Rev. W.S. Mc Birnie; Philip Battaglia; Patrick J. Frawley, Los Angeles head of Technicolor Corp. and Schick Razor Corp. was "a money man but not an advice man"; Gaylord Parkinson; Cy Rubel; and Walter Knott.

At a post-election breakfast, RR announced that the "Number One priority" for his administration would be economy.
Sharp: According to Bill Roberts, he had agreed to manage the campaign pretty early, in April of '65. I was wondering exactly what Bill Roberts and Spencer-Roberts, the organization, did for the campaign. What was their plan of action for the pre-primary period?

Reagan: Well, in that six months' period until the end of '65, theirs was simply the, you might say, accepting of all the invitations to speak and so forth, and even creating invitations. In other words, letting organizations know that I was available. The idea was for me to cover as much ground in California as I could on the basis that I was going to make the decision [on] the outcome of all those speeches.

It was a very funny thing. I told you that I made my regular speech that I would have done if the chamber of commerce had asked me to speak, which dealt with national affairs and the whole philosophy of government interference and so forth. Because there was talk that I was being considered as a potential candidate, there used to be columns and editorials to the effect that, well, if Ronald Reagan doesn't start talking about state affairs, state problems, he's not going to have any votes—he'd better get off these national, international problems.

Of course, that wasn't the point. The point was that I was simply continuing to express my overall philosophy and judge by the reaction. So they didn't interfere or anything with that. They [Spencer-Roberts] never tried. They knew what their job was. They had been hired, so they delivered me to the places where I was to speak, and they told me what the schedule was. Sometimes I grumbled because I wasn't getting to the ranch four days a week anymore. [laughs]

Sharp: Drs. Stanley Plog and Kenneth Holden from a firm called BASICO here in Los Angeles were hired by Bill Roberts in February 1966. They were a political research firm. I've been looking at your papers at the Hoover Institution and there are quite a number of volumes, small black volumes, in which there were all kinds of analyses of the issues of the day for California. Apparently they had done a lot of research in order to help you get ready to run and to be governor. They had done informational studies, had done analyses of the issues, and then they had made recommendations for policy for you.

These are pretty sophisticated volumes, and I was very impressed by them. I was wondering if you used these volumes and if they helped you to create your policy for the campaign.

Reagan: I can't remember an awful lot about it. But it was true what the columnists were saying, that I had so devoted the research that I had done for my own speeches for years to the overall philosophy, national and international policy, that I did not know anything
Reagan: about the organization of state government, the problems and what would be the issues in state government—other than that I was aware just from being an activist the way that things weren't going well in the state of California, the costs rising, the government growing in size, and so forth. I had just a citizen's resentment of certain things that had happened. But no, that was done.

I studied state problems and I did my homework.

Sharp: For instance, they sent you memos periodically through the campaign. I saw one that was dated April 4, 1966. It was on Proposition 14, the anti-fair housing proposition.* At this point, the California Supreme Court was considering whether or not it was constitutional. One of the memos from Dr. Stanley Plog had suggested to you a policy, if Proposition 14 was declared constitutional, and if it was declared unconstitutional. It was just right there on the memo, essentially what you should say. There are a lot of these memos that were sent to you periodically. Do you remember ever even seeing them? Did you use them?

Reagan: I have to tell you I have very little memory of that. Usually I accepted anything that came way to the campaign as a recommendation by someone, but if it didn't meet with what I thought was my own belief [chuckles], I didn't accept it.

Sharp: When we do research in the papers, it makes your campaign or anybody's campaign look one way. And yet we have to come to you and ask you, is that the reality? Is that the truth of the campaign, did those papers really represent what you thought was your campaign? So what you're telling us is sort of a reappraisal of what that campaign was really all about.

As chairman of the southern California finance committee of Friends for Reagan, A. C. (Cy) Rubel seems to have been the most important finance person in terms of campaign organization. Is this true?

Reagan: He was always a very prominent figure in the party activities that way. He was a very dedicated man. Everyone who knew him admired him greatly. I remember, for example, his expressing a prejudice to me once that he said was just ingrained with him. He couldn't help it, he'd been raised that way. But he said to me, "I will never embarrass you. I will never inflict that prejudice—which I know is a prejudice—on you or anyone else, or let it motivate me."

*Proposition 14 struck out the Rumford fair housing act among other provisions and passed as a ballot measure in 1964. Both California and U.S. Supreme Courts declared it unconstitutional by 1967.
Reagan: I thought [this] was really a pretty honest and sincere person, who was willing to, instead of justify a feeling he had, say, "I just feel that way and can't help it. But don't worry. It will never influence me."

Sharp: That's important, because you always wonder about the relationship between the people who work for an individual in a campaign and how much influence they are supposed to have or not supposed to have on a candidate. Telling me that little bit of information is important because it reveals part of that relationship.

Reagan: Let me tell you just one little incident, and I won't use any names. But I think [it is] in fairness to the kind of people that are usually cynically viewed as fat cats, [that] therefore they've got ulterior motives and so forth. A man gave a sizable contribution to the campaign. One night at a reception, he did no more than to say to me that he had a problem, and if this [campaign] worked and [I] became governor, he would like to come and see me about that problem. Well it sounded to me like why shouldn't anybody be able to come and see me?

I happened to mention this to one of those early and solid backers that he'd said this to me, and [that] he'd gone no farther than that. He hadn't asked for any favor or anything else.

I found out later, much later, that they gave him his money back and told him never to do anything like that again. So I really never had anyone pressure me. Like these researchers, they might present things and their analysis of a situation, but no one ever put the pressure on me and said, "This is the way we want you to believe."

Sharp: I wanted to ask you more about that "Eleventh Commandment" that was essentially written by Gaylord Parkinson. He wrote it as chairman of the Republican state central committee. What did you think of that?

Reagan: I thought it was the greatest thing I'd ever heard. Having participated in and seen the bitterness of the '64 primary in which one faction in the Republican party literally gave the Democrats all they needed for campaign ammunition, I myself believed that no Republican in a primary had a right to ever say anything about a Republican opponent, that if that opponent becomes the nominee, the Democrats can then use those words against him.

I was one of the strongest advocates of it, and I kept the "Eleventh Commandment." Most of the other candidates did, too, in the primary. Here or there there might be a little lapse or something, but for the most part it was a campaign in which we campaigned against the Democratic opposition, all of us.
Sharp: Was there a feeling within the Republican party, especially within, say, the last month before the primary, that the Republican party had a real battle on its hands in terms of the future of California, and no more third term for Pat Brown?

Reagan: Oh, I think this is what helped unify the party very much, that all of us believed that the state economically was in a shambles, and that there had to be a change. Part of the "Eleventh Commandment," you know, was that every one, every candidate pledged his support to the winner of the primary.

Sharp: In April of '66 in San Jose, you had a meeting with some officials of the California Republican Assembly in which they quizzed you on some of the issues and how you stood on them, like the Rumford Act, like the John Birch Society, like the University of California. What was the purpose of this meeting? Do you remember?

Reagan: Well, you see, with California's law it is impossible for a party to pre-primary endorse (the elimination of the smoke-filled rooms), there came into being in both parties volunteer organizations where Republicans who wanted to participate in primaries and endorse could then become members of those volunteer groups--United Republicans of California, California Republican Assembly in our party, and there was the CDC [California Democratic Council] over in the Democratic party. So they would hold conventions to then endorse in the primary. To do that, they would meet with the candidates and grill the candidates, so they could make their recommendations to the membership.

Sharp: Was this a meaningful meeting to you? What did it tell you about this part of the Republican party?

Reagan: Well, you wanted the endorsements of those groups, because this would be evidence of bodies, large bodies of the Republican party that were announcing their support of you, their approval. So all of the candidates sought these endorsements.

Sharp: Who were the key members of your campaign in the pre-primary period?

Reagan: Well, there was Holmes [Tuttle] and Henry Salvatori, of course, who were in on the very beginning of trying to persuade me to do it. Then, you know, you began to put a staff together like Lyn Nofziger who came out from Washington and is still around. I didn't have so much to do with that as that was one of the functions of Spencer-Roberts. People like Walter Knott, people that I had previously done things for, like spoken at meetings and dinners and fund raisers, and supported candidates, those people.

Sharp: Do you think that Spencer-Roberts and the work that they did was essential to your winning the primary?
Reagan: Oh, yes. That was the part of politics that, as I say, when I was even co-chairman for Goldwater, I only saw dimly. I realized that it was there and I didn't know anything about it. That was the knowledge of the people. In other words, someone could come to you, a volunteer in some particular district, and you would have a way of knowing that maybe that person's endorsement was kind of a kiss of death in his own area. [laughs] His own personal enthusiasm did not necessarily mean that he was the fellow to do it. That's where I think these political professional teams like Spencer-Roberts, and there are others, like Baus and Ross and all of them, and their great knowledge comes in. They know who the people are in the state, if they endorse you it has a significance; if they agree to work for you, it's more significant. There are others then that could be harmful.

Sharp: Tell me how you participated in the day-to-day progress of the campaign in the pre-primary period.

Reagan: Well, once you get on the trail and someone else has done the scheduling, we'd sit on the bus or the plane or whatever it was, and I'd be writing.

Sharp: So writing the speeches and delivering the speeches were your main activities, your day-to-day activities?

Reagan: And studying the issues that came along, doing the homework, reading.

Sharp: Did you like to do a lot of your own research for developing your own ideas about the issues--?

Reagan: Always have.

Sharp: --Like reading five or six different newspapers?

Reagan: Yes. It's a habit I still have today. It's like a monkey on your back. Now, doing the radio show and the columns and all, people say to me, "Have you read--?" and they name a book and so forth.

Nancy reads them, but I am so busy with all the required reading, and the things that people have sent for me to read [that I can't read them]. I've gotten to the place where it's like cutting wood. My greatest joy now is when I advance on the wastebasket finally with a big packet of papers I can dump. [laughs]

Sharp: Now, in the post-primary period, after you had won, what did the Republican party structure do for you?
Reagan: Well, now is when the party [helped]. For example, the county chairmen put together fund-raising events in their counties to raise money for the party and raise it not only for you but for the other candidates. It also gives you the opportunity to appear before groups and so forth. All of that got underway, but still your campaign organization was your own.

I had a deep feeling about the "Eleventh Commandment," and the unifying of the party. You need to do this. So we had arranged in advance in our own circle that we weren't just going to say to the supporters of those other candidates, "Well, now we'd like to have your help." Beginning the night of the primary election, we got on the phone right to the headquarters where they were listening to the election results in other places, and spoke individually to people and said, "We want you, and we want you to take the position of co-chairman of this," whatever it was. In other words, we had put in our campaign structure openings for these people to come aboard, and they did.

Within twenty-four hours after the [primary] election, we had augmented and built the campaign organization that included leaders of the campaigns for the other candidates.

Sharp: These were people like Arch Monson?

Reagan: Arch Monson, Leonard Firestone, any number of people. I can't name them all, but we brought them right into the campaign. We did have unity.

The Post-Primary Period: Building Party Strength, Speaking on the Issues

Sharp: What was the role of the August Republican state convention in the post-primary phase of your campaign?

Reagan: Oh, I'm trying to remember that.

Sharp: Maybe I can refresh your memory a little bit. The two big problems at the Republican state convention were what stand the party was going to take on the Rumford Act, and what stand they were going to take on the John Birch Society and the letter that Lee Sherry Smith sent to Gaylord Parkinson and to the other heads of the Republican hierarchy.

Reagan: Now, this was a most difficult thing for me. I was raised to detest bigotry and prejudice, long before there was any talk of the civil rights movement. Clear back when I was a sports announcer,
Reagan: I used to editorialize, because—you're too young to remember—baseball, organized baseball, blacks were banned. I didn't have any Willie Mays to talk about when I was broadcasting. I thought that was wrong, and I used to editorialize about it. In college, I played football beside a fellow [Franklin "Burky" Burghart] in the line who still to this day is one of my dearest friends. We fought and bled together in a day, in an era when you played both ways, offense and defense. Ours was a little school. We usually played schools much larger, so you really did bleed. You didn't have anybody to take your place. You spent most of the sixty minutes in there. But I also felt deeply about precedents being established for the invasion of private property rights and so forth.

Later, after I became governor, I changed my feeling about that, when after meeting all over the state with members of the minority community, I realized the symbolism of the Rumford Act. I was, in other words, favoring the repeal of it. When I realized the symbolism of it, and how much it meant morale-wise to them [blacks], I frankly said no. I changed my mind.

Sharp: On the John Birch Society issue, essentially the Republican convention said, "Okay, well, we're not going to take any stand at all on the John Birch Society." Lee Sherry Smith had sent a letter saying, "We should condemn the John Birch Society; they have no place in the Republican party." The convention said essentially nothing, that they were not going to say that the John Birch Society cannot be a part, and they're not going to say anything really supporting it either.

Now, these two statements that the convention made, the anti-Rumford Act stand and the sort of neutral stand on the John Birch Society—did they have any impact on your own campaign?

Reagan: No. Many times that had come up in the '62 election, the Birch Society. I have always felt that Mr. Welch took some factual material and drew some wrong conclusions with it. But I had been bloodied pretty well in the anti-Communist situation in Hollywood, and I have to tell you that today history is being rewritten drastically. [lowers voice] There was a Communist plot in the motion picture industry. I speak from the standpoint of having been on the board of directors of what turned out to be a Communist-front organization, the Hollywood Independent Citizens Committee for the Arts, Sciences and Professions, and when some of us like Dore Schary and Jimmy Roosevelt and Olivia DeHavilland and myself and a number of stalwart Democrats—I was a Democrat then—had been deceived, when we in a body left the board of directors of that group, it ceased to exist. We were the front behind which they were operating.
Nominees to Draft State GOP Plank

By DAVE HOPE
Tribune Political Writer

SACRAMENTO — Republican nominees for state offices meet in convention here tomorrow to draft a platform for the general election campaign, with the issue of extremism hovering in the background.

An urgent plea to denounce the John Birch Society went to delegates yesterday from Mrs. Lee Sherry of San Rafael, woman's vice chairman of the state central committee for Northern California, but there was no apparent move to place it before the convention.

Mrs. Sherry is not a delegate to the convention which is confined to the 183 nominees for constitutional and legislative offices, and the two incumbent U.S. senators.

PLANS NO ACTION

And Mrs. Sherry said she has "no intention" of bringing the issue before any of the committees that will be drafting platform planks tomorrow. She added that she has not heard from anyone else who might take such action.

"It is no secret that I feel very strongly about the Birch Society, and my letter should not have surprised anyone," Mrs. Sherry said.

"I feel that I have made my point, and I have full confidence in the nominees to adopt a good platform.

"Whatever they do, I will support the nominees and the platform," she declared, "but I do think it will be a mistake of they do not take a strong hand on the extremism issue."

Mrs. Sherry said she will not join Californians for Brown, an organization of Republicans and Independents supporting the incumbent Gov. Edmund G. Brown. "I am an officer of the Republican state central committee and I do not intend to resign to support Brown," she declared.

POLITICAL WORK

Mrs. Sherry took a leave of absence from the committee in the GOP presidential primary in 1964, to work for New York Gov. Nelson Rockefeller. She supported George Christopher, who lost to Ronald Reagan in the contest for the gubernatorial nomination this year.

Dr. Gaylord B. Parkinson, GOP state chairman, said Mrs. Sherry's letter probably will be considered by the platform committee, along with other suggestions for platform planks.

But the indications are that the platform will omit any specific reference to the John Birch Society. A statement condemning racial and religious bigotry appears to be favored.

RUMFORD ACT

The platform is likely to call for repeal of the Rumford Act, which prohibits discrimination in housing, or offer a substitute for that measure. The Rumford Act was nullified by a 2-1 vote favoring Proposition 14 at the 1964 election, but this was reversed by the State Supreme Court.

Unless someone kicks over the traces on a platform issue, the new Republican aura of peace and harmony should prevail over tomorrow's meeting.

The major event on the program is a rally in the Sacramento Memorial Auditorium tomorrow night when all candidates will be introduced and Reagan will deliver the principal address.

PROGRAM PLANNED

The convention site will be a one-day affair, opening tomorrow morning as subcommittees start considering platform planks which will be submitted to a general session tomorrow afternoon.

A campaign workshop for party workers will be in operation throughout the day in the Memorial Auditorium.

In past years, the GOP state convention has been followed by the next day by a meeting of the state central committee, but a rule adopted in 1964 changed the central committee session to January of alternate years.

Democrats will follow the old schedule next weekend with their state convention set for Saturday and the central committee meeting Sunday.
Reagan: The whole matter of the great jurisdictional strike that went on for months and months when I was president of the Screen Actors Guild—it was not witch-hunting. The witch-hunting was the other way. The Communists were so entrenched in the picture business, they could destroy careers, and they did.

So when it came to this thing of the Birch Society, from the very first, I said, "Look, I'm not going to condemn them or repudiate them. Anyone who chooses to support me has bought my philosophy. I'm not buying theirs. Now, if someone—I don't care what he believes—comes and says to me, "I'm going to vote for you because I agree with the things that you're saying," well, I'm not going to tell him I don't want his vote. This was the position that I took from the beginning on the Birch Society, and in fact put out a statement which I'm sure you've seen in the papers up there to that effect.

Sharp: Now, I have a series of questions about campaign contributions. I'd like you to tell me about the kinds of groups and individuals who contributed to your campaign.

Reagan: Well, that's going to be difficult because one of the first things that was told to me by those people who knew more about it was they wanted me to stay away from soliciting or anything else—in other words, from having to say to someone, "I want your financial help." And I never did ask for it. They said, "We will take care of that."

I told you about the one incident of what they did. The only thing I know—and to this day I'm still very proud of [this]—they told me, the financial people, that I broke all records in California for the number of contributors so that it pro-rated out that the average contribution was something under $20. I was very proud of that.

In other words, we were not basically funded by fat cats. That was about the extent of it. In other words, unless somebody came and told me that he'd given x-number of dollars to my campaign, those fellows didn't relay it. Again, from the standpoint that they did not want me to feel that now, oh gee, this fellow over here has something coming. I was never subjected to that.

Sharp: Do you have any idea what the typical large donation was, say, $5,000 or more?

Reagan: I think there were probably even some of $10,000 because the election laws were much different then. I would think that there would be contributions of that size.
TO: All Reagan for Governor Headquarters

RE: "Speaking Out for California"

Dear Fellow Californian:

After reading this memo we feel you will agree that this program, "Speaking Out for California", can be one of the most effective campaign ideas yet. We hope you will begin work on it immediately.

The Reagan for Governor Campaign hopes to cover the entire state with full page ads in all newspapers consisting of statements by individuals from all walks of life on why they want Ronald Reagan for Governor.

Find out the cost of a full page ad in your local newspaper, then find about 100 people who will share the cost (one page $300.00, 100 people @ $3.00 each)(You can get fewer people and the cost would go up accordingly. You can also take out a ½ page ad or less whatever you can fill in your area.). No person can obtain an ad in any newspaper for $3.00, but for approximately that price he can state in a maximum of 50 words why he will vote for Ronald Reagan for Governor. Each individual must sign his name so that his friends and neighbors can be influenced by what he has to say. Also we would like his place of employment and if he belongs to a union, the name of that union. This way local residences can recognize names, business establishments, and unions.

The object of this effort is not to collect money for the campaign, but to show in a very concrete way that many normal everyday people are supporting Ronald Reagan for Governor of California.

Some areas may be able to fill more than one page, others may only fill ½ page. If you can fill more than one, place them on different days. All ads are to be placed beginning one week before election day and at the bottom of the page print:"Anyone wishing to Speak Out for California please call ______". (Your number)

Any person placing his or her ad will be very pleased to know that Ronald Reagan would like a copy of each ad for himself, so we would appreciate it very much if when the ad appears in your local newspaper, you would send a copy to: Mr. Neil Reagan McCann-Erickson, Inc. 3325 Wilshire Boulevard Los Angeles, California 90005
One page ad will consist of the title: Speaking Out for California, Ronald Reagan's picture in the middle, and the individual ads filling the rest of the space. One ad might read:

We feel that Ronald Reagan's "Creative Society" is the most fantastic idea to be presented in the past 40 years. It will allow us as citizens to once again really participate in the running of our government. Ed and Karen Martin
General Telephone - CWA #798

We hope that you as sort of a supervisor will watch the contents of the ads so that we don't accidentally offend anyone.

We realize that this may create a lot of work for you and you must know that all you are doing is greatly appreciated. I think you will find that your greatest reward will be a good, honest, sincere Governor for California, Ronald Reagan. Thank you again.

Sincerely,

Ed and Karen Martin
Speaking Out

P.S.: If there is an overpass on any freeway near your headquarters here is an idea for some young people to initiate. Paint a banner - Reagan for Governor - or some other appropriate slogan and walk back and forth on the overpass during the last few days. The weekend especially, but Friday and Monday could be very effective too. This may even attract television coverage. Thanks again.
Sharp: In September of '66, Frank Williams commented on the contributions from Connecticut Republicans to your campaign. Can you tell me about contributions from out-of-state Republicans?

Reagan: I'm sure there were some. When Connecticut comes to mind, [there is] only one I can think of, one of my campaigners who came here as a volunteer. He was a young man named Tom [Thomas C.] Reed. And Tom's father, Gordon Reed, contributed to my campaign.

Sharp: And he was from Connecticut?

Reagan: Yes. Now, he may have had friends, I'm sure. He must have had friends that he probably persuaded to do the same thing.

Sharp: The San Francisco Chronicle reported in July of '66 that you had attended periodic meetings of the Republican party in California which discussed how money would be raised for the campaign. Do you remember going to these meetings?

Reagan: I don't know. There must have been some that I attended, and planning fund-raiser shows to be put on, banquets and so forth.

Sharp: I wanted to show you this memo that I found in the Reagan papers from Thomas Pike and Dirk Eldredge. On the second page it breaks down the percentage of the money to be raised that would go into various people's campaigns in California.

Reagan: [reads memo] Yes. This is what you do when you do a fund raiser. From the very first, I had always insisted--my favorite line to the people was, "Don't send me up there alone." So I constantly emphasized that I wanted those other people to win too. Now those percentages seem very small, but those were events that were a Reagan fund raiser and so forth.

Before the campaign ended, a number of people, including Bob Finch, subsequently got more votes than I did. [laughs] Before the campaign was ended, he was at one point twenty points behind in the polls. On my specific demand, that I didn't want to be there alone, we changed our whole campaign plan with our own money. Bob Finch changed his schedule and joined me. We campaigned together. We got our billboards that said, "Elect the Team," and made it the whole team and everything.

By that time, we felt that I was in a pretty solid position. We ordered the whole campaign, and I would estimate that probably a half a million dollars of my own campaign funds were used in behalf of the other constitutional candidates.

Sharp: Is this an example, then, of the network that the Republican party nominees had by the general election, that there really was a sense of a team—?
Reagan: Yes.

Sharp: —With a lot of the candidates?

Reagan: Yes, yes. But it was quite unusual. I think you'll find, for example, on the other side—now, I don't know that much about it. I really don't know the details of it. But I would be inclined to believe that Governor [Pat] Brown, in turn, was not doing anything for anybody else. [laughs] It isn't usually done.

Sharp: Let me ask you now some questions about five issues that came up throughout the campaign. The first one is the Vietnam war. How big a part did the Vietnam war and your views on it play in the campaign in California?

Reagan: Well, it was usually brought up. I did not campaign that this was an issue. But where that started was in that period when I was speaking all over the state, and as I say, speaking on national and international affairs. I remember up someplace in the middle of the state one of those times—oh, and this is the remark they're trying to bring back to haunt me with—when I was not a candidate, the press asked me something about the Vietnamese war.

This was when the first actual illegal moves had started, such as lying down in front of troop trains, trying to prevent trains of supplies and so forth being unloaded for shipment overseas. And we had kids dying over there in a war. Lord, the first Democratic president that sent troops in there was [John F.] Kennedy. The [Douglas] MacArthur policy of no involvement in the land war in Asia had been the policy until the Democrats were in, and then [Lyndon B.] Johnson, of course, was the one who really revved it up into a major war.

I remember in this discussion, I said, "Well, isn't it strange that people are able to do legally what amounts to giving comfort and aid to the enemy. They'd be charged with treason if this was a declared war." I said, "It's a war to the fellows that are fighting it and getting shot." Of course, in saying that one of the press men said, "Well, should it be?" And I said, "Why not? Why couldn't we solve this whole matter of how to handle the actual interference with the war effort—not just people disagreeing with it, but the actual interference—by declaring war?"

Out of it that same day came the line that they kept on things. Finally, I grew impatient. "You know, look, it's ridiculous that our young men are dying in a war with a country whose whole gross national product is less than the industrial output of Cleveland, Ohio." I used the expression, "If we could get this over with—if we would simply go in there and do it, good Lord, we've got the strength to level North Vietnam, pave it, paint stripes on it, and make a parking lot out of it." [laughs heartily]
Reagan: And, oh, how that came back! During the campaign, they'd keep trying to remind [me]. I did not make it an issue in the campaign. It was brought up to me from those pre-campaign days.

Sharp: According to the [San Francisco] Chronicle in October of 1966, you thought that Proposition 14 was constitutional because people should have the right to dispose of their own property in any manner that they chose to. They shouldn't be forced to rent to somebody or sell to someone that they didn't want to rent or sell to. What impact on your campaign and your election do you think this stance had?

Reagan: I think it contributed to a false image because I always surrounded and prefaced any such remark with my belief--well, my opposition to prejudice and bigotry. I emphasized that I thought that anyone (a president or a governor) should use their moral leadership to publicly disavow anyone who did anything of this kind, to try and create a climate in which it would be--well, you would almost morally outlaw people who discriminated.

But again, I was concerned about what the precedent was, the precedent that we set, if we agreed that the government's right. This is a pretty important point in the constitution, and it was part of what made us rebel against England, the right of the individual. As a matter of fact, I once said, "If somebody in Santa Monica wants to say that he will only rent to members of the Rotary Club who have freckles and red hair [laughs], isn't that his right with his property, if he's foolish enough to want to do that?" I recognize that's not a popular way to say it, and that you're open to all kinds of misunderstanding. I think that it did create an image that I think subsequent actions in office dispelled.

I have been speaking for a number of years on government usurping rights it didn't have.

Sharp: Did this bother you, that people might vote for you because they thought that you were prejudiced against black people or any minority, and that that was the reason that you had supported Proposition 14?

Reagan: It bothered me to the extent that when we met after the primary as candidates, all candidates for the assembly, senate, and everything had a big meeting in Sacramento. And of course, I was unknown to many of those people. The question came up from a black candidate of ours, that would I be reluctant to help them, out of fear that some of my supporters would then turn against me? I told the entire assembled group, I said, "If I understand you, you're saying, would I not want to help you run for office for fear that
Reagan: someone would not vote for me because I was doing that? I will tell you now, I don't want the vote of anyone who would vote against me for that reason. I am going to do everything I can to help every one of you."

I made it plain that I wouldn't want the vote of anyone who would take that position.

Sharp: The Democrats failed to stigmatize you as a member of the John Birch Society.

Reagan: And they sure tried. [laughs]

Sharp: Did you feel at the time of the campaign that this issue was a major one, that you had to fight every day that you got up?

Reagan: Well, it began to look that way, the constant questioning, because they had something there to dig at. That's why the campaign finally put the statement out. And from then on, to shut it off in press conferences, I would simply say, "You have my statement on that. I have nothing to add to that. It's all in the statement." And it went away.

Sharp: What was your stand on the University of California?

Reagan: Well, now, here's where it didn't take any--. [Tape ends] ##
[The editor asked Mr. Reagan to reconstruct what his answer might have been.]

I think I must have been saying that it didn't really take any decision on my part as to a stand on the University of California. In all my campaign appearances I had opened them up to Q and A [question and answer], and wherever I went in the state the first question and literally the first half-dozen questions were about what I would do about the University of California at Berkeley. [Transcript resumes.]

Reagan: Stu Spencer and Bill Roberts called me, very upset, had a new problem, and I joined them for lunch downtown. They told me that [Pat] Brown was beginning to make headway with a campaign thing in which he was saying, "Well, remember, he's an actor. Sure he makes a good speech--" because my speeches were being, I guess, effective. And he said, "But remember, as an actor, he's used to learning lines. Who writes those speeches?"

Spencer and Roberts were saying, "How are we going to counter this one?" I said, "Well, it won't do any good for me to get up and say, 'I write my own speeches in the campaign.' They expect me to say that, even though it's true."
Reagan: This was a little upsetting to Spencer and Roberts because I found out that the professionals don't really have a high regard for candidates. They kind of think of them as a horse in the stall, [laughs] and they'll take them out and run 'em when they think they should be run.

I said, "Look, I will shorten down my speech from here on, to every single appearance, whether it's thirty people or three thousand, and then throw the meeting open to questions and answers." I said, "They've got a right to ask me. If I'm asking them for their vote, they've got a right to find out anything they want to know. Somebody may think that someone else wrote that short speech, but they'll have to know that nobody could write the answers to those questions. One thing—if we do it, you have to swear to me that you will never ask anyone in an audience to ask me a question. If there's one person that can go out of there saying, 'Well, I was told to ask him this,' then the whole plan goes out the window."

They were a little discomfited. They said, "Are you sure that you—" and I know that they must have lost sleep thinking, "What's he going to say?" But we started doing that. This turned out to be the most informative thing that ever happened where I was concerned. Because you could study all you wanted to on what you thought might be the issues in people's minds, but wherever it was in the state—after the first half-dozen questions from the floor, wherever it was, mountain, desert, seashore, the situation at Berkeley and in the university came up. This is how this became an issue.

I didn't make it a part of my speech until way late in the campaign when finally you knew that this was going to be the whole question, and you had answered it over and over again—then I finally put the answers I'd been given into a portion of the brief speech. When the hands would go up, the minute you opened the question period, the first question was [about] Berkeley, and you'd answer it. You'd see twenty hands then go down—that was their question. You knew that this was the number one thing on the people's minds.

Now, the opposition tried to make out that I was persecuting the university for political advantage. I wasn't. I had never mentioned Berkeley as an incident, or as an issue, until those question and answer sessions, and that was the thing. I learned that the people of this state had had a very, very deep and great pride in the university system. Because of that, they were very emotionally involved and disturbed with what was happening to what they thought was the great pride of California. My own position was born of the answers that I gave to those questions.
Sharp: In October of '66, you attempted to stop an attempted black power rally at [U.C.] Berkeley, and it was the one where Stokley Carmichael was scheduled to speak. Why did you do that?

Reagan: When was this?

Sharp: October of '66, not too long before the general election. There was going to be a black power rally scheduled at [U.C.] Berkeley. Berkeley officials said it was okay, and you came out and apparently said that you had tried to communicate with Stokley Carmichael, asking him not to come, to stop the rally. I wondered why you did that?

Reagan: The only thing I can think was—you know, all the talk of rioting that was going on. Of course, we'd had the Watts riots. In other words, to prevent violence.

Sharp: What did you think of the findings of the Burns committee, that the university had been degraded by the dissidence?

Reagan: I'm trying to remember what position I did take, but I did think that it had. I thought that because it was so apparent from the very beginning that the bulk of the students weren't involved. That was one thing that disturbed me, that the bulk of the students were going to class, going their way. But if they had any pride in their own school, I couldn't understand why they themselves did not stand up and say to that minority of students: "Stop demeaning our university." It bothered me.

As I say, I had gone to a school where students used to feel a kind of responsibility for the institution. It was theirs. So I couldn't disagree with that, with what they were saying. I felt also at the time that the administrators were appeasing, that they weren't standing up to the students. The funny thing is, every place in the country during all those riotous sixties, even after I was governor, like the University of Denver and so forth, where they would stand up to them, there was no disturbance.

The Election as a Whole

Sharp: Now I have some general questions about the election as a whole. The [San Francisco] Chronicle wrote a list of the people who they said were the main people throughout your whole campaign. I wanted to check this list with you to see what you thought.

*See issue for 30 October 1966.
Reagan: I may not be able to remember all of them. I'm bad on names. The Chronicle was not a supporting publication. [laughs]

Sharp: I know. A little part of that might have been the fact that George Christopher was the mayor of San Francisco.

Reagan: I think so, yes.

Sharp: But it's interesting to read a newspaper that is in the adversary position to see what they say about you, for you or against you.

Reagan: Yes.

Sharp: They said that Holmes Tuttle, Robert T. Monagan--

Reagan: Yes, that was Bob Monagan, who became the speaker of the assembly.

Sharp: Caspar Weinberger?

Reagan: Yes.

Sharp: And Bill Roberts, of course. And Reverend W. F. McBirnie.

Reagan: Dr. McBirnie—as a matter of fact, I have to give him credit. He was the one who came to me with the suggestion to have a name for the philosophy that I was talking about, "the Creative Society."

Sharp: How did you meet him?

Reagan: I'm trying to remember. Someone in our campaign group brought him to meet me. He supported the views that I had taken, you know, and I can remember him suggesting not to fall into a trap of being always against, but to make sure that I was offering positive alternatives.

Sharp: Phil Battaglia?

Reagan: Phil came aboard as a campaign chairman, yes.

Sharp: Herb Klein?

Reagan: Herb Klein, yes.

Sharp: He was a campaign staff member?

Reagan: Yes, but on a volunteer basis.

Sharp: And Gaylord Parkinson, of course. Patrick Frawley?

Reagan: Pat Frawley was always a supporter. Not so much active in councils and so forth. He was a fund-raiser.
Sharp: Cy Rubel we've already talked about, and Walter Knott.

Reagan: Yes.

Sharp: Is that the major list, those people?

Reagan: Oh, those were people who were pretty much south of here, except for Cap [Weinberger]. But there were other people—Jack [Jaquelin] Hume in San Francisco. I can't remember the names, but they were all over the state. They were people that were most active, and I would say were in kind of the circle.

Sharp: Who was the most help in aiding your election? Is there one person who comes to mind?

Reagan: Good Lord, no. I don't think so. I think it would be unfair to many others if I said so. As a matter of fact, we organized because of that what we called a kitchen cabinet. This was including these people and others, so that we'd meet periodically in round table things and bring them up to date on what I'd been doing, and where I'd been. [I would] hear their input, which is very valuable, from the standpoint that they're hearing the comments that I would not hear from people out on the street.

Sharp: What two or three episodes do you think affected the outcome of the election?

Reagan: Mm. Well, certainly Pat [Brown] didn't help himself with [that remark to] a little black girl [about] when an actor killed Lincoln. As a matter of fact, you know, Hollywood was pretty predominantly Democrat. So even people that I had worked with and who were friendly to me just wouldn't desert their party. A number of them, after he [Brown] did that, just walked away from him, and just said that—I don't say that they came to me—but they just walked away, and considered that they themselves had been insulted. I couldn't understand the stupidity of it. Because he not only did it once, he kept on running that ad on television. I just never responded to it. That was one.

Let me see if I can think of—well, I remember another one. Brown's campaign started a quiet campaign, but you know, there are no secrets, to get people to flood the talk shows on radio. We simply announced that that was being done, and that we didn't think it was exactly the proper thing to do with free communications in radio on those shows. An awful lot of talk show hosts—as a matter of fact, I remember one of them that got a number of the [Pat] Brown headquarters in Los Angeles, and put it on the air and said, "Okay, call them." And I guess activity stopped for about three hours. [laughs]

Sharp: That's turning it around.
Reagan: I think a helpful thing happened in Oakland when I went to appear at and visit one of the government job-training centers there where people were being trained. Some local unions had organized a big demonstration. Literally the police had to clear a way through them from the bus to the school for me to get through. They were violent. I mean, they were trying to swing sticks and everything else. You had to know that the American people in their fairness responded because it was covered by television, it was all over television. I think that was worth a few thousand votes.

Sharp: I have one big question. Lyn Nofziger told me in an interview that I had with him, that he thought that you won in 1966 simply because the people of California were ready for you. Bill Roberts said that you won because you ran a perfect campaign, that you—and everybody else in the campaign—didn't make any mistakes. Unfortunately, Pat Brown's campaign did have a lot of mistakes.

The Peel article that I sent you a copy of said that you won because of the incumbency of Pat Brown and all the disagreement and problems within the Democratic party.*

Why do you think you won?

Reagan: I think maybe a combination of some of those things, but I think I won because the people of California were aware that—it was a political administration. It was politics as usual. Appointees to government were literally given a price list as to what their contribution must be.

We knew the state was in financial trouble, but we couldn't really find out the trouble it was in until after I was elected. I have to tell you, to give you an example of the kind of administration, we set up an office in Sacramento to start putting together our administration when I was still governor-elect. We sent someone over to have a meeting—Hale Champion said to him, "We're spending $1 million a day more than we're taking in. I've got a golf game. Good luck."

It wasn't until I actually took office that we—and for me, who had been talking economy, who had been talking that I thought the tax structure was already too high in California, we were put in the position of having to ask for increased taxes, [and] found

Reagan: that they had for more than one year been staving off a tax increase. It was a little bit like New York City. They couldn't say no to anyone. They were spending the money, but then they didn't want to have to ask for a tax increase, so they pulled a gimmick.

For example, one year they advanced the collection of the corporate tax, so that for one year they were getting last year's and this year's tax at once. Then they eliminated the quarterly payment of income tax for individuals. Finally the last one, to get them through the election year, was when they changed with great fanfare to the accrual bookkeeping system.

Well, this was to hide the fact that by switching to the new system this would again cover temporarily that they were spending more than they were taking in. The accrual bookkeeping system is very respectable if it's done properly in a business, where you do it with an accumulated reserve to cover the transition. The [California] constitution requires that the budget must be balanced, or you must submit a request for funds to balance it.

What we found when we got in was that they had a budget that was balanced for twelve months' spending, based on fifteen months' revenue, and you come in in the middle of that fiscal year. So we have the last six months in which the roof was going to fall in. Every day it seemed as if you opened a drawer and found a whole mess.

I think the people suspected this. There was just enough trouble. They noted that the business climate was bad. We had dropped drastically in the desirability of California as a place for new businesses and industries to come. Businesses and industries were leaving California. I knew that at that time I was able to state that major industries, several of them, had passed the word down from their headquarters, wherever it may be, that no expansion of any branch in California was to take place because of the poor business climate here. It was all of that. I think that their chickens came home to roost.

The fact that I hadn't held political office became a plus, not a minus. He [Pat Brown] was running on his experience, and I turned it around and kept saying, "Look, if you want an experienced politician, re-elect Pat Brown." [Helene Von Damm enters]

Von Damm: Your time is just about up. He has appointments waiting.

Sharp: Thank you. I think that's probably the end of my questions.
The Statewide Meeting of Black Republicans: An Additional Pre-Primary Note

Reagan: Before you go, you have one issue in your packet of material here that you hadn't asked about, my walking out of a black [Republicans'] meeting.*

Sharp: I didn't bring that up because it was a fairly controversial and sensitive item, and I wasn't sure how you would feel about talking about it.

Reagan: Well, I would be very happy to tell you what happened. I wasn't walking out on them. They were having a statewide meeting in Santa Monica. [George] Christopher and Patrick, the other candidates, and myself were invited. This was one of the times, principally because of Patrick, that--

Sharp: This is William Penn Patrick?

Reagan: Yes. This was one of the times that the "Eleventh Commandment" got a little eroded, and they [Christopher and Patrick] were painting me as a bigot in a number of subtle ways and so forth. I resented it. Finally, I blew my top.

Now, what happened when I got up, in response to them, [was] that I told a little incident that I had known, a black friend of mine had told it to me. And unfortunately, being angry and all, it's an incident that I have difficulty telling without my voice breaking, and in no insincerity at all. This friend, black, was telling me of his experience in a park with his three-year-old son on a hot summer day, thirsty. This was in the South. His little boy was crying and wanting a drink. How did he explain to him that he was not allowed to drink out of those fountains?

As I say, I have to swallow when I think of it. In replying to them--and I was really replying, and not at a loss for words on this--I used that and said that my dream was that never again would anyone in this land ever have to tell their child that they couldn't have something because they were different. I walked off the platform and out of the meeting. But my anger was with them [Christopher and Patrick].

Then I got home, which wasn't too far from the meeting, and my fellows were with me. The meeting was supposed to continue on. We were going to have dinner and so forth. So I went back to the meeting. [laughs]

*Date of this meeting was 7 March 1966.
Reagan: I've always believed that you can play political games, but sometimes people just know, and they're not going to believe the simple truth. So, of course, in the question and answer sessions that followed that, and the papers all did it, "Reagan Walks Out of Meeting," invariably someone on my side would stand up at a meeting and say, "What happened in Santa Monica and why did you—?" I found that the only way I answered it was, "I got mad." Then I would get applause, for simply saying that. [laughs]

Sharp: It was really important for you throughout the campaign that you were honest with people, wasn't it?

Reagan: Yes, yes. You know, I didn't want to do it to begin with. [chuckles] There wouldn't have been any sense in doing it. In other words, I was not someone who had decided that that job I wanted more than anything, and therefore that I would mold myself in whatever way to get that job. No.

Sharp: Well, when you woke up and found yourself governor in November, was it of some comfort then that the campaign had been run the way you wanted it to be run?

Reagan: Yes, yes.

Sharp: And so you had a base to work from?

Reagan: Yes. And by that time, I must say, I was eager to deal with the things that up to then I'd only been talking about. I also have to say that it wasn't too long after that Nancy and I looked at each other and said that this made anything else we'd ever done in our lives seem dull as dishwater. [laughs] It was the most personally fulfilling experience I've ever had. Some nights you come home feeling ten feet tall.

Sharp: Thank you.

Reagan: Thank you.

Sharp: I'm happy that you had the time, and that you would be as candid as you have been in talking to me because—.

Voice: How're you doing?

Sharp: [hastily] I'm leaving, I'm leaving. [laughter]
Early Staffing and Dilemmas

Sharp: We're talking about the transition period, just after you became governor in November of 1966. It must have been a rough time for you.

Reagan: Oh [laughs] yes! Campaigning was one thing. I know we took a suite at the Ambassador Hotel [with] some of the people who are here now but were with the campaign. We began the business of trying to put an administration together, but very shortly we set up offices in Sacramento also.

I remember there were a lot of surprises because, as I told you, I guess I thought more about winning the election than about the job to follow. I remember it was the time of the free speech demonstration that broke out at [UC] Berkeley. And I was angry. But I was angry just as Ronald Reagan, citizen. I went down to the suite at the hotel. I said, "You know, I sure wish I could tell the press something about this." I was just talking, and an hour later they came in and said, "The press conference is ready." [laughs] I didn't realize that any more if I said something, it would take place, it would happen.

Sharp: And a lot of reverberation, as it were. [laughter]

Reagan: Yes.

Sharp: How did you try to make this transition period work for you? [radio interference] What kind of people did you want to have on your governor's staff?

Reagan: Well, it was not only on the staff, but it was in all of the appointive positions I could make. I went to some of the people who had talked me into running after I was elected and I said, "Look, I told you all I don't want to go up there alone. Now, you know
Reagan: where the bodies are. You know where the talent in California is. I don't want a screening committee to screen applicants for jobs. I want a recruiting committee.

"I want you to set up a committee, north and south. The only thing I will tell you about the requirements, as I feel them, is number one, I want people who don't want a job in government. Number two, I want people who will be the first ones to tell me if their job is unnecessary."

So from then on, our own little staff and I was working through them. We really were looking for the kind of people I've described, and that's what we found. We found what I call the prematurely-retired successful people, capable people whose companies had rules about age retirement and so forth. A healthy mix of them and the bright, young kind of executives that will someday be the presidents of their companies.

I told them also—I knew that those young fellows, particularly, wouldn't be able to stay as long as we might be there. But I said, "I'll take them if it's only a year or two, take those people so that when they go back we'll get someone to replace them at the same time."

And, for a number of them, it worked that way. A few of them, however, just got so carried up that they stayed. [radio interference]

The companies discovered that when those young people came back to them, they were so broadened by that government experience they were much more valuable and, Lord, they were anxious to cooperate!

Sharp: I read in the Los Angeles Times that you had chosen Mr. A. C. Rubel to head a special group to look for people for you.* Why did you do that?

Reagan: Well, he was one of the ones that had urged me to run and supported me running. Holmes Tuttle was another one. What they did was form the committee, the actual committee, with their friends up north. They really did twist arms; they'd get their eye on some young guy that they thought could really fill a certain job.

Sharp: This is another list which Molly Sturges [Tuthill] showed us and I'm not sure where from your files it comes.* It's a big appointments committee in northern California. Leland Kaiser is the chairman. I guess Mr. Rubel was the overall chairman for all of the state?

Reagan: Yes, yes.

Sharp: Who are all of these people then? For instance, Roger Chandler. Is he from the L.A. Times?

Reagan: He might be of that family, although they never had to do with the running of the Times, but of the original Chandler family.

Jack [Jaquelin] Hume, businessman in San Francisco--he was a big supporter--still is.

Tom Reed, then, came with us for awhile and then he had to leave, and other replacements.

Sharp: I think he was your appointments secretary.**

But was this probably the major group who looked for people for you?

Reagan: In northern California, yes.

Sharp: Did you always place the person who, say, Mr. Rubel came up with? Or sent you?

Reagan: No, a great many times the committee came in with more than one selection. Then we, with Tom Reed and my own interviewing and so forth, would make the final selection.

Sharp: Did you have a list of the executive department heads that you knew you needed and a list of the other jobs?

Reagan: They give you a list of about 1200 vacancies to be filled. They ranged all the way from personal staff and cabinet members down to department heads and so forth. Now, what we tried to do was fill

*This list was among the research materials covering Reagan's transition period from November 1966 through 1967, available at the Hoover Institution.

**Tom Reed was Reagan's appointments assistant between 23 February and 11 April 1967.
Reagan: the top spots first and then involve our own cabinet officers in helping in the selection of their department heads. In other words, when a man agreed to be one of the cabinet members, I never tried to force someone on them and say, "Well, this is your assistant."

Sharp: You would choose some of the head people first? They might get to help choose people who were going to work for you?

Reagan: That's right. Some of them would come in with specific recommendations of someone they wanted, and we picked them.

Sharp: Was it a problem that you hadn't been governor before, so you didn't have an administrative staff already built into the state government?

Reagan: I suppose that someone that had held a public office before would of course have some personal staff who would go with them, whether they had been a legislator or a congressman, something of that kind. But in my case, no, I had to start from scratch, and of course this list shows here that I started with some of the people with whom I'd gotten acquainted. For example, Kathy Davis was Bill Roberts's secretary. She became my secretary till she had to leave shortly. When she had to leave, there was an interim one for a short time, but then Bill [William P.] Clark said, "There's only one gal in the office that should be your secretary," and it was the one he had [Helene von Damm]. He discovered her worth by having her as his own.

Sharp: So it was sort of a word-of-mouth arrangement that people get recommended to you and you trust their judgment. You have to trust their judgment on it?

Reagan: Yes.

Sharp: Many of the campaign people, for instance Vern [Vernon L.] Sturgeon and Phil [Philip M.] Battaglia and some of the other top people, came from your campaign staff into your governor's staff. Was it easier for you then in that you were at last seeing some familiar faces around the governor's office?

Reagan: Oh, yes. You'd had an opportunity—you know, in the firing line—to get to know some of these people. Now, many of them, of course, while they have helped in campaigning they were not that close. You know the campaign spread out over the whole state. But you get a read-back on them.

Now, Vern Sturgeon had been a [state] senator and so we brought him in as the legislative liaison. He was not only personally acquainted with the people upstairs but knew the government.
Reagan: During that interim period also, there was an assemblyman who was a long-time veteran, Charles Conrad. And in that interim period, I met with him many times for long sessions where he just filled me in on the Sacramento traditions, the things that are the pitfalls of a governor and a legislature, all the things that I would have had no way of having any idea about. And the traditional things that you were supposed to do, and should do, and so forth.

Sharp: Oh, he sounds pretty helpful.

Reagan: Yes, very helpful.

Sharp: Had you known him before?

Reagan: Yes, because believe it or not, he'd been an actor in the picture business. A character actor.

Sharp: In our last interview, you remarked to me that Hale Champion, who was the outgoing finance director, was not at all helpful in assisting you and your staff take over the reins of the Finance Department. Was that typical of Governor Brown?

Reagan: I must say, there wasn't much in the line of cooperation. We had campaigned on the financial shortcomings of California and yet didn't really know how bad the situation was until I actually got in office. But one of the first warnings came when one of our men went over to discuss with Hale Champion because everyone had told me that the most important position to fill was your finance director.

He came back and his briefing had been, Hale Champion said, "We're spending $1 million a day more than we're taking in. I've got a golf date. Good luck." [laughter]

Sharp: What did you do then?

Reagan: We were beginning to find out that we had real financial problems.

Sharp: How did you handle that kind of roadblock?

Reagan: When I got in office then, I must say those first days were very dreary, very dark. First of all, January and February in Sacramento are dreary and dull. Those damn tule fogs! And Nancy had to stay down till the semester ended, with our son [Ronald Reagan, Jr.]. So I was kind of commuting on weekends or she would commute up there on weekends. I was over in that old mansion.

Sharp: You didn't like that, I understand.

Reagan: Oh, that was the most dreary, dismal place in the world. It was just--to go home from the office to that--alone you know--that old beat-up trap.
Reagan: At the same time, we were uncovering more and more of our problems. It just seemed like every day that I came into the office, almost immediately there was someone standing in front of my desk saying, "We've got a problem."

I got so the temptation was almost irresistible to look over my shoulder--.

The Task Force Idea

Reagan: That was when we went for the task force idea, but also did things like I knew it would look political to try and explain to people. First of all, here was I, the big conservative who talked of cutting the cost of government, cutting taxes, faced with the realization that there was no way out except to raise taxes.

You inherit the budget in the middle of the year; six months has already been spent. The constitution says you must have a balanced budget. So I asked three leading auditing firms, accountant firms, in California--Price Waterhouse and a couple of others--to come in and take a look at the whole situation and then put them on television with me. I introduced them, and they told the people of California what the financial situation was.

Sharp: What sort of impact did you think that would have?

Reagan: First of all, no one could accuse them of playing politics. These gentlemen stood up and said, "This is what we've learned and this is the situation." I, then, could stand up and say, "Okay, I'm the guy that said it cost too much. I'm the guy that said government should be less expensive. I'm the one who has to ask for a tax increase."

I also appointed a task force to come up with a proposal to meet our needs. That's what led then to the whole idea of task forces. At the first governors' conference, Republican governors' conference, I was still a governor-elect. I hadn't even been sworn in. I went. It was over in Colorado Springs. The governors-elect were invited.

I had an opportunity there to talk to other governors. One of them was Jim Rhodes of Ohio. [spells out name] He told me about his use of some task forces, citizens' task forces, and the name of a management consultant firm in Chicago that he had used in connection with it. So I came back with our guys. We sat down and we, first of all, sent for the man in Chicago, that consultant firm, and he came out.
Sharp: What was the name of that firm? Do you remember?

Reagan: I bet Molly [Sturges Tuthill] can tell you.

Anyway, I then got a hold of my same kind of people like [Holmes] Tuttle and [A.C.] Rubel and all of them and told them what I wanted. And from them, again knowing who the right people were, to put together what literally amounted to the top leadership of the state of California—from business, industry, the professions. [discussion about an airplane flying below]

Anyway, we had a luncheon, north and south, and in each one of these luncheons were the people that, as I started to say, if a bomb had hit those buildings, California was out of business. We had Mr. [Warren] King with us. And we outlined what we wanted, that we wanted them—not their assistants, but them—to put together (the consultant firm would help with this on the basis of their expertise and business knowledge) task forces and to go into sixty-four agencies and departments of state government [and] come back to us with recommendations of how modern business practices could be put to work to make government more efficient, more economical. We said it would, with King's help, be more organized. Part of them would be on the executive committee to correlate all of this.

I told them, "You sat around the locker room talking about it for years. Here's your chance."

Well, I want to tell you they became as enthusiastic as kids with a new toy. Maybe some of them thought they would just be names on a letterhead. I don't think that any of them ever realized what they were getting into. Some two hundred and fifty [people].

See, we couldn't use all of them because as it developed some of those men weren't in fields that would be appropriate. But they then helped, either in the executive committee, or they then contributed money to pay for the consultant so this whole thing cost the government and the taxpayers nothing. They gave, two hundred and fifty individuals, an average of a hundred and seventeen days full-time, away from their own occupations and professions.

They brought back, and the executive committee had to put it in printed form, eighteen hundred specific recommendations. We implemented before we were through more than sixteen hundred of those recommendations because then we created a task force of our own within government to start implementing.

Things like, for example, we'd have a task force of hotel men. The top men of the business. They would go into our prisons and hospitals, and look at the housekeeping chores. "How did you buy your food?" The kitchen, what was done?
Reagan: People who were expert in fleet-buying of automobiles. We found that the state of California had no plans to buy. Any department would just go out and buy what it wanted to, trade in what it wanted to, no competitive bidding. People would buy whatever they wanted to, whatever they wanted to have. We set up a plan that was so effective due to their recommendations that we offered it in the cities and counties, and many took us up on it, that when they had to buy automobiles, they'd buy them through us. Our outfit would do it for them. This probably was the most effective thing that led to the---.

One of the citizen task forces came in and told me there was a contract to build a building for $10 million. They had surveyed the proposed building space and how many square feet per person was proposed and found it totally unacceptable. We saved the $10 million because I didn't sign the contract I had inherited.*

From then on, the ongoing savings. That's what led to us really getting out of the hole and beginning to be able to pay back to the people. As fast as we could accumulate a surplus, we'd give it to them as a one-time tax rebate.

Sharp: Were the financial problems probably the biggest problems that you thought you had to face when you became governor?

Reagan: Oh, yes, yes. As I say, it was in violation of the constitution. They had already put the state in debt in that first six months. Yet we had to, at the same time, when you come into office, your first job is you have to put together a new budget--the governor's budget--to be submitted in those first few months that you're in office.

"Like a Board of Directors"

Sharp: The man who you selected as first finance director was Gordon Paul Smith.

Reagan: Yes.

Sharp: And before you selected him you went through a long list of people, including Alan Post, Leland Kaiser, and Joe Shell. Those were some of the people whom you considered for the position of finance director. How did you decide on Gordon Paul Smith? Was he recommended to you by anyone?

*This paragraph was added during Mr. Reagan's review of the transcript.
Reagan: Yes. And a number of firms here. He was with a firm that did business consulting work; for example, business analysis. Like helping decide where a stadium would be built, that sort of thing, like Stanford [Research] Institute does—not the Hoover Institution of Stanford—and highly recommended to us that here was a young man, with a family, children to be educated some day, earning $90,000 a year, who was willing to take a $35,000-a-year job.

Obviously, he was one that could not stay forever. So shortly we changed and then we got Cap [Caspar] Weinberger. Cap—this is really someone and an unusual man. It is absolutely true when Cap Weinberger was only fourteen years old, he used to read the Congressional Record for pleasure. Cap has a mind, and a mind for finance; I've never seen anything like it.

He would sit up there in those committee hearings with the legislature when they were trying to really get at him about the budget. Now the budget weighs ten and a half pounds—this stuff's big. [chuckles] They would throw questions at him about something. Vern Sturgeon would come downstairs and say to me, "I don't believe it." See, I couldn't be up there to see this, but I'd have to get it secondhand.

Vern would say Cap would sit there and somebody would try to nail Cap on some figure or something about this or that. And without looking at any notes he would say, "Well, if you look at page 1,036, you will find about half-way down—" Hell, I didn't think anyone ever read the budget, let alone recited it! [laughs]

Sharp: Nobody opens that book in the library!

Reagan: They would. They'd look. Oh, yes—[laughingly] They had no more questions!

Sharp: He was really helpful to you—

Reagan: Oh, yes.

Sharp: —In explaining what budget changes needed to be made, and he was pretty much on your side in straightening out the budget and trimming it?

Reagan: Oh, yes, Cap was the one. He was in for that first real slugging match when we literally had to say to everyone in government, "You're not going to get the increases." You know all the departments at the University [of California], that's where we first got in the doghouse with the university—when they submitted all their budgets for the first budget that we would have to make. We had to say to them, "No way, the money's just not there."
Sharp: I remember an editorial that was fairly critical of you in your attacking the university. It was in the L.A. Times on January 6th, right at the inauguration. This article is critical of your attempting to cut the university and state college budget and then raise the tuition. Was this your attempt to answer the budget problem?

Reagan: Here's what we did. This is what we had to say, by this time we knew the truth. Of course, the Times was not very supportive of any of these things I wanted to do—I didn't say this—but what we had been talking about was, could we maybe get an across-the-board cut. But what they [the L.A. Times] also distorted, and the university distorted, was [that] the cut was not in the existing budget. It was in the requested budget.

Now, the university didn't play fair. They were very successful in convincing the student body that I wanted to cut and therefore there wouldn't be as much money as there was last year. Cap asked them once—asked them [to make] a reduction in what they had asked for over and above what the previous year's budget had been.

Sharp: So you looked pretty much like a villain?

Reagan: Oh, yes. There are still people who were students then who came around, "You cut the university's budget." I say, "Never once. I have cut the additional funds they asked for, but not the existing budget.

Every year they got a little more than they'd gotten the year before.

Sharp: Anybody who says that they're going to trim a budget isn't going to be very popular with most of the people.

Reagan: That's right.

Sharp: Let's just go back and talk a little bit about the general problem of appointments again. Most campaigns involve pretty big networks of people. Generally after a campaign is over and it's been successful, there's a whole long line of people who queue up and say, "Well, I think I deserve a political appointment. I deserve that kind of reward."

How did you handle that problem?

Reagan: This is where that committee came in. I just made it plain, and I made it plain all through the campaigning, that we would seek the best and politics would have nothing to do with government, just as I promised I would take the appointment of judges out of politics. Now at that time I advocated an adoption of something similar to
Reagan: the Missouri Plan. This is a plan where you actually legally take it out of politics, where you have a system of screening of possible judges and then literally choose the one rated best by these various screening systems.

The legislature wouldn't go for it. I asked for that immediately. I found out as the years went on why they didn't want it. There are too many legislators who want to come around and trade a vote for a judicial appointment. When they wouldn't do it, I said, "Okay, I'll do it voluntarily." So I set up—a committee of laymen in each judicial district, a committee of lawyers, fellow lawyers of any lawyer who might want to become a judge; a committee of the judiciary, and then the State Bar [of California] Board of Governors.

None of these committees worked together. They didn't even know who each other were. They were separate. Every possible name for a judgeship, even if they wanted to volunteer themselves, or that were suggested for appointment, were submitted to these committees. This committee screened them, these laymen, just their fellow citizens, this committee of fellow lawyers, this one of judges, and finally the state bar board.

When it came to me finally, it was on a rating sheet. It was the name, with columns behind it—and each column, each committee. Behind or underneath each committee would be NQ as not qualified, Q as qualified, WQ as well-qualified, EWQ as the highest—exceptionally well-qualified. And, from that list, we picked our judges.

Reagan: We picked people for every position. Now, I knew there were people, and I didn't rule them out if they could pass—you know, the other committee would select them—but I said we were going to try to get the best and get people that didn't really want jobs in government, and that's what we got.

Most of them had to really be persuaded. Now, some of these [were] early retired. These were men who were darn successful in their lives. Once presented the challenge—you know, they weren't ready to retire anyway—Good Lord! I watched them work sixteen hours a day and grow younger. They really brought the most enthusiasm.

Sharp: According to one of the sources that I looked at, this early group of people [reading from list] Ike Livermore, Gordon Luce, Spencer Williams, Phil Battaglia, Lyn Nofziger, Bill Clark, were your executive directors as it were. Why did you choose this group of people—?

Reagan: Well, that's not really—
Sharp: That's not the right word?

Reagan: No, that's not exactly the way to call it. Ike [Norman B.] Livermore was our secretary for natural resources [Resources Agency]. Gordon Luce came from a savings and loan, secretary for Business and Transportation, which meant the whole highway department and all of that.

Spence Williams had been the candidate, you know. He was the only one that didn't win. But on the campaign, Spence had talked to me many times. Now, here was a man running for attorney general, but talking about welfare and the bugs because he'd been in county government. So we thought, by golly, we'd get him in there [as secretary for the Health and Welfare Agency], and that's what the committee thought about it.

Phil [Battaglia] had been campaign chairman and then he had to get back to his private life.

Lyn Nofziger had been a member of the capitol press corps in Washington and Lyn became the press secretary.*

Bill Clark was in the legal department and succeeded Phil when he left, and became the executive secretary. [August 1967]

But no, they were not anything in the nature of an executive committee. We also operated in a different way, I think, than most governments had. It was like a board of directors operation. We had cabinet meetings about three times a week and all the issues would come before the cabinet, and the cabinet would include constitutional officers like Ivy Baker Priest. Each of these people [came] if they wanted, [but] sometimes their duties would keep them from attending. And my top executive staff. So it was staff, cabinet, and these people around the table.

At first, none of them [were] experienced in government, to speak of, but still they heard enough to think that if a problem dealt with one cabinet officer, well, the others shouldn't interfere. That wasn't what I wanted.

I finally got them convinced that what I wanted was like a board of directors, with only one difference, of course. They didn't vote. In other words the decision had to be made by me, I knew that.

*Nofziger was director of communications January 1967 to October 1968.
Sharp: You really thought you needed a lot of help, then?

Reagan: Oh, sure! That's a big $10 billion business with the affairs of twenty-two million people. But it worked that way because what would happen is, now, the discussion would start. Once I got them where they would all join in—and even debate and argue with each other about something—let's say maybe it's a piece of legislation. Do we want to support it or do we want to kill it? Do we want to say no? It would affect maybe one or two of the cabinet departments, but all of them would get on it and start hammering.

Now, I'm sitting up at the head of the table and I'm hearing all this discussion, and I've done my own studying and reading on it too, and I sometimes join in the discussion. Finally, when I've really heard enough that I know what my decision is, I'd interrupt and say, "Well, here's what we're going to do," boom, and tell them. It if didn't—sometimes the controversy would go and I would never hear enough to convince me. It was pretty even. I'd say, "Fellows, we've got to come back tomorrow. I haven't heard enough to make a decision." The funny thing is by the time tomorrow [radio interference] came and overnight they [had] thought about it, they'd say, "You know, I think [so and so] was right. I was wrong." And it would all come together.

Sharp: What happened if you didn't agree? If you couldn't come to a decision, an amicable decision, about a certain matter?

Reagan: Oh, well, there were many times when I finally made the decision, they were still advocating the other way. One other thing I did with them—and I don't know if I told you this in the other debate—out of loyalty to me, some of these people would try to bring up what they thought were the political ramifications and I would stop them. As I said to them, "Look, I don't want to hear it. No matter how honest you are, if you see someone's card when you're playing cards, you can't take it out of your mind what that card is." So I said, "I don't want to hear them. So we will never discuss an issue on the basis of political ramifications. We will only discuss it on, is it or is it not good for the people of California?"

That was a campaign promise I made to myself, that I would make—the only way I felt that I could go to sleep at night is if I made every decision on the basis of what I honestly believed was right or wrong, and not on how it might affect votes sometime down the road. So for eight years that's the way we did it.

Sharp: Can you pick out of these names those on whom you relied for advice, then?
Reagan: You would have to add in here the other cabinet secretaries--

Sharp: Like Dirk Eldredge?*

Reagan: He was an assistant. Yes, he would have been in there, and later Mike Deaver was in that spot. Earl Coke was a secretary of Agriculture and Services.

Sharp: Right. So Mike Deaver and Earl Coke both became very important advisors to you?

Reagan: Mike Deaver came into the government and was on our staff. Then he became Ed Meese's assistant when Ed Meese succeeded Bill Clark.

Sharp: In our last interview, you really struck me as somebody who liked to do his own work. When you became governor, there was a lot of your own work you couldn't do any more; you had to start delegating authority.

Reagan: Yes.

Sharp: Did that bother you?

Reagan: No, because I believe in that. As a matter of fact, when you start talking to some of those people, I'll just bet you right now--I'll predict—that one of the things they will mention is that I delegated and didn't look over their shoulders all of the time.

Sharp: That was pretty much my next question. When you delegated authority to someone, gave them a certain job to do, did you worry about it? Worry about their competency or anything else?

Reagan: No. I won't go into detail about the ones, but here and there there were people. You didn't score a thousand. You got some people that gradually you began to feel could be improved upon. Then you made changes when that happened. But no, you can't let yourself worry. You go to bed every night with the knowledge that it's just like in the campaign. I got used to that.

You go to bed with the knowledge that it's just doing something, whether well-intentioned or deliberately. You pick up the paper and read you're on a very hot stove because of something someone did! You just have to face it that that's when the decision has to be made by you.

Sharp: So that's a part of being a governor and having to delegate authority. You don't have to go over everything?

*Eldredge was assistant executive secretary in 1966-67.
Reagan: That's right. I'll tell you what else this system did for me. I don't want to sound arrogant or conceited, but I have a feeling that I probably had more familiarity with all of what was going on in state government than previous governors because it was all done there around me. Because I was a part of all of the debate and discussion of what was going on. Therefore, I wasn't sitting in the governor's office and then if somebody asked me a question about the motor vehicle department or the highway patrol or something of that kind, that I would have to say, "Well, you have to ask the cabinet member." I was a part of the decisions that were being made.

Sharp: Did a lot of that come because you didn't know what you were doing at the beginning, or maybe made a special effort to get there and do the batting practice?

Reagan: Oh, sure! And of course, from the standpoint of the task forces, it was an education to me—you know, if you just come in—say I had succeeded a Republican governor and things were in pretty much order, and you just kind of take up where he left off. It wouldn't have been the same as coming in faced with an actual crisis, that you had to start looking at every point saying, "What can we save?" "Is this important, or isn't it?"

You learned an awful lot in a hurry.

Sharp: I'm sure.

An "All-Consuming" Job

Sharp: I have some more questions about your relationship with the legislature, but I want to separate those for a minute, and ask you just in general, what went on inside you during these first months?

Reagan: As I say, there were a few months there in which, oh, yes, I was very uncomfortable. Because [there was] always the controversy about everything. The constantly being attacked, you know, we're supposed to solve the problems.

But things got better. First of all, Nancy and our son, Ron, moved to Sacramento. Then came the fire—or the fire alarm—that moved us out of the old Governor's Mansion into a better home. That I liked.

I only know that there came a day when the tension just left and, don't ask me why, it was just entirely different and I enjoyed going to the office instead of dreading it, and I knew that we had a handle on it. Things could be done.
Sharp: Did you go through an initial period where you really dreaded going in there?

Reagan: Yes, because it seemed like every day was bad news. We were finding out more and more what was wrong. But I remember, maybe it was making some decisions that had to be made. For example, one day, I found out that the lobbyists who should have been on my side, lobbyists representing many business interests in California, were upstairs trying to kill our tax program that we had to have because of the [budget deficit] and each one, of course, was trying to look out for his own interest here and there.

I called a man in Los Angeles—he is now deceased—and I told him what was happening. I said, "Who are the men that I need to talk to that could tell about this, to talk to about what these lobbyists are doing?" He said, "Give me twenty-four hours."

Twenty-four hours later he called my secretary back with a list of names and phone numbers. Now, some of these I caught abroad in Europe, were out of the country, but I phoned every one. I told every one of them, I said, "I think you must know that what I'm trying to do will be good for business and industry in California. This is what your lobbyists are doing to represent you in Sacramento."

Without exception, every one of them said to me, "I'll take care of it." The next day was one of the most fun days that I ever had. People were coming in, including the legislative guys and all of them. They said the lobbyists were walking through the corridors like zombies—it had never happened. But all they knew was they'd gotten a call from the man on high who just said, "Stop!" And it happened to all of them. They didn't know quite what had hit them. [laughs]

Sharp: How did that make you feel?

Reagan: Oh, boy! [laughs] Great! Because first of all to find out that, by golly, there were people that, if they knew the facts, would still do what was right. They wouldn't double-talk you and so forth. Right there, even though it meant in many instances that their taxes were going to be increased if they're in a particular business or something. To know that these men, many I didn't know at all—but on my say-so and what I said to them when I asked them, no threats, I just said this is what they're doing and this is what I'm trying to do. Here's why I think I'm right, and here is why I think it's necessary. To have those men just say, "We'll take care of it."

Sharp: Who was the man you called in Los Angeles? I don't think I got his name.

Reagan: Well, he's dead now—Asa Call.
Sharp: Was being governor, then, a lot harder than you thought it was going to be?

Reagan: It was more all-consuming than I had thought. I can remember when I was running, saying to Nancy, "You know, there's a governor's office down here in Los Angeles"—it seemed to me I was always seeing Pat Brown's picture in the papers being here, there, playing golf in Los Angeles someplace.

I didn't realize that it could be as completely confining as it was. Maybe some other governors do it differently. But really, just totally involved, taking the time.

Now, there was one thing about the time, you know, that I've been criticized [for]. I know because I have seen reference that I was a nine-to-five governor and so forth. To the office pretty much, yes, but not always. Sometimes when the legislature was in session, we were there until four o'clock in the morning. You couldn't go till they would. Especially with a real hot potato.

I was determined that I was going to try to keep the family life as normal as possible. You know, it's easy to say. Well, you've got to understand that I used to run around the offices when I'd find out that some of that staff of mine were staying in the office till eight, nine o'clock at night. I'd go in and curse them out and tell them they had families; go home to their families. But I went home with a full briefcase. I spent my evening at home. I don't know how long it's been since I was able to read a book, a novel. [I read] the stuff that had to be read, but I wouldn't stay there in the office. Yes, I went home and had dinner with my wife and son and tried to keep our family life normal.

Relations with the Legislature

Sharp: Let's go ahead and talk about the legislature, then.

Often it's true that a governor, when he first comes into office, has what is called a honeymoon period with the legislature. How did you plan to use your honeymoon?

Reagan: I didn't think of it so much in those terms, but I think I caught some of them by surprise.

It was a different Sacramento then than it is now, too. Like there were some things that are missed now. You can call them old-time politicians if you want, but there were some certain ceremonial things. The legislature went home for the summer, came
Reagan: back. And when they came back there were certain traditional affairs to which you would be invited. There would be the senate dinner and this sort of thing.

I remember at the very beginning going to those and they had a lot of fun. They had an orchestra. They'd had a place to dance—darn good.

I remember Jesse Unruh introducing me at one and I did the routine, and they suddenly decided that I didn't have warts [laughs] and could get along with them.

A complaint that lingered a long time that some of them had was that I wouldn't join them at the watering places, spend my evenings sitting around Frank Fat's, and so forth. Well, yes. I had a happy home. I wanted to go home. But I found that we did have to work on figuring out a way—the legislature always wants more time with the governor, more access. They want more accessibility. Now, I was accessible but when you've got 120 legislators, and you've got a schedule on your desk every day of appointments which you're going to be doing, [radio interference] you can't get around to all of them unless you can see forty people at once.

So we tried several things, different ways, and I think they finally got the idea that I was trying to be accessible. But it's very commonplace and at first it bothered me until I realized that you'd have to telephone them. They loved to say, "Oh, the governor's got a palace guard; we can't get through." But once you got at people and could say to one of them who wants to see you, "I can't see you now [radio interference] but can I help you?"

It was always a struggle and I suppose a struggle at many levels. I think we got along. I used to regularly have groups of them, I couldn't take all of them, but groups of them over for regular dinners at the house.

Sharp: At your house?

Reagan: Yes.

Sharp: And you thought that that would be a good way of just getting to know them better and—?

Reagan: Yes, it did. You know when they've sat there and had cocktails with you and sat around at dinner, in your own home, they can't quite be as sharply resentful as they might have been.

Sharp: When they are passing you the potatoes at your table!

Reagan: They can't feel, "Oh, it's that guy down in the corner office again."
Sharp: Had you made any contacts with the state senate [radio interference] or the assembly, let's say, in 1964 and 1965, so you really knew them by the time you became governor?

Reagan: Well, I had, in my campaigning, wherever I was in a district where there was one of our candidates, I insisted on being a part of the campaign. [radio interference]

Sharp: Is that why you did campaigning for Eugene Chappie and Gordon Duffy in the fall of '65?

Reagan: Yes. [looking out window]

Sharp: Are we getting close?

Reagan: As a matter of fact, we're going right over the one end of it right over there. [pointing out his ranch in Santa Barbara County] Can you see this big, yellow-brown patch down there? That meadow? Well, that's part of the ranch. All of these meadows here—all those roads that you see winding around there—are on our ranch. These meadows here and there, and here are the houses—the barns—the red roofs down there. The lake.

Sharp: How many acres do you have?

Reagan: Six hundred and eighty. Up at this end, we've just gone over that OMNI station, the Goleta beacon.

Sharp: Is this Santa Barbara County?

Reagan: Santa Barbara's still down there.

Sharp: I guess we're really coming down now.

Reagan: Yes. We'll go out to sea and then the airport is down there just beyond the university.* Then they'll probably come in and go the other way. Well, the ranch is not exactly the way to use up your tape. [long pause]

Sharp: Let's discuss Jack Lindsey and Vern Sturgeon. Jack Lindsey was your legislative liaison to the assembly in 1966-67. How did he help you meet with various assemblymen to, say, talk about the budget problems?

*University of California, Santa Barbara.
Reagan: He worked under Vern [Sturgeon] and Vern was in charge of legislative relations. [radio interference] They were the ones who would come in and tell you when they had problems that they felt were my problems. It would be absolutely necessary to have a meeting.

Sharp: Mr. Lindsey would be with you and talk about your ideas for the budget and then would talk with—

Reagan: And what was going on up there, yes, and who it might be necessary to speak to or—

Sharp: He would keep you abreast of the situation?

Reagan: Yes.

Sharp: And then would plan for you to meet with key people that he thought it was necessary?

Reagan: Yes.

Sharp: Was this a daily kind of occurrence?

Reagan: No, not really, because it depended on what was going on on the floor, what legislation and so forth that might be involved with what could be called the governor's program. There's so much of the legislature that's just kind of routine legislative business. No, it wouldn't be that much. It was like firemen, summoning when there was some blaze to put out.

Sharp: Did you start this as early as possible in the administration, say, by February [1967], was this liaison established?

Reagan: Yes, there's where Charlie Conrad came in. I was pretty familiar with what I was going to have to do to get that together.

Sharp: Mr. Conrad sounds like somebody we ought to talk to.

As a gubernatorial candidate, you probably had to make a lot of promises to convince the voters of California that you were the right person. Did you worry about having to make good on these promises once you became governor?

Reagan: Well, if you mean the kind of promises like to individuals, or something—

Sharp: Right.

Reagan: Yes. And I went to work. As far as I was concerned, I didn't make those promises for the idea of getting elected. They were the things I believed in, that I was going to do. From the very first,
Reagan: I tried to. There wasn't any case of saying, "Oh, gee, why did I promise that?" No, I tried to restore order on the campus. I didn't get tuition from the university. I didn't get the state college commission, [airplane noise] which left us with a kind of out-of-balance system.

And we did give money back. We did reduce the size of government.

##

Reagan: [There were] just scores and scores of unfilled vacancies on the courts. And I believe [for] political purposes, because a lot of people were out there thinking they might get to be judge, they might be most helpful in campaigning. And then, when he [Edmund G. Brown, Sr.] lost, the period between election and inauguration, he started appointing scores of judges. Frankly, I got teed off at this point. I think he appointed something like eighty-three.

I just one day said, "When is the earliest I can be sworn in?" It happened that there was a holiday—New Year's was interfering right around there. They told me the date, and they said one minute after midnight. I said, "That's when I'll be sworn in."

Sharp: Thank you for the interview and—

Reagan: Oh, listen—I feel like maybe you didn't get everything you wanted.

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