GEORGE STEFFES TRANSCRIPT
"Remembering Ronald Reagan"

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Edited for clarity and continuity

LOU CANNON: George, there's a story written by Pat Morrison that Rob Gunnison dug up, which says you met a friend at a five o'clock mass one day, who suggested that you go to work for Reagan. Tell us about that.

GEORGE STEFFES: Yes, I actually missed mass that Sunday. Yes, I actually missed mass that Sunday. It was about two months before the election. I went to a five o'clock mass. After mass, out in front of the church, I ran into Phil Battaglia who was then Reagan's chairman of his campaign. We had both been chairman of the Chamber of Commerce in Los Angeles before, so we knew each other fairly well. We're standing around, making small talk really, and I was asking him how things were going in the campaign and so forth. Suddenly, I said, and I don't know why I said it, I had not been involved or interested particularly in the campaign, "You know, I think I can get some time off from work to go if you needed any help on the campaign." He said, "Boy, do I! I spend all my time talking to Republicans who are arguing with each other." I had been involved in politics in LA and throughout California, so he said, "You could do the phoning for me, and I could get out and do some real campaign work." That's how I started in the Reagan campaign.

LOU CANNON: This is like two months before the 1966 election?

GEORGE STEFFES: Right, right.

LOU CANNON: Then after you did this phoning, what happened after that?

GEORGE STEFFES: I was down in LA the Saturday before election at the headquarters, and we were having a couple of beers after work in the headquarters and somebody said, "Well, what are we going to do when we win?" Because it was pretty obvious we were going to win, but nobody thought about it at all. I said, "I could get some time off and do some work." My first job was at the old Ambassador Hotel on Wilshire Boulevard, where we interviewed people who wanted jobs in the Reagan Administration. That's the first thing I did, interview hundreds of Republicans who wanted jobs, and I did the interviewing.

LOU CANNON: From there, you moved to Sacramento?

GEORGE STEFFES: On another Saturday night way after work, somebody said, "We ought to go to Sacramento. We're going to have to start governor's administration." I said, "Well, I think I could get some time off to go." On the first weekend or second weekend of December, I came to Sacramento and started working on staffing the governor's office in the Capitol Building.

LOU CANNON: You said "time off." Who were you working for at the time?

GEORGE STEFFES: Tidewater Oil Company.

LOU CANNON: Do you remember when you first met Ronald Reagan? If you do, what was your first impression of him?

GEORGE STEFFES: I first met him at a Republican Associates dinner meeting in Pomona, where he was the featured speaker. Of course, my impression was very positive obviously. Not only did we go to hear him talk but afterwards, we offered him a position in the board of Republican Associates. This was probably 1963. His answer was: He thought he could do more good as an independent. As soon as three years before winning his governorship, he was talking about being an independent rather than a Republican.

LOU CANNON: It actually hadn't changed since registration until 1962. He'd been a Democrat most of his life, as we both know. Reagan campaigned as a foe of bloated government, and he promised to squeeze, cut, trim California's budget, which was in deficit when he took over, because of this accounting changeover made by Pat Brown and his finance director, but early in his governorship, Reagan agreed to a massive increase in various state taxes. I think I quoted in one of my books the saying, "Let's do it while people remember who's responsible for it," meaning Pat Brown. What did that tell us about Reagan?

This is early on. He's inexperienced in public office. He agrees to the biggest tax increase. He didn't know it was going to be that big, but in the history of any state, if you use constant dollars to measure. What's the message that we could take from this? What do we learn from that?

GEORGE STEFFES: First of all, the atmosphere back then was a lot different than it is today. You didn't have the 'unwilling to compromise, we ought not give any more money to government.' It was kind of a conventional wisdom that we had to have more revenue because of the deficit that Pat Brown had left. In percentage, it was as big a deficit as we had in the last several years. Dollars were a lot different, but the percentage deficit was huge. It was over 20 percent. As I remember, first of all, one of the first policies of the administration was a 10 percent cut in every state department and every service.

There was no conversation that I remember about whether or not we needed to raise taxes. It was always that we were going to need more money. It was the way Reagan was the entire time that I saw when I was with him is that he took in information from people, and he made decisions on it, and they were practical decisions. I don't think, in the five years, I ever heard him say, "This meets my principles" or "This doesn't meet my principles." He never talked like that, and he made practical decisions.

LOU CANNON: George Deukmejian, who was a legislator then, when I was interviewing him for one of my books, afterwards said he was surprised… that he was carrying Reagan's tax bill as I remember. He thought that he'd have to convince Reagan on the tax bill. Reagan didn't want to talk about it. He'd understood it was necessary from the presentations people had made to him, and he didn't have to convince him at all.

GEORGE STEFFES: I don't remember there being any conversation about should we or shouldn't we. It was a foregone conclusion that we had to.

LOU CANNON: In my book, "Governor Reagan: His Rise to Power," I quote you as saying that Governor Reagan was a reactor, not an actor. What did you mean by that?

GEORGE STEFFES: I always have said that his greatest strength was if he got all the information on an issue, he would probably make the right decision, but his weakness was that many times, he didn't seek all the answers. I think it really goes to how he operated as governor, which was the way he operated as a movie actor, which was he was the center, the product, and the studio or in this case, the state, provided the people that helped him get done what he had to do.

LOU CANNON: You were making a comparison between Reagan as actor and as governor.

GEORGE STEFFES: I was saying that his weakness was that he didn't always seek all the answers. He took what was brought to him, which then relied heavily on staff and other people to get the information to him. If he'd got it, he'd make the right decision.

LOU CANNON: Let's stay with that metaphor for a minute. Other people have used it and I think there's a lot of merit to it, but if Reagan is the actor who's given the wrong lines or the director wasn't up to his game, he didn't do as well. You're saying he was like this as governor. If he was fully informed, he'd make good decisions, but there were times that for one reason or another, he wasn't.

There's another incident in that book that tells us a lot about Reagan, and about you. I think you, that early in his governorship, Reagan became involved with public recriminations with Pat Brown, the governor he had defeated, and you told Reagan that was beneath him. As you told me this story, Reagan paused for a minute and said, "You're right, and I'm never going to do it anymore." As far as I know, he never did. When Brown came back there, Reagan treated him like he was a king, but this anecdote suggests that Reagan's aides could be candid with him and that he could learn from that.

GEORGE STEFFES: Absolutely. That's what I was talking about: his greatest strength is he would listen to everybody and make his own decisions. I think a great example of that is one of the issues people talk about a great deal: it's the Tony Beilenson Abortion Bill, which the governor signed, and which everybody just assumed was against his principles, and it was. I was there when he talked to Tony. Tony came in to try and convince him to sign the bill. I can't remember most of the dialogue, but I remember what Reagan finally told Tony Beilenson, which is, "Tony, I disagree with you, but you, and a lot of other legislators, including Republican leadership, voted for the bill, so I'm going to sign the bill." He was willing to listen to other people.

Another example is he signed the gas tax, the sales tax on gasoline. He signed it... A large group of people from Los Angeles came to talk to him in Sacramento to try and get him to sign the bill instituting the sales tax on gasoline, and he said to them much as he'd said to Tony, "I disagree with you. I'd rather not have a tax increase, but you guys have to live in Los Angeles." They had told him that they really had to have money in order to finance the transportation system or they were going to have really major problems, and he said, "You have to live in Los Angeles. You say you've got to have the money," so he signed the bill.

LOU CANNON: Another example would probably be withholding. He was against (personal income tax) withholding. He said he was against it on the grounds that if you

didn't have withholding, you realized how much the tax bill would be when you got it, but everybody wanted it really for purposes of making the government work better with the collection system. I think, if I'm not mistaken, Verne Orr was much more realistic with him about it than the previous finance director.

GEORGE STEFFES: Yes, previous. Cap Weinberger. Cap Weinberger was the ultimate staff person. He knew the governor didn't want withholding, so he only told the governor the parts of the story that backed up what Reagan wanted. Verne Orr came in when Cap left to go to Washington and Verne Orr came in and said, "We've got to have withholding." We had a meeting over in one of the agencies, a luncheon meeting, where everybody that was involved put out the facts to the governor on why we needed withholding. He, again, decided to institute withholding.

It's interesting. I had to go back and have him sign some bills after that lunch, and so I went back with him. There were just the two of us in the office, and he said, "George, why didn't people tell me before this about the other side of the withholding issue?" I said, "Governor, there are people around here who would tell you only what you want to hear." One of the few times I'd ever seen angry, he threw his glasses down on the desk and said, "I'm going to either have people who tell me what I ought to hear or I'm going to get different people." I had to chuckle to myself, because I figured that wouldn't happen to any great extent, but again, it proved what I'm talking about: a great example of when he got all the information, he made generally the right decisions.

LOU CANNON: Reagan was a delegator. A lot of people put that to laziness, which it wasn't, in my mind. He was deliberately a delegator. I remember he was asked a question on – I know he wouldn't want to remember this – it was by Charlie Rose for a Texas station when he was on the campaign trail in 1976. Being a 9 to 5 governor was the gist of his question and Neither ____ the governor was suggesting this questioning, and Reagan says, "You show me an executive who works long, hard hours, and I'll show you a bad executive." He really got a bit overheated. Can you talk to me about Reagan's proclivity for delegation?

GEORGE STEFFES: To do that, I have to talk a little bit about something else, which is Reagan being a very trusting person. Reagan never doubted the people on his staff that they would do a good job. Sometimes, we had to change people, because they weren't doing a good job, but he never conveyed any negative about his staff. We always felt like he was totally behind us and that he supported us. I think that was part of his basic nature, not his management style or whatever. You know they say about the talk in sports, the stars make the people around them better than they would be otherwise -- that was Reagan. He made the people around him better than they would have been otherwise.

LOU CANNON: Reagan, I think, got into trouble, when he was president maybe because of this characteristic that you've just described. He believed people like Admiral Poindexter who was his national Security Adviser not telling him the truth, but Nancy Reagan always said that she had better antenna than her husband. She said that he believed he thought everybody who professed his agenda was wonderful… I think she said, "Distinguish the people who are trying to do good and the people who are trying to do well for themselves," and she watched him. Can you talk about Nancy a little bit as well?

GEORGE STEFFES: Sure. First of all, Nancy's role as Nancy thought, and therefore as it was, was to protect Ronald Reagan. She wasn't interested in running people on the staff on issues and things like that. She just made sure that Ronald Reagan got protected by somebody who... The thing she meant about that she was a little better at judging people is that she was less trusting than Ronald Reagan. Trust is a basic personality characteristic, human characteristic. On a scale of one to ten, if one is the most trusting, Ronald Reagan was a one, and Nancy was probably a seven or an eight. I was there five years, running the legislative program and during the five years, Nancy Reagan called me one time about an issue. What she called me about was that a legislative leader had made a really dumb bunch of statements about Ronald Reagan publicly. She called me to talk to me about this legislator making these statements, which she was really angry at, because they were horse's ass statements. They really were. We went on with her telling me and me telling her about the legislator for about five or ten minutes. When the conversation slowed down, she said, "Well, what are you going to do about it?" I said, "Nancy, he was a horse's ass before he made the statement. He's going to be a horse's ass after the statement, and I've got better things to do." She said, "Oh, OK. Thanks." Our kids went to the same school, and she called me once about a thing with the principal in the school but not as a staff person, as a fellow parent. I had no sense whatsoever of her calling me to get me to do something because I was a Reagan staffer. She treated me as an equal. I have one other story, because as you could tell, my relationships with Nancy were all positive. After I left the governor, he backed Proposition 1A, the property tax predecessor to Prop 13. I was by then a private lobbyist. We had about thirteen clients. Most of the lobbyists told their clients to stay out of that race, because Bob Moretti, the Democratic speaker, was leading the opposition to the governor's proposition. Most people told their clients, "Stay out of the race. You're just going to get hurt if you get in the middle of it." We told our clients to do what they felt they wanted, and out of the thirteen, eleven of our clients supported Reagan, and two opposed him. Our clients gave a total of about eighty-five thousand dollars to the pro 1A side. One day, Moretti's people called us and asked if they could use our airplane for a trip someplace in California to oppose 1A, so we let them use the plane. Our clients for the initiative had spent eighty-five thousand and our clients against it maybe spent two thousand. While I'm out on the golf course a few days later, I got a call from one of the governor's senior staff people who says to me, "George, did you let your plane be used to oppose proposition 1A?" I said yes, and that's all I said. I just said yes. There's just silence on the phone. Finally, I said, "Do you have any other questions?" No. I hung up and I went and finished playing golf. That night, I learned from a friend of mine, there was a big staff dinner at the governor's house, where one of the major topics was that traitor, GEORGE STEFFES, who let his plane be used against Proposition 1A. One of the most vocal people about that traitor GEORGE STEFFES was Nancy Reagan. I heard about it from my friend. I wrote a letter to the governor, basically saying, "I spent five years with you. I think at least you'd at least deserve to hear my side of the story," and then I gave it to his Highway Patrol driver, because I couldn't be sure that the staff would ever let him read the letter. The driver gave him the letter and the next day, his secretary called and said, "George, the governor wants to talk to you." I went over, sat down with him and said, "Unlike all the other people here, my clients gave your 1A eighty-five thousand and two thousand to the other side, because we said " Do support what you think is right for you' to our clients." I said, "That's what happened, Governor." He said, "Nobody told me that." I said, "Governor, nobody ever tells you anything they don't want you to hear." The point of the story is still to come. About six months later, I was at a Republican fundraiser in Los Angeles. Outside of the conference room, there's a huge entry area of about two or three hundred

feet. Nancy was at one end of it, and I was at the other after the thing was over. Nancy saw me, came over the width of entry way and hugged me and said, “George, I was wrong. I’m sorry.” I say that because on the one hand, her only job in her mind was protecting Ronald Reagan, but I think she was still a pretty genuine person.

LOU CANNON: This doesn’t really have much to do with your interview but I told a story in my book about how she had come up and was sympathetic to a Democratic legislator whose child was terminally ill and how she made them feel so much better, saying, “I’m a doctor’s daughter.” I said that’s a story you don’t often hear in Sacramento. I’ve had comments on everything else I’d written in those books; I have never had a comment on that chapter. No one has ever said, “That’s another side of Nancy Reagan” or… It’s interesting. That story you told is really good. I’d like you to tell another story, because I remember in the beginning of his governorship, Reagan was kind of aloof from the legislators. Stu Spencer said the only legislator he knew was Charlie Conrad, and that’s because Charlie was an actor. He didn’t really know any of these guys. I knew a lot of the Republican legislators, Monagan, Veneman and Bill Bagley and those guys, and it really sort of rankled them, not that the governor was on a different path than they were, but he didn’t even notice them. You brought them together and changed that somewhat. Tell me about it.

GEORGE STEFFES: First, it started out when Phil Battaglia and Lyn Nofziger, who were the heads of the Reagan administration in the beginning, didn’t think they needed the help of the legislature, much like you hear from some other politicians today. Their attitude was: If the legislature doesn’t do what I want, we’ll just go directly to the people.

On the other side of it, many of the members that you’ve mentioned didn’t really give Reagan a chance in the beginning. They wanted somebody else. They wanted George Christopher, who was from San Francisco.
Many of them felt very frankly that they’d spent many years as a minority in Sacramento and that one of them was expecting to come in and be one of the people who ran for governor and therefore claimed the reward for finally taking over the majority in Sacramento, and this amateur came along and took all the votes. They weren’t happy about it. They didn’t get along very well. All of that took about probably nine to ten months to get straightened around. First of all, as an example, I worked out a private deal with the governor, that nobody ever heard about, and that was that any legislative member that wanted to see the governor for any reason got to see him. We never told anybody that was the policy, but that was our policy. It was because he understood very early on that he needed to deal with the legislators, and he was willing to do it. One of other stories about it, one of the major Republican opponents to Ronald Reagan was Bill Bagley. He was really anti-Ronald Reagan. At the beginning of the second year, in January 1968, there was an annual crab feed in Sacramento, where the governor was the featured speaker and all the legislators came to the crab feed to kick off the year. The governor came. Up until that point, he had not had very good relations, was very ill at ease with legislators. You could see it when you met with him that he was not the normal Ronald Reagan He was uncomfortable. We went to the crab feed and the dinner was up on the second floor of this building. It’s all over, and we were walking out. He had wowed them. He had put on a great performance as the featured speaker. As we were walking down the stairs to the first floor, Bill Bagley was at the top of the stairs and said, “Boy, that GEORGE STEFFES is really a good staff person.” The governor turned around with a big smile on his face, made it obvious he saw who had said that, the smile vanished and said, “George, come out to the car. I want to talk to you,” and he brought

down the house, because everybody knew he was joking, of course. We went out to the car. I drove back to the house with him, and he said, “George, Bill Bagley just wants attention. Let’s make sure we give him attention.”

LOU CANNON: And then you did give him something.

GEORGE STEFFES: Oh, yeah! He was totally willing to do whatever you asked him to do with legislators except he didn’t like the ceremonial photographs and bill signings with the legislators. He was out of the state one time and Bob Finch, the lieutenant governor, was the acting governor. The first thing he did was have pictures with any of the legislators who wanted to come and have pictures with the governor. When the governor came back, I told him what Finch had done with everything and he kind of frowned. I said, “Governor, something most of these guys spend their whole lives trying to get five minutes of coverage, and having a picture taken with the governor helps them.” He said, “I never thought of that.” From then on, we spent a lot more time whenever people wanted help with their stuff.

LOU CANNON: In 1971, moving forward to the second term, Reagan sat down with Bob Moretti, the assembly speaker, and they worked out a bill that was quite remarkable on welfare reform. You played a role in that. So did our late friend, Bill Hauck. Tell that story.

GEORGE STEFFES: First of all, Bob Moretti didn’t like Ronald Reagan and Ronald Reagan didn’t like Bob Moretti. The reason they didn’t is simply because they didn’t know each other. We decided that in order to get welfare reform, we had to have Bob Moretti’s help. Bill Hauck was a friend of mine, and Bill and I decided that we needed to get them together, which we did. In the capital world, legislators came to the governor, the governor didn’t go to legislators. We deliberately… Reagan just one day walked up to Bob Moretti’s office and sat down and said he wanted to talk to him about welfare reform. The thing the two of them have in common is they both thought they were there to do something, and so they decided to have negotiations for a welfare reform package. It was extensive. It was legislators and members of our administration: Tony Beilenson, John Burton, Bill Bagley, Leo McCarthy. There were seven or eight of them and our heads of our business and transportation agency, health and welfare agency, Ed Meese, the executive director.

LOU CANNON: Bob Carlson?

GEORGE STEFFES: Yeah, Bob. Bob Carlson. And the welfare department director. It was the best example of good governing that I’d been a part of in all of the years I’ve been in Sacramento, because for a week, and some of them were very far apart in policy, the two sides negotiated with each other. Reagan and Moretti were not there for most of the time. It was legislators and staff members. There was no quid pro quos with other issues. It was just welfare reform and negotiating the reform. At the end, about Thursday, Ed Meese and I decided that we were really bogging down, that we were just kind of haranguing back and forth, so Bill Hauck went to Moretti and I went to Reagan and said, “Hey! If you guys don’t get in and do something about this, this is going to fall apart.” Bob Moretti went to his legislators. Reagan went to his people and said, “Get it done.” That’s why it got done. It wasn’t perfect by any means, but a major welfare reform got done because the two of them could get together.

LOU CANNON: Moretti, who came out of those week and half or whatever it was, feeling much better about Reagan. In fact, I don't recall him ever running down Reagan after that. They were able to do some things. They weren't wonderful, but they were steps forward on school finance or other issues, on taxes. Bob's take on this was that it all came from what they did on this one bill and developing some respect for each other. When I interviewed Reagan, he also showed some respect for Moretti. Tell me a little bit more about that.

GEORGE STEFFES: The basic thing that caused that, I think, is that Ronald Reagan was not political. He didn't care about parties and politics. He would do what he needed to do as governor but it wasn't because he was excited about the subject. He was interested in governing and he discovered, and Moretti discovered, that each of them were interested in the substance of things. Like with most people, before welfare reform, they didn't know each other at all. After they knew each other better and when human beings get to know each other, they generally get along better. That's what happened.

LOU CANNON: You said to me once that you thought Reagan was a better president than he was a governor. Do you still feel that way?

GEORGE STEFFES: I thought you said that too.

LOU CANNON: Oh, I think that. There is no question. I think that, but why did you think that?

GEORGE STEFFES: As I remember reading in somebody's book one time, he got great on-the-job training by being governor, and as we see many times, lack of experience really doesn't help when you're governor. By the time he got to be president, he had changed. When he left the governorship, I don't want to say that there were legislators who were his close friends, but they were his good, friendly associates in governing. I think that's one of the things that made his presidency better. Another thing that made his presidency better is he was most interested in that area than he was in state government. My great example of that is once, I don't know what year it was, but it was prior to 1972, which is when I left, so it was in 1971 or earlier. That's a long time before he became president. I had to get him to sign some bills one night. This was during the period when the legislature is out of session, so he was down in Los Angeles, so I took a bunch of bills that I had for him to sign down to his house. I came into his house and he said, "Come on back to my bedroom or his desk, and we'll sign the bills." I went back there, and on a nightstand, there was a book about the Soviet Union. I can't remember what the subject was but it was about the Soviet Union, and I said, "Governor, I see you've been reading about the Soviet Union. I got a five to ten-minute lecture about how we could eliminate the Soviet Union by driving them into what amounted to economic bankruptcy because they couldn't continue to do what they were doing and survive." That was nine years before he became president. He really had an interest in…

LOU CANNON: He really ran for governor because that was the only office available. Just one more question… I don't remember who these were, but there were some people who, in 1970, wanted Reagan to run for senate against Cranston, and he just turned them down flat. He wasn't interested at all in becoming a senator. He seemed like an executive person.

GEORGE STEFFES: You know, he got along with the legislators. He did a good job with them, but he wasn't one of them. That was not his area.