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*Proceedings*  
OF THE  
NATIONAL  
GOVERNORS'  
CONFERENCE  
1969

SIXTY-FIRST ANNUAL MEETING  
BROADMOOR HOTEL • COLORADO SPRINGS, COLORADO  
AUGUST 31-SEPTEMBER 3, 1969

THE NATIONAL GOVERNORS' CONFERENCE  
IRON WORKS PIKE  
LEXINGTON, KENTUCKY 40505

THE COUNCIL OF STATE GOVERNMENTS  
IRON WORKS PIKE  
LEXINGTON, KENTUCKY 40511

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*Published by*

THE NATIONAL GOVERNORS' CONFERENCE

IRON WORKS PIKE

LEXINGTON, KENTUCKY 40505

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## EXECUTIVE COMMITTEE

1968-69

Honorable Buford Ellington  
Governor of Tennessee, Chairman

Honorable John Dempsey, Governor of Connecticut  
Honorable Mills E. Godwin, Jr., Governor of Virginia  
Honorable Stanley K. Hathaway, Governor of Wyoming  
Honorable Warren E. Hearnes, Governor of Missouri  
Honorable Harold LeVander, Governor of Minnesota  
Honorable Louie B. Nunn, Governor of Kentucky  
Honorable Raymond P. Shafer, Governor of Pennsylvania  
Honorable Norbert T. Tiemann, Governor of Nebraska

## EXECUTIVE COMMITTEE

1969-70

Honorable John A. Love  
Governor of Colorado, Chairman

Honorable Albert P. Brewer, Governor of Alabama  
Honorable Kenneth M. Curtis, Governor of Maine  
Honorable Warren E. Hearnes, Governor of Missouri  
Honorable Robert E. McNair, Governor of South Carolina  
Honorable Arch A. Moore, Jr., Governor of West Virginia  
Honorable Calvin L. Rampton, Governor of Utah  
Honorable Winthrop Rockefeller, Governor of Arkansas  
Honorable Don Samuelson, Governor of Idaho

OTHER COMMITTEES OF THE NATIONAL  
GOVERNORS' CONFERENCE, 1969\*

COMMITTEE ON COMMUNITY DEVELOPMENT  
AND URBAN RELATIONS

Governor Richard J. Hughes, New Jersey—Chairman  
Governor Warren P. Knowles, Wisconsin—Vice Chairman  
Governor Albert P. Brewer, Alabama  
Governor John Dempsey, Connecticut  
Governor Luis A. Ferré, Puerto Rico  
Governor William G. Milliken, Michigan  
Governor Russell W. Peterson, Delaware  
Governor Robert W. Scott, North Carolina  
Governor Preston Smith, Texas

COMMITTEE ON EXECUTIVE MANAGEMENT  
AND FISCAL AFFAIRS

Governor Daniel J. Evans, Washington—Chairman  
Governor John A. Burns, Hawaii—Vice Chairman  
Governor Kenneth M. Curtis, Maine  
Governor Deane C. Davis, Vermont  
Governor Claude R. Kirk, Jr., Florida  
Governor Harold LeVander, Minnesota  
Governor Marvin Mandel, Maryland  
Governor Winthrop Rockefeller, Arkansas  
Governor Raymond P. Shafer, Pennsylvania  
Governor John Bell Williams, Mississippi

COMMITTEE ON HUMAN RESOURCES

Governor Nelson A. Rockefeller, New York—Chairman  
Governor Robert E. McNair, South Carolina—Vice Chairman  
Governor Melvin Evans, Virgin Islands  
Governor Warren E. Hearnes, Missouri  
Governor Tom McCall, Oregon  
Governor Richard B. Ogilvie, Illinois  
Governor Walter Peterson, New Hampshire  
Governor Francis W. Sargent, Massachusetts

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\*As of August 31, 1969—opening date of Conference.

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**COMMITTEE ON LAW ENFORCEMENT,  
JUSTICE, AND PUBLIC SAFETY**

Governor Calvin L. Rampton, Utah—Chairman  
Governor James A. Rhodes, Ohio—Vice Chairman  
Governor Forrest H. Anderson, Montana  
Governor David F. Cargo, New Mexico  
Governor Mills E. Godwin, Jr., Virginia  
Governor Frank Licht, Rhode Island  
Governor Louie B. Nunn, Kentucky  
Governor Robert D. Ray, Iowa

**COMMITTEE ON NATURAL RESOURCES, ENVIRONMENTAL  
MANAGEMENT, AND AGRICULTURE**

Governor William L. Guy, North Dakota—Chairman  
Governor Dewey F. Bartlett, Oklahoma—Vice Chairman  
Governor Carlos Camacho, Guam  
Governor Frank L. Farrar, South Dakota  
Governor John M. Haydon, American Samoa  
Governor Lester G. Maddox, Georgia  
Governor Keith H. Miller, Alaska  
Governor Don Samuelson, Idaho  
Governor Norbert T. Tiemann, Nebraska

**COMMITTEE ON TRANSPORTATION,  
COMMERCE, AND TECHNOLOGY**

Governor John A. Love, Colorado—Chairman  
Governor Robert Docking, Kansas—Vice Chairman  
Governor Stanley K. Hathaway, Wyoming  
Governor Paul Laxalt, Nevada  
Governor John J. McKeithen, Louisiana  
Governor Arch A. Moore, Jr., West Virginia  
Governor Ronald Reagan, California  
Governor Edgar D. Whitcomb, Indiana

\* \* \*

Governor Buford Ellington, Tennessee—Chairman of the  
National Governors' Conference—is an ex officio  
member of all Committees.

## ATTENDANCE

Albert P. Brewer, Governor of Alabama  
Keith H. Miller, Governor of Alaska  
John M. Haydon, Governor of American Samoa  
Jack Williams, Governor of Arizona  
Winthrop Rockefeller, Governor of Arkansas  
Ronald Reagan, Governor of California  
John A. Love, Governor of Colorado  
John Dempsey, Governor of Connecticut  
Russell W. Peterson, Governor of Delaware  
Claude R. Kirk, Jr., Governor of Florida  
Lester G. Maddox, Governor of Georgia  
Carlos G. Camacho, Governor of Guam  
John A. Burns, Governor of Hawaii  
Don Samuelson, Governor of Idaho  
Richard B. Ogilvie, Governor of Illinois  
Edgar D. Whitcomb, Governor of Indiana  
Robert D. Ray, Governor of Iowa  
Robert Docking, Governor of Kansas  
Louie B. Nunn, Governor of Kentucky  
John J. McKeithen, Governor of Louisiana  
Kenneth M. Curtis, Governor of Maine  
Marvin Mandel, Governor of Maryland  
Francis W. Sargent, Governor of Massachusetts  
William G. Milliken, Governor of Michigan  
Harold LeVander, Governor of Minnesota  
Warren E. Hearnes, Governor of Missouri  
Forrest H. Anderson, Governor of Montana  
Norbert T. Tiemann, Governor of Nebraska  
Paul Laxalt, Governor of Nevada  
Walter Peterson, Governor of New Hampshire  
Richard J. Hughes, Governor of New Jersey  
David F. Cargo, Governor of New Mexico  
Nelson A. Rockefeller, Governor of New York  
Robert W. Scott, Governor of North Carolina  
William L. Guy, Governor of North Dakota  
James A. Rhodes, Governor of Ohio  
Dewey F. Bartlett, Governor of Oklahoma  
Tom McCall, Governor of Oregon  
Raymond P. Shafer, Governor of Pennsylvania

Luis A. Ferré, Governor of Puerto Rico  
Frank Licht, Governor of Rhode Island  
Robert E. McNair, Governor of South Carolina  
Frank L. Farrar, Governor of South Dakota  
Buford Ellington, Governor of Tennessee  
Calvin L. Rampton, Governor of Utah  
Deane C. Davis, Governor of Vermont  
Mills E. Godwin, Jr., Governor of Virginia  
Melvin H. Evans, Governor of the Virgin Islands  
Daniel J. Evans, Governor of Washington  
Arch A. Moore, Jr., Governor of West Virginia  
Warren P. Knowles, Governor of Wisconsin  
Stanley K. Hathaway, Governor of Wyoming

## GUESTS

The Honorable Richard M. Nixon, President of the United States  
Mrs. Richard M. Nixon  
The Honorable Spiro T. Agnew, Vice President of the United States  
Mrs. Spiro T. Agnew  
Nils A. Boe, Director, Office of Intergovernmental Relations Office of the  
Vice President  
C. Beverly Briley, President, National League of Cities  
Arthur F. Burns, Counsellor to the President  
J. Shane Creamer, Director, Pennsylvania Crime Commission  
Lee A. DuBridge, Science Advisor to the President  
Pierre Dumont (French Prefect)  
Conrad Fowler, President, National Association of Counties  
John E. Ingersol, U. S. Department of Justice  
James Jeffrey, Executive Director, Fellowship of Christian Athletes  
George A. Lincoln, Director, Office of Emergency Preparedness  
Jack D. Maltester, President, U. S. Conference of Mayors  
Milton Pearl, Director, Public Land Law Review Commission  
Lawrence W. Pierce, Chairman, New York State Narcotic Addiction Control  
Commission  
George Romney, Secretary of Housing and Urban Development  
Raymond Rudler (French Prefect)  
Jack Shaffer, U. S. Department of Transportation  
George P. Shultz, Secretary of Labor  
J. E. Wallace Sterling, Chancellor, Stanford University  
Frank Turner, U. S. Department of Transportation

Richard Velde, U. S. Department of Justice  
Carlos Villarreal, U. S. Department of Transportation  
Lucien Vochel (French Prefect)  
John A. Volpe, Secretary of Transportation  
John Wentz, President, International City Management Association  
Reginald Whitman, U. S. Department of Transportation  
Will Wilson, Assistant Attorney General of the United States

## PROGRAM

### Sunday, August 31

- 12:00 noon      Luncheon Meeting of Executive Committee
- 4:00 p.m.      Briefing for Governors' Aides
- 6:30 p.m.      Prospectors Steak Fry for Governors and Their  
Wives Only
- 7:00 p.m.      "Bier Stube" Buffet for Other Conference  
Participants

### Monday, September 1

- 8:30 a.m.      Opening Session  
International Center

Presiding:  
Governor Buford Ellington

Call to Order and Invocation

Welcoming Remarks:  
Governor John A. Love

Annual Address of the Chairman and  
Report of Executive Committee:  
Governor Buford Ellington

Adoption of Rules of Procedure

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- 9:15 a.m.      Discussion Session
- “Governors and the Problems of the Cities”
- Presiding:  
                  Governor Richard J. Hughes, New Jersey
- 11:00 a.m.      Discussion Session
- “Revenue Sharing”
- Presiding:  
                  Governor Daniel J. Evans, Washington
- 12:45 p.m.      Recess
- Afternoon Open for Optional Host State Events
- 6:00 p.m.      Private Dinner for Governors and Their Wives Only  
                  (Black tie) Penrose Room
- 8:30 p.m.      State Ball for All Conference Participants  
                  (Black tie) International Center
- Address  
                  The President of the United States

Tuesday, September 2

- 7:45 a.m.      Prayer Breakfast for Governors and Their Wives Only  
                  Hotel Ballroom
- Presiding:  
                  Governor Arch A. Moore, Jr.,  
                  West Virginia
- Guest Speaker:  
                  James Jeffrey, Executive Director  
                  Fellowship for Christian Athletes



- 9:00 a.m.      Discussion Session  
International Center
- “Major Issues in Human Resources”
- Presiding:  
Governor Nelson A. Rockefeller, New York
- 10:45 a.m.      Discussion Session
- “Transportation”
- Presiding:  
Governor John A. Love, Colorado
- 12:30 p.m.      Recess for Lunch
- 2:00 p.m.      Closed Executive Session for Governors and  
Aides Only  
Hotel Ballroom
- 7:00 p.m.      Special Western Buffet and Entertainment  
International Center

Wednesday, September 3

- 8:15 a.m.      Discussion Session  
International Center
- “Response to the Challenge of Crime”
- Presiding:  
Governor Calvin L. Rampton, Utah
- 10:15 a.m.      Discussion Session
- “Environmental Quality”
- Presiding:  
Governor William L. Guy, North Dakota

12:00 noon

**Closing Business Session  
International Center**

**Presiding:  
Governor Buford Ellington**

**Consideration of Policy Statements**

**Invitations from Prospective Host Governors to  
Future Annual Meetings**

**Election of Officers**

**Other Business**

**Adjournment**

# MORNING SESSION

## Monday, September 1

Governor Buford Ellington: Ladies and Gentlemen, I will ask you to stand while Reverend George Otto of the Broadmoor Community Church gives the Invocation.

Reverend George Otto: Let us pray. Thou art the Spirit of justice and love. We give Thee thanks for all of the expressions of justice and love and our heritage. We praise Thee for the commitment and achievement of those who have gone before us. Grant to us the presence of Thy Spirit so that we may utilize responsible power so the quality of life in our several States may reflect the full measure of our destiny as men. Grant to us Thy peace as we seek peace in our Nation and world. Amen.

Governor Ellington: There is no way for me to make an introduction for our Host Governor. Most of you know him as well as I do. He has done a terrific job, he and his committee, in planning this Conference. I have been here since Thursday afternoon and it has been most pleasant. John Love is truly a Governor who is dedicated to his job and loves his people. And beyond that, he has made a contribution and extended friendship and help to every Governor present. So we are very happy to have John now for his remarks.

Governor John A. Love: Thank you very much. Buford and my fellow Governors: I think I have had the opportunity to indicate to each of you individually how pleased and proud we are to have you all present. Colorado is indeed honored to have the Governors of the several States, the Territories and also three Prefects from France here. This is the second time that we have been so honored. Twenty years ago Colorado first hosted the Nation's Governors at the Broadmoor. I thought you might find it interesting to know which Governors of the various States were here twenty years ago.

James E. Folsom, Alabama; Dan E. Garvey, Arizona; Sidney S. McMath, Arkansas; Earl Warren, California; Lee Knous, Colorado; Elbert N. Carvel, Delaware; Herman Talmadge, Georgia; C. A. Robins, Idaho; Adlai E. Stevenson, Illinois; Henry F. Schricker, Indiana; William S. Beardsley, Iowa; Frank Carlson, Kansas; Earle C. Clements, Kentucky; Earl K. Long, Louisiana; Frederick G. Payne, Maine; William Preston Lane, Jr., Maryland; Paul A. Dever, Massachusetts; G. Mennen Williams, Michigan; Luther W.

Youngdahl, Minnesota; Forrest Smith, Missouri; Val Peterson, Nebraska; Vail Pittman, Nevada; Alfred E. Driscoll, New Jersey; Thomas J. Mabry, New Mexico; Thomas E. Dewey, New York; W. Kerr Scott, North Carolina; Fred G. Aandahl, North Dakota; Roy J. Turner, Oklahoma; Douglas McKay, Oregon; James H. Duff, Pennsylvania; John O. Pastore, Rhode Island; J. Strom Thurmond, South Carolina; George T. Mickelson, South Dakota; Gordon Browning, Tennessee; Beauford H. Jester, Texas; J. Bracken Lee, Utah; Ernest W. Gibson, Vermont; William M. Tuck, Virginia; Arthur B. Langlie, Washington; Okey L. Patteson, West Virginia; Oscar Rennebohm, Wisconsin; Arthur G. Crane, Wyoming; Ernest Gruening, Alaska; Ingram M. Stainback, Hawaii; and William H. Hastie, Virgin Islands.

I know it has occurred to all of us that being a Governor is a transitory thing. We comment on the mortality but I think that list indicates that old Governors do not necessarily just fade away. There are many, many in that list who continue to serve.

I also found it interesting to look at the program of twenty years ago and see the subjects of discussion—Social Security and Welfare, Education, Inter-governmental Relations, Highway Construction and Safety. The list is familiar. It may indicate that they did not discuss these well enough to ultimately solve them because they are the same subjects that we will be dealing with. But I am very hopeful that this Conference, particularly with the position taken by the National Administration in the area of revitalization of our federal system and strengthening of our States, can indeed make marked progress in the various areas of our concern.

Again, welcome. We hope that you will enjoy your stay here. We hope that you will let us know if there is anything that we can do. We hope that you will return often. Thank you very much.

Governor Ellington: Thank you, John, for that fine welcome. I think probably the only thing better than Colorado is the people of Colorado. Special thanks go to our gracious Host Governor and Mrs. John Love. They have done a magnificent job in planning this Conference. We look forward with pleasure to the days ahead.

To say that serving as your Conference Chairman has been an honor and privilege is probably trite. But nevertheless, I am sincere. It certainly has been the highlight of my career, mainly because the honor came from such a great group of men. I have been told that the opening remarks of the Chairman are supposed to include a lot of material about what has been going on during the past year. I hope you do not mind too much if I include most of it in a written report, which will be distributed to you.\*

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\*Governor Ellington's Report on behalf of the Executive Committee is contained in Appendix VII.

As you know, I have attended several of these Conferences—this is my seventh, dating back to 1959. I feel one of my great rewards in public service is the personal friendship with some great fellows. But, more importantly, are the beneficial changes that have come about in the Governors' Conference itself. No longer are our meetings a forum for political hassles. No longer do we play one region of the country against another. No longer do we gripe about the federal government while not having our own houses in order. No longer do we let out great diversity divide us on common issues that are important to all States.

Yes, we are all politicians—sure—but we can come together as men of reason—men of purpose—men of commitment. I am convinced that activities of the last half of this soon-ending decade have altered the course of what our system of government will be in the future. We have turned the corner in the sixties to assert state government as vital and indispensable in our federal system. . . and we should firmly establish the importance of these beneficial changes in the seventies.

This is not to say the task is complete—or even completely begun. What it does mean is that on many, many major national issues you can throw away the label of Republican or Democrat. And I would point out you can not accurately define positions by referring to a Southern Governor or a Western Governor. And you can look for a single, unified position from the Nation's Governors. And that is the way it should be. This doesn't mean, of course, that we won't have some lively debates on certain issues—you can count on that. But, again, it does mean that our differences come from a desire to serve our own people as best we can. A unified position can be taken on one central idea: State government must fill its place in our federal system—and can meet these challenges as evidenced by the responsive and responsible actions of the past few years.

To carry this one step further—all Governors know that we are not just talking about state government being a viable and responsible level of government—we must just as diligently aid our city and county officials to assure that local government maintains and strengthens its rightful role in our federal system. I am firmly convinced we are entering a new era of cooperation with our mayors and county officials—and evidence of this is represented here today by the presence of the presidents of the four national local government organizations. As Chairman of the National Governors' Conference—I would like to call for a new and higher level of cooperation with our local government officials—this is essential because the enormous task of providing public service for our citizens requires the very best from all levels of government.

We must expend our energies for positive results—we must look for new and innovative ways to make government effective and we don't have the

time to waste our energies on jurisdictional battles, or anything that will not produce positive results. An important—and long sought-after—step was taken when President Nixon introduced his plan of revenue sharing. The road from introduction to passage is a long and rocky one. We will discuss this issue in depth in just a few minutes, but I do want to emphasize its importance. Important not just to Governors—but to the people we serve.

I want to commend President Nixon for introducing his revenue sharing and other important domestic program proposals. Let me say here, as I said in the very beginning, I hope that in all of these proposals we will lay aside politics, as such, and look at them and support them or be against them, but look at them in the best interest of the people of our State regardless of our political affiliation. And, as one Governor, I will go on record endorsing the principles he outlined in both the revenue sharing and welfare revision proposals. Many other issues will be presented, discussed, and debated in these three days.

In closing, I can't say enough about the outstanding response made by our six committee chairmen—nor would enough adjectives exist to properly praise the dedicated and diligent work of your Executive Committee and the National Governors' Conference staff. To all Governors—let me say thank you for allowing me to serve as your Chairman—we've tried to do a good job.

Governor Ellington: The first item of business that we must conduct is to approve the Rules of Procedure for the Conference. These have been distributed to you. Except for the changes involving policy statements, the rules are identical with those followed last year. Do I hear a motion that the Rules of Procedure be adopted?

Governor Claude R. Kirk, Jr.: I so move.

Governor John Dempsey: I second that motion.

Governor Ellington: It has been moved and seconded. Is there any discussion? All in favor will say "Aye." Those opposed? The ayes have it.\*

Governor Frank Licht: The Rules just having been adopted, I desire to serve notice that I intend on Wednesday to ask for suspension of the Rules to consider a resolution dealing with the urban crisis and matters dealing with social welfare, revenue sharing and housing. I realize that you require suspension of the Rules and I ask to have it noted that I have already filed a resolution and given copies to every one of the Governors and also a policy statement. I would like to have that matter taken up on Wednesday.

Governor Ellington: Thank you, Governor Licht. We will take due notice of it. I would like also to note that the Executive Committee has ruled that each committee chairman will be able to present his entire group of policy statements. Your Executive Committee felt that the work done by the

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\*For text of Rules of Procedure, see Appendix III.

committee should be presented to the full Conference and we made this provision without any recommendation as to the passage of any or all of the policy statements. Therefore, each day, as we take up the policy statements, they will be acted on immediately after discussion and not delayed until Wednesday. One important change in the program concerning the adoption of policy statements is that the committees presenting these statements will do so as a part of their program presentation.

Now, gentlemen, it is my particular pleasure and honor to welcome for the first time in the history of our National Governors' Conference three distinguished Prefects. You know, of course, that a Prefect in France has pretty much the same responsibilities as a Governor in the United States except that he has solved problems of being elected, which we have not solved too well sometimes. We are all aware of the deep and abiding ties of friendship and alliance between the United States and France. Having these distinguished gentlemen with us helps us to recall that France and Frenchmen responded generously almost two hundred years ago in our hour of need, and that France and the United States have tried to lend each other a helping hand over those years. So the presence of these Prefects here today symbolizes, in addition to our countries' continuing friendship, that we both face similar problems and challenges. These gentlemen will be listening with special interest to the problems and solutions which we discuss in the next few days.

It is a pleasure and a privilege for me to present to you the Honorable Pierre Dumont, Prefect of the Department of the Nord and Regional Prefect for the Nord.

Monsieur Pierre Dumont: Mr. Chairman and Governors: On behalf of my friends, Raymond Rudler and Lucien Vochel, I personally am delighted to thank you for your invitation. It is a great honor and pleasure for us to attend this Conference. Our systems are different. But as the Chairman said, our domestic problems are the same. I think we have many things to learn from you. At the same time we find an opportunity of expressing our great admiration for your country and the deep friendship between France and the United States of America. On behalf of the Minister of the Interior and for France, I ask each Governor to accept a little memento.

Governor Kirk: Mr. Chairman, I would like to record under Rule 1, Item 3, an intention to offer a motion, and ask for a suspension of the Rules some time tomorrow.

Governor Ellington: It is duly noted.

Governor Ellington: I would like to present another gentleman from France—we have enjoyed all three of these, may I call them Governors instead of Prefects because they look like pretty good typical Governors—the Honorable Raymond Rudler, Prefect of the Department of the Cher. Also I

would like to present Lucien Vochel, who is Prefect and Director General for Political Affairs in the Ministry of Interior. Thank you, gentlemen. We are so happy to have you with us.

Now I would like to welcome with pride four outstanding local governmental officials to our Conference, each of whom is a president of a national governmental organization. As I indicated earlier, we must work with our local officials. I am so very happy they have accepted our invitation to attend and participate in this meeting. First, Conrad Fowler, County Judge of Shelby County, Alabama, and President of the National Association of Counties. The second gentleman is Jack Maltester, Mayor of San Leandro, California. He is President of the United States Conference of Mayors. We are happy to have you here. We also have John Wentz, County Executive from Riverside, California, and President of the International City Management Association. You know, I hear a lot about Governors and Mayors of the large cities not being able to work together. The Mayor of my home town, Nashville, and Davidson County and President of the National League of Cities—we work very close together and we are happy to have you here, Mayor Briley.

Gentlemen, I believe that brings us down to our program as listed in your outlined program. It is a great pleasure for me to introduce a man that has done an outstanding job as Chairman of the Committee on Community Development and Urban Relations. He will preside over this session and this discussion. Governor Hughes, we are happy to have you here.

Governor Richard J. Hughes: Thank you very much. Mr. Chairman and members of the Conference: We are greatly honored today by having time set aside for discussion of our report by a former colleague in the person of the Secretary of Housing and Urban Development. Before calling upon him, I want to welcome him in this indirect way and tell him that the Executive Committee has determined that the reports and policy statements ought to be disposed of contemporaneously instead of holding them all up until Wednesday when the discussion would be cold. So there is a time limitation in view of the much broader topic of our discussion. Our report was prepared by an excellent task force, with consultation among the Governors. The staff director is from my own State, a man of whom I am very proud, Commissioner Paul Ylvisaker, Director of our Department of Community Affairs, who is here in case any questions concerning the general matters come up during our discussion. A group of consultants, including many men like John Gardner, were involved in preparation of this report. Since the report was circulated and discussed and amended and pared down and changed and gotten ready in final form, there have been very dramatic and exciting proposals bearing importantly on the well being of this Nation and its communities. I refer to the tax reform discussions and the welfare,



manpower, and revenue sharing proposals of President Nixon's Administration. These are proposals of major significance involving many billions of dollars. These deserve, as Governor Ellington has suggested, the fullest discussion here. I think that might better be done after the formal disposition of the committee's report, which is before you, and the adoption of the policy statements.

The importance of this kind of a look at the relationship between the States and the federal government and the communities, in connection with community development and urban relations, causes me to recall that before a U. S. Senate committee two years or more ago, I expressed the view that the States no longer have the option to choose whether they want to assume responsibility and become involved in urban affairs nor does the federal government have the option to choose whether it will involve the States if creative federalism is to have any meaning. The Governor members of the Committee on Community Development and Urban Relations were so convinced of this issue that they have called upon the Congress and the Administration to reexamine the role of the State in all aspects of federal, rural and urban development policies and programs. Consequently, this year's policy statement and report deal exclusively with changes needed at the federal level that would supplement and support current state activities. In previous years, especially in the 1967 report, the committee dealt with needed state action. The 1967 report still remains as the most complete and detailed program for state action available today. It is commended to you for careful and continuing current review. The committee began its work very early to meet a request by Secretary Romney for specific suggestions on how HUD's policies and programs might be changed to reflect the views of state government officials.

We wish to commend Secretary Romney for his personal concern for the interest of the States and his willingness to meet several times with our staff people. We are specially pleased with the new directions for state involvement that Secretary Romney has made in Operation Breakthrough—for mass produced housing, funding for state model cities programs and expended state coordination of federal planning grants. We look forward to greater cooperation in housing and renewal programs. I think it is also appropriate here to commend Secretary Finch for seeking our cooperation with the Department of Health, Education, and Welfare. Because of the recent letters and action of Secretary Romney and Secretary Finch, several of the proposed policy statements of this report are no longer needed.

The committee's report is the fourth draft of the Advisory Task Force. As I say, it has been amended and approved by the Governor members of the committee. It was also submitted to selected administration officials for comment prior to its final submission to the Governors. The urban issues

before the Committee on Development and Urban Relations have centered on rural-urban balance, renewal and housing, relocation, planning, coordination and model cities. The issues in the report are well defined, I think, and clearly documented.

I understand that Governor Dempsey is temporary chairman. I respectfully move, Mr. Chairman, the adoption of the report with the deletion of the last three policy positions, since Secretary Romney and Secretary Finch, as I have stated, have already begun to move on these issues and move very well. I move the acceptance of the report and adoption of the policy statements based upon it.\*

Governor Dempsey: Gentlemen, you heard the motion of the distinguished Chairman. What is your pleasure?

Governor Warren P. Knowles: I second the motion.

Governor Dempsey: Any discussion? If not, all in favor of the motion signify by saying "Aye." Those opposed? The ayes have it and so adopted.

Governor Hughes: Thank you very much, Mr. Chairman. Gentlemen, I would like you to hear in just a moment from a very wonderful vice-chairman. I will be leaving the Governors' Conference after this year and I would like very briefly to remark on the fact that this Nation seems about to embark on a massive redistribution of income and resources. This redistribution is to be accomplished by three apparently unrelated proposals concerning welfare reform, tax reform, and revenue sharing. Two of them have originated in the Nixon Administration and the third is the product of the House Ways and Means Committee. No legislation has been introduced on two of these proposals. Indeed, full details about the welfare and revenue sharing measures are not yet available, and we are forced to rely on the President's messages, and press comment upon them, to form our initial judgment. It is perhaps timely, then, to weigh now—before final legislative details have been worked out—the full implications of these measures for the Nation, for our respective States, and especially for our cities.

These three measures have the potential significantly to redistribute income and revenues both geographically and socially. Failure to consider all three proposals together, however, may result in a situation in which, after all things have changed, nothing has changed. The net effect, in other words, may be zero, if not negative. We may have lost our first major opportunity to do something about the "urban crisis." Let me be more specific. The Nixon Administration's proposals for welfare reform are an important step forward in many respects. The setting of uniform national minimum standards, the nationwide expansion of work incentive programs, and the disbursement of

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\*The advance draft report is on file in the offices of the National Governors' Conference. Policy statements as adopted are contained in Appendix IX of these proceedings.

payments through Social Security offices, are necessary and essential reforms.

However, the national minimum standard is well below the amount necessary for survival in our Nation's urban centers. In fact, the Department of Agriculture itself estimated that food costs alone would consume almost \$1,200 of the \$1,600 minimum standard (\$800 with food stamps). In most urban centers, the minimum standard for survival paid by welfare agencies approximates \$4,000 for a family of four. Conversely, in the rural areas of the South, the nationwide minimum will well exceed present payments. Under the President's program the poor will receive more dollars than ever before—\$2.5 billion more, if the Northern States maintain their present payment schedules. On the other hand, given the mechanics of the proposal as well as they can be discerned from the press releases and the public statements that must constitute the basis of our judgments at this time, geographically there will be a major redistribution of revenues to the South and to those other areas that have maintained low welfare standards. In fact, some Southern States could within five years discontinue any but the most marginal state expenditure for welfare at all. I must state that I consider this the objective neither of the welfare reforms nor indeed of any revenue sharing proposals I have yet heard discussed.

While this proposal has come from the Administration, the House Ways and Means Committee has also been moving—quite independently—to provide a tax reform bill of considerable dimensions. Again, the effect will be of some benefit to the poor. The reduction in effective rates scheduled by the House Ways and Means Committee, enacted by the House, and awaiting approval by the Senate, will return a benefit of over \$1.6 billion to persons having incomes below \$5,000. It should be noted that this benefit will accrue to the "working poor," that one-third of America's poor persons who are fully employed, and yet earn less than is necessary to have an adequate standard of living. Moreover, persons with incomes between \$5,000 and \$10,000 will realize a benefit of \$1.4 billion under the proposed reforms.

However, persons with incomes between \$10,000 and \$15,000 will receive reductions equaling \$1.1 billion; and those with incomes between \$15,000 and \$100,000 will receive benefits exceeding \$1.5 billion. In short, middle and upper income Americans will receive benefits—in the form of reduced liability—of over \$2.6 billion, an amount slightly larger than the increased cash payments to be received by the welfare poor though the Administration's welfare proposals. At the same time, those wealthy persons with incomes of \$100,000 will—under the proposed tax reform bill—share an increased liability of just \$300 million. The geographic implications of the tax reform again provide a redistribution of income which, this time, favors the suburban areas at the expense of the cities. This results quite simply from the fact that the great majority of persons having incomes exceeding \$10,000 no

longer live in the cities. Conversely, most persons with incomes below \$10,000 live on farms and in the cities of our Nation. In other words, the bulk of the benefit from the tax reform package will go to the suburbs and only a small portion to the cities. Tax reform will put about 24 percent of its benefits in the hands of center city families—significantly, more than revenue sharing, but less than the 27 percent going to suburban families. The remaining 50 percent of tax reform benefits accrue to unrelated individuals, nonmetropolitan suburbs, and farms.

Finally, we come to the Nixon Administration's revenue sharing proposals. While the President, in presenting these proposals to the Nation, spoke of his revenue sharing proposals and his welfare reforms as a "package," it is not readily apparent that they were, in the fact, related to one another. Computations based on 1967 census data indicate that less than 20 percent of all shared revenues will pass through to the cities directly. Less than 13 percent will pass through to cities of over 50,000 population, and only 8.8 percent to cities of over 250,000. That is, \$88 million for every billion dollars distributed will go to cities of over 250,000—or, to put it another way, less than 1.3 percent of the revenues raised by these municipalities themselves in 1967. Inflation alone can be expected to completely absorb the amounts distributed in the first two years.

Again, speaking from such information as is available to us, it appears that the benefit of revenue sharing will once again go primarily to the suburbs and rural areas of the country. Of \$0.5 billion in fiscal 1971, and a potential \$5.1 billion five years later, it is likely that the major cities will receive less than 8.8 percent. This results primarily from two factors, both fundamental. First, there is the Administration's decision that there should be no losers. Everyone must get "a little something" under revenue sharing. Therefore, the distribution formula must be one which provides something for everyone, and "everyone" today is not in the cities. Second, there is the unwillingness to make the renewal of our cities and urban areas a matter of fundamental priority. This is the only conclusion that one can draw when one carefully analyzes the combined social and geographic impact of the Administration's proposals—without even taking into account the impact of the House Ways and Means Committee tax reform bill.

This is, of course, the crux of the matter. We appear to be missing our first real chance to help the cities. The irony of it is that we are dealing with three fundamental measures which have the potential for creating a turning point in the history of this country's urban centers. The total package of welfare reform (\$4.2 billion), tax reform (\$5.4 billion) and revenue sharing (\$5.1 billion), eventually will result in a total annual benefit of \$14.7 billion. This equals over five times the amount now budgeted by the federal government for urban development and anti-poverty programs, or almost

twice the total amount spent in 1968 for public assistance, anti-poverty programs and urban development. I do not believe that we can afford to miss this historic opportunity to provide essential new resources for our cities. We certainly cannot afford to have the welfare bureaucrats, on the one hand, and the tax experts on the other, so narrow our vision that we do not see the real effects of what we are doing and what we are failing to do.

We have, in our cities, the hopeless combination of concentrated poverty and an archaic and insufficient revenue base and governmental structure. Our cities contain poor and unskilled workers and people unprepared for the demands of an increasingly complex technology. There can be no "bootstrap" rescue for the cities. Slum housing does not provide a good revenue base, and poor people impose such great demands on municipal expenditures that a municipality's assets will never exceed its liabilities. While the needs of the suburbs are great, and increasingly parallel those of the cities, there can be no question that the cities deserve first call on the Nation's limited resources. Assistance must come from outside the city, and also outside the State. For the cities, the irony of the one-man-one-vote decision lies in the fact that once-dominant rural representatives have been replaced largely by suburban representatives, who serve their constituency as faithfully as their predecessors—and also at the expense of the cities.

Under these circumstances, substantial new help for the cities must come from the federal government. But before this can happen, we must resolve to make the problems of our cities a matter of paramount national concern. A first step is to re-shape these three measures that are now before Congress to reflect honestly and accurately the needs of the cities without slighting the needs of our suburban and rural areas. We must recognize, too, that in helping the poor, we are helping the cities. For only when people are no longer poor will the cities have a base on which to develop and to become more self-sustaining.

First, the national minimum standard set for welfare should be adjusted to reflect realistically regional differences in the cost of living. Let us not deceive ourselves about the question of the migration from rural areas to the cities. Only a very small percentage of the welfare caseload comes from in-migration stimulated by welfare differentials. It is probable that the mechanical cotton-picker provided far more of an incentive to this migration than any differentials in welfare payments among regions. Second, the proposed tax reduction should be limited at first to persons with incomes of less than \$10,000 with current rates continued, for the present, for others. This will produce an additional—and necessary—\$3 billion for investment in welfare reforms and revenue sharing.

Finally, let us recognize that revenue sharing, on the scale now contemplated, will not contribute substantial funds to the Nation's cities.

Revenues should be distributed by need until such time as the amounts distributed are great enough to warrant a more general purpose distribution. This calls for a revision in the proposed distribution of funds within States, significantly to favor the cities and other struggling communities. There is no doubt in my mind that this is the essential first step in the restoration of our cities and in the elimination of poverty. We can continue, if we choose, to deceive ourselves with a false image of a "Viet Nam bonus." But Mr. Moynihan has already disabused us of that notion. I have no doubt that the war will end some day, but it may not be soon enough for the cities. Moreover, I think we can see what would happen to such a "bonus" in the proposals of the House Ways and Means Committee for tax reductions. In short, in the new domestic proposals now before the Nation we have already at hand the revenues and the tools to begin the job of saving our cities—if we are willing to use them. We should not shrink from using them on the grounds that the future will somehow provide us brighter prospects. Or have we decided not to let the cities survive?

Thank you very much for listening to this short preface.

I would like now to ask my vice-chairman—and again I thank him for being associated with me in this committee work—Governor Knowles, if he will come up and talk to you for a few minutes.

Governor Knowles: Thank you, Governor Hughes. Good morning, everyone, I agree with Governor Ellington at the outset that political alignments in the Governors' Conference play a very small part. I think we have a more common bond that brings us together. You can express it in one five-letter word—money. It is kind of a nasty term but it is even worse when it is converted into a five-letter word called taxes. In any event, the thing that all of us are concerned about as we face the fiscal problems of our States and, particularly, the major problems of our urban areas, is the total lack of money with which to do the things that all of us know need to be done. So my comments are very short. I think they were covered extremely well by Governor Hughes. Certainly, I want to commend the members of the committee for their diligence and hard work. But I believe that, in the first instance, one of the things that all of us are concerned about is the necessity of the federal government returning to the States the money necessary to take care of our urban problems. The federal government has in effect preempted the very sources of revenue upon which we rely for the taxes and the funds necessary to cope with the problems which we recognize as so important. I think the revitalization of our urban areas and the programs to bring the unemployed and the underemployed, the uneducated and the undereducated, into the main stream of society is our number one problem. I know, for instance, that in the City of Milwaukee we have approximately 100,000 blacks, Spanish-Americans, and other minority groups. In this area

we do not have the kind of employment that we have on a statewide basis in Wisconsin. Our overall unemployment rate is less than 3 percent, while in the inner core area of the City of Milwaukee we have something more than 6 percent unemployed. This is not due to the fact that we do not have jobs. The jobs are there but we have people who have no skills, no ability to fill these job opportunities. I never thought of our problem as being a racial one. It is a social and economic problem, due to the fact that these people are not able to support their families and to provide the kind of opportunities for them that the rest of society is enjoying now. I think that we cannot afford not to invest in the future of these young people in the inner-city areas of our metropolitan complexes throughout the Nation.

I think President Nixon, with his revenue sharing and public welfare proposals, is most encouraging. They are certainly steps in the right direction. And yet, I am not so naive as to believe that this is going to happen overnight and be of any assistance to any of us in dealing with the problems during our current administrations. I listened yesterday to *Meet the Press*. I must say that while there was a great deal of agreement about the welfare-type programs that have been proposed by the present administration, I still think that we have the hurdle of getting by Congress, which is not at the present time thinking in terms of the kind of expenditures of money which the President is talking about and which all of us are dreaming about. I think the situation is similar in the area of revenue sharing. As a former legislator, it is hard for me to believe that we are going to see Congress automatically turn over to the States the money necessary for us to carry on our obligations and to meet the necessary challenges without a great deal of effort, united effort, with the Governors' Conference working with each delegation to get the support necessary to enact proposals in this area.

I think, really, that President Nixon, Vice President Agnew, and Nils Boe, through their Intergovernmental Relations Office and their work with the Governors, are beginning to understand our problems and attempting to help us find solutions. But it cannot be done in Washington. It has got to be done by you and by me and by everyone who has a congressional delegation that is recalcitrant, reluctant and stubborn. They are inclined to go ahead with the kind of programs that they have initiated on the fragmented, proliferated basis over the period of the last several years under previous administrations.

Secondly, I think that the Governors must somehow educate our own legislators, particularly those from rural areas, to the reality of the urban problems. I know in my State they think of the City of Milwaukee as a Milwaukee problem and I continue to tell them that this is a statewide problem, that they are all involved in trying to bring the people who live in these inner-city areas up to a standard where they can be productive citizens.

And yet, I had the experience this year of finding that the Legislature dealt with problems of school aid and property tax relief as the first of the high priorities of need in our State and omitted completely any reference to the city problems. I offered a package of some \$47 million which included many innovative programs along the lines advocated by this report and by Governor Romney in connection with housing and urban development. But in any event, again we find that we have a relatively parochial and provincial constituency in each of our Legislatures. They are entitled, of course, to represent their citizens, but at the same time there is a broader, a more important statewide problem and our efforts must be directed toward the solution of this problem of our cities if we are to prevent the riots, the disorders, the lawlessness that caused us all the headaches during 1967 and 1968.

Thirdly, I think we must develop support for innovative and imaginative approaches to the problems of poverty. We are in a period of affluence, as I have indicated, and a high period of economic prosperity. But that same economic prosperity is not felt in the inner cores of Milwaukee, of New York, of any of your metropolitan cities. It goes back again to the thing that Jim Rhodes has talked about so often in our conferences—job training, jobs and pay checks as the first priority in modern public assistance programs. Again, President Nixon was correct when he emphasized the importance of extending a helping hand to those in need so that they can become productive citizens and move from the welfare rolls onto the payrolls. I might say that, unfortunately, again relating to my own particular dilemma, the Legislature this year in Wisconsin knocked out some of what I think are really programs advocated by President Nixon. These, in my opinion, are short-sighted savings. They are pennywise and pound foolish. As of this day in Wisconsin, the welfare checks to eleven hundred people, more than six thousand children affected, have been cut off and these have become the obligations and burden of the local communities and again a heavy burden upon the property taxes.

We are all facing great challenges. But I am convinced that we have an opportunity in the present Administration, regardless of our political philosophies, to utilize Nils Boe and Vice President Agnew to get to the various administrative heads of the departments and give them the import of the kind of help that we need. Believe me, I cannot begin to express how important it is that we get it right now, not five years from now, but *now* when the problem exists—so that we can give these people some hope, some opportunity to get an education that will put them into the job training programs and eventually let them support their own families and be productive citizens of the United States. Thank you.



Governor Hughes: Thank you, Governor Knowles, for that wonderful statement. You can see now that if there is to be a solution for these urban problems it will be because of the drive of Governors like Governor Knowles. I hope that we will all be convinced to go and do likewise.

There was once a Governor in our Conference. Many of us who are here sat with him. He was always involved. He always participated. He was fair. He was a fighter. He spoke up very strongly for the things he believed in and against the things that he did not have too much confidence in. He has been asked by his country to assume probably as tough a job as there is—heading the Housing and Urban Development Administration. His appointment by President Nixon reflected great credit on the Governors' Conference and on the Governors of the country. I know that he has the support, the affection and the admiration of every Governor as he proceeds with a really difficult job. He does not need any more elaborate introduction. I can tell you that it is a great privilege and honor for me to have the opportunity to introduce to you Secretary George Romney.

Honorable George Romney: Thank you very much. Friends and Members of the National Governors' Conference: It is really heartening to come and find these matters being discussed. It seems to me the Governors' Conference has come a long ways since Miami. Miami was the first Governors' Conference I attended in 1963, and the Conference almost split up at that point over partisan politics and partisan views. Since then, fortunately, the Governors' Conference is increasingly recognizing the paramount importance of the problems that Governors face regardless of party. Indeed, I think we are at the point in our Nation's history when people at the federal and state and local levels are recognizing the same thing. My recollection is that it was in Minneapolis in 1965 that the Mayors first attended a Conference. It was in 1965 that the League of Cities, represented by Mayor C. Beverly Briley, decided that there was no hope in trying to get help on the urban problems from the States, that this was a completely futile effort; and consequently, they were going to concentrate solely on help from the federal government. Since then there has been a growing recognition of the fact that it is really going to take cooperation between the federal and state and local governments. I think the local representation here today from the counties, the city managers and the cities themselves is evidence that they recognize that the States have a very vital and important role to play. It was in Minneapolis that the National Governors' Conference adopted its first revenue sharing proposal. Hopefully, this is now on the road to being enacted. I would like to express appreciation to the Hughes Committee for the recommendations you already approved. We are wholeheartedly in favor of the recommendations that have been made and the report that has been adopted.

There are two or three things we are doing that you might be interested in. Working through the Bureau of the Budget and with our other departments, there is a committee studying all of these planning programs. There are over one hundred programs that involve planning of one type or another. They are studying those various planning programs with the view to simplification and coordination. When their review and study is completed, we want to turn it over to the Governors' Conference so you can take a look at it and give us the benefit of your views before further action is taken.

We are also undertaking to simplify the whole grant-in-aid structure. We are particularly endeavoring to do this in our department because our procedures are very cumbersome. Also in our department we are thinking in terms of going beyond the new regional structure that the President has ordered, and we are taking a look at restructuring beyond the regional on a state basis so that we would have a departmental unit that would work directly with the State. I think the ultimate direction of this reorganization of the federal field structure should be in the direction of the federal departments having a coordinated office at the state level working directly with the Governor and the state departments. In any event, that is the direction in which we are going to undertake to move.

Now, I just want to make a few comments on what I consider the most explosive domestic situation that we have. I do not think there is any question but that the most explosive domestic situation that we have is the tension that now exists between the central core city and the surrounding communities. As a result of compromises and successes and compromises and failures, from the founding of the Nation we have done things that have built up this tension we now have in our urban areas. It started with the adoption of the Declaration of Independence and the Constitution of the United States. The principles are, I think, perfect principles, basically. Then we had the Civil War. Lincoln saved the Union and freed the slaves but people, because of race, continued on a second-class citizenship basis at best. Then we had the Industrial Revolution and the Agricultural Revolution. As a result, many people, white and black, moved from rural areas to our big metropolitan centers without the education, background and training necessary to sustain themselves in these new environments. During the Depression we adopted housing programs to stimulate housing construction. One of the most successful was the program of insuring mortgages, but that program required maintenance of the racial character of the neighborhood where the insurance was granted. This policy had the result of encouraging and accelerating the movement of the middle income and the better-off families out of the central cities and out into the surrounding communities. This has been stopped in recent years but, unquestionably, FHA contributed importantly to the present pattern that we face across this country. Then

there was urban renewal. Urban renewal in its early years bulldozed the poor people out of their homes in the inner cities and increased the housing congestion in the inner cities. Then we came along with the highway program—the freeway program. As a result of the freeway and expressway programs, we have enabled industry and businesses to move largely out of the central city into the peripheral area so that jobs that many of the inner city people needed are now located beyond their reach because they lack both personal transportation and mass transportation. Then topping it all off, of course, is the problem that has been touched on here repeatedly. As the problems have multiplied at the state and local level, the money has increasingly gone to Washington, so you have the bulk of the money down there and you have bulk of the problems at the state and local level. But the result at the present time is that we have an almost universal pattern across this country. That is a pattern of the poor and, importantly, the blacks living in the central inner city and the middle income and the well-to-do families living in the surrounding areas and in separate incorporated communities. This, in my opinion, constitutes the most explosive domestic problem that we face. I do not think that the problem can be dealt with successfully without the States involving themselves to a far greater extent than they have thus far. There are some States that are exceptions to this because there are some States that are way ahead of other States in what we are doing. There are some States really moving aggressively in this area. But most States are not moving very aggressively.

Unquestionably, the three programs that have been mentioned by Dick Hughes are going to play an important part in dealing with this problem—welfare reform, tax reform and revenue sharing. But in addition to this, I think that state leadership with federal support must help bring about area-wide planning. I think that we have to recognize the essentiality of insisting upon metropolitan-wide planning in connection with these urban problems. We cannot continue to approach it on a core-city basis where all of these separate units are going off in their separate directions. This is a problem area where the Governors and State Legislatures, in my opinion, are going to have to cooperate with the federal government in bringing about a solution.

Our department, as you know, provides planning grants under the 701 program—metropolitan development and area-wide development. I think we need to undertake to make this a more meaningful effort if we are going to deal effectively with this explosive problem. A second need is to establish the opportunity for American citizens, regardless of economic, social or racial status, to live where they should be able to live in relationship to their jobs, their educational and other daily activity. I think it is just that simple. The hard facts are that this pattern I have discussed has separated the American

citizens economically, socially, as well as racially. It is not just a racial tension. There is an economic and social separation that threatens the future of this Nation. I do not see how you can possibly justify the patterns that exist that prevent poor people, regardless of race, color, creed or social status, from being able to live somewhere within a reasonable distance from where they can work and where they want to conduct their daily activities.

The problem of jobs is another major element. The greatest shortage in this country today economically is housing. The greatest opportunity we have for further economic growth, for further stimulation of job creation, for enterprise development is in the housing field. It is the greatest undeveloped market we have. Consequently, we should take advantage of the opportunity that exists in that field to provide job training and job opportunities for those who have been denied these things. I want to say to you, as one who has done everything from digging a foundation to putting shingles on roofs, that it does not take years to train people to do work of this type, despite what people in the trade unions seem to say and think. We need a massive program of job training in housing. The opportunity exists to provide jobs in this field as in other fields. Also, I am in thorough accord with the program that our department helped develop in Philadelphia and which the Labor Department is executing; namely, requiring, in connection with contracts where federal funds are being used, that minority citizens be given an opportunity for employment in relationship to the numbers qualified for employment in the areas involved.

I think another program that can contribute directly to the solution of this urban tension is the Model Cities Program. The President has spoken of a new federalism. There is not any question about the dedication of this Administration to a decentralization, not only from a governmental standpoint but also from the standpoint of involving private enterprise and the citizens themselves discharging their responsibilities. As a part of this decentralization, the Model Cities Program has been reshaped. We eliminated the 10 percent restriction in the Model Cities Program. We eliminated it because the Model Cities Program is at this point the most hopeful program for state and local determination of the effective use of these federal grant-in-aid programs. The whole approach of the Model Cities Program now is to place the opportunity for determining how these federal grant-in-aid programs can best be used in the hands of the local officials and requiring the local officials to secure the advice and counsel of private organizations and private citizens in their communities. This can be effective only on a city-wide or metropolitan basis. This is one reason we reshaped it as we did.

Fundamental to dealing with these problems effectively is the curbing of inflation. In my opinion, we will not deal adequately with the inflationary problem in this country solely on a monetary and fiscal basis. Not until we

face the hard realities of the wage-cost-price spiral will we, in my opinion, be able to deal with it adequately. As long as we have inflation, it is impossible to meet the housing needs of the people of this Country. The reason is that we price people out of the market faster with inflation than we can bring them in through subsidization. The bulk of the housing program in this Country must be achieved through private investment and private effort, not through public effort and public programs. Whenever we have an inflationary period and tight credit situation, then housing is the private activity that suffers first. Municipal and state financing are the public activities that suffer first. Housing is the private activity that suffers first. Consequently, curbing inflation is absolutely essential to dealing effectively with these urban problems.

I happen to believe that the President's priorities are pointing in the right direction. Finding a solution for Viet Nam and curbing inflation are essential to dealing adequately with the problems of the cities. But I think that bringing to reality the revenue sharing program, the welfare reforms, the housing programs which we need, and these other things that have been discussed here this morning, is going to depend upon a degree of unity on the part of Governors, mayors, and county officials that has not existed in my lifetime. Because I think, as Governor Knowles has just indicated, that getting these things accomplished by Congressional action is a very, very tough job. I think if disagreement develops with respect to the magnitude of the expenditures, with respect to the details of the formulas on a self-interest basis, as far as sections or States or levels of government are concerned, it will not come to pass. My experience is that if you want to see a change as fundamental as the change that is contemplated by these various programs, the important thing is to get the principle established. I do not think there is any question but that you can take exception to different aspects of the welfare reform and to the revenue sharing proposal as it exists today. Tax reform is still in the process of formalization. It needs improvement at this point. But in any event, with respect to the welfare program and the revenue sharing program, if the Governors begin to divide with the Administration, if the Governors begin to fight with the cities, or the cities begin to fight with each other, or sections begin to fight with each other, in my opinion these things will not come to pass. Because I believe that if we are going to see the degree of decentralization, the degree of shifting of money from Washington to the States and the local level that is contemplated, it is going to take coalition between state and local officials as well as public support to bring it about. I hope it will come about. As far as I am concerned, I am going to do all I can to help bring it about. Thank you very much

Governor Hughes: Thank you very much, Mr. Secretary. I think that all

of us are not only deeply grateful to this informed and dedicated American for coming back here and honoring our Conference by speaking to us, but Governor Romney has told me that he is interested in the informal discussion that will follow. While I do not know whether he will be available for questioning or not, whether that would be appropriate.

Secretary Romney: I will be happy.

Governor Hughes: He has always been that way. He was always an open and candid member of the Conference. In throwing the floor open to discussion here, I would like first to call on members of the committee who worked on this report, and then also our distinguished visitors from the county and municipal government level should consider themselves perfectly free to join in. Governor John Dempsey is a member of our committee. John, do you have a few words to say to us?

Governor Dempsey: Mr. Chairman, I would like you to know, first of all, that our entire committee is very grateful to you and to your vice-chairman for giving us this very, very wonderful report. The Advisory Task Force reflects the consensus of all of the members and it provides all of us with the necessary recommendations that, if put into effect, would make all of our States more effective partners of the federal government in working for the solution of urban problems. Speaking on the basis of experience in my own State, where we recognize that state technical and financial assistance to urban areas is most essential, I wholeheartedly endorse the recommendations that federal agencies support the efforts of our Governors and of our state agencies to help with our coordinated community development planning. Also, Secretary Romney notes so well that in my own State, before a town or city can become eligible for state financial assistance, it must follow the community action plan. Mr Secretary, we are very grateful to you for the wonderful cooperation that you have given our program in the State of Connecticut. I thought you would like to know that in Connecticut municipalities are encouraged to employ professional personnel to serve as coordinators to local officials, and we have found that this is a good method of attacking our urban problems most effectively. But, gentlemen, I would particularly emphasize to you today the recommendations of this report that our States demonstrate a readiness to act and implement a package of community development programs and to commit state funds that should receive priority attention from federal agencies. I would also like to call your attention to President Nixon's proposal for revenue sharing with the States and cities. It brings to mind the fact that so far there has been no plan to designate "Model States." Mr. Secretary, that would be one question perhaps for discussion today if, as you say, many, many States are going ahead with programs. Could you tell us—and I would turn the remaining few moments of my talk over to you—is there a possibility, Mr. Secretary, that where States

are showing initiative and are going forward, might we some day feel that States could be designated as Model States as well as Model Cities? Thank you.

Secretary Romney: In addition to the grants that we have made to over thirty States now in connection with the Model Cities Program, we have made special grants to five States to explore this very possibility. The five States are Connecticut, Pennsylvania, New Jersey, North Carolina and California. We have made grants of \$1,100,000 to those five States to determine the degree to which we can increase the reliance on the States in carrying out the Model Cities Program. Our experience in those five States will importantly determine how far we think we can go. But I do not see any reason, personally, why we should not undertake to go as far as we can with the Model Cities Program as well as the housing programs. The States are increasingly creating state mechanisms to carry out housing programs that are in line with what we are doing at the federal level. I do not see any sense, personally, in duplicating in the federal structure the know-how and knowledge you have at the state level. So I am quite sympathetic to moving in the direction that you indicated in respect to both programs.

Governor Dempsey: Thank you very much, Mr. Secretary. Are there any other remarks or discussion that you might like to address to the Secretary or any questions that you might like him to answer?

Governor William A. Guy: It seems to me that the city, the community and, I think you mentioned, the State and regions do comprehensive planning. The thing that has interested me now for several years is that already the cities, many of them, are engaged in comprehensive planning, including their zoning board, their park board, their board of education and so forth, under a common umbrella of city planning. This has taken place across state lines in regional planning. The States themselves have a central planning agency that is directing state agencies in their own separate planning. But when we get to the federal level, Secretary Romney, we find a welter of federal agencies doing independent federal agency planning with a total lack of comprehensive national planning at the national level. Now, this complete, total lack of national planning in the setting of national goals, in the coordinating of federal agency planning, makes it very difficult for a State, which is doing excellent comprehensive planning, to mesh its work with nonexistent comprehensive federal planning. It seems to me that before we should ask cities or counties or regions or States to improve their comprehensive planning, we should recognize that this Nation has matured to the point where it should begin using the electronic expertise in the comprehensive organization of planning among federal agencies in order to ease the work at the lower levels of government. Is there any plan in President Nixon's Administration to set national goals to establish a central point for

the direction of federal agency planning? Is there any plan in President Nixon's Administration to set up one single agency that cities or States may go to ask for matching grants instead of going to dozens of federal agencies to get scores of categorical matched planning grants? I think that the great need for leadership exists not on the state level in this field but at the national level.

Secretary Romney: As a result of the investigation after we took office in January, we concluded that the coordination at the federal level was, in most instances, worse than it was at the local and state level. So I do not disagree with the fundamental point that you have taken. Now, the President has taken some very basic steps to overcome this deficiency. As we all know, in the field of foreign affairs for some years we have had a National Security Council. This is because there are several departments that deal with matters affecting foreign affairs - the Defense Department, the State Department, the CIA and others. Through the National Security Council the President has brought together the departments involved. By presiding over the National Security Council and formulating policy, he brings about a coordination of the federal activity that would not be possible otherwise in the international field. He also recognized the absence of coordination in the domestic field. That is why he created the Urban Affairs Council and also the Environmental Council. The Urban Affairs Council was created specifically to bring together the departments dealing with domestic problems so that they can participate in shaping common policies and coordinate their efforts. The same thing is true with the Environmental Council. The two councils are in the process of not only establishing policies in these two areas but also of establishing goals and priorities. Then at the Cabinet meeting last week, the purpose was to begin to take a look at what the goals and priorities ought to be in terms of the availability of funds post-Vietnam. Now, in addition to these things, the Model Cities Program was reshaped. One of the first things that we recognized in connection with the Model Cities Program was the lack of coordination among federal agencies. We are now in the process of formulating clear-cut interdepartmental policies and programs in this area.

Just to continue with that one program, in order to make that program fully successful, it is necessary to have regional reorganization so that you get away from one department having a region including States quite different from those in the region of another department. Uniformity of the regional structure is essential in securing federal coordination. This is the second step. And then, as I indicated in my remarks, I think we need to go the next step and get coordination of these federal agencies at the state level, so they can work directly with the state government and state agencies. I do not disagree at all with the import of what you said. As I have mentioned, we are undertaking to bring about a more effective federal coordination and we are undertaking to establish national goals and national priorities.



Governor Hughes: Thank you, Mr. Secretary. Governor Peterson is also a member of this committee. He would like to make a short statement.

Governor Russell W. Peterson: I appreciate the work that you and Governor Knowles have been doing in leading our committee, but I want to make this general comment to be sure that we emphasize the message you want to get across. There are four things you must recognize in getting solutions to problems. That is our job as Governors. First, of course, is to recognize the problem. Second, to select the most promising solution, hopefully one which has been tried out and proven successful on a small basis. Third, to organize to do the job. And fourth, to get the money to finance it. I think we know today what problems are plaguing us in community development and urban relations. There are many good solutions around, many that have been tried out. But we do not do the job of organizing or financing the program. So what we are saying here is that we have to do an increasingly better job of organizing and bringing our resources together. We know who is in charge. We know that the Governor has the tools to do his assignment, that he can work effectively with the federal and local administrations. We need to have a partnership among the several levels of government instead of competition as we have had so often in the past. And certainly, we need money to do the job. If we keep in mind that the money all comes from the same source, from individual taxpayers' pockets, whether it flows through the city, the county, the state or federal government, I think we will get together with the right organization. If we have the courage of our convictions we can get the money to do the job. I think the proposals from the Nixon Administration recognize this new federalism and also recognize that the major source of money today in our country is through the highly graduated federal income tax. We need to put that to work more effectively in solving our local problems. So I was anxious to emphasize these key basic principles which are so important in getting our job done and providing better community development and improved solutions to our urban problems.

Governor Hughes: Governor Scott of North Carolina is a committee member and he would like to make a statement. Then we will get to the other members and then after that we will take the questions.

Governor Robert W. Scott: Mr. Chairman and members of the Conference: I would like to take a few minutes to tell you what North Carolina is doing to cope with our housing problem. My remarks speak directly to a point raised by Secretary Romney. We all know that this problem is immediate and unless we come to grips with it early the problem is going to expand to proportions almost beyond our comprehension during the next twenty years. We also know that the problem with housing is not a regional problem. It exists everywhere—in the central cities, in the suburbs, out in the rural areas—and none of us escape it. We also need to recognize,

and I believe it is being recognized, that there is no disgrace in admitting the existence of poverty and substandard housing. The disgrace really lies in our failure to overcome it. In North Carolina we have made a considerable amount of progress as a result of action taken by our recent General Assembly. Our first step—and I mention this because there may be a germ of an idea here that would be helpful to the other Governors here—was the creation of the North Carolina Housing Corporation, which the General Assembly provided this past spring. It is authorized to issue bonds to finance low income housing in our State. In addition, the Housing Development Fund is authorized to issue the fund notes to finance development costs, construction costs and downpayments on permanent mortgages. These loans would be processed through existing channels, such as banks and savings and loan institutions. This corporation will introduce a new source of mortgage capital in our State. The bulk of these bonds will be sold as tax exempt securities in the national bond market. I might point out that we have had very close and warm support from all of the private sectors of the housing industry in our State as well as financial institutions. The initial cost of establishing this corporation was modest. The credit of the State is not pledged by the corporation, which is responsible for its own financial obligations. The immediate advantage, as we see it, of this corporation is the availability of funds for housing for low income families at a saving of somewhere between \$800 and \$1,200 per home. This saving results from mortgage money available without discount or points. The corporation will be governed by a nine-member board that will decide the eligibility of low income families. This board will take into account several factors, including the amount of total family income available for housing needs, the size of the family, costs and the eligibility of the family for federal assistance. I think it is important to point out that this corporation is in addition to, and in no way replaces, the necessity of the Federal Housing Program. As a practical matter, eligible families will include those who earn less than \$6,000 per year. The program is aimed at building houses in the \$8,000 to \$15,000 category for families living in substandard homes. The implications of this project, of course, reach far beyond upgrading the living standards of just a few. When the corporation becomes fully operational, we feel that it can stimulate additional construction of ten thousand units of low-income housing annually. Matched by private enterprise in North Carolina, we envisage that we will be able in time to eliminate our housing problem. New construction jobs alone would number between five and seven thousand. Local revenues from real estate transfer taxes and local property taxes would be \$1.5 million annually. Other taxed income to the State would amount to over \$4 million annually.

This is not a something for nothing giveaway project operated by the

State. Mounting construction costs are a financial problem for all home buyers and they are of particular concern to those of moderate and lower incomes. As has already been mentioned here, there seem to be two types of assistance needed. One is market organization and the other is mortgage credit. The purpose of the North Carolina Housing Corporation then is to provide for financing, for land development, for preconstruction, construction, mortgages and loans. The corporation activity will place major emphasis on low-income people who desire to achieve home ownership. We believe that the factor of pride of ownership, of stability, of equity development and citizenship will increase the wealth and the welfare of both the families in our State and the State itself. It is imperative that the supply of residential housing for families now living in slum conditions and blighted areas be upgraded. Private enterprise must be encouraged to participate in housing programs for these people. We feel that meeting current and future needs for decent homes and a suitable environment will do more to push North Carolina forward than any other objective that the State could undertake. If you desire additional information on this program, which we believe is unique, members of our staff are here at the Conference and they will be glad to discuss it with you. If you will just see me any time, we will be glad to talk it over with you.

I would like to take this opportunity to present a copy of this to Secretary Romney because we believe there is merit in this program. We are quite excited about it in North Carolina. I simply say to you that North Carolina is committed as a State to doing something about our housing problem. We are well on the way of accomplishing our objective.

Governor Hughes: Thank you, Governor Scott. From circumstantial evidence, it sounds as though North Carolina is one of the unidentified activist States in urban development. I am not certain whether the other members of the committee wish to say something. Do we have any questions before more general discussion? Governor Licht wishes to make a statement.

Governor Licht: Governor Hughes and fellow Governors: I wanted to make a statement rather than ask a question. I understand that it is permissible, Governor Hughes, that I make this statement at this time. I want to say at the outset that I listened with a great deal of interest and respect to what Secretary Romney had to say. If I can express a somewhat different point of view, I want you to appreciate the fact that I do it not at all to be critical but because of some of the problems I see that may call for a different approach. I have indicated earlier that I was going to submit a resolution on Wednesday. But the discussion this morning makes what I had to say so relevant that I ought to make my statement now and talk about the resolution later. I do this not because of an absence of recognition of the problems existent within our metropolitan areas but because I believe that

the intensity of those problems has not been sufficiently acknowledged. As I will state in that resolution, the urban crisis is not imminent. It is immediate. It calls for more than governmental reorganization, more than program revision and more than the proposal of new programs.

The task ahead is immense. It has been conservatively estimated that by the next century the population of the United States will double, and that more than 80 percent of this increase will occur in our urban areas. This will mean that by the end of the 70s we will require schools for an additional ten million children, health and welfare facilities for five million more elderly, and adequate daily transportation facilities for 200 million highly mobile Americans driving in excess of 80 million automobiles.

The great unanswered question is how can all this be accomplished when we are today providing so inadequately for those who now live in our urban areas. If we do not immediately triple and quadruple our effort, what will happen to the quality of our urban environment when we have doubled its population? Specifically, let me cite some of the indications I find particularly disturbing in regard to our recent approaches to this serious situation. We all know that many of our ongoing federal programs are presently underfunded—that many times the money which has been earmarked for their utilization in no way matches the goals that have been stated for their realization. Yet, in spite of this, the new budget requests sent to Congress by the present national administration are, in many instances, less than those proposed by the past administration.

To mention a few: A \$75 million cut for the Model Cities Program. A \$36 million cut for the Neighborhood Youth Corps Program for drop-outs. I could go on to mention others. My point is — and I do not mean to take more time than necessary — that we need relief and help now. In my judgment, we need a program that goes beyond the President's proposal with respect to relief in the field of social welfare. I recognize the acknowledgment by the federal government of a floor, but in my own State, for example, a family of four receives \$2,900 and the proposal would not help solve the problem of relief in the State of Rhode Island. I must also say that revenue sharing, which has been acknowledged as necessary by all of the Governors, would not do the job. In housing, of course, we have national goals which we are not presently meeting.

It seems to me that the Governors of this Nation, recognizing the difficulties of obtaining Congressional and administrative approval on many of these things, must say to the Congress and to the President of the United States that for our States to be viable, for us to do the job with respect to the urban crisis, we cannot take these halting steps; that we need a social welfare program that will be funded massively just as we fund interstate highways. As we talk about revenue sharing, we cannot give to the States such an

infinitesimal sum that you whet our appetites but you do not let us exercise our responsibilities to the people whom we serve. So I think, without attempting to rock the boat — and I say this with the greatest respect to Mr. Romney — the question really is, in my judgment, that we speak up and get what is essential for us, as Governors of the sovereign and respective States, to do the job for which we have been elected.

Governor Hughes: Thank you very much, Governor Licht. The distinguished Governor of California, Governor Reagan.

Governor Ronald Reagan: Mr. Chairman, I wanted to make a remark to Secretary Romney about this program, Operation Breakthrough, but I would like to preface it with another remark concerning all of these social reform programs that we are talking about. I would hope that all of the Governors assembled here would also be concerned with the reform of these programs, the straightening out of social welfare programs, which, with the best of intentions, over recent years have proven to be colossal failures. If we simply devote ourselves to finding more funds to perpetuate the programs that have already failed, we will have accomplished little. I know of no forum in this country that is better able to point to the errors and mistakes of past programs and make suggestions as to how they could be better implemented or improved than this forum of Governors of the fifty sovereign States. The source of revenue for all of the programs that we discuss is one and the same — the pocket of a taxpayer. Between the state and the local and the federal government, by and large, we are already taking about as much money out of that pocket as can possibly be taken and maintain a free economy. So perhaps our problem of financing is one of distribution. I believe that the past custom of financing directly through the federal government has been one in which there is a sizable discount or a skimming off at the top for administrative overhead. The Nixon administration's approach of reducing this vast federal bureaucracy and getting the money more directly to the scene of action — the local community and the State — is one which, I believe, will provide more money for these projects out of already existing funds without increasing the gross amount. As an example of the type of program — and I say this for the benefit of my fellow Governors who might not have been aware of Operation Breakthrough — let me just cite our own experience in California. Mr. Secretary, I think you know already of California's interest in this. This is a program to see if we can utilize the great assembly line construction technique of our Nation, that has given us such a high standard of living in almost everything but housing, and to transfer housing to this field also. We have implemented with legislation in California a program, first of all, to coordinate local housing codes. We have held a number of meetings with private industry because this is the solution to the problem. We already have several major California companies with prototypes

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and plans that they are going to submit to Secretary Romney, utilizing assembly line production of housing at a much reduced cost. There will be more before the September 19th deadline. As I say, California already has the interest of our own industry. One of the most exciting has been one introduced by our aerospace industries. We are prepared. We even have a number of sites that we have picked out that we will submit as possibilities for these displays of some three hundred houses. Now, of course for industry to be interested they are also going to have to know something of a potential market and this, too, has been included by HUD. They have a program whereby they will be financing research into the market and aggregating this market so that industry will know something of the size of the market that is available. I think it is one of the very forward looking programs, that it is one of the hopeful programs that will open a door to a kind of housing that can lead us up into a new era where housing does come within the reach of all. I just wanted to call it to the attention of the Governors who might not have explored this. California will be very happy to give any of the findings that we have made.

Secretary Romney: Thank you very much, Governor Reagan. I would just like to say this. Forty-two States have designated liaison representatives in the breakthrough program. Twelve States have had statewide conferences. I am sure that all of those States that have had statewide conferences have found those conferences very useful and helpful. We would be very happy to cooperate with the other States in having these statewide conferences. Indications are that we will have hundreds of housing proposals on September 19th, this month, to select from. I think one of the most encouraging elements in connection with this breakthrough program is the fact that the building trades unions are beginning to recognize the inevitability of the industrialized housing approach. The carpenters union, which is the biggest one of the building trades unions, is already entering into factory-type contracts, labor contracts rather than the usual building trades contracts in connection with factory-built housing. As a result of these contracts, the members of the carpenters' union in the plants are doing the work of all the trades – the electricians, the plumbers, the rest of them – and they transfer back and forth the way you can transfer factory workers back and forth. And wage rate levels are more in line with what workers in other fields of industry are getting. One other comment – I think that probably the toughest aspect of this breakthrough in housing is going to be land availability, the identification of land that can be used for the volume output. Of course, another tough problem is going to be in the colored area and these are areas where we must rely on your support. Your committee's report supported this breakthrough program completely and we will appreciate your continued interest and help.

Governor Hughes: Thank you, Mr. Secretary. As Governor Ellington pointed out, our visitors from the county and municipal level — Mayor Maltester, President of the United States Conference of Mayors; Judge Fowler, President of the Association of Counties; Mayor Briley of the National League of Cities; and Mr. Wentz, the President of the International City Management Association — are here and, I take it, are to be considered pro tem non-voting members of the Governors' Conference. If they have anything to add either during this discussion or some later discussion, I am sure you would be welcome. Judge Fowler.

Judge Conrad Fowler: Thank you, Mr. Chairman. Members of the Conference and particularly my own Governor, Governor Brewer, who is doing such a good job for us in Alabama: May I express the appreciation of all county officials for being made a participant in this Conference. It is evidence of your concern, a concern that we share, that our partnership approach to solutions of local problems shall be a united approach. As we look to the years ahead, turning ourselves to the problems that we will anticipate, we know that areas presently outside of the urban areas will be by mid-1980 urban areas themselves. In anticipation of the utilization of land in our resources, I would suggest, if I may, Mr. Chairman, that we not altogether lose sight as we concern ourselves with the instant crisis of the cities, that if the additional crises of even greater magnitude are to be averted in the years ahead, we must look to a strengthening of perhaps counties on the local level so that they may be more important partners with you, with our cities and with the federal government in planning intelligently, looking to the future to utilize our land and our resources so that problems that have come upon us through an absence of appropriate planning in years gone by will not recur in the future. Our cities and counties are arms of the State, creatures of your legislation and of your constitution. Long ago, most of the States gave to the cities broad powers to cope with problems which relate to rendering services to the people living within their jurisdiction. Such is not also true with reference to counties. As we have participated in regional planning, working with other county officials, with officials of municipalities, as well as state and federal officials, we find more and more that our tools are not adequate for the task that is now confronting us. Please realize that county government is in a different status in different sections of our country, so my remarks may not be particularly appropriate to that which exists in your particular State. Nevertheless, it is a problem that is before us and we concern ourselves with it. As you state leaders look at the condition of local government, may we ask that you look at the condition of the structure of your counties. If you find that county officials are burdened with administrative chores, as distinguished from policy-making responsibilities, then I suggest to you that there should be a closer investigation of the structure of your county

government. Because a county official who is concerned with administrative matters is not free to devote the appropriate interest and attention that he should provide for policy making decisions. I would particularly commend the excellent work being done in the State of New Jersey. Our National Association of Counties is quite pleased that such a movement is under way in that great State to provide more adequately the tools for county government. It is a genuine pleasure as a spokesman for county government to be here, Mr. Chairman. Thank you all for the invitation that brought us here.

Governor Hughes: Thank you very much, Judge Fowler. I will convey that compliment to Senator Musto of New Jersey, who in my opinion is one of the best legislators in the country. He will be glad to hear that message from you. Are there any other questions?

Governor Guy: Your report has concerned itself with the plight of the cities and rightfully so. But I think before you conclude, we should recognize that about half of our States have a rural or underpopulated problem whereas the other half has an urban and overpopulated problem. Now, obviously, to the Nation, the cities are to survive but the small rural town is considered expendable. As long as we look at only one side of the coin, that of the overpopulation of the cities and its problems — and they are tremendous problems — and then ignore the other side of the coin, which is the depletion of population in about half of our States, rural communities, then we are just attacking symptoms and not really getting down to causes. So on behalf of rural communities that are dying and if collected in one large location would make the inner city problems look small, I say that we should never forget that there are two sides to this coin of which you are treating this morning.

Governor Hughes: Thank you, Governor Guy.

Governor Calvin L. Rampton: Mr. Secretary, you pointed out that inflation is one of the major foes of adequate housing. I think right now the thing that is choking private housing off is the high interest rate. I want to ask a question. Is the administration encouraging these high interest rates as a tool to curb inflation? If the answer is yes, how long is this going to go on? If the answer is no, what does the administration have planned to bring these interest rates down so we can create a market for the housing?

Secretary Romney: Well, number one, I think the high interest rates are a reflection of the same thing that we have in the wage field as it relates to housing. In both instances we have a shortage. The private interests in both cases are taking advantage of a shortage situation. I don't think there is any basic difference in substance between bankers taking advantage of a short money situation with high interest rates than labor unions taking advantage of a shortage of labor in wage rates. Both are unfortunate. The long-time inflationary policies in this country have been in three areas. One is in the



monetary area where we have been literally printing too much money until the last few months. The second is in the fiscal area where we have been proceeding on a deficit financing basis, including a failure to take tax action at the time it should have been taken, which was back in 1966. The third area is the wage-cost-price spiral, and the fact that our economic policies in this country are out of date. These are the things that are producing high interest rates and that we are undertaking to deal with in the housing situation. You could, as was suggested yesterday on one of the national television programs, put controls on. But experience indicates that if you put controls on, you just simply put a lid on and as soon as you take the lid off they go right back up. The only way to deal effectively with this high interest situation and this wage and price situation is to deal directly with the causes. And the causes are in the areas that I have mentioned.

Governor Rampton: Are we in a situation where the administration is encouraging these high interest rates?

Secretary Romney: No, sir; no, sir.

Governor Rampton: They would like to see them come down?

Secretary Romney: Sure. Of course they would like to see them come down. I want to say again that I cannot see any difference between bankers who take advantage of a shortage situation in money and labor unions taking advantage of a shortage situation in labor. I think one is just as reprehensible as the other. I have spoken out on both.

Governor Rampton: Isn't this true, Mr. Secretary, that while there is some similarity between wage rates and material costs and interest rates, the government through the Federal Reserve System has more direct control over interest rates than they do over these other two fields of costs?

Secretary Romney: They don't have direct control over interest rates. They can adopt an easy money policy and an easy credit policy and they can thereby stimulate economic activity in an unsound manner. That is what we have had in this country for a long time. And we are facing the consequences. It is good that we are facing them now because if we didn't face them now we would have to face them under much more difficult circumstances down the road, with less likelihood of succeeding.

Governor Kirk: I think, when you opened your comments, you said that we have come a long ways since Miami. I think you were referring to the Governors' Conference.

Secretary Romney: We were talking about the Governors' Conference in Miami.

Governor Kirk: I would reiterate to all the Governors that we have come a long ways since Miami in the presidential administration. You earlier alluded to the question of unemployment. I see that the Labor Secretary is here also. It would seem to me that if the Governors' Conference wants to

back you up in the urban effort we should really make an adequate and accurate survey of unemployment in the core areas, and supply this to you in order that the Congress not try to duck the issue. I was surprised with Governor Knowles' figure of 6 percent in his core area. I think that is a pretty good showing. I would say that in Miami, Jacksonville, Tampa and other areas where you really get to the core area, where you go to the corner where the boys are standing around, the rate is something between 15 and 18 percent. If you like that kind of survey, it would seem to me that the Governors' Conference ought to go on record for finding out what really is in the core areas, rather than let Congress whitewash it. Secretary Romney, would you like to have that?

Secretary Romney: Sure. We would appreciate it.

Governor Kirk: I would move that this body give you that information. The State that doesn't want to give it, then don't give it.

Secretary Romney: With respect to this general question of housing and poverty and the comments made by Governor Guy, Governor Guy is entirely correct in that the rural and urban problems are interrelated. The proportion of housing in rural areas that is substandard is much greater than it is in the urban areas. It happens that in terms of the explosive character of the domestic situation, the concentration of substandard housing in some of the urban centers is of such proportions that the situation is inherently more dangerous than in the scattered rural areas. But we are undertaking to deal with the rural problem as well as the urban problem through the Urban Affairs Council and through other efforts.

Governor Kirk: I move the Chairman to get that information for you — really get some sort of data.

Governor Hughes: Thank you, Governor. Gentlemen, in order to make way for a distinguished visitor, I have been asked to attempt with politeness and good manners to call this session to a close. May I express the thanks of the Conference again to Secretary Romney for staying with us and not merely giving his formal statement but discussing with us as Americans some of these tough problems that he is facing and that we are facing. I would also like to express my thanks to the members of the committee and to the Task Force, headed by Paul Ylvisaker, and those working with him; also the consultants — John Gardner and the other consultants. Thank you all. Let me turn this back to Governor Dempsey.

Governor Dempsey: There are three Governors who wish to make announcements at this time — Governor Maddox, Governor Reagan and Governor Ferré.

Governor Reagan: Mr. Chairman, I just wanted to announce to my fellow Republican Governors that there will be a luncheon in the Green Room, a caucus of the Republican Governors immediately at the conclusion

of the morning session. Those who have other engagements can be on their way very shortly. The important business will come first. I do request that we limit staff attendance to one person for each Governor.

Governor Dempsey: Thank you, Governor Reagan. Governor Maddox.

Governor Maddox: Mr. Chairman and Governors: There have been passed around two proposed policy statements that we will propose on Wednesday morning. One deals with the increase of crime rate and need for a reaffirmation of the Holy Faith by our national leaders. The other deals with dissemination of obscene literature and obscene movies.

Governor Dempsey: So noted, Governor. The Governor of Puerto Rico.

Governor Ferré: Mr. Chairman, I would like to call attention to a statement which has just been distributed and ask that it be placed on the agenda. I ask for suspension of the Rules so that this can be done. This is a very short statement, about forty words. Perhaps I can be allowed to identify it by reading its contents. It is as follows: The National Governors' Conference endorses programs to promote tourism in the United States and other areas under U.S. jurisdiction and requests the President to intensify efforts to attract foreign tourists to our shores and to encourage U.S. tourists to see America first. I move suspension of the Rules for its consideration on Wednesday.

Governor Dempsey: The motion has been made and seconded. Is there any objection to the suspension of the Rules? There appears to be none. The Rules are suspended. Will you remark further? The resolution will be acted upon on Wednesday. Thank you very much. Governor Ellington has asked to announce that while we await the arrival of a very distinguished guest the Conference will stand at recess for approximately ten minutes. [ A short recess was taken.]

Governor Ellington: Will the Governors please take their seats. Ladies and Gentlemen and Governors: I am very happy to announce that the Vice-President of the United States has arrived and is here with us. He is a former member of our group. I hope he will feel free to participate and bring himself back down to our level occasionally and give us some good advice. Feel free to break in any time. Let the Governors stand and welcome the Vice-President.

Now it is my privilege to turn the podium over to Governor Daniel Evans, Chairman of the Committee on Executive Management and Fiscal Affairs. May I say again that Governor Evans and his Committee throughout the year have done a great job for this Conference. Dan, we greatly appreciate it.

Governor Daniel J. Evans: We hope to proceed as promptly as possible this morning so within the time limit set aside we can finalize the report. The Staff Committee as well as the Governors have participated during the year in

a very comprehensive report dealing with a number of important subjects. I would like to refer you to the proposed policy statements of the committee. They are in front of you. If you will follow them, I would like to talk briefly about all but the first two and then we will come back to those two.

Number three, Interstate Taxation of Business, is a subject that has come before this Conference many times in the past. The report of the committee is to suggest the passage by Congress of the Multistate Tax Compact. The specific three additional provisions in the report are provisions in addition to those that we have adopted in past years.

Number four relates to Taxation of Industrial Development Bonds and the necessity for changing the federal legislation, adopted in 1968, which removed from the tax exempt status some bonds that should not have been removed.

The relationship to the taxation of national banks is self-explanatory.

The federal role in state planning is essentially the same, but independently arrived at, conclusion as in the policy statement of Governor Hughes' committee earlier today.

The seventh one on Intergovernmental Cooperation deserves some explanation, I think. I would like to call your attention particularly to the second paragraph, which would call for authorizing the President, subject to Congressional veto, to consolidate federal assistance programs within agencies. The President in past years has had the authority, subject to Congressional veto, to reorganize federal agencies. This would take that same concept and allow him to consolidate federal assistance programs, giving him greater flexibility. The committee believes, in doing so, it would help to reduce the number of federal categorical programs that relate to our States today.

Number eight relates to the Intergovernmental Personnel Act — the necessity for training those who serve in state government.

Number nine is a proposal for a Clearinghouse for State Consulting Help, which suggests in the last paragraph here that, if adopted, would request the secretariat of the National Governors' Conference to establish a clearinghouse to enable States to draw upon the experience and talents in the several state governments. I think this would be something that would be of great value to each of our States. It would help extend the cooperation exhibited at the National Governors' Conference. If you approve this report and the policy statement, it would call upon our secretariat to embark upon this proposal.

Before taking action on these proposals, I would like to talk for just a moment on the two very important concepts that relate to the first two policy statements of this committee. The first one on revenue sharing does represent unquestionably, a new concept in our federal system. The second

one on tax exemption of state and municipal bonds also represents a new concept. I think it is time that we firmly, and with all of the strength that we have, let the Congress know who raises the taxes. I think one of the great pains of the surtax faced by Congress over the last year or two is because they have not had to face up to the need of tax increases but have had the privilege of making several tax reductions at the federal level. It is the state and local officials of this Nation who face the program and raise the taxes virtually every year. I think it is time that we emphasize as strongly as we can that we are now seeing, at local and state levels, new ideas, reorganization of government, revitalization of what we are doing, and I think the old cry of incompetence and indifference at the state and local level just cannot be upheld today. The confrontation, the alienation of many of our citizens, the basic human problems and the deterioration of our environment come daily to the doorsteps of state capitols, county courthouses, city halls, and, with less intensity at least, to the Halls of Congress. The dramatic new approaches of the President, I think, clearly recognize in the domestic field this cry of state and local governments. Reforms in welfare, revenue sharing, the reconstituting of our federal system all speak to this problem. But I think the trend could clearly be destroyed by the advent of taxation of state and municipal bonds recently adopted by the House of Representatives and now before the Senate of the United States. I have distributed a statement on this particular issue to the members. Governor Hughes has distributed a statement this morning speaking to the same issue. I would hope that this Conference will take further action at the executive session, perhaps on Tuesday afternoon. But the time is now and the issue is paramount. I do not think any of us are against the concept of tax reform. But this particular proposal, as it passed the House of Representatives, even though it has not become law, has already had the affect of raising the cost of state and local bonds. It has the affect of destroying the ability of some States to finance needed capital improvement. It is resulting daily in additional taxes because of these higher interest rates.

If we can right now have whatever discussion you would require and then, Mr. Chairman, I would ask for the adoption of all but the first section, the one on revenue sharing. Are there any comments or additions to the policy statements, with the exception of revenue sharing? If not, Mr. Chairman, then I move for the adoption of the policy statements two through nine of our Committee on Executive Management and Fiscal Affairs.

Governor Ellington: You heard the motion. There is a second. Any discussion? If not, all in favor say "Aye." Opposed? The ayes have it.\*

Governor Evans: Now, on the subject of revenue sharing, the

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\*For text of Policy Statements, see Appendix X.

Administration does have before Congress a proposal, a comprehensive proposal on revenue sharing. We have had the opportunity as a committee to work with the administration prior to the development of that proposal and we have had also the opportunity to meet with and talk with representatives of local government. As we get into this discussion, prior to any adoption of a revenue sharing policy statement, I would hope that those four representatives of local governments would not only feel free but in fact I will ask that they would participate wholly in this discussion; for we have absolutely no chance, as was pointed out earlier by Secretary Romney, of success in revenue sharing unless the cities, the counties and the States of this Nation can come to a common cause. Prior to the discussion of the specific elements of our revenue sharing proposal, I would like to call on Doctor Arthur Burns to give us briefly the administration's proposal and where it stands and what we can look forward to in the weeks immediately ahead. Doctor Burns.

Doctor Arthur F. Burns: Mr. Chairman, Mr. Vice-President, distinguished Governors, Ladies and Gentlemen: The revenue sharing proposal, which the President will send up to the Congress this week, marks a very significant turning point in federal-state relations. A major purpose of this revenue sharing proposal is to restore to the States what many of us regard as their proper role in the federal system so that our state and local governments can tend to urgent problems within their own jurisdictions as they see fit without being subjected to rigid federal requirements, such as those imposed by categorical grants. In the past ten to twenty years we have had a vast expansion of federal grants-in-aid to the States and localities. As recently as 1960 the sum was only seven billion dollars. This year grants to the States and localities will amount to a little over \$25 billion. This means, of course, that the federal government has not been oblivious of the needs and of the fiscal circumstances of state and local governments. However, the federal grants were accompanied by a maze of program restrictions, by a maze of formulae and matching provisions, and a maze of administrative provisions with regard to approval requirements. All this has led, as you well know, to a certain rigidity. It has led to overlapping, confusion and much administrative work. This confusion and uncertainty has been particularly prominent in small communities where staffs, by the nature of things, are inadequate.

Our second purpose of revenue sharing, very clearly, is to provide larger resources to state and local governments so that our officials at the state and local level can exercise leadership in solving their own problems more effectively. There is a vast difference between the fiscal capability of the federal government on the one hand and the fiscal capability of state and local governments on the other. The federal government relies mainly on the

income tax and the income tax is marvelously productive. The yield of that tax not only grows with the Nation's economy; it grows faster, significantly faster than the Nation's economy. On the other hand, our States and localities rely heavily on property taxes and sales taxes, and the revenue yield from these taxes is sluggish. The revenue yield from these taxes does not expand as fast as our economy, and certainly does not expand nearly as fast as do our needs. Revenue sharing will help to correct this discrepancy in the fiscal capability of the several levels of our government.

Now let me turn to the specific features of the President's revenue sharing proposal. The revenue sharing is scheduled to start on January 1, 1971. The start will be a very modest one because of budgetary restrictions. During the six-month interval from January of 1971 to the end of June in that year, the revenue sharing fund will be merely \$500 million. That, however, is a start and that is the important thing in revenue sharing. The legislation is now written. It provides for a certain percentage of the taxable personal income to be devoted to revenue sharing, and that percentage will gradually increase during the early 1970s. The amount in the revenue sharing fund will, therefore, grow partly because this percentage will rise and partly because our economy—we all expect and are confident—will continue to grow. In fiscal year 1976, the revenue sharing fund, it is now expected, will amount to something over \$5 billion. Of course, in the later years, as our economy grows and taxable income increases, the revenue sharing fund will continue to rise. So much for the scale of revenue sharing as contemplated in the legislation that is going up to the Congress this week.

Let me now say a word about the distribution of the revenue sharing fund among the States. In our explorations of this difficult problem, we reached the conclusion very early, talking to many Governors and county officials and mayors and congressmen, that if the revenue sharing plan is to have any chance of adoption by the Congress it must be kept simple. If we attempted in a revenue sharing plan to deal with the great variety of local conditions, we might have a plan that would be satisfactory to one Governor or one mayor but which would raise serious questions in the minds of other Governors and other mayors. In view of our explorations, we definitely decided to keep the revenue sharing formula simple. The basic criteria for revenue sharing among the States will be, in the proposed legislation, population. That is, the State having a large population will get a larger amount of money through this plan than the State having a small population.

There will be, however, another criterion—namely, tax effort. Tax effort for this purpose will be defined as it usually is in fiscal discussions, as the ratio of total state and local revenue to the total personal income of the State. This will be the measure of tax effort. The amount that would otherwise be allocated on the basis of population alone will be modified

somewhat on the basis of the tax effort factor. For example, in New York State the tax effort is above the national average. Therefore, New York State will get a little more money on the basis of the proposed legislation than it would if population were the only factor. On the other hand, the tax effort of Illinois has been below the national average. Therefore, the amount that would be indicated for Illinois on the basis of population alone would be reduced somewhat. So much for that, and let me also note that things are changing in Illinois.

The money that will go to the States, each of the fifty States, and to the District of Columbia on the basis of this formula will not be kept entirely by the State. The state government will be able to keep a portion of it for its own purposes and another portion will need to be distributed to the localities. The method of distribution is again prescribed by formula in the proposed legislation. The vital point, and I realize this is somewhat controversial, about the distribution to localities in our proposed legislation is that all general purpose governments will share in the amount that is to be distributed to localities. On the other hand, special purpose governmental units, such as school districts, fire districts, irrigation districts, will not participate in the sharing. How will this work? The formula is very simple. Assume that in any given State, the state government alone raises 50 percent of the combined state and local revenue in that State. If that is the case, 50 percent of the amount flowing to the State from the U.S. Treasury will be retained by the State and the remaining 50 percent will be distributed to the localities. What about the localities? Assume a given municipality within a State raises 10 percent in taxes of the combined total state and local revenue. In that case the locality will receive 10 percent of the amount of money that goes from the U.S. Treasury to that State. Now, what this means is that the method of distribution between the State and localities will mirror and mirror precisely the fiscal arrangement in the way of taxation that currently exists within the State.

Let me now say a few words about the requirements for revenue sharing. The basic point about the President's revenue sharing plan is that no strings whatever will be attached to the use of funds. Any given State, any given locality could use the money available from the revenue sharing fund for education or for health facilities or for welfare or for police protection or whatnot. We will, of course, have certain reporting and auditing requirements. Also, there is a provision in the legislation that each State must continue distributing to its localities at least the same proportion of its own revenue as it has on the average in the three preceding years. Now, the purpose of this is, of course, to prevent a State from turning around and reducing its own aid to the localities. This provision for maintaining existing state aid to localities



does raise a difficulty, that is to say, it may introduce an element of undesirable rigidity in state and local finance. To guard against this, the legislation permits an alternative formula for distribution of the revenue sharing fund within any given State between the State and its localities. In order for this alternative formula to become effective, it will have to be adopted by the State Legislature and it will have to be, secondly, approved by more than one-half of the local governments and it will have to be approved also by local governments entitled to receive more than half of the revenue sharing funds under the federal formula. These provisions concerning the alternative formula embody a recommendation on this subject that has been made by the Advisory Commission on Intergovernmental Relations. This provision in the legislation for an alternative formula is a bit restrictive but it is designed to deal fairly with state governments, the larger cities and also the smaller communities within the State.

Let me now make a few concluding observations. First, the plan outlined has grown out of very extensive discussions with Governors, mayors, county officials, and government, as I previously indicated. This plan may not be ideal. It is, however, simple. It does appear to be fair. In the judgment of those of us who have worked on this plan, it appears to have wide support and, therefore, has, I think, a better chance of congressional approval than any plan previously suggested.

Second, I want to make it clear that the administration will not be rigid in its thinking about the revenue sharing proposal. We in the administration will agree to modifications provided it is quite clear that the chances of congressional approval are improved in the process.

Third, I hope that the Governors and mayors and county officials will also not be rigid in their thinking. If each of us attempted to fight for that particular proposal on revenue sharing that seems best or seems fairest to us, the chances are that we will get no bill at all from the Congress. The Vice-President and many of you are well aware of this. Governor Evans referred to it. But the point is so important that it will bear repetition.

And finally—and this, I think, is of very great importance for the future—there is a question for the future with regard to revenue sharing, the amount of revenue sharing relative to categorical grants. I personally would hope that we will slow down the increase, perhaps actually diminish the scale of categorical grants. To the extent that we do this, the magnitude of revenue sharing funds may grow well beyond the amount specified in the present legislation. And the decentralization of government, that we are now beginning, can move ahead with greater speed. What we will achieve in this direction will depend fundamentally on the thinking of the Governors. The issue, I recognize, is inherently controversial. But I do hope that we will have a forthright and informed debate on this subject in the years immediately ahead. Thank you very much.

Governor Evans: Thank you, Doctor Burns, for a clear and concise presentation of the administration's proposal, which makes it basically unnecessary to explain the policy statement adopted by the committee because in virtually all respects it exactly parallels the proposal of the administration. You will notice in the policy statement there are seven separate principles. The only ones where there is any difference would be in number two and four. Number two, the suggestion of the committee is that Congressional appropriations for revenue sharing should be made to a trust fund established in the Treasury of the United States. I think the concern expressed really does not differ very much from the same concern of the administration—that revenue sharing, to be of any consistent value, must have continuity and must not be subject to the fiscal problems or the whims of succeeding Congresses. Only in number four is there a significant difference in the proposal of our committee and the proposal of the administration.

Let me describe it to you. It is not only in our policy statement but in an addendum, dated September 1, 1969, which has been distributed to you, a two-page addendum, which explains a proposed method of accomplishing what we are suggesting in this fourth item. Congress in its appropriations to the States should specify a pass-through formula to local governments. I recognize from discussion with many Governors that this isn't enthusiastically received by many. There are many who believe that all of revenue sharing should come to the individual States and that it should be a matter between state and local governments as to further distribution. However, we attempt to recognize that for practical political purposes and perhaps for the sake of the program itself, an automatic pass-through appears to be necessary. We also believe that 80 percent of the moneys, which are for distribution to local governments, should be passed through automatically according to the same formula that Doctor Burns has suggested. But that extra 20 percent should be passed through to eligible local governments on application of these units to the State and should be available for programs at the local level which encourage cooperative and joint effort of local governmental units to solve the common problem. I recognize that this does not precisely meet the request of the administration for simplicity. But I think there has seldom been an opportunity in our Nation's history to not only accomplish revenue sharing and thus reconstitute our federalism, but also to aid in the process of bringing together in closer cooperation units of local government and thus perhaps halt the proliferation of competing units of local government. Our addendum suggests that these funds should be allocated by a committee composed of an equal number of state and local officials with local representation split equally between cities and counties, with the chairman of that committee selected by the Governor from among the local

representatives. That is as straight up as we could make it. This type of committee has worked reasonably well in my State on the distribution of some funds to local communities. I hope that it will be subject to some discussion here both by Governors and by the representatives of local government.

I think, Mr. Chairman, we are ready for any discussion on this matter of revenue sharing, which we hope to finalize by the discussion and ultimate adoption of the statement.

Governor David F. Cargo: I would like to ask a couple of questions. First of all, in looking over the proposal I find no provision for those particular Western States which have public lands and which contain military installations. We do receive aid through categorical grants at the present time. If you reduce the categorical grants and you also do not take into consideration the loss of our tax base, it seems to me that we are not buying a very good proposition. In New Mexico we have vast areas that involve public lands that are not taxable. We have military installations that we cannot tax. We receive special categorical aids which do try to make up for this. But if you take away the aids and if you don't allow us to make some provision for putting these installations on the tax rolls, it seems to me that we are going to receive considerably less. Block grants, yes, we will go for it. Revenue sharing, I am not sure we want to share in less. What I would like to know, is there going to be any provision made in the distribution of these funds for these public lands and federal installations so that we can get in little better shape? When you talk about tax effort, 20 percent of nothing is nothing. So it doesn't do us a great deal of good.

Governor Jack Williams: May I make a suggestion?

Governor Evans: Yes, Governor Williams.

Governor Williams: I have been working on this problem and have discussed it with a few of the Governors. If we would add one sentence, it would be most helpful. The sentence that has been suggested is—I will read number three. "The sums appropriated should be allocated among the States, based primarily on population adjusted by relative state and local tax effort." Then to add this sentence: "The relationship between the taxing ability and the percentage of federally held and administered land acreage in each State should also be considered." It is a simple sentence. I would like to make that as a motion.

Governor Evans: If we could, Governor Williams, hold any actual amendments; I have not yet moved the adoption of this. If we could get to the discussion and when we come to the point where we are ready to act, then I will make the motion for adoption of the policy statement. Then it will be open for amendments at that time, if you would like to offer the amendment at that time.

Governor Williams: Thank you very much.

Governor Norbert T. Tiemann: Mr. Chairman, the comment I would have is in regard to Section No. 2, that the trust fund be established. There is inherent danger to this thing, as many of us around the table have experienced when the President froze the Highway Trust Fund. I would suggest that all trust funds be made not subject to the whims of the President or the Congress. Certainly, we want to go on record against the possibility of any administration saying, "We are going to fight inflation; we are going to freeze these trust funds," simply for a political facade.

Governor Evans: I am sure that this was the unanimous view of the people working on this committee report and the committee itself. The only problem is that we have yet to find a way in which we can gain Congressional action on any subject that can't be undone by subsequent Congresses.

Governor Tiemann: I think it would be worth the effort.

Governor Evans: I wonder, Doctor Burns, if you might very briefly explain the proposal which is somewhat different, not a trust fund but the proposal for continuity that the administration's revenue sharing plan has?

Doctor Burns: We are not providing for a trust fund. One reason is that we have precisely the kind of up and down experience that the Governor has just referred to. We don't want to have it repeated in connection with revenue sharing. This should have continuity. There should be a dependable source of revenue, otherwise it isn't going to work. Our proposal is very simple—to have a permanent appropriation by the Congress under which the amount of revenue sharing will be fixed as the certain percentage of personal, taxable income and, as far as the legislation goes, to be fixed in perpetuity.

Governor Tiemann: Does Doctor Burns imply then that no administration will be able to touch this; that this is an inviolable fund?

Doctor Burns: I think an effort should be made to do that. Now, there is a question of law here that I am not qualified to answer. That should be the purpose. The legislation should be written in such fashion. We will work with you to try to insure that result.

Governor Tiemann: I hope Mr. Chairman, that you are around when they write this legislation and be sure that that is one of the planks in it, and that it is well nailed down.

Governor Evans: It may very well be, Governor, that by the time they get around to enacting this legislation that I will have to be a civil service Governor to still be around. We attempted to achieve this with the trust fund idea. An addition to item No. 2 might very well get to this. I am afraid nothing that is established by law is likely to be inviolable, and future Congresses can undo what has been done. It would take constitutional change to really put it permanently into our fiscal affairs. But maybe the thing we

have to do is recognize that if we have the strength to establish revenue sharing, then perhaps this Conference and the local governments across the Nation can insist that it be retained.

Vice-President Spiro T. Agnew: Mr. Chairman.

Governor Evans: Vice-President Agnew is recognized.

Vice-President Agnew: I would just like to comment very briefly on what Governor Cargo said. I certainly agree with him that there should be some cognizance taken of the question of public land and the lack of producing tax property. I think probably Governor Williams' suggestion wouldn't be too difficult to implement in such fashion as to cover this problem. I don't think it is a valid reason for continuing categorical grants that have proven to be cumbersome, restrictive and generally noneffective. There is one other point, Mr. Chairman, I would like to make. I saw before me when I sat down this digest of the Intergovernmental Revenue Act of 1969, commonly referred to as the Muskie-Goodell bill, which to some extent represents an approach between your approach, that of the Governors' conclusions, and the approach that Arthur Burns has just explained. There is one thing, I think, needs to be very carefully stated. In revenue sharing, many would like to mandatorily equalize the payments made by the federal government so that the poor areas, the impacted areas, the cities, the urban counties would be able to receive a larger share. There can be merit to this principle, but, it does seem to me that the question of equalization should be left to the State to determine, the State Legislature representing each locality, being able to recognize the needs for equalization, for a greater effort, for taking tax revenues from one portion of the State and putting them in another portion of the State. The question came up when we started to argue about reapportionment, which revolved around a battle cry by the urban areas of one man, one vote. Now, if you go to the Muskie-Goodell theory, you are really abrogating the idea of one dollar to one man. That is all the Burns' proposal, the President's proposal does. It seeks logically, on the basis of population with a modification for tax effort, to distribute whatever revenue sharing funds are available. Beyond that, to exclude the smaller local governments is just as unfair as the lack of proper apportionment was unfair. It seems to me that where exceptions should be made to finance the high cost of impacted areas, whether it be educational or public safety or whatever, this is a question for the State to decide, not the federal government. Therefore, I would feel that the limitation of sharing to cities of 50,000 population or more is really removing from certain local communities the rights of the individuals in those communities to get a fair shake out of this revenue picture.

Governor Evans: We all have to remember that revenue sharing isn't going to be the only source of revenue at the state level. And to cities and

counties, revenue sharing, as it comes through, will not be the only source of revenue from the State. Perhaps that can lead us to the simplicity which we seek in revenue sharing.

Governor Arch A. Moore, Jr.: Mr. Chairman, there are some of us that have severe constitutional problems with the question that has been raised both in the committee's paper and treatment of the pass-through formula, and the observations that have been made by Doctor Burns. Once funds in my particular State are denominated as being funds of state government, we have a severe stricture, constitutionally, that prohibits us from passing those funds along to local units of government, either county, city or otherwise. Now, if there is a method whereby a clearing-house is established for the disbursement of these revenue funds that are available to us from the federal level, that they would never become a part of or identified with the state depository, perhaps the pass formula could be adequately administered in my State. But presently, with the constitutional difficulties that I have, I cannot pass it on to local units of government or local county units of government for their use, however great their contribution might be toward the tax effort in the State. So I would ask the question whether there was any survey made of the respective States as to what their constitutional problems might be in moving these funds to local units of government.

Governor Evans: Let me speak first for the committee. The States, at least those represented on the committee, found that, collectively, they had no such constitutional problems. I would defer to Doctor Burns as to whether anything like this has been done at the national level.

Doctor Burns: This is not a question that we have considered. But it seems to me that the constitutional question that you raised can be handled through appropriate language in the proposed legislation. Offhand, it seems to me that the language would indicate that a certain portion of the amount that goes to a State as determined by formula would become the property, so to speak, of the State; and the remaining part, as far as the remaining part is concerned, the State will simply serve as trustee and make its distribution according to formula. This is an offhand suggestion. I would like to have your best thoughts. This is something that we should take care of in the legislation. I am glad that you raised the point.

Governor Moore: May I say, Doctor Burns, in this regard, your observation then would lead me to the suggestion that the legislation would carry within it the opportunity for States to fully utilize what normally would come to the States by the operation and the administration of state government and that those funds, where constitutions prohibit a further distribution of them, would remain and become a depository of the state government.

Doctor Burns: Yes. Thank you very much. We can take care of that, I think.

Governor Moore: Thank you, Doctor Burns.

Governor Evans: Doctor Burns, one of the things that is important in any talk of revenue sharing, and I think a very important strategic element in getting Congressional approval, is the proof that States, indeed, and local governments as well, are doing a job of renovating, of reorganizing, or bringing up to date their ability to adequately manage the growing problems within their communities. Governor Sargent has told me of a rather dramatic change that has occurred in Massachusetts. I think this kind of thing can help in making our total case to the Congress.

Governor Francis W. Sargent: Thank you very much, Mr. Chairman. I think the great concern that many of us have is whether our state governments are really designed to meet the challenge that the President has given to us in terms of not only revenue sharing but generally reversing the flow from Washington back to the States. I think we all recognize the desirability of it. But are our States really geared to be able to handle this new responsibility? We have all been saying that we should do this. But have we really been doing anything about reorganizing our state governments so that we can in fact have the capability to handle this added responsibility? Personally, I feel that the States are where the action is going to be in the future. I think that we have to do much more, all of us, in terms of getting our state governments updated so that they can handle these new challenges and these new opportunities. I think most of our state governments were designed for an earlier generation; in fact, in some instances, an earlier century. In our State, for example, we have one hundred seventy different, separate agencies that report directly to the Governor. We have three hundred different units of state government that are scattered around and there is no way the Governor can really get a handle on it. In fact, if he wants to meet with all of his agency heads, he has to meet in an auditorium. He does not even know the names of all of the people. I am not saying that you are all as badly organized as we are. We were able to do something about this in an effort to eliminate duplication, in an effort to cut out inefficiency. We applied for an HUD grant a few years ago. We made a very exhaustive study, a very sophisticated study. We are now regrouping all of these state agencies so that we have a cabinet arrangement with nine officers who can in turn carry out the policies of the administration. I think it is tremendously important that we do this. We could not have done it without the use of the HUD grant and without the sophisticated study that we undertook. I am not intending to make a self-serving statement. But I would like to say that we were able to get this legislation through with a Legislature that outnumbered the present administration in both the House and the Senate. One of the ways we did it was to have the first step of it become effective in 1971 rather than prior to the next election. So we reorganize. We can be in a position to really provide

the leadership that I think the States must provide if we are going to take full advantage of the new opportunities of revenue sharing. I know many States have contemplated reorganizing. We feel that ours was far reaching, and we surprised even ourselves in being able to get it through the Legislature. I think this is an important step for all of the States to consider as we move into this new challenge and this new opportunity. Thank you, Mr. Chairman.

Governor Evans: This story ought to be repeated many times, if we are going to make a sale to Congress.

Governor Warren E. Hearnes: Mr. Chairman, I think that probably I was one of the first to be bitten by the bug of revenue sharing, starting out with Governor Romney and then, through committee changes, Governor Evans has taken the leadership and carried it on through. I became quite apprehensive along with several others due to discussions with some of my fellow Governors who served much longer than I have. I am still quite apprehensive about it. Number one, while Governor Cargo has a special problem that he mentioned on categorical grants, the only way that I can ever support revenue sharing, even in spirit, would be with the idea that these categorical grants would be done away with or lessened, as has been mentioned by Doctor Burns. But while I think his ideas are good, I am not sure that they will be carried out by Congress. And another thing that I want to point out is that this is no pie in the sky or panacea when it comes to solving these problems. I think Governor Hughes had a little asterisk on his speech that he passed around. Perhaps many of you did not pay any attention to it. This is off the top of my head. The first year that they are talking about, for the State of Missouri, the amount that will go to the State, just guessing at it, would not even cover my emergency bill, which I will introduce in the special session next week. Also, as far as the cities are concerned, we talk about city problems. Governor Knowles mentioned these problems. We ought to differentiate between these major problems that require massive amounts of money to be spent and these general revenue problems, which I call them, paying the salaries of the different employees. I think that was pointed out by Governor Hughes in this footnote to his speech. I am greatly apprehensive. I am just wondering and trying to be honest with myself, and knowing the members of the General Assembly as I do, I wonder if a magic wand were waved and this very paltry amount of \$10 million was increased to \$100 million and I had that at my fingertips, I am wondering if I would have the political courage to ask for this increased revenue and use this money for the many things that the State should be doing. Or would I accept that as a crutch, so to speak, an evasion somewhat of the responsibility of the Governor? I think this perhaps will follow itself down into the local level where some of the cities have difficulty going before the people with tax proposals for fear of political reprisals. These are some of the things that have



gone through my mind since we first started talking of tax sharing, Mr. Chairman.

Governor Evans: Many of those same things have gone through my mind, too. I think what we are really talking about is the general fact that virtually every State in the Nation, as well as every local community, as Doctor Burns pointed out, has a tax structure that generally does not respond to an expanding economy. We all fall behind and we subsequently all face year after year the necessity for tax increases. The federal government almost inadvertently — they certainly didn't expect it when they first enacted the income tax back in 1913 — gained a highly elastic tax. It brings more money as the economy grows. I think we can also say that it took a Vietnamese war to use up the expanding revenue from the federal income tax. It is this reconstitution and share of that expanding revenue that we are really talking about, when we get to revenue sharing.

Governor Forrest H. Anderson: Mr. Chairman, I think probably Governor Moore's comments relative to his constitutional prohibitions might be put to rest if in your Item No. 4 you take out this business of the 20 percent. I know this would be troublesome to the administration in Montana. In addition to that, I would like to say that I express considerable concern on this as it relates to those States that have large areas of land under the control of the federal government. A great effort is being made today to set aside these lands for the public at large. I don't want to say that I have any objection to this. I am for it. But at the same time I think that the federal government in its effort to set aside these lands for general public use has to consider States, such as Montana, New Mexico, Arizona and others, when they start talking about federal tax sharing. They have to consider these lands as being lands which belong to the whole Nation. I think that this is of the utmost importance, because more and more space is needed for our people in the Nation to enjoy. We would like to see as many of them, of course come to Montana as would like to come. But we would like to see the federal government participate more in our economy in Montana. I am sure this is true of the other States where there are large federal land holdings. This is a great concern to us. I can't see how any State with as much land as we have, for example, could say that we are categorically for this type of a program.

Governor Evans: Before we get into further comments from the Governors, I would like to turn to our local representatives and ask if they at this time would like to make some comments. You have heard expressions from a number of Governors now. Mayor Maltester, would you like to speak with us? He participated in the White House Conference on Revenue Sharing. He had an opportunity to be at that same conference. We would appreciate your comments.

Mayor Jack Maltester: Thank you, Mr. Chairman. Mr. Vice-President and Governors: I first would like to say how grateful we are in the United States Conference of Mayors not only for being invited here today but also for being asked to participate in this most vital subject to both the States and local governments. I was impressed with Chairman Ellington's remarks in opening the session this morning when he talked about cooperation. I think we are getting to the point where we are getting more cooperation. As I listened to some of the debates and discussions today, I see that the Governors have the same problems that the mayors have. There is not any unanimity of opinion, but it has been told to us and we are firmly convinced that unless something is done between the States and local governments we will not receive any legislation from Congress. So we in the United States Conference of Mayors are attempting to sort of reach a consensus and support the administration's bill for revenue sharing. It is true that we feel that the bill is not perfect. But that is not a reason why we should wind up without any bill at all. We think that if the principle is established, we can later make the amendments after we see what the problems are. I would like to compliment Governor Evans. He mentioned the White House Conference on Revenue Sharing. Very frankly, the local government people went there a little reluctant, saying that the Governors were going to outpressure us and the Governors had the lead. Yet we came from that meeting, local government, state government, with a consensus on six items. Governor Evans summed up the six items. As I said, although there was not a vote, everyone in the room agreed to those items. We feel that this whole question of revenue sharing is important. We realize the problems some of the States are going to have. We realize the constitutional provisions of some of the States. As you well know, the Governors originally felt that all of the revenue sharing should go back to the States and they in turn should work it out with the local governments. In the State of California this would work fine because the local government has a great relationship with the Governor's Office. I know that our Governor was the first one to my knowledge to set up an organization of staff to meet constantly with local government to bring the administration's viewpoint onto a two-way street, taking the local government's viewpoint back. When the Governors wanted all of the money, then the big city mayors decided they wanted all of the money. I think if we are not careful here that this is just what we are going to wind up with before Congress, with the city saying that they want it all direct and some of the States saying that they want it all direct and in the net result we will get nothing. So we again, on behalf of the United States Conference of Mayors, are supporting the administration's bill. I know that Governor Evans' committee recommendations, with the exception of probably one or two minor items, are practically the same as the administration's bill. You have

one item, Item 4, Governor Evans, which is the 20 percent for regional cooperation. I, personally, am very much in favor of this. However, as a spokesman for the United States Conference of Mayors, I have to oppose it because I cannot deliver the votes to get it through. I think this is one of the things that we have to realize - where do we compromise and what do we do to get a bill through? So I am going to leave some of the technical descriptions up to our experts, Governor. But again let me say that on behalf of the Conference of Mayors we are grateful that we were invited. I have found in the past year, especially on the Advisory Commission on Intergovernmental Relations that Governors are very much interested in the problems of cities and Governors will support the problems of the cities. I think the question now becomes: Can we keep this up and improve on it? Wherever there is any misunderstanding I hope that we have the opportunity to sit down around the table and work it out. Thank you very much.

Governor Evans: Thank you. May I present Mayor Briley of Nashville, Tennessee, president of the National League of Cities.

Mayor C. Beverly Briley: Gentlemen, we feel more like the sergeant brought from the battlefield to talk to the staff officers about what our problems are. The logistics of getting the ammunition, namely the m-o-n-e-y to the firing line is the problem of the cities. We are grateful for the opportunity of coming here and expressing ourselves to you. We certainly commend very highly the President and his administration and staff in recognizing this problem and initiating this innovation. We do believe that we ought to try to stay together as we do this. I represent all of the sergeants all over the Nation. What happens in Tennessee is not exactly what happens in another State. I know that there will be differences. I think that we should resolve those differences promptly among ourselves and try to get this new innovation into effect. As we proceed with it and the problems then begin to rise, then we will be able to solve the question of the 20 percent, taking it out of the local funds to go to the regional governments. But we are very grateful that the Governors are sharing with us the problems of our cities. We share with you the frustrations of having to deal with Legislatures and Congress. I might add that we also have to deal with the city council as an additional frustration. The new spirit of cooperation, the new spirit of understanding in my opinion will remove all of the barriers there have been in the past. We commend the President and his administration and you in taking this step forward. I would hope that we can take the administration's proposal, and not squabble over these other things that might be issues in a few States but not all of them. Thank you very much.

Governor Evans: We will now hear from Mr. John Wentz, the president of the International City Management Association from Riverside, California.

Mr. John Wentz: Thank you very much, Mr. Chairman. By following

my good mayors I may be repetitive. But at that risk, I think I would like quickly to note my thoughts as representative of the attitude of that block of professional urban administrators that will have the task of spending this money and attending to it when it become available. We, too, appreciate the invitation to join with you. We know that this symbolizes your recognition of the urgency of the solution to urban problems. We think that this spirit of cooperation in which we join is tremendous. At the outset I can assure you that all city officials and urban administrators recognize the need for agreement between state, county and city officials. I am sure that it has been said before but it can be repeated that without a united front we are simply not going to get Congressional approval. So despite any suggestion that I might make here that may differ from your committee report, in the final analysis we will pledge ourselves to cooperate with you as we approach the federal establishment. First, in keeping with the stereotype of a professional administrator, let me mention several administrative cautions. Perhaps I am really pleading here with Doctor Burns. But I think it is dreadfully important in the interest of equity between cities that this term "tax effort" be clarified to include all revenue from all sources used to run local government. It doesn't absolutely come out that way yet. We most certainly hope that you might think of such revenue as refuse collection charges, use charges for sewers, recreation facilities, and, incidentally, utility profits plowed back into the funding of general governmental operations. We think a complete inventory of these with great clarity will help a great deal. Secondly, we think that the definition of the general purpose unit of government should be very specific so that it does indeed exclude community services districts, which in some States, such as California, have such broad authority and can provide such a large number of services that they might by accident qualify, if this is not very expertly drawn. And that would be contrary, I am sure, to your intention to prevent the further fragmentation of local government. Now, with those out of the way, let me say just a word or two about the principles of revenue sharing. It seems to me, and I am sure to most administrative types, that the primary objective at this point is simply to rescue all cities, regardless of their size and location, from their physical dilemma, to relieve the reliance on the property tax, which, as our good Governor from California has indicated, has gone about as far as the citizens will tolerate. We are at a position, I think, on the municipal front where we need to keep body and soul of local government viable because, otherwise, I think we are in jeopardy of falling apart in the seams. Now, there are special problems in specific areas and, I think, they can be approached by the categorical grants for the moment and, of course, by discretionary use by the States of their share of the shared revenue. And I think state leadership in this method is very important. Mirroring Secretary Romney's statement, it seems it was the

most telling one that was offered here at the very outset, I believe we must keep this program simple at the outset. We just want to establish the principle of revenue sharing as a way of life. All cities are caught in this squeeze. I think the objective at the beginning is to provide a simple procedure for developing revenue for local government by the effective device of the federal income tax, period. Once this principle is established and accepted by officials at all levels, then I think these programs can become more sophisticated and more complex objectives can be achieved. As for the permissive alternatives for distribution, my only concern is that there be a guarantee that the minimum amount will still be passed through, again protecting the financial base all local communities. I would suggest that the problem of financial chaos is here right now and the need for assistance is urgent at the highest possible level.

Let me say in parting, that just proposing is not enough without going home and doing something about this business of taxation of state and municipal bonds. This, from my point of view, would bring capital development to a screeching halt, and I would recommend before any attempt to adjust the present balance is made that the federal government consider simply passing a law that would affect an inventory of who holds these state and municipal tax free bonds. I think this really isn't understood. I think we may be surprised at the results. Again, let me compliment the Governors on the attention you are giving urban affairs. Thank you very much for the privilege of joining with you here today. This is a first, I think, in the history of your organization. We consider it a real privilege to be a part of the action. Thank you.

Governor Evans: I might just assure you that we are going to take further action, probably tomorrow, on the matter of taxation on bonds. As far as I am personally concerned, if it got down to a choice or a trade between revenue sharing and the taxation of state and municipal bonds, I think we would be taking the short end of the stick with revenue sharing. It is that important. Judge Fowler, would you like to speak briefly for the counties who are represented and have not yet been heard from?

Judge Conrad Fowler: Thank you, Mr. Chairman. Just on behalf of the National Association of Counties, Doctor Burns, may I say that our organization supports the administration's program with strong enthusiasm. Thank you.

Governor Evans: First, Governor LeVander, Governor Rampton, Governor Maddox and Governor Curtis.

Governor Harold LeVander: I did want to say this. That one of the great things about our federal system, I think, is the opportunity to innovate and try things out. I realize that you have a lot of material on your desk but I laid on your desk our success in reorganization. I believe that we are the only

State now that has executive initiated reorganization without even legislative veto. You might want to take a look at that. The other is the regional planning and development that was adopted in the last Legislature. We divided our State into eleven regions. I think we are now in a position to meet requirements of all the federal programs in having plans meet regional needs. The third thing is that we have an innovation in a metropolitan council which is set up in order to give some assistance to 300 local units of government. If we can be of any assistance to any of you who have municipal problems with that kind of proliferation, we would be glad to do so. Now, just one word on revenue sharing. As fellow Governors know, I have argued for this at every Governors' Conference that I have attended since I was elected. I believe it is absolutely essential if the States are to do the job that they have to do. But I am particularly encouraged by the fact that at every other Governors' Conference we have always said that it is no use talking seriously about it until after the Vietnam war is over. When I had the pleasure of being at the White House Conference to discuss the mechanics, I was tremendously pleased that not one word was said during the entire day that we have to wait for this until the Vietnam war is over. Manifestly, it is starting on a small scale, and \$500 million is a small amount. But at least we are starting, and before the end of the Vietnam war. We are getting a principle established and I think that is significant. And if it can be accelerated to be over \$5 billion before 1975, that will be meaningful. I think we all recognize, as Governors, that we would rather have it as revenue sharing than as block grants or categorical grants. So I would hope that we would unite on the idea that we support the idea of revenue sharing and get the principle established and, certainly, we can enlarge and get a greater help for our States. But everyone of us recognizes that rather than going to our taxpayers and wanting to increase taxes, certainly this revenue sharing is a preferable way and we ought to support it and I hope that we will.

Governor Rampton: My question is directed to Doctor Burns. The President's proposal on revenue sharing and certain other social programs went up to the Congress more or less in a block about a month ago. And then we got the impression that the speed with which they could be put into effect and accelerated depends upon how soon the Vietnamese war would come to a close. Last week Mr. Moynihan announced that, contrary to supposition theretofore, there would be no peace dividend. Has this announcement or this realization on the part of the administration caused any change in the time schedule as announced thirty days ago?

Doctor Burns: I am glad to have the opportunity to clarify this point. In making our projections, we have allowed for the revenue sharing plan in the amounts that I have described. Our projections embody that. The same is true of the President's welfare proposal and the Vietnam war is very

inconvenient but we are going ahead with these plans. Mr. Moynihan's statement was not intended to suggest that we are not. I hope that is entirely clear. As far as other programs are concerned, these projections, when you analyze them, what do they say? The demands on government, as all of you know, are almost always indefinitely large. The sources are limited. The arithmetical exercise that we went through simply put in terms of numbers that which all responsible government officials and all economists know. There was a little misunderstanding generated in that press conference. But we are a growing country. As far as our built-in programs are concerned, perhaps we can get rid of some of them and make more money available for our cities, which badly need additional funds.

Governor Evans: Governor Maddox.

Governor Maddox: Mr. Chairman, Mr. Vice-President and fellow Governors: I particularly had some other proposal that I would have preferred and I think it would have been best for the States and local governments if there were relinquishment by the federal government of some areas of this taxation and they could be picked up by our state and local governments. But this does not seem likely. So I would like to thank the Vice-President and those who have served with him for the first time offering a proposal that would give us some tax sharing back to the States. I realize that we do have a limited budget. I feel that half a billion dollars is peanuts and is insignificant. I believe that this Governors' Conference probably should go on record as asking quite a bit of increase in this proposal by the administration. I don't see any reason why we could not request possibly a minimum of 2 percent of the national appropriations. I believe it could be accomplished by the fiscal year of 1971. I believe it should then grow each year by 1 percent of whatever the national budget is until it reaches an annual appropriation of 10 percent of the national budget. I believe this would be a real progressive program that would mean something to all of the States and to all of the localities.

I would like to address myself to another area and that is number three in the proposed policy statement. The sums appropriated should be allocated among the States, based primarily on population adjusted by relative state and local tax effort. I believe in this particular instance that the formula would conflict with our concept and our philosophy and in many other areas of government, specifically in the field of our entire poverty and welfare programs. They are geared to help those who need help most and have less ability to provide for themselves. I see in this proposal for tax sharing that we are going in the opposite direction if it is based on the number three section. And until we do something in that area, going back to the areas that have less ability, like we do in our welfare program, then I feel like we are going to spend billions of dollars in some of our major areas where we will get half the

production out of them that we would in the rural areas. So I would like to express my views in that particular area. I think the formula is wrong. I would like to see it changed to give better treatment to those who have the greatest need and less ability to provide for themselves. Then I would like to go on record as hoping that the Conference would up the request in the amount of tax sharing dollars. Thank you.

Governor Evans: Thank you, Governor Maddox. I might point out that the adjustment on relative state and local tax effort does not necessarily penalize those local areas that have little industry or cannot raise even too much on a per capita basis in terms of taxation because this is related to income as well. Any time you get a greater amount of industry, you are likely to have higher rates of income. Doctor Burns can check me on this.

Doctor Burns: I wish I could agree with you on that. No. The distribution formula among localities differs from the distribution formula among the States. The reason is a technical one. We would have liked to apply the same distribution formula for distribution among the localities. If we had, your objection would not be valid, Governor. But the data for the purpose are simply not available. You cannot do it. We hit upon what I think is a reasonable plan, though perhaps it is subject here and there to the kind of criticism which you made, but there is a difference in the two distribution formulas as the legislation now stands.

Governor Evans: I think certainly the intent of our committee in the allocation formula was to do this—both distributing from the State to the local communities, the same thing that we were doing in distributing among the various States, which would take care of the particular problem that you have mentioned, Governor Maddox. We would hope that the administration in some fashion can take care of that problem in the distribution between the various local communities.

Governor Kenneth M. Curtis: As a member of your committee, I would like to reemphasize a point that was made by the Vice-President. There are two major revenue sharing bills before the Congress at the present time—the administration bill and the so-called Goodell-Muskie bill. I would hope, as Governors, you will study both of these proposals pretty carefully and make your views known wherever you can in Congressional hearings because there are some major differences in the two bills. One difference which, of course, impresses me a great deal as Governor of my State is that the Goodell-Muskie bill provides about three times the amount of revenue in the first year that the administration bill would. But I think there are also some serious questions that have not been answered in either bill. And that is whether or not we should consider inserting into the formula some consideration for the basic imbalance of wealth that exists between the States in this Nation. I am



inclined to agree a great deal in what Governor Hearnese said that under the administration's bill in the first year our State would receive something like \$5 million as against the general fund budget of about \$200 million. Actually speaking, much as I would like to have the \$5 million it is not going to change much of anything in my own particular State. So I wonder if we simply just spread money around without any thought of trying to correct the imbalances that cause our great problem; whether we are really going to be successful in correcting some of the problems that plague our States?

Governor Evans: Thank you. We are approaching the time set aside for adjournment of this session. I would hope that we can reach some conclusion on the proposed policy statement as it exists. Mr. Chairman, in order to get it before this body, I would move the adoption of proposed policy statement No. 1 on revenue sharing as prepared by the committee.

Governor Ellington: The motion has been made and seconded. Any discussion? If not, all in favor say "Aye."

Governor Williams: I previously read an amendment which is simply a change in Number three, about the relationship of the taxing ability and the percentage of the federally held and administered land acreage in each State. I move adoption of the amendment.

Governor Rampton: Mr. Chairman, that is a matter of a great deal of importance to the Western States. I wouldn't like to see it passed over here so quickly. I am going to move that the consideration of the revenue sharing proposal be deferred until tomorrow afternoon.

Governor Ellington: Motion has been made and seconded. Are you ready for the question? All in favor that the proposal or the report be deferred until tomorrow afternoon vote "Aye." Opposed? I had better have a show of hands. All in favor will raise their hand. Thirty ayes. So action will be deferred until tomorrow afternoon.

Now, gentlemen, just a very few announcements. First of all I want to thank Doctor Burns and the representatives of the local government and the Vice-President for the contribution that they have made to our meeting. Governor Farrar of South Dakota wants to make an announcement.

Governor Frank L. Farrar: We would like to share with you some of our revenue sharing in South Dakota and hope that you would participate in some of our natural resources. It has been my pleasure and honor as Governor of my State to accept the first in a series of new paintings by Richard Sloan who is here with us today. He is comparable to Audubon. I would like to have Mr. Sloan stand up. He is painting the state bird for each of our States. This life-size portrayal of a pair of ring-necked pheasants has been presented to our State of South Dakota. I have personally signed the print of this painting and affixed our state seal. It is a presentation for each of the respective States in the Union. This is both as a gesture from our State as well

as clearly identifying this species of our official state bird. We in South Dakota are proud to have been selected as the first State. This print will also stand in the Smithsonian Institute. The Griggsville Wild Bird Society and Mr. Sloan should be highly commended and supported in their efforts for the welfare and preservation of the magnificent wildlife resources in our country, but with one exception and that is South Dakota. Because people are not a problem in our State. We have more pheasants than people. In fact, we have more pheasants than money. All of you are invited as Governors to participate in the tastiest bird and the most beautiful bird in the world. So you are invited this year to a great pheasant hunt in our State. In fact, you can hunt pheasants in our State without food stamps. We will guarantee all of you a great number of birds if you come to our State. We will assure you that you will leave with your limit.

Governor Ellington: Thank you, Governor.

At this time I will appoint the Nominating Committee of this Conference for their convenience that they might begin work and report back on Wednesday. The chairman of the Nominating Committee—Governor Nunn of Kentucky; and Governor Peterson of Delaware, Governor Rampton, Governor Hearnese and Governor McNair.

Mr. Carihfield, do you have any announcements?

Secretary-Treasurer Carihfield: Yes, sir.

[Several announcements were made by Secretary-Treasurer Carihfield.]

Governor Ellington: Before we adjourn, I would like to recognize an old friend and former Governor—Governor Boe. Governor Boe, would you stand?

Gentlemen, if there is no further business, we will stand adjourned at this time.

# EVENING SESSION

## Monday, September 1

### STATE BALL

The Annual State Ball was held on Monday evening, with Governor Buford Ellington presiding as Chairman of the National Governors' Conference. The Governors and their wives were introduced individually upon their entry into the International Center. The members of the Executive Committee were introduced. The Vice-President and Mrs. Agnew were introduced. The National Anthem was played. Reverend George Otto of the Broadmoor Community Church delivered the Invocation.

Governor Love: Mr. President, Mrs. Nixon, Mr. Vice-President and Mrs. Agnew, my fellow Governors, their ladies and distinguished guests: Very briefly, I count it a high privilege on behalf of the people of the great and, I would add, beautiful State of Colorado to welcome you all this evening. This is the second time that Colorado has hosted a National Governors' Conference and we are highly honored to have the Governors of the several States and the Territories and three Prefects from the Nation of France, Cabinet Members and other distinguished guests. Welcome to Colorado. We are delighted to have you here. I would now like to present, for the purpose of introducing the President of the United States, a man who has served with great distinction as Chairman of our National Governors' Conference, the great Governor of the great State of Tennessee, Buford Ellington.

Governor Ellington: Thank you, Governor Love. On behalf of all of the Governors and their lovely ladies, let me express again to you, to Mrs. Love and to the wonderful people of Colorado how happy we are to be here with you. Thus far it has been a great Convention. The attitude and the reception of the people of this State have contributed to it. I think I know the protocol, yet there is more that I would like to say. It is my great honor to present to you a man who has moved forward with caution, with thought, a man who realizes that government should be decentralized and that state and local governments are an important part of the federal system. We are one people with a lot of labels, such as Republican or Democrat, Protestant or Catholic, white or Negro, Southern or Northern, but no matter how many labels we wear let us not forget we are Americans. It gives me a great deal of pleasure, as an American, to introduce to you my President, our President of the United States.

President Richard M. Nixon: Vice-President and Mrs. Agnew, Governor Ellington, Governor Love, all of the distinguished Governors and their First Ladies who are here, and all the distinguished members of this audience:

I first want to express my appreciation to Governor Ellington for his eloquent introduction and very generous introduction, and I hope that in my remarks tonight I can respond in the same spirit. I also want to express my appreciation to the Governors of the fifty States for their service to this Nation, whether they be Republicans or Democrats, and for inviting me to address them on this occasion.

I speak somewhat with humility whenever I address a group of Governors. If you will permit a personal reference at the outset, as many of you are aware, I have run for many offices in my political career. Twenty-three years ago I ran for the House and four years later for the Senate, and then for Vice President and then for President, and then for Governor and then for President. The only office that I have sought and have never won is that of Governor; so therefore, I respect the Governors who are here tonight.

To show that respect, as a demonstration of it, we have in our Administration not only the Vice President, who served as the Governor of Maryland, but three other former Governors as Members of the Cabinet, who hold their respective posts with great distinction.

I suppose that one of the reasons this Administration feels so strongly about the relationships between the federal government and the various States—the necessity to have a new relationship to which I will refer tonight—is that we have that strong representation, the strong voice of those who have served as Governors and who, therefore, know what the problems are.

We are meeting here tonight at a time of great and fundamental change in America—of changes more far-reaching than have ever been seen in the span of a single lifetime. These changes summon all of us—the federal government, the States, the counties, cities and towns, each person everywhere—to a high adventure in human advancement.

We stand on the threshold of a time when the impossible becomes possible—a time when we can choose goals that, just a generation ago, would have seemed as unreachable as the moon seemed to be unreachable then. We can reach those goals.

The Spirit of Apollo gave us a brief, glittering glimpse of how far we can stretch. Thousands of minds, thousands of hands, all were marshaled in selfless dedication in achieving a great human dream—and the dream came true.

Today, we in America can afford to dream, but we have to put drive behind those dreams. This requires that we turn—now—to a new strategy for

the seventies, one that enables us to command our own future by commanding the forces of change.

Only seven years from now, in 1976, America will celebrate its 200th birthday as a Nation. So let us look ahead to that great anniversary in the Spirit of Apollo, and discover in ourselves a new Spirit of '76.

Let us resolve that what we can do, we will do.

When a great Nation confronts its shortcomings, not angrily, but analytically; when it commits its resources, not wantonly, but wisely; when it calms its hatreds, masters its fears, and draws together in a spirit of common endeavor, then the forces of progress are on the march.

The central race in the world today is neither an arms race nor a space race. It is the race between man and change. The central question is whether we are to be the master of events, or the pawn of events. If we are to win this race, our first need is to make government governable.

When the new Administration took office last January, we confronted a set of hard and unpleasant facts. I cite these facts not in a partisan way; they are not the fault of any one Administration or of any one party. Rather, they are part of our common experience as a people, the result of an accumulating failure of government over the years to come to grips with a future that soon overtook it.

We confronted a legacy of federal deficits that has added \$58 billion to the burden of public debt in the past ten years.

We confronted the fact that state and local governments were being crushed in a fiscal vise, squeezed by rising costs, rising demands for services, exhaustion of revenue sources.

We confronted the fact that in the past five years the federal government alone has spent more than a quarter of a trillion dollars on social programs—over \$250 billion. Yet far from solving our problems, these expenditures had reaped a harvest of dissatisfaction, frustration, and bitter division.

Never in human history has so much been spent by so many for such a negative result. The cost of the lesson has been high, but we have learned that it is not only what we spend that matters; but how we spend it.

Listen to Professor Peter Drucker analyze the problem of government today: "There is mounting evidence that Government is big rather than strong; that it is fat and flabby rather than powerful; that it costs a great deal but does not achieve very much. Indeed, Government is sick—and just at the time we need a strong, healthy, and vigorous Government."

The problem has not been a lack of good intentions, and not merely a lack of money. Methods inherited from the thirties proved to be out of date in the sixties. Structures put together in the thirties broke down under the load of the sixties.

Over-centralized, over-bureaucratized, the federal government became unresponsive as well as inefficient.

In their struggle to keep up, States and localities found the going increasingly difficult. In the space of only ten years, state and local expenditures rose by two and a half times—from \$44 billion in 1958 to \$108 billion in 1968. States alone have had to seek more than 200 tax increases in the past eight years.

You know—you as Governors—and I know, that simply piling tax on tax is not the long-range solution to the problems we face together. We have to devise a new way to make our revenue system meet the needs of the seventies. We have to put the money where the problems are, and we have to get a dollar's worth of return for a dollar spent.

Our new strategy for the seventies begins with the reform of government:

- Overhauling its structure

- Pruning out those programs that have failed, or that have outlived their usefulness

- Ensuring that its delivery systems actually deliver the intended services to the intended beneficiaries

- Gearing its programs to the concept of social investment

- Focusing its activities not only on tomorrow, but on the day after tomorrow.

This must be a cooperative venture among governments at all levels, because it centers on what I have called the "New Federalism"—in which power, funds and authority are channeled increasingly to those governments that are closest to the people.

The essence of the New Federalism is to help regain control of our national destiny by returning a greater share of control to state and local governments and to the people. This in turn requires constant attention in raising the quality of government at all levels.

The new strategy for the seventies also requires a strategy for peace, and I pledge to you tonight that we will have an effective strategy for peace.

Let me tell you what that strategy means and what it does not mean. It means maintaining defense forces strong enough to keep the peace, but not allowing wasteful expenditures to drain away expenditures we need for progress.

It means limiting our commitments abroad to those we can prudently and realistically keep. It means helping other free Nations maintain their own security, but not rushing in to do for them what they can and should do for themselves.

It does not mean laying down our leadership. It does not mean abandoning our allies. It does mean forging a new structure of world stability

in which the burdens as well as the benefits are fairly shared—a structure that does not rely on the strength of one Nation, but that draws strength from all Nations.

An effective strategy for peace abroad makes possible an effective strategy for meeting our domestic problems at home. To place this new domestic strategy in concrete terms, I would like to cite a few examples of changes we in the new Administration have made or proposed since taking office.

We have proposed, as all of you know, because you have discussed it in this Conference, the first major reform of welfare in the history of welfare.

This would abolish the discredited Aid to Families With Dependent Children program, and launch in its place a new system that for the first time would ensure a minimum income for every family with dependent children, and at the same time provide a coordinated structure of work requirements, work incentives and training designed to move people off the welfare rolls and onto payrolls.

Now I realize that some object to some of these proposals—understandably—as seeming to favor one region over another, or because they give the rich States more or less than they give to poorer States. I considered these arguments, and rejected them, because as Buford Ellington indicated in his introduction, we are one country. We must think in terms of the people and their needs—whatever they are. We must meet our problems where the problems are. Because unless we act to meet the problems of human need in the places where they exist, the problems and troubles of rural America today will be the problems of urban America tomorrow.

Consider for a moment the name of this Nation: the United States of America. We establish minimum national standards because we are united; we encourage local supplements because we are a federation of States; and we care for the unfortunate because this is America.

We have proposed the first major restructuring of food programs for the needy in the history of food programs.

Let's face it. For years food programs were designed as much to get rid of surplus commodities as to feed hungry people, and now, for the first time, we propose that every American family shall have the resources, in food stamps, commodities and other assistance, to obtain a minimum nutritious diet, with free food stamps for those with very low incomes.

We have declared the first five years of a child's life to be a period of special and specific federal concern.

New knowledge recently acquired has shown that these earliest, formative years are crucial to a child's later development. Yet with only random exceptions, no provision has previously been made to ensure the welfare of children during these years. With an eye to the next generation, we have made it our business to fill this void.

We have proposed the first major reform of the income tax system in nearly twenty years, to remove millions of the poor from the tax rolls entirely, to close loopholes that have allowed many of the rich to escape any taxation at all, and to make the entire structure more balanced and more equitable.

We have proposed the most fundamental reform of the unemployment insurance system in the history of unemployment insurance.

We have proposed the first reform in the fiscal structure of federalism since the 1930s.

In proposing to begin the sharing of federal tax revenues with the States—to be spent as the States see fit—we are putting our money where our principles are. The power to tax is the power to destroy; but the sharing of tax revenues provides the power to build.

We have proposed, for the first time in history, a comprehensive and effective delegation of federal programs to state and local management.

The Comprehensive Manpower Act would turn over to state and local direction a major federal program which clearly has to be nationwide in scope, and federally funded, but which can most effectively be managed at the state and local level.

We have begun the first overall reform of the organization of the federal government since the Hoover Commission.

By establishing common headquarters and common regional boundaries for the various federal agencies, we have made decentralized administration possible—and made it possible for Governors and Mayors to do their business with those agencies at one time and in one place.

In speaking to one of the Governors tonight, Governor Rhodes of Ohio, he mentioned the fact that in his State, for the welfare programs, approximately 40 percent of the payroll was for the purpose of filling out the federally required forms.

Let me say that we would welcome from the Governors your suggestions as to how we can reduce that kind of a load that has been imposed upon you by the federal government.

For the first time, machinery has been created to raise the problems of the cities and the problems of the environment to the level of formal, interdepartmental, Cabinet-level concern, with the creation of an Urban Affairs Council and the Council on Environment.

For the first time, machinery has been created within the White House for a coordinated system of forward planning of needs and resources. With establishment of the National Goals Research Staff, we have built into the budgetary and program operations of the national government a systematic assessment of future needs and the resources available for meeting those needs.



Another reform I have asked for, and to which I attach special priority as a matter of the highest principle: reform of the draft.

Until peacetime conditions make a shift to an all-volunteer armed force possible, and while the draft remains necessary, it is imperative that we make it as nearly fair as possible, and that we reduce to a minimum the unnecessary long period of uncertainty that now hangs over the lives of millions of our young people. We shall have some directives that will be issued in the very near future that will accomplish some of those results.

In summary, the twenty-four legislative proposals—the major ones—that I have sent to Congress have also included proposals ranging from an overhaul of foreign aid to the most wide-ranging reform of the postal service in history; from a new program of mass transit aid to new measures for the combating of narcotics, pornography and organized crime.

Taken together, these measures are sweeping in their implications. I admit, too, they are controversial as any new programs are. They also represent fundamental new directions in national policy. But to those who say they are controversial, to those who criticize them for what they are, I make this one suggestion: We have been on a road for a long time that is leading us to disaster, and when you are on the wrong road, the thing to do is get off and get on to a new road and a new progress.

These programs represent a comprehensive, concerted effort to make government work; to make it work fairly; to make it responsive; and to gear it to the early anticipation of emerging needs, rather than belated response to crises that could have been avoided.

I would like for all of us to look at these measures in a larger framework.

Exactly four months from today, we will enter the decade of the seventies. We look ahead toward that 200th anniversary of American independence in 1976; we have a target to shoot for.

What kind of a Nation we will be on that momentous anniversary is ours to determine by what we do or fail to do now. As conditions are changing, so we must change.

The reforms I have proposed in these legislative recommendations are not partisan changes. They are positive changes. They have no special constituency of region or class or interest group. Their constituency is tomorrow.

It already is painfully clear that many hard choices will have to be made. Dreams of unlimited billions of dollars being released once the war in Vietnam ends are just that—dreams. True, there will be additional money, but the claims on it already are enormous. There should be no illusion that what some call the “peace and growth dividend” will automatically solve our national problems, or release us from the need to establish necessary priorities.

There are hard budget and tax decisions ahead. These involve your interests, as Governors; they involve the interests of all of us, as citizens.

In order to find the money for new programs, we are going to have to trim it out of old ones. This is one reason why I regard the reform I have proposed as essential. We can no longer afford the luxury of inefficiency in government. We cannot count on good money to bail us out of bad ideas.

Equally important, continued improvement of governments at the state and local levels is essential to make these new concepts work.

If the delegation of funds and authority to the state and local governments under the Comprehensive Manpower Act is successful, this can then be a model for more delegations in the future. But we can only toss the ball; the States and localities have to catch it and they have to carry it, I am confident that you can.

For a long time, the phrase "States' rights" was often used as an escape from responsibility—as a way of avoiding a problem, rather than of meeting a problem. But that time has passed.

I can assure you of this: We are not simply going to tell you the States have a job to do; we are going to help you find the funds, the resources, to do that job well. We are not simply going to lecture you on what you should do. We are going to examine what we can do together.

One of the key points I want to make tonight is, in a sense, very similar to one I made on my recent visits to our NATO partners and to our friends in Asia. Washington will no longer try to go it alone; Washington will no longer dictate without consulting. A new day has come, in which we recognize that partnership is a two-way street, and if the partnership is to thrive, that street has to be traveled—both ways.

This poses a new challenge to the States—not only to administer programs, but to devise programs; not only to employ resources, but to choose the things for which they should be used. In my talks with many Governors and other state officials, I have found them ready to rise to that challenge. And I have become convinced that States today are ready for a new role.

The New Federalism also recognizes the role of people—of individuals doing, and caring, and sharing. The concept of voluntary action, of community action, of people banding together in a spirit of neighborliness to do those things which they see must be done, is deeply rooted in America's character and tradition. As we have swept power and responsibility to Washington, we have undercut this tradition. Yet when it comes to helping one another, Washington can never bring to the task the heart that neighbors can. Washington can never bring the sensitivity to local conditions, or the new sense of self-importance that a person feels when he finds that some one person cares enough to help him individually.

In encouraging a new birth of voluntary action, I intend to look not only to the federal government, but also to the States, for inspiration and encouragement. Each State has its own pattern of experience, its own examples of how people have successfully helped people. By sharing these examples, they can be multiplied.

As we look toward 1976 and beyond, our range of possible choices is truly breathtaking: how we manage our growing abundance, how we make real our ideals of full opportunity, how we clean up our air and our water, how we balance our systems of transportation, how we expand our systems of education and health care—the list could go on and on indefinitely.

As only one dimension to the new tasks we face, the best estimates are that America's population will increase by 100 million between now and the year 2000—thirty years from now. This means that thirty years from now there will be half again as many people in America as there are today. It means that in this short span of time we have to build fifty cities the size of Philadelphia today.

Or to put it another way, the Committee on Urban Growth Policy has recommended that we should begin planning now for 100 new cities of 100,000 people each, and 10 new cities of 1 million people each—and yet even if we did this it would accommodate only 20 percent of the added population we have to plan for the year 2000.

Yet the other side of this coin of challenge is an enormous opportunity. Growth on such an heroic scale offers an unprecedented opportunity to shape that growth so that our cities and communities enhance man himself.

More than anything else, it is these new tasks of the future—not the distant future, but the immediate future—that give urgency to the need to reform government today. We can command the future only if we can manage the present. The reforms I have proposed are designed to make this possible.

Only if we clean out the unnecessary can we focus on the necessary. Only if we stop fighting the battles of the thirties can we take on the battles of the seventies. These reforms represent a New Federalism; a new humanism; and I suggest also, a new realism.

They are based not on theoretical abstractions, but on the hard experience of the past third of a century. They are addressed to the real problems of real people in a real world—and to the needs of the next third of a century. They represent not an end, but a beginning—the beginning of a new era in which we confound the prophets of doom, and make government an instrument for casting the future in the image of our hopes.

That task requires the best efforts of all of us together. It requires the best thinking of all of us together, as we choose our goals and devise the means of their achievement.

But the future that beckons us also holds greater promise than any man has ever known. These reforms are steps in the direction of that promise—and as we take them, let us do so confident in the strength of America, firm in our faith that we can chart our destiny to the abundant spirit of a great and resourceful people. This spirit has been our strength. Marshaled in a new Spirit of '76, giving force to our purposes and direction to our efforts, it can be our salvation.

And now to those of you who are Governors here present tonight, I would like to add one personal note. Governor Ellington already indicated that we come from different parties, different parts of the country, we represent different religions, different backgrounds. But we are all the same in one respect: We are men, we are women in the great field of politics.

Sometimes as I consider that field of politics and particularly as I talk to the wives of some of those who have chosen the field of politics, I realize how very difficult that particular assignment can seem to be.

I think we have to look at this all in terms of the perspective of the times in which we live. As all of you know, I have had the opportunity of traveling both to Europe and to Asia during the first seven months of my term of office. I visited the leaders in the great countries of both Europe and Asia. I have seen great civilizations and great governments and great peoples.

When I returned to the United States, after meeting with these leaders, one truth always comes back home to me, and it is this: This is the period of time in which, whether peace or freedom survives in the world will depend upon what happens in the United States of America. And it depends not only on what a President will do, but it depends on what we do in all areas, governmental and nongovernmental. It depends not only on what we do on the federal level, but the state and local level as well, because if the United States is going to meet the challenge which is ours, to preserve peace and freedom in the world, to bear our fair share in this period, if we are going to be able to deserve that mantle of leadership which is ours, whether we want it or not, we are going to have to first demonstrate that we can handle our problems at home.

I submit to all of you tonight, no men, no women, could have a more exciting challenge than this. Yes, the task is a great one. It is one that at times may seem frustrating. But I want to say to all of you that as we look toward the challenge of the last third of the century, as we look toward the decade of the seventies, and as we look toward the 200th anniversary of the American Declaration of Independence, 1776, I have great confidence in that future, confidence in it because I know that there are men and women in this country in the field of politics, in the field of government, who are determined to make government work, who are determined that this time in our history we will not fail in the challenge that is ours.

Let me put it in historical perspective. This Nation was founded in 1776; thirteen colonies, 3 million people, very weak militarily, poor economically. The men who founded this Nation said: "We act not just for ourselves, but for the whole human race."

That was a presumptuous thing for them to say then. But some way that Spirit of '76 appealed to all the world.

Today the United States of America, because of its power, because of its wealth, because of what we stand for, does act for the whole human race. And that is the challenge that we face, and that is the challenge that I know we can meet.

I am proud to work with the Governors of the fifty States, Republicans and Democrats alike, to see that America deals effectively with its problems at home, so that we can provide the example of leadership which will enable us to meet the challenges of keeping peace and freedom abroad.

Governor Ellington: Mr. President, we thank you for accepting our invitation. We met with and heard today the elected leadership of county government, city government, state government and the federal government. I think what we have heard has been good. Again, Mr. President, thank you for coming.

## TUESDAY SESSION

### September 2

Governor Ellington: It is my pleasure to open the Conference this morning by introducing to you one of the youngest Governors, as far as age, and oldest in point of service, our good friend, Nelson Rockefeller, the Chairman of the Human Resources Committee. Nelson, it is your floor.

Governor Nelson A. Rockefeller: Mr. Chairman and Gentlemen: On behalf of the Human Resources Committee, which met on Sunday and which reviewed in detail each one of the proposals, I can report to you that there was a unanimous favorable vote on each one that will come before us this morning.

I would like first to introduce our Secretary of Labor, George Shultz, who has come out here to be with us, and Undersecretary of Health, Education, and Welfare, John Veneman. Thank you very much for coming.

As a procedure, because of the time factor, we will follow the resolutions. In view of the fact that the resolutions were drafted and presented to the Conference by the 31st of July, which was before the President had submitted his proposals, we do not take into consideration those proposals. However, as you will note on your paper, there is a little preamble that expresses our respect and appreciation for the innovations, which the President has introduced—some very significant new concepts. But we will not discuss those in the resolutions themselves unless the subject comes up for question from the floor.

I would like first to make a few comments. It seems to me that President Nixon made last night a most brilliant speech on federalism. He referred to it as the New Federalism, which he visualizes for the future. I thought his sensitivity and his awareness of the problems, the desire on his part to work with and cooperate with the Governors, was tremendous. I made a few notes as he went along, with which I thought I might refresh your minds. "The New Federalism is the new strategy for the seventies." "The power to tax is the power to destroy." "The power to share is the power to build." "We have to put the money where the problems are." A few very excellent quotes. And finally, "We are going to help you," referring to the Governors, "find the funds to do the job."

I would like to say that in the addresses made by the various Governors

yesterday, I think we had an extremely sensitive and effective description of the problems that we face in this country—the problems of human concern, the needs, the urgencies. We are in a fiscal crisis, as far as state and local governments are concerned. We are in a situation where increasing numbers of young people, of poor, of those who find themselves living in poverty are questioning whether a free society can meet the needs under the present circumstances. So we not only have a fiscal crisis but we have a challenge to the legitimacy of our system. I think this is something that the President answered in a philosophical sense last night. He spoke with great enthusiasm and great confidence that this could be done. I share that confidence and that belief. I think we have the capacity to meet these problems. We have the scientific and technological knowledge. But in order to do so, it requires a sense of urgency on the part of the people in government, a sense of awareness of the nature of the problems, the magnitude, and what it takes to meet them. We want to recognize that the increase in costs of state and local government have been rising very rapidly.

Just to give you a figure, in the last fifteen years state and local expenditures are up 245 percent while federal expenditures for domestic purposes are up 142 percent. In 1966 our total state and local expenditures were \$83 billion. The estimate by four knowledgeable national organizations is that by 1975 it will be \$162 billion. The dilemma is that the money goes to Washington and the problems come to the state and local governments. The President recognized that last night. We recognize it from our own experience. But I think what we have to focus on, if we are going to be able to do the job, is the fact that there will be a tremendous growth in the economy, the Gross National Product of this Nation. Under the existing tax structure of the federal government, by 1976 we can expect the federal government to collect \$125 billion more revenue than at present. The question is: How is the United States going to use this increased revenue? Nineteen seventy-six is not far away—seven years. Is all of that money going to be consumed by increased military expenditures or an accelerated space program, or is there going to be a high priority given to the needs of our people inside the United States? It seems to me that this country has got to look ahead. We have got to plan ahead. We cannot do it from day to day. The President said that. We must think for tomorrow.

I would like to suggest that 35 to 40 percent of that annual federal growth does not seem unreasonable as an amount to give back to state and local governments to help them meet the problems where they are the greatest. But against that possible 35 or 40 percent, I would like now to project the plans of the present Administration, in terms of money, as they were given to us. Doctor Burns said yesterday that the shared revenue program would produce \$500 million by 1971, a billion dollars by '72 and

about six billion dollars by '76. The welfare programs are supposed to produce about the same amount in 1976. If you add the shared revenue and the new money for welfare, you get a total of perhaps twelve billion dollars. That amount coming back to the state and local governments is against \$125 billion increased revenue for the federal government that year. It is about 9 percent of the growth. At the present time the federal government is sharing about 13 percent of its revenue with state and local governments. So of the growth, this new sharing represents a smaller percentage than at present. In my opinion, this is a completely inadequate sum, dollarwise, in the face of the magnitude of the problems which we face. Now, if we looked at it from the point of view of 35 or 40 percent of that growth going to state and local governments—and I think we have got to look at these things in their perspective—by 1976, the target year, state and local government would be getting between 44 and 50 billion dollars. I only say this as a backdrop. We must be sophisticated enough to look at the realities of the growth of our economy, where the money is going, where the problems are, and how we are going to meet them. Otherwise the growing challenge to the viability, to the credibility, to the legitimacy of our system among young people and among a great many other people is going to a problem which may be very difficult for us to handle. Therefore, I come to the conclusion that the money will be there, the methods can be worked out, and the President has already made some extremely significant proposals in this connection. Excuse me for working against the backdrop, but I think all of the discussions in the last two days have related to structural programs. I think we need to combine it with the funds available to meet those needs. I think that this country has the capacity to do both.

If you will turn to the papers before you, you will note that they cover the subjects of welfare, health, education, manpower training and development. Perhaps we can take each one of these, and as we finish it we can vote on it.

Governor Ellington: Yes, that will be fine.

Governor Rockefeller: Now, if you will turn to welfare, there are five items. The first item is probably the most significant. It calls for ultimate, phased-in total federal financing of welfare. At the end of five years twenty States will be relieved of all welfare expenditures under the President's program. If it is philosophically right for twenty States to be relieved, then philosophically there is no reason why fifty States should not be relieved. The second important note in this resolution is federal standards. They have also set federal standards in the President's recommendations. The third item, which the President also covered, is the realistic income exemption to encourage people to work.

Everybody has these. I do not think there is any need to read them. So



what I might do is just keep going ahead and if anyone wants to raise a question, maybe at the end of welfare, we could take the questions.\*

That is the welfare package. Perhaps, Mr. Chairman, we can now take any questions or discussion. I would like to move the adoption of these proposals.

Governor James A. Rhodes: I have one comment. I would say this is a very brilliant presentation. Of my seven years in the Conference, this is the first analytical presentation on welfare. The President last night tried to penetrate the problem of welfare instead of perpetuating it. We have sat here for seven years and said that the present welfare system is antiquated and obsolete. I want to compliment you for what I think is a most outstanding statement concerning welfare. It also answers many of the problems of the States. This is instant state relief, instant tax relief. These programs, Old Age Assistance and the Disabled and the Blind, are not poverty programs. They are not welfare programs. This is a medical approach and should be in Social Security. It has been in the wrong category all these years. I think this is the best step that has ever been taken—the best program the Governors have gone forward on. All of you can just look back on what you have been appropriating for these three programs. This is instant money in your treasury.

Governor Nelson A. Rockefeller: Thank you, sir. Are there any other comments?

Governor Lester G. Maddox: I would like to make one, please. I want to go on record as opposing the program of the federal government taking over all of the costs of welfare. I think it is an admission on the part of the Governors and the States of their desire to abdicate their responsibility. It is a move to completely bring about what we are trying to escape—centralization of government. There is no more justification for requesting that the federal government take over the total welfare program than to request that they take over all of public education, all of public health, all agricultural programs, all public safety, all of our local activities. I think it would be a very bad move on the part of the Governors of this Nation to call upon the federal government to further centralize and take away the responsibilities and the duties of the Governors and the several States. Thank you.

Governor Rhodes: I want to answer the Governor of Georgia. For thirty-five years we have compounded the misery of people in the present program. Unless there is an incentive program with the federal and state governments working together, the next year, the following year you are still

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\*Governor Rockefeller then summarized the remaining sections of the resolution on welfare reform, text of which may be found in appendix XI.

going to be coming into the Governors' Conference talking about the same problems, writing up resolutions that are going to fill all of the scrap baskets in Washington. I think this is the first time that we have our teeth in a program. We cannot continue to perpetuate the problems and compound the misery of the poor.

Governor John J. McKeithen: Mr. Chairman and members of this Conference, I support this resolution, this statement of principle. I think the federal government should accept the responsibility of costs. They have already taken the program over. The government sends us regulations and tells us how much we should pay in certain categories, how much they will match. The federal courts have told us, "We do not care what your Legislature passes in the way of legislation. You cannot set up regulations or guidelines down there to pay out welfare money. We are going to do it. You are going to have to pay for it with your money." For example, recently the federal judiciary has said that an able bodied man being in the home, and spending night after night after night there, is not responsible for those children he brought into the world unless he is legally married. If he is living there in common-law marriage, he escapes the responsibility of taking care of those children. And our state government is required to take care of them with the help of the federal government. Additionally and recently, the federal judiciary has said that residency requirements set up by the respective State Legislatures for welfare eligibility are unconstitutional. This recently happened in our State. What it meant was that for those who were deserving, who actually needed the money, we just took our dollars and stretched them a little further. Those whom we felt should not be entitled, were made eligible for it. In other words, our feeling in Louisiana is: If the federal government is going to tell us how to run our welfare program, then let them pay the tab. We are recognized generally as a welfare state. We went into the welfare business long before the federal government even thought about it. We were taking care of our indigent ill, for example, long before we got any help from the federal government. We are very proud of it. We have no excuses or apologies to make. But now that the federal government has come into Louisiana and told us how we must administer our program and how we must spend our money, we say, "You pick up the tab and run it." Our neighboring States' welfare expenditures are approximately one-third of ours. Under these recent federal court decisions there is nothing to prevent them from getting a bus ticket and moving in on top of us. I feel that a poor person in a neighboring State is just as much entitled to it and needs it just as badly as he needs it in our State. But when they come into our State, we pick up the tab for the greater part of it. So I sincerely believe that they should take it over and run it because they are virtually doing it right now. Additionally, we are speaking about sharing of revenue. What finer way is there to share

revenue? That money we can save if they will take over the welfare tab is just about what we need for education in Louisiana. We would be proud for them to have that responsibility along with the power they have now to issue directives as to how we should administer the program. Thank you very much.

Governor Maddox: Let me respond to the comments by the distinguished Governors of Ohio and of Louisiana. The fact that they are telling us how to run our welfare programs is not justification for them financing the whole program unless we are ready on this occasion to say, "Well, you are telling us how to run our courts, our law enforcement agencies, our facilities for education and our courthouses. If you are going to do that, then you are going to finance everything in our State. So just take over our state government, our courthouses, our city halls and our police stations because we think that if you are going to have a say in it you just ought to run the whole show." The programs have failed. The President has admitted that welfare, as we now have it, failed. The gentleman at this table this morning admitted that welfare has failed, that we have sought to solve these problems with more dollars, that the problems have grown greater. I want it clearly understood that I think this is a move to surrender further the rights of the States and that this Conference should oppose surrendering anything further in this area if we are going to survive as a free people and as free and sovereign States within this great country. Thank you.

Governor Nelson A. Rockefeller: Governor, I think there are a couple of philosophical questions that ought to be raised here. One is: Every citizen of this country is entitled to certain inalienable rights—life, liberty, the pursuit of happiness. That is the responsibility of the federal government. Now, welfare in its various forms has been designed to help those who for one reason or another fell by the wayside and could not make a go of it on their own. We want a system that encourages them to get on their feet and become self-supporting and self-respecting citizens. We also want a system that gives them the necessary assistance as an American citizen, regardless of what State they live in. And the President's proposal has for the first time—I think it is a major breakthrough—said that the federal government has a responsibility and they set a minimum standard. President Nixon asks \$1,600 for every American; nobody gets less. It just happens in Georgia that that is going to take care of a lot of people that you have not been taking care of, sir. I assume that you will still want to put up the money because of your basic principle. That, of course, is your right because you can increase the amount that they get and, therefore, put in your share. But my feeling, very strongly, is: If the philosophy is right that twenty States should get all the money to take care of the needs of their people in welfare, there is no reason that fifty States should not be equally treated. The financial needs of all of our States,

regardless of whether we are north, south, east or west, are extremely serious. This is one of the ways that can be accomplished.

Governor McKeithen: May I propound a question? Doesn't your statement of principle or the resolution, whichever you prefer to call it, provide that the State shall administer this program?

Governor Nelson A. Rockefeller: That is right. Under a contract, if the federal government wants to contract either with the State or with local governments.

Governor McKeithen: Let me make a statement. Let me go on record right here saying that the deep Southern States are for welfare. The idea of saying that we are all against welfare is wrong. We would have had a revolution in this country long ago if we did not have welfare. There are a lot of people on welfare who cannot help themselves.

Governor Nelson A. Rockefeller: That is right.

Governor McKeithen: We are proud that we have helped our poor people in Louisiana. We are going to continue to do it. I want to say right here and now that I think the Governors of this Conference will make a serious mistake if it is interpreted that we are against welfare and it has been a tragic failure. It has not been a tragic failure. It has kept a lot of poor people alive who could not help themselves. It is a very small percentage who have taken things they should not have taken. I challenge any Governor here today to come out and say that we are going to stop welfare. They will be on your capitol steps before you get home.

The main thing we should do, as Governor Rhodes said, is to have some incentive in there for labor so that a man will go out and try to help himself. The welfare people have come into my office. I have had them on the capitol steps. Very frankly and in fairness to them, that was one of their main complaints—that if they went to work they lost their welfare. They wanted to work and get the welfare part of it, too. I think we should not by any stretch of the imagination allow anyone to think here that we are just against welfare because I do not think any of us are. We are not talking just about Negroes. We are talking about a lot of poor white people, too. Let us face up to it.

Governor Nelson A. Rockefeller: More than half the people under the poverty standards set by the federal government are white. Any other comments or suggestions?

Governor Maddox: Yes. I would like to add this. I do not know how anybody would get the idea that this Governors' Conference or any participant in it is against welfare. I agree with the President that the programs have not reached many of the hungry people, the needy people, the ill-clothed people, the ill-housed people in this country. We say we are going to take care of the people who have not been taken care of like they should. I hope to see that in this country—when the needy people rather than the bums and the parasites will get the dollars.

Governor McKeithen: I am sure you were not against welfare. I am sure you were not against helping the poor.

Governor Maddox: Wait just a minute, John. We are taking care of a lot of people now that we should not be taking care of. And in doing that we are not taking care of many who should be. I do not see how we are going to create an incentive for people to move off of welfare when we add eleven million more. How would you get them off? Would you please explain that to me, Governor Rockefeller?

Governor Nelson A. Rockefeller: Yes; very simple. Because there are eleven million people on now and there will be twenty-two million under President Nixon's program and that program is a national minimum of \$1,600. How any family of four anywhere in this country can live for less than \$1,600, I don't know. I think the President is right. I think it is what it should be. A great many people who are not getting welfare are going to get it and they are entitled to it.

I would like to renew my motion for adoption of this proposal on welfare reform which comes before you unanimously from the committee.

Governor Ellington: It is the welfare section of the report. The motion has been made and properly seconded. Are you ready for the question? All in favor say "Aye." Opposed? The ayes have it.\*

Governor Nelson A. Rockefeller: Next we go to the section on health. The cost of Medicaid, for those of you who have experimented with it under Title 19, can be prohibitive. It was the conclusion of the committee that it would not be possible under such a system to give the kind of protection that is essential in this country. Therefore, the committee's first recommendation is the adoption by the federal government of a national universal health insurance program, coupled with hospital cost controls, as the primary method of keeping rising health costs from preventing all people from receiving the medical care they need. This would be a contributory system, the employer and the employee, covering all families. For those who were not employed, their premium would be paid by the welfare programs. This involves uniform accounting procedures and certain regulations so that you do not have two hospitals in the same area both putting money into open-heart surgery, for example. We are getting so we are priced out of health and it is a situation which, I think is as critical as any in this country. This was the unanimous recommendation of the committee. This is number one.

Point two relates to adequate funding of federal food programs, the supplemental program and providing free or reduced price lunches and breakfasts through schools. In other words, part of health is nutrition. Part of nutrition is supplemental programs through food.

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\*For text, see Appendix XI.

Number three is the expansion of the federal and state programs of grants and loans to encourage the development and rehabilitation of health facilities particularly in low income areas where maternal and child health care is inadequate. Four is the review of the formula for the allocation of federal funds for the construction and modernization of health facilities to assure that the funds are being devoted to meeting the Nation's most urgent needs. Five is the assurance that the allocation within a State of federal funds for the construction and modernization of the various types of health facilities be based on priorities developed by the State and be in accordance with plans developed through state comprehensive health planning. And six is the placement of responsibility for comprehensive health planning in the Office of an Assistant Secretary of HEW for Health and Scientific Affairs.

Those are the six recommendations. We feel that health and education are two essentials in a modern industrial society. If you have not got either of them, you are handicapped to a point where you may not be able to be a self-supporting, self-sufficient, self-respecting citizen. I would like to move these six recommendations.

Governor Ellington: You have heard the motion and it has been seconded. Is there discussion?

Governor Hathaway: I support the concept of insurance to save tax dollars in the skyrocketing field of medical costs. But I would hate to see this Conference go on record for universal compulsory insurance. I think we should adopt a system of tax incentives and also provide for subsidization of lower income families that cannot take advantage of tax incentives. I, therefore, move to amend the first two lines of the committee's report on health as follows: "Adoption by the government of a federally-supported program to provide incentives for the purchase of adequate private health insurance." This merely leaves the option open to investigate other possibilities in the insurance line rather than this Conference giving a blanket endorsement of compulsory universal health insurance.

Governor Nelson A. Rockefeller: I would like to comment on that proposal. It just happens that I spent a great many years in this field. In 1954 under President Eisenhower I was Undersecretary of Health, Education, and Welfare. That was at the time when he was covering ten million more people under Social Security, and also he was proposing a government reinsurance program in order to encourage private insurance to write catastrophic health insurance. Three percent of the families in this nation are devastated financially each year through catastrophic health expenditures for which they do not have the capacity to protect themselves. The only way this can be done is either through a government program or through private health insurance. I can say to you categorically that it is impossible for a federal medical care program to be financed through federal, state and local funds. There is just not enough money.

When the private insurance companies and the AMA were going to see that this was done through private channels, President Eisenhower withdrew his reinsurance fund idea on the assurance of the insurance industry that they would set up an industry pool to reinsure any private company that wanted to write a policy. As soon as the President withdrew his legislation, they dropped their pool idea and nothing was done. I think we all know the AMA's position. They are opposed to compulsory health insurance or universal health insurance. I understand the purpose of this amendment to the resolution but I should like for the benefit of the other Governors to say what the impact of this would be. Incentives are fine for somebody who is in a high enough income bracket to get the benefit of an incentive, but I think we have to be realistic. Chairman Mills of the House Ways and Means Committee does not want to use tax incentives as a means of a hidden subsidy. He has taken a flat position against it. We have two members of our delegation on that committee in Washington and I know from conversations with the Chairman and the members that we are not going to get tax incentives as a means for accomplishing a whole series of social objectives. Therefore, if we really want to get the kind of coverage for the American people, rich and poor, the only way you can get this is on a compulsory basis, a universal basis.

In my own State, 78 percent of all employees and their families are covered by insurance through employer-employee regulations. We have proposed for the last three years a state universal health insurance program. The difficulty is that if one State does it, it would add approximately 4 percent to the payroll of the corporation and about 2 percent tax on the individual. That is about what this would cost for the kind of protection that we are talking about. For one state to do that, it puts them at a further disadvantage with other States. If we do it universally, then there is some possibility of getting this protection. It may not come this year but I think it is a subject that we have got to face realistically and this is the only way that there can be a hope of a realistic approach. Therefore, I would personally hope that the committee's resolution could stay in the present form.

Governor Hathaway has proposed this amendment, which involves a voluntary program pretty much like what we have today. Frankly, except that there would be a hopeful incentive, which is not described, there would be little change. There is no chance with Wilbur Mills, as Chairman of the Ways and Means Committee, to put through another incentive using deductions from taxes, in my opinion.

Governor Hathaway: Mr. Chairman, my amendment is not restricted to tax incentives. It says, "federally-supported program," which I would conceive to be a subsidization of lower income families. My objection is to the universal compulsory program, which we do not even have in Social Security.

Governor Reagan: I want to associate myself with Governor Hathaway's statement. I cannot conceive of supporting a compulsory universal medical health insurance program when there are so many, as you say. I participated as a member of the board of directors and the president of a labor union where we made provision by way of employer contributions for programs of guaranteed health insurance for all of the members of the union. I cannot see this group supporting something that would eliminate that.

Governor Nelson A. Rockefeller: Excuse me, Governor. It would not eliminate that. This would be one of the private plans. This whole program would be handled through private insurance, through company relationships with their employees on a joint basis. The only thing they have to do is do it. Just as you say, you initiated one. The unions in this country would get the benefit of it. Non-union labor has no bargaining power and, therefore, they do not get the benefit of the protection through company employer-employee insurance programs.

Governor Reagan: Yet more than half the people in this country have made provision, themselves or through group programs, for their own protection. Isn't it inherent in this proposal that suddenly all of this comes under a government compulsory program which would lead to the very nationalization that has failed in many countries of the world? I grant there should be a provision for those who cannot provide for themselves. I think it should be by way of private insurance companies. As I say, I want to associate myself with Governor Hathaway.

Governor Nelson A. Rockefeller: My feeling is that if we don't go through a universal health insurance program, using private channels, then the demand ultimately will become great enough and the political personalities who are seeking votes under Medicaid, will say, "If I am elected, I will see to it that we increase the benefit and increase the eligibility levels," etcetera. Then there is no restraint because the money comes out of the general treasury—state, federal and local. Under this plan, the individual has to pay his share of the premiums. The corporation has to pay its share. Therefore, you have a natural restraint. And, as you yourself said, half the people are covered by plans and the other half are not. Those are the people that we are worried about. But how do we arrange to protect them in a free society? That really is the essence of the problem.

Governor Ellington: I hope I understand the situation that we are in here. Governor Rockefeller has made the motion that the committee resolution be adopted. Governor Hathaway has made a motion to amend and has placed before us the amendment. So we will vote on Governor Hathaway's proposal to amend. Gentlemen, it takes a three-fourths vote, I believe, to adopt the amendment. Are you ready? All in favor of the amendment of Governor Hathaway will say "Aye." Opposed? The chair is in



doubt. All in favor of Governor Hathaway's amendment will raise their hands. Those opposed raise your hands. The amendment fails.

Governor Hathaway: Mr. Chairman, I had the impression that it was a majority vote on an amendment, not a three-quarters vote.

Secretary-Treasurer Carihfield: The provision in the Articles is that it requires the same vote to amend, three-quarters, as to adopt the statement. That is Article VII.

Governor Ellington: We are back on the motion of Governor Rockefeller. All in favor say "Aye." Opposed? The ayes have it and the resolution is adopted.\*

Governor Nelson A. Rockefeller: The next item is education. The principal recommendation in this is that the federal government assume a larger share of the cost of education, which is the fastest rising item in the budgets of all state and local governments. At the present time the federal government pays about 8 percent of the cost of education nationally. Commissioner Allen, the new commissioner, estimates that by 1980 total expenditures for education in this country will be \$100 billion, about double the present figure. Frankly, this is the most difficult item in terms of dollars for state and local government to support. I think that there should be a substantial increase in federal aid in the form of block grants and this is pretty much the basis of this first item.

The second point is adequate advance funding of existing federal programs commensurate with critical educational needs. That relates to the timing on the availability of funds. The third deals with consolidation of existing federal grant-in-aid programs for education into broad functional categories. There are some eighty different categories at the present time.

The fourth item covers maximum administrative simplification of planning, application, allocation, etcetera. There is no question that if we are going to have an educational system adapted to the needs of the States, the States have got to be able to have some overall direction and guidance to meet the needs. Under the present system, it is very difficult because we are having to plan with localities in the different functional areas under federal regulations. Number five asks the President to consider establishing an Intergovernmental Commission on Education, including state, local and federal officials, and educational personnel, to set goals for the future. Number six seeks provision in federal programs for joint federal-state-local development of standardized statistical data and other information necessary for sound analysis of educational needs and programs.

These recommendations, again, came unanimously from the committee. I would like to move them.

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\*For text, see Appendix XI.

Governor Ellington: Governors, you have heard the motion by Governor Rockefeller. It is seconded. Any further discussion?

Governor Rhodes: I want to analyze this for a moment. I am for it. I know people are somewhat impatient and impetuous when we talk about the main problem of the States. It is a start but not a permanent solution to education. First, what Congress giveth, Congress taketh. In the past twelve years we have had forty-one different work programs for young people. We have had shotgun and band-aid programs trying to make master mechanics out of young people in six weeks. If we are going to break the cycle of welfare, we cannot do much with the human rejects we have created by the present system. We have to give every boy and every girl an equal opportunity in education and presently they do not have it. All of our educational systems, except about 11 percent, are for college-oriented people. Fifty percent refuse to go to college. This adds to the burden of welfare costs of every State. Young people do not want welfare. Most people are afraid to stand up and talk to educators. They have failed. You are going to have to change courses in education or we are going to continue to broaden the base of welfare to take care of those who are denied an equal opportunity in education. Young people want dignity, want decency. They can only get this through jobs and employment. They are all motivated.

We have failed at the state level, the local level and the federal level in answering the needs of young people. We have in this Nation one million dropouts. The educators have had us believe that these young people have turned their backs on education. They have not. They have been thrown out, tossed out, kicked out and pitched out of education because it is not meaningful. We as public officials have not afforded an educational opportunity to these young people. I know that some of you will disagree and you are going to continue to call the National Guard out. And it is going to get worse, unless we change courses in education and get to the problem instead of the disease. I am for this section of the educational program. I think it is excellent. But I think we are only scratching the surface and we are getting back to the band-aid and shotgun programs. President Nixon has demonstrated the old-fashioned intestinal fortitude to get into this area. Believe me, it is a most difficult problem because we practice intellectual snobbery. People in education, not all of them, look down their nose at every boy and every girl who has to work for a living. There are a million of them. This is our problem. Thank you.

Governor Kirk: Governor Rhodes entered an objection to the vocational training effort. It is the federal government that has destroyed it in their own program—fractured it off. You are arguing against yourself. The federal government getting more deeply involved in vocational training—they have already fractured it off.

Governor Rhodes: In the federal budget for education only about 18 percent goes to vocational education, even though most of the problems are in this area. We have people in HEW that have absolutely refused to talk about vocational education. Your problem among the young people is that 83 percent of the unemployment in this Nation is among persons 33 years of age and under, and 28 percent never had a job.

Governor Harold LeVander: There is one matter that concerns me very greatly. It probably was not considered by your committee because it has come up since the time. That is the necessity, I think, of saying something about the immediate funding of the Student Loan Program and guaranteeing interest rates at premium rates so that our students can get back to college. We have a very critical situation of thousands of our students not being able to get their loans because they are guaranteed at 7 percent. I think that we as Governors ought not to miss the opportunity of saying that the Student Loan Program should be guaranteed at the prime rate so our students can continue to borrow to go to college.

Governor Nelson A. Rockefeller: Would you like to make that in a form of a motion for an amendment?

Governor LeVander: Yes, I would. I have not written it out.

Governor Nelson A. Rockefeller: That there be adequate funding and raising of the interest rates so that the students who would be benefitting from federal—

Governor LeVander: Immediate funding of the Student Loan Program and guaranteeing interest on these loans at the prime rate. I offer that as an amendment.

Governor Nelson A. Rockefeller: The amendment has been moved and seconded. Is there discussion?

Governor Ferré: In Puerto Rico we have adopted legislation to the effect that we pay 2 percent interest over the present requirement so that they can take the loans. Therefore, all students have the loans available.

Governor Nelson A. Rockefeller: Excellent. Does anyone else wish to speak on that?

Governor Licht: I would like to join in that very definitely because it is important to my State. I would like to have someone answer me why we can't also ask the federal government not to cut back on Student Defense Loans. That is something that we have been having some difficulty with in our State. Financing is difficult. Perhaps someone from the federal government can tell us.

Governor Nelson A. Rockefeller: The Undersecretary will speak on both of these subjects in just a second.

Governor McKeithen: Mr. Chairman, I think the Governor has made an excellent point. I think the Congress must do something immediately on this

interest rate. Once again, Louisiana was ahead of the federal government. We had a student loan program long before the federal government thought of it. Our program was so good that they just came down to "let us finance your program for you." But we reached the point where the interest rate now is not adequate. I think something must be done immediately in this session of Congress, if possible. Perhaps make it in the form of a separate resolution. The Governor offered an amendment there. Put it in a form of a separate resolution and send it to Congress immediately because we need help.

Governor Nelson A. Rockefeller: Harold, would you adjust your resolution as you write it out to cover the—

Governor Ellington: It is already written.

Governor Nelson A. Rockefeller: Crihf, would you read it?

Secretary-Treasurer Crihfield: Governor LeVander proposes an additional Number 7 point, reading as follows: "Immediate funding of Student Loan Program by guaranteeing interest at the prime rate on student loans."

Governor Nelson A. Rockefeller: Lester, do you want to talk before there is a vote on this?

Governor Maddox: Let me say that I kind of get lonely in my position. But there seems to be a philosophy here that all we need to solve all of our problems is dollars. Throughout most of the Conference this is the emphasis: "Give us some more dollars and we will take care of the situation." We know in the field of education that, generally, public education is failing. If it were not failing, we would not have the drug addiction that is sweeping some of our high schools and grade schools and colleges. We would not have the disrespect for authority, the destruction of property and violence and disorder, that is taking place in many of the schools. So we are asking for more dollars because we like those guidelines and we like those directions. I want to make myself clear. I think we are asking for more control over education when we should be asking for a rededication to the system of local control of education. I believe that this policy statement goes in the opposite direction of what common sense public education could mean in this country. Thank you so much.

Governor Nelson A. Rockefeller: Governor Maddox, I really think that the first paragraph and the third are a little different than you understand them. We are asking to get rid of all of these categorical grants. There are eighty of them, and they are what now put the restrictions on the educational system. If we went to block grants with broad categories, this would remove a great many of the present restrictions and give greater freedom to the States. So I think the intent of the committee was to do just what you are talking about, which is to free the States from the restrictions and get broader policy objectives and greater financial help in meeting the tremendous financial burden.

Governor Hearnese: One thing that each person here wants, and properly so, is the right to say what he believes and at the right time. But there is a problem when we get off on one subject. I do think that we are a little off the Governor of Minnesota's amendment. My personal belief is that Governor Maddox's personal views are in order right after this amendment is disposed of and when we are dealing with the complete subject. And your reply to him also would be in answer. I call for the question on the amendment.

Governor Licht: Mr. Chairman, before you get to that—I do not mean to delay this but we do have a question of the loan guarantees and the Student Defense Loans. They are different kinds of loans. In my State there has been a serious cutback in the funding of the Student Defense Loans. There are many of these people who do not have the know-how and the ability to get these general loans. I wonder if there was someone from the federal government that can explain the basis for that cutback as it affects my State?

Governor Nelson A. Rockefeller: Maybe this is the time to call on the Undersecretary to say a word on both of these subjects.

Undersecretary John Veneman: Thank you very much, Governor. Needless to say, I am very intrigued with the conversation today. I feel that HEW is an interesting target in your deliberations that have gone on. Speaking specifically, Governor, to the question that you have raised, the Administration and Secretary Finch have supported a program for the guaranteed loan above the 7 percent level. Congress adjourned for their recess without taking action on the specific bill. It is our hope that this action will be taken when they reconvene.

Governor Licht: I think you missed my point. I am talking about the other segment of the federal loan. The cutback in my State has a very serious impact on students who are not going due to the question of the loan guarantees.

Undersecretary Veneman: Specifically, I cannot speak to whether the cutback was the recommendation of the Office of Education or whether it was an action taken in the Appropriations Committee. But I was not aware that there was a cutback.

Governor Licht: In my State there has been a significant cutback.

Governor Nelson A. Rockefeller: Harold, do you want to accept an amendment to your motion to include the Student Defense Loan?

Governor LeVander: I am not particularly familiar with that phase of it.

Governor Nelson A. Rockefeller: We can make it a separate motion. The ruling is that they should be separate.

Governor Ellington: Governors, I am going to ask Mr. Cridfield to read

Governor LeVander's statement one more time because there has been so much discussion going on.

Secretary-Treasurer Cihfield: Governor LeVander's amendment will be to add a Point 7, reading as follows: "Immediate funding of Student Loan Program by guaranteeing interest at the prime rate on student loans."

Governor Ellington: The amendment has been moved and seconded. I hope there is no further discussion. Are you ready for the question? All in favor of the amendment will say "Aye." Opposed? The ayes have it and the amendment is adopted.

Governor Nelson A. Rockefeller: Governor Licht, do you want to explain a little more about the Defense Loan?

Governor Licht: At the present time there is a certain eligibility. I am not able to give you that amount. I think the representative of the federal government can tell you. It is about 3 percent in the Student Defense Loan. In my State under that program all of the colleges are in difficulty because the federal government has cut back on that National Student Defense Program. These are persons who would not normally go in and make bankable loans. So I move that there be no cutback in the National Student Defense Loans as well.

Governor McKeithen: Governor, we need an explanation on what the Defense Loan is. I don't understand it and I don't think some of the other Governors do, too.

Governor Nelson A. Rockefeller: Maybe the Undersecretary can explain it.

Undersecretary Veneman: I think the basic distinction here is that this is a direct loan vis-a-vis a guaranteed loan. I think that what the Governor is suggesting is that there has been a cutback in the direct loan program, the National Defense Education Act.

Governor Licht: As a matter of fact, because of that cutback, it has put a greater burden on the banks in my communities. There is difficulty in borrowing. We are having more serious problems because of this cutback.

Undersecretary Veneman: My response, Governor, is that I cannot pinpoint whether the cutback was a recommendation of the department or whether it was a reduction made in the Appropriations Committee. We have no problems supporting your position and there should not be a cutback in the National Defense Education Act.

Governor McKeithen: Does the government guarantee the loan?

Undersecretary Veneman: The government guarantees the loan under the Student Loan Program but there are certain students who cannot qualify for even a guaranteed loan from the banks. So these are the direct loan programs that, I think, Governor Licht is referring to.

Governor Reagan: Mr. Chairman, before we leave the subject, I would

like to call attention to the recommendation that was made by Governor Whitcomb of Indiana. I know that the committee has said that they are going to continue to study it. I would like to urge that this be done. This is the idea of a program whereby a student could borrow for expenses and pay back over his earning lifetime on the basis of withholding by the Internal Revenue Service. I think even our private, independent colleges and universities are running into great tuition problems. They have increased tuition until they are pricing themselves out of business. This would make it possible for students to go now and pay later. Along this same line I would like to suggest that the committee continue studying a means of financing an education that has not been touched on here. That is the use of what amounts to a federal grant but it is given and applied by the individual himself through the means of tax credit. A few years ago a number of distinguished college presidents, concerned about the increasing controls by the federal government on the policy of education, went to Washington and suggested that a certain amount of contributions be permitted. Thus, you have the competitive feature that would preserve the diversity of our educational system. The individual could choose which college. The federal government could set the amount of the gift, say, \$100, \$50, whatever it might be. And it would not be a tax deduction but a tax credit for the individual to choose instead of giving that amount of money in payment of his income tax, to give it directly to the school of his choice. You will immediately eliminate the controversy over subsidizing of church schools, the separation of church and state.

I know that in California right now we are seeking to implement for public education a special tax on income devoted completely to the financing of education. We have discussed it with our Congressmen and our Senators in Washington and they are advancing the idea that such a special education tax be made a tax credit against the federal income tax, which would again permit the States to handle more of their financing. It would in effect be a federal grant but it would be a federal grant without the government taking the money and running it past the Potomac and sending it back again. It would be left right in the hands of the people.

Governor Ellington: Thank you, Governor Reagan. Governor Licht, I think I have the amendment that you suggest. May I read it and see if it is correct? The amendment would be added as Section 8. "The federal government should not cut back the funding of the National Defense Education Loan Program." Is that correct?

Governor Licht: Absolutely correct.

Governor Ellington: You made the motion. It is seconded. Are you ready for the question? All in favor will say "Aye." Opposed? The ayes have it and the amendment is adopted.

Governor Knowles: I have a question with reference to Item 5. You ask the President to consider establishing an Intergovernmental Commission on Education. How does this differ from our Compact on Education. Are not these duplicates?

Governor Nelson A. Rockefeller: Well, that is a good point. I think that the Interstate Compact is primarily a compact between States. This concept is to include the federal government and local government as well as States in the determination of broad objectives and recommendations.

Governor Tom McCall: Mr. Chairman, at the recent meeting of the Education Commission of the States, we found that the compact resulted in a state of unity and coordination between state and local governments in terms of education. But trying to find a comparable unity at the federal level was trying to catch a bunch of feathers. This would give us some kind of a unified organization so that we would have all three levels covered in a coordinated way. It is not something to bleed or die for but it would strengthen the coordination between the levels all of the way.

Governor Love: Governor McCall, the commission, as we all know, recently undertook the program of trying to assess education, set goals and so forth. Isn't that function going to be duplicated with this?

Governor McCall: This is primarily in the area of primary and secondary education. This is the most intense and penetrating analysis ever made of education at those two levels, and it is being conducted under the aegis of the Education Commission of the States. But it does not get us on the federal level where our meetings have shown us that we need some sort of coordination so that we will have a unified group to talk to at the federal level. That is primarily what we are shooting at.

Governor Nelson A. Rockefeller: I renew my motion.

Governor Ellington: The motion has been made and seconded. Are you ready for the question? All in favor say "Aye." Opposed? The ayes have it and the policy statement on education is adopted.\*

Governor Kirk: May I ask the Undersecretary a question, as long as we are on the subject of loans to students? I understand laws have been passed in regard to campus disorders. What enforcement, if any, has been exercised on the withdrawal of these loans or withholding of loans for students involved in campus disorders?

Undersecretary Veneman: The enforcement, to my knowledge—I am not sure how many cases have occurred—but the enforcement primarily rests with the administration of the university to submit the names to the Office of Education or the federal government at which time, according to the provision of the statute, the loans would be withheld. How many cases there have been, I am not certain.

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\*For text, see Appendix XI.



Governor McKeithen: Does not the State have that authority?

Undersecretary Veneman: They have not only the authority, Governor, but they have the responsibility. The conviction is another problem. You have to be convicted in a court with general jurisdiction. But they not only have the authority of doing this, a point which I was making, but they do have that responsibility. This is covered in two sections of the statute.

Governor Nelson A. Rockefeller: Before we leave education, I would like to say that Governor Whitcomb has made very interesting suggestions relating to post-secondary school education and the committee has agreed to study the suggestions which he made.

Now we come to the last of the four sections—manpower training and development. I do not need to go over the recommendations. You have had them. They embody the basic concepts which have already been adopted by President Nixon and Secretary of Labor Shultz. I will now move these and then ask the Secretary if he would care to discuss the present program and then we can vote on the recommendations. I would also like to say that here today with us is Mr. Joseph Cunningham from the National Alliance of Businessmen. He will be happy to discuss the jobs programs of the National Alliance with any Governor who is interested in working out any details for a state jobs program. I would like to ask Mr. Cunningham if he would stand up. I would like to thank you for coming and we will be calling on you later.

Before we vote, maybe we could ask the Secretary if he would be willing to say a few words and answer a few questions about the Manpower Program.

Honorable George P. Shultz: Mr. Chairman, Governor Rockefeller and distinguished Governors. Let me just take a few minutes to cover three or four points. The first thing that I would like to do, since I have been in my present office for about seven months now, is to thank you all for the cooperation that I have received from the Governors. I think the first time that I appeared before you in Washington last February we were talking about a reorganization of the Manpower Administration and consulted with your Human Resources Committee and with your staff people and many others. That reorganization has been accomplished and at least, so far as I can see, has been going along pretty well and providing for what we were looking for, namely, a more responsive and responsible federal partner for the States and for the localities to work with in the manpower area. Second, I introduced at that time Mr. Cass, Deputy Secretary in the Department of Labor, who was given the responsibility for working with the Governors. He reports to me that he has had quite a lot of contact from a great many of you and that he again has gotten very good cooperation.

This morning I would like to ask Mr. Weber, Assistant Secretary for Manpower, to stand up so that you all can see him. He really administers the

manpower money in the Department of Labor. Since that is about 90 percent of our budget, he is the fellow where the bucks are. I know that you are interested in seeing him.

There are two things that I would like to call attention to that represent the nuts and bolts, you might say, of the New Federalism concept as advanced by Department of Labor Programs. The first one is not on your agenda. I asked Governor Rockefeller if I could just mention this briefly to call it to your attention. It comes in the field of occupational health and safety. I feel sure from studying this problem that we do have an important problem in this country in the health and safety on-the-job field. We introduced legislation in that area to Congress two or three weeks ago. This is an area that, I think, has a lot of support. It may be interesting to you to know that one of the first bills passed by the present Congress and just signed by the President was in the field of construction safety. What we have introduced is a comprehensive safety bill. The thing that I would like to call to your attention particularly is the implementation in this bill of the New Federalism concept, because we provide explicitly not only for a national board to set safety standards, research functions for the Secretary of HEW, and enforcement functions for the Secretary of Labor; but also for the taking over by the States as they demonstrate their interest and capacity for setting standards and administering those standards. The States will receive 90 percent federal financing in the planning stage of that and 50 percent participation with you in your efforts to set and carry forward strong safety standards in your own States. I want to call that to your attention on the safety side.

Turning now very briefly to the manpower field, this is an area where, I think, the federal government finds itself behind the States right now. We are interested in decategorizing the manpower money, in decentralizing administration, in providing at the state level and at the city level the ability to administer these funds on a more flexible basis, a more comprehensive basis. It is interesting to me to notice that as we look around in the States we find that in New York, in California, in Utah, in Oregon, in Maryland, in Illinois, naming the ones that I think have been most explicit about this, they have already moved to create the kind of machinery that we are talking about in this Manpower Training Act. Very briefly, I think the problems we are addressing ourselves to are the chaos created by the many categorical programs, by the multiple sources of funds, by the many administrative agencies that come out into the field. We are trying to change all of this in the Manpower Act. I might say that it is consistent with the policy statement before you that Governor Rockefeller moved. So in the Manpower Training Act we would decategorize program money. We are talking about a total amount of money here, in fiscal 1970, of about two and one-half billion

dollars, which is a substantial sum of money we are talking about. We want to create a mechanism that puts a great deal more of the responsibility for the planning and discussion of manpower programs in the hands of the Governors, working with the federal government, and with the mayors, who are very much on the stage here, and other local units of government. Now, aside from the merits, we also think we are pioneering and we hope that you will want to pioneer with us in making the New Federalism come to life in this field in the form of a much different, a much more energetic and creative partnership. There are all sorts of subtleties in this act—measures to preserve a rural-urban balance, measures to bring about a national computer job bank, measures to give special attention to economic stability as part of the manpower programs and many things. But I think the basic elements to emphasize here is the spirit behind this, namely, the spirit of the New Federalism which we think will give us all a lot of hard work but also a great pay-off in a much more creative partnership with you. Thank you very much for this chance to address the Conference.

Governor Ellington: Thank You, Mr. Secretary.

Governor Hearnese: May I inquire of the Secretary, Mr. Chairman?

Governor Ellington: Governor Hearnese.

Governor Hearnese: Mr. Secretary, under this Senate bill, is it accurate to say that the Governor is required or authorized to channel money and manpower in training programs through the mayors of the metropolitan cities and that the mayors, not the Division of Employment Security, would operate the manpower training programs in the metropolitan areas? Is that true?

Secretary Shultz: There is a mandatory pass-through to the cities of manpower money. The basic structure that we seek to work with in administering these funds is the structure that goes from the Governor to the mayor. Now, the Governor and the mayor would both have responsibility in selecting prime sponsors for the planning and execution of these programs. Who is selected by the Governor, who is selected by the mayor, of course, will be something that they will have to determine and it won't be the same in each case, I am sure. But the structure control goes to the elected officials.

Governor Hearnese: Under the draft, which I assume came out of your office, they talk about area prime sponsors analyzing manpower programs, reconciling local needs with national priorities. Fine and good. Then in part eleven of your draft, area prime sponsors manage area resources, set contracts, and control operating projects. Then under another draft, area prime sponsors (under the control of the mayors) are planning overall administration and evaluation of area manpower activities. Now, I just want to be sure that we all understand this Senate bill. The way I look at it and my

staff analyzes it, this is strictly under the control of the mayor when it gets down to part eleven on your draft.

Secretary Shultz: Within a city that is right. The mayor will be in a key position. But you start with the State where the Governor and the comprehensive manpower agency that we hope he will create are in the principal position. Now, the Governor will have to work with the mayors under this program and develop a relationship with them that is a constructive and creative relationship. The mayor is not left out of this picture.

Governor Hearn: No one wants the mayor to be left out of the picture. But this has been of prime concern in my State. Because it gets down here and says area prime sponsors (under the control of the mayors). I think it means what it says.

Secretary Shultz: It certainly does but I think there is a question of who is going to be picked. That is something that remains to be seen. And the Governor is going to have to have something to say about that as well as the mayor.

Governor Kirk: Following Governor Hearn, how does this relate to some of the programs? While we are involved in it, Dade County, for example, has twenty-seven mayors. I believe St. Louis County has ninety-six mayors. How in the world is that going to work for Governor Hearn? What happens, and do we have to start all over?

Secretary Shultz: Not necessarily, no.

Governor Kirk: Last night I was on the phone with Fort Lauderdale all night long in regard to the disturbances because the youth are not being trained. Manpower is not being moved. If we have to start all over, it is going to be rather frustrating. We would just like to get something going.

Secretary Shultz: I am sure—let me answer that question this way. If we had tried to do this, let's say, six years ago, I don't think it could have been brought off because the knowledge about what you can do with work experience and training and so on, manpower work, was really not there and it was not developed and the institutions were not developed and the skills were not developed in the communities throughout the country and in the States. Now there are resources and people with know-how and who have training and ability. So it is much more possible to put responsibility into the hands of the Governor, into the hands of the mayor and say, "All right. We are going to work with you but you are going to be the people responsible for developing a city plan, developing a state plan and carrying it through." It is going to be a lot of work but I don't think you are going to have to start all over.

Governor Kirk: We do have to relate to the mayors, then?

Secretary Shultz: Absolutely.

Governor Kirk: That has got to be a step backward, in my opinion. How do you appeal that? Is that an act of Congress or is that a determination of the Secretary?

Secretary Shultz: In the act there is a mandatory pass-through to the cities. It isn't possible for a Governor, let's say, to take this money and say, "Well, I don't care about the cities. I am going to use it all in the rural areas." He doesn't have that option. Now, in the administration of that money in the cities, there is participation by the Governor but the mayor is in a strong position in the selection of a prime sponsor, which means, since the prime sponsor is the person who is going to plan and execute the expenditure of funds in the city, that he is in a strong position with respect to those funds. We see in this the opportunity, because there is real money here and there is an important problem, for a major change in the relationship not only between the State and the federal government but also between the state level and the city level with the federal government. I think this gives a dimension that is important and a productive one.

Governor Hearnese: Mr. Secretary, let me quote you and I think it will bring out the point from your own communication to the States. "The mayors will be responsible for planning and implementing manpower programs in urban areas." Now, that is a simple thing which is fine if this administration believes that this is the best way to do it. Then so be it. We will turn over that authority. I believe under the structure, the way it is now, we are going to end up with about the same power and responsibility and authority that we had under the OEO with this veto business that they passed out to the Governors. Now, maybe it is better to do it the way you are talking about. Maybe the mayors can do it better. I am not questioning that. But what I am trying to do is to bring to the attention of the Governors of this Conference that I think probably they are as confused as I am about this Senate bill, whatever the number is. But I do believe that it takes the Governors out of the field of the Manpower Training Program as we envisaged it from previous speeches and conversations. The communications which were sent to the Governors, which were analyzed by most staffs, did set out exactly that the mayors would be responsible in the urban areas.

Secretary Shultz: May I make one further response on that? Any plan that a city submits does not go directly to the Secretary of Labor. It goes to the Governor of that State and it must become a part of the state plan for manpower. So if the Governor is not in agreement with what is being planned and how it is being executed in the city, he has an opportunity to make his views known to the Secretary of Labor, who is also in this act. If the impression that you have been given is that all of this manpower money is going to be divided up among the States and handed to the Governors, that is wrong. It is decentralized in the sense that the basic planning unit will be, as

we conceive it, at the level of the State, and with the Governor, and with the elected officials. However, the Governor must relate himself both to the national priorities and federal structure and to the cities and the mayors. There is a very definite attempt—I think that is right—to spell that out.

Governor Robert E. McNair: I would like to follow up what Governor Hearnes and Governor Kirk have both pointed out. Of course, we are all very interested in the Secretary's wishes to try to streamline manpower training. But we hear an awful lot about consolidation and coordination. It seems what we have now is superimposing still another administrative layer on top. We are involving the mayors in something that in my State they have never been involved in. We have our manpower training programs. All of ours are a state responsibility, run by state boards that have developed comprehensive plans for manpower development. We will now have to involve the mayors and the city councils in something that they have never before been involved in. We have to establish a vocational advisory council under the Vocational Education Act so that we can coordinate the use of vocational training funds. You will recall that a percentage of that has to be directed to the programs that are involved in full-time training of adults. Now, we are bringing in another administrative layer. I am wondering when the money is going to get down to the trainee and going to get down to the human resource development. So it appears that while you are trying to coordinate, while you are trying to consolidate, you are creating another layer. We are going to have to go through another cumbersome process. It seems to me that there should be some latitude in here for States that are now involved in human resource development on a broad statewide basis to channel this money through those existing programs where it will get to the trainee instead of being used for administration. So I think the legislation itself is going to defeat its purpose completely. It will be worse than OEO. I think we should take cognizance of that and be aware of it in this Conference so that we might take a position on it later.

Secretary Shultz: May I comment just on one aspect of your statement? I don't think this would create an additional layer. But there is a lot of flexibility in the way this would work in practice; for example, in a State like yours with its tradition of state operation in this field. The way this would work is that the Governor would be able to nominate a prime sponsor in a city and that would be the prime sponsor unless in the labor market areas, the standard statistical labor market areas, which is not the same as the cities, the elected officials, representing 75 percent of that population, decide to get themselves together and tell the Governor they did not want that prime sponsor. So you have initiative here. In a State like yours, I think there is a lot of flexibility for the continuation of the sort of tradition that you mentioned.

Governor McNair: Well, really, it is a further fragmentation of an already fragmentized program that we have spent an awful lot of time trying to pull together and coordinate so that we can channel it through effective training programs. This just fragments it a little bit more.

Secretary Shultz: This fragmentation has been along category lines. That is what we have been trying to get away from, and then put these blocks of funds into the hands of the elected officials down the line. That is the basic structure of this act.

Governor McNair: You could put in a proviso to include those elective officials or those subdivisions which are now involved or engaged in manpower training. Also, you say there is a lot of money and when you hold out a lot of money you are going to get a lot of people involved because they recognize the opportunity to create another structure and provide a lot of administrative jobs. Very little of that money will ever go to training. So it is the same thing we have with OEO. We have been trying to get away from it. I would urge you, sir, to give very serious consideration to some positive alternatives and some safeguards because I view this as really something that would defeat what I know you are trying to do, and I commend you for what you want to do. But I think that you are going to defeat and destroy it with this kind of approach.

Secretary Shultz: Well, I would be glad to consider all of the things that you have said. I will certainly consider all of the things that you have said. Also, look at this act very carefully and see if after doing that you don't think a lot of care and attention has been given to just the point you have mentioned, because we have been conscious of that and we have worked on it very hard.

Governor Ellington: We have already used over thirty minutes of the Transportation Committee's time. I did promise to recognize Governor Peterson of New Hampshire.

Governor Walter Peterson: You are very kind, Governor Ellington. I just would like to say for the record very quickly that while I came here with some of the same concerns that have been enunciated by Governor Hearnes and Governor McNair, that private conversations with Secretary Shultz plus his words this morning have served to reassure me, I think, that the main thrust of this program is to decentralize the control of this program and there are safeguards built in here for the Governors to control this program. Furthermore, I think the communications to the Secretary have been sufficient advice so that if further safeguards are needed they will be introduced.

Governor Ellington: Gentlemen, the motion is still pending on the adoption of the manpower section of the committee's report. The motion has been made and seconded. Are you ready for that question? All in favor of

adoption will say "Aye." Opposed? The ayes have it and the policy statement on manpower is approved.\*

Governor Nelson A. Rockefeller: Gentlemen, I would like to express at this moment my appreciation to the members of the Committee on Human Resources. I would also like to express appreciation to their staffs who have worked during the spring and summer on this program. It has been a very interesting and a very effective, cooperative effort. I would also like to thank you for your patience this morning. I would also like to thank the Secretary and the Undersecretary for their kindness in coming here and sharing with us and for the great job they are doing for us in Washington.

Governor Ellington: Thank you, Governor Rockefeller.

Governor Kirk: Mr. Chairman, if you are moving into another item, I would like to announce that I have distributed whatever required document is necessary for a motion for tomorrow. I would also ask that this body reconsider its action of yesterday, moving the federal tax sharing program into Executive Session. I would hope that they would think again on this matter and bring it to the entire body in public hearing and not treat it in Executive Session. I make that motion.

Governor Ellington: Motion has been made. Gentlemen, what is your pleasure? You can do it either way you want.

Governor Louie B. Nunn: Mr. Chairman, I would like to second Governor Kirk's motion, if I may.

Governor Ellington: The motion has been made and seconded that we rescind the action taken yesterday on the consideration of the federal sharing items and bring them up in open session tomorrow. Am I correct?

Governor Rampton: My motion to put that over to the Executive Session was done not to get it into private session but because that was the only time I could see we could consider it, other than hurrying it through yesterday. Those of us in the Western States wanted to have the opportunity to present and discuss Governor Williams' amendment and did not want it hurried. So far as I am concerned, I have no objection to it going to any time that it can be adequately aired. We picked the Executive Session just because that seemed to offer the time.

Governor Ellington: Thank you, Governor Rampton.

I want to remind you all of this—and I know because I have been around a few of them—that at about noon they are going to be leaving town and you are going to keep delaying on these things until we get into a jam. So with that, Governor Kirk, we will consider your motion. It has been made and seconded.

Governor Love: I would simply remind you all that we do have distinguished guests as part of the next item on the agenda, which is already late. If you attempt to take up the revenue sharing now, I think we would

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\*For text, see Appendix XI.



move far beyond and I would request that if it is the intent of that motion to be taken up now that we defeat that motion.

Governor Kirk: It is not the intent at all. The intent is just to have it in public, not in Executive Session.

Governor Daniel J. Evans: Mr. Chairman, as Chairman of the committee, I would hope that what we could do is have such a discussion that we have time for during the Executive Session today because it is one of the few times we will get together. But I would hope that the action and the debate on final action be taken in open session on Wednesday morning. I agree that perhaps this morning or even this afternoon we have other items that would preempt the time.

Governor LeVander: Why can't we start fifteen minutes earlier and devote the first part of the public session tomorrow to complete the revenue sharing discussion proposals. We can also discuss it and try to be sure to get it in that half hour.

Governor Ellington: Would you accept that as an amendment?

Governor Kirk: Just keep it out of the executive sessions.

Governor Ellington: All in favor of Governor Kirk's motion will say "Aye." Opposed? The ayes have it.

Governor Kirk: What time will that be?

Governor Ellington: We have a program here. It says 8:30, according to the motion.

Gentlemen, I now recognize our Host Governor, Governor Love, Chairman of the Transportation Committee.

Governor Love: Thank you very much, Mr. Chairman and fellow Governors: We have the very special privilege of having with us today the Secretary of Transportation, a distinguished former Governor of Massachusetts and a former Chairman of this Governors' Conference. John, we are delighted to have you back.

Honorable John A. Volpe: Thank you very much. Let me say at the outset what a genuine pleasure it is for me to be here with you for this National Governors' Conference. I have been here since Sunday evening and after being here for some thirty-six hours or so, I almost feel like a Governor again and that isn't bad, gentlemen, let me tell you! I certainly want to compliment all of you for the usual excellent work that has been done in planning and arranging this Conference.

At the risk of drawing a little flak from Governor Burns, Governor Miller and Governor Reagan, let me say that for the past ten days I have been in Alaska, Hawaii and California. I must say that the setting here in the Springs is just about as beautiful as you will find anywhere. One good thing about Alaska, I found out that I have a private railroad car, something I did not know I had when I took on this assignment. But I have to go up to Alaska

to use it. To be perfectly honest, before taking the job I had also no idea I would be responsible for operating the Alaskan Railroad. Nor would I know that the St. Lawrence Seaway would be a part of our responsibilities. But we do have these agencies in our department, as well as the United States Coast Guard, which we are very proud of, the Federal Aviation Administration, the Federal Highway Administration, the Federal Railroad Administration and the Urban Mass Transportation Administration. I brought most of our first team along with me today: Paul Cherington, our Assistant Secretary who held the transportation chair at Harvard University; Jack Shaffer, the head of our Federal Aviation Administration; Frank Turner, head of our Federal Highway Administration; Carlos Villarreal, head of our Urban Mass Transit Administration; Reg Whitman, head of our Railroad Administration. I would like to touch on just a few of the department's key issues and then when we are through, the six of us, we will be glad to tackle your questions and listen to your suggestions.

Last night here in this very building President Nixon said, and I quote him, "As we look toward 1976 and beyond, our range of possible choices is breathtaking. How we manage our growing abundance, how we make real our ideals of full opportunity, how we clean up our air and water, how we balance our systems of transportation, and the list could go on almost indefinitely." Rising incomes, coupled with an increased awareness of the world we live in, have put America on wheels and in the air on the go more than ever before. Rising incomes have created a totally unprecedented demand for fast shipment of consumer goods and efficient transportation for bulk commodities. While many of our transportation problems are caused by prosperity, we must not neglect the special transportation problems of the disadvantaged, the poor, the elderly and the physically handicapped. For all Americans are rapidly looking to mobility as a right, as a basic inalienable right, and they will insist on this right throughout the country. There is no single mode flexible enough to provide mobility that we require for all of these problems. There is no rule of nature requiring us to take planes, for instance, on trips of less than three hundred miles. There is no law or logic that forces all of us to drive down to the airport all at the same time. There is no government order decreeing that public transportation must be forced out of business while highways are becoming parking lots for miles of angry motorists. Our department is pledged to find ways to expand our range of choices and to improve the linkup between those modes; in short, to develop a national transportation policy.

Let's take a quick look first at our aviation problem. Air congestion and airport access will provide a critical test of our imagination. We have to impose flight rationing at five of our busiest airports because the traffic has outgrown capacity. I am very hopeful that we will be able to terminate this

rule shortly. We believe we should meet the demand. We have projected an astonishing 300 percent increase over the next decade. To prepare for this wave of humanity, we have proposed to Congress that we invest \$5 billion over the next ten years to completely upgrade our airports and air traffic control systems. We are asking those who use the airways to foot a part of the bill through user charges. There is a tremendous job to be done on our airport-airway system, and I certainly solicit your full support for the bill that is now before the Congress. It is essential to the economic well being of all our States and it is essential to our national defense.

We all know that it often takes longer to drive to the airport than it takes to fly from city to city. We desperately need a breakthrough in ground access to airports. Beyond that, what about the overall traffic paralysis within our urban regions? Nearly 80 percent of our people now live in the cities, and the percentage is increasing. Most of the increase in population that President Nixon spoke about last night will concentrate in metropolitan areas, and the urban population will double in about thirty years. My friends, the automobile, carrying about one and one-half passengers on the average trip, can no longer be counted on alone to provide transportation. The number of automobiles in this country has doubled since 1950. By the year 2,000 the number will double again. It is to his great credit that President Nixon has recognized the dangers of relying solely on one mode of transportation. He knows — and he and I have discussed this often — that if we expect to make any headway with our urban problems of congestion, poverty, pollution and employment, we are going to have to try something new in the way of urban transportation. We will be compelled to invest many billions of dollars over the coming years if we are to provide the new and updated public transportation our urban residents need to assure mobility. But the cities alone cannot sustain this burden. I am aware, as you are, that state and local expenditures have increased nearly three times in the last ten years. Your debts have risen by the same amount. Without federal help, public transportation would probably dry up in all but a few of the larger cities — with consequences of civil disorder, urban decay and air pollution that any reasonable man would want to avoid at all costs. President Nixon has taken action now to solve this problem before it becomes completely unmanageable. We have proposed to Congress that this Nation invest \$10 billion in transit aid over a twelve-year period. We seek authority to commit funds starting at \$300 million and rising to \$1 billion annually during the first five years. We are asking for contract authority to obligate funds over the full five years so as to assure cities of the support they need to undertake long range projects. Contract authority is actually the key concept in this bill. It is a budgetary mechanism, granting federal authority to enter into binding commitments to the full extent of the fund authorization. I will concede that

this is not the trust fund that I was plugging for, but, I believe this approach will work. It obligates the federal government to support programs once the contracts have been signed, period. Let's take an example. Suppose City X needed a \$10 million transit grant from the federal government. We at the department would approve the request and that city would be assured that the money would be forthcoming over the time period required for the planning, acquisition of right-of-way, design and construction. Even though Congress had not actually appropriated the money, that city would know, as well as could be known under the Highway Trust Fund, that the funds needed would be appropriated by the Congress. There are a number of people who tend to think that highway trust funds are automatic, and I remind you that they are not. I had the privilege of helping to establish the Highway Trust Fund some thirteen years ago, and we always had to go to Congress every two years to appropriate money out of the fund.

Let's for a moment discuss the trust fund concept itself. It is an ideal financing mechanism provided you have an identifiable group of users on whom you can impose user charges. This we have with highways and in part with our air transport system. But this we do not have in the public transportation field. We cannot, I believe, add a ten or fifteen cent user charge on top of an already high bus fare or rapid transit fare. This would be self-defeating and would probably result in a complete failure of the entire program. It would tax those who are less able to bear the burden and would probably cause a drop in passengers, which has always proven true when the fares are increased on public transportation. So you have the bill and it is now before the Congress. Let me emphasize that this is just not a big city bill, not just subways for cities like Atlanta, Seattle and Pittsburgh but also improved bus and other systems for cities as small as 25,000 population. There are many of these cities that have lost their bus systems. This is legislation, I believe, that deserves the support of the Governors of all of the States, rural as well as urban. I think we have finally realized that the quality of public transportation can determine our standard of living, our productivity and our enjoyment of life just as much as schools, housing and job opportunities. Without a balanced system of personal mobility, any city decays and even the suburbs lose vitality.

In line with the Administration's New Federalism, I am pleased to announce this morning that we are transferring administrative responsibility for National Highway Safety Program to the regional offices. Thus, instead of the States having to come to Washington for project-by-project approval, the decisions will be made on the regional level with an annual work program. This new phase in federal-state relations, to become fully affected by fiscal '71, will enable the States to develop more long-range planning in this very vital field. Let me say in closing that I have faith that we will make the right

decisions. We have the emerging awareness. We have the resources. I see a new determination to break with the past. Public transportation can be the real road to a better life for all of our citizens. I can assure you, having sat around the table at our Urban Affairs Council Meetings in Washington now for many, many weeks, that I see the great good that can come in solving some of our urban ills and our social problems through the development of public transportation. There is no more time to wait. I hope that if you agree with us you will solicit your congressional delegations in an effort to try to get these two particular programs passed at this session of the Congress. I am sure that working together we can get them passed and make great progress in the years ahead.

I can be given a time table and I can run over it a little bit. I have four administrators. They work for me and if they run over, I can fire them. So, boys, from 60 seconds to 120 seconds, starting with our Federal Aviation Administrator, Jack Shaffer.

Mr. Jack Shaffer: It is a pleasure to be back. I appeared before the Western Governors in Seattle. I would like to speak simply about the problems of success. The problems that we face in aviation are not as the result of failure. They are results of great success. I can promise you that we know what to do. We know how to do it. The Congress, I hope, will report out a piece of legislation in September that will give us the resources to do the job of increasing the capacity of the system and making the airplane and the airport better neighbors. We all want airports near us but we are not very tolerant of some of the things that go along with it. I can promise you that the airplanes of the future will be better behaved; they will make less noise; they will smoke less. There are reasons for the problems that we have currently. The dark plume that you notice about the turbojet is simply there because at one time we needed a restart capability. We no longer require that. We will use a less rich mixture and you will see much less smoke. Likewise, the 747 will be roughly 40 percent more quiet than the current variety. We can do a lot if we have the resources, and it seems practical to do it. There is no point in going further. I am happy to be here. I can promise that we will make great progress in the decade ahead. Thank you.

Secretary Volpe: I am sure many of you know the next man. He has been in Washington in public service for forty years. I just placed a forty-year pin on him; a great administrator—Federal Highway Administrator, Frank Turner.

Mr. Frank Turner: As the Secretary has said, safety is our most important concern in the highway field. We are tackling it from the standpoint of the driver, the vehicle and the road. You are working with us in state-community programs, involving such things as education, driver licensing, vehicle inspection, courts, and police enforcement. We are working

at the Washington level with the manufacturers to produce safer vehicles through the promulgation of certain standards. For many years we have been working on the highway improvement program with you. This is of itself a major safety effort. We have brought the fatality rate down at the present time to one-third of what it was twenty years ago. We are still making progress. In the interstate system the fatality rate is one-half of what it is on the remainder of our system. So you can see that safety results come from improved roads. Highways are the most dominant carrier of transportation. We handle more than half of all of the goods movement in the country, more than 90 percent of the passenger miles of travel, 99 percent of all of the persons movement within our urban areas, three-fourths of all of the mass transit activity in the country at the present time. But as the Secretary has said, we cannot continue at this same rate. We must find additional facilities to complement highway modes of movement in our urban areas. In the highway field we are working with these other modes, particularly with the new Urban Mass Transit Administration in the development of facilities for the mass movement of people. We are already moving three-fourths of them by the highway mode, as I indicated. We should improve that, increase that number by more intensive use of our highway system through buses. We are working closely with the other administrations in making a true transportation system. Thank you.

Secretary Volpe: Thank you, Frank. We now have statistics to prove that for every five miles of interstate system that has been built we save one human life per year on a recurring basis. So whenever anyone says, "What has the interstate system done," if it has done nothing else, those lives have been worth it because the dear Lord only knows how much those lives are worth. Our Urban Mass Transit Administrator, Carlos Villarreal.

Mr. Carlos Villarreal: The Urban Mass Transportation Administration is the youngest administration in the youngest department in the executive branch, and it certainly has Secretary Volpe's attention. We have only fifty-nine people. We need your help to get behind the bill that is pending before the Congress now. Just to go over it one more time, it is a \$10 billion program over twelve years, starting in 1971 with \$300 million, reaching a level of \$1 billion in 1975 and thereafter for the remainder of the twelve years. It is an exciting program. We want to be in a position where we can move into the cities and provide transportation for those that really need it—the old, the sick, the poor, those that need to have transportation to get to their jobs. We can really do that job if we can get this legislative package. The first five years of contract authority starting in 1971 will give us a total of 3.1 billion dollars to do the job, in small cities as well as in large cities. I would like to urge you to help us in every way you can to get this bill passed. Thank you.

Secretary Volpe: Our Federal Railroad Administrator, the man with

forty years of railroad service but very young in ideas—Reg Whitman.

Mr. Reginald Whitman: I have prepared about a twenty-minute talk to explain to you the problem the railroads will face in handling the movement of goods and materials that will become necessary in future years. However, after the Secretary's admonition that he could fire us, I suspect I had better pass this and simply tell you that the railroad industry handles more than 40 percent of intercity traffic at the present time. With this traffic growth, we suspect these problems will become even greater than they are today, and we have some, as you know. I do not doubt for a minute that the railroad industry can handle this. It is a growth industry. We are getting younger people into it. I am sure that you are going to be surprised with what the railroad industry can do for you. I would just have one question of the Governors and that is: Would you direct to me or the Secretary what you feel the railroad should be doing for you. I am sure that we can, working together, help this along much better than we have. We have not been cooperating together as we should. I do not believe there is any reason why we cannot get together, if we just know what you need. I think the railroad industry in the next few years can survive. Thank you.

Governor Love: Thank you very much, gentlemen and Secretary Volpe.

Governor McKeithen: Mr. Chairman, I want to make a comment, if I may, concerning these last remarks about the railroads. I would just like to say that I think the railroads are the most over-regulated industry in the United States of America. I sat on a Public Service Commission for ten years. They have to get permission to do away with a depot that does not do any more good than the river does. I think they need help. They need it from our federal government and our state governments and the people of these United States. I don't know what we would do without them.

Governor Love: Thank you, Governor McKeithen.

Governor McKeithen: They were against me when I ran for Governor, I might add.

Governor Love: When your Committee on Transportation considered some of the problems that were involved, such as the one that you mentioned, Governor McKeithen, the comments have been made that statistically you can prove that if the present rates continue our highways will become simply parking lots; the crisis in aviation, even though it is a crisis of success; the fact that railroad passenger trains are leaving, but companies going, altogether reminded me of the statement that is attributed to the Governor of California who, when asked how he was, commented that his beaches were covered with oil, there was a flood in the south, and there were riots in the colleges and universities. He said that he felt badly enough about it that he rang up Dial-a-Prayer and they hung up on him.

You have before you these proposed policy statements. The first one is

titled National Transportation Policy. We recognize the clear necessity for coordinated development and comprehensive planning. To paraphrase it, we commend the President of the United States for his emphasis on and development of a National Transportation Policy. We pledge our support as Governors and request the President to establish a mechanism to insure regular consultation with and active participation by the States. We recommend consideration of these general issues in a policy study:

- A. The inclusion of all federal programs and agencies affecting transportation within the U. S. Department of Transportation.
- B. The establishment of the principle that all modes of transportation should share in the maintenance of public facilities which they use and from which they benefit.
- C. The incorporation within the national policy of goals and guidelines for environmental quality control, and the preservation of our national resources of clean air, pure waters, and good earth.
- D. The establishment of trust funds for various modes of transportation, supported by revenues derived from the respective modes and minimum general appropriations.

Is there any discussion on this?

Governor Mandel: Mr. Chairman.

Governor Love: Governor Mandel.

Governor Mandel: Mr. Chairman, on Item D, I would like to make a

statement. I have distributed a letter to each Governor. First I would like to point out that this is a study to be made. I would like to substitute for the study of trust funds that there be the study of a single flexible transportation fund. I think this Conference has devoted itself to the need for the States and the Governors of those States to be able to establish priorities within their own States. We need flexibility in our planning. I think that the former Governor, and today the Secretary of Transportation, pointed out very clearly that comprehensive transportation planning is so essential. But how can we have this comprehensive planning if we are bound by an inflexible fund that requires us to devote portions of that fund to specific modes of transportation? For example, in your State, if highways are your problem, why can't you establish the priorities for highways and say that the majority of the transportation money will be used to develop your highways. And if in our State mass transit is a problem, why can't we, as Governors, say in our State that we would like to devote this money for mass transit problems? I think I heard last night in the speech made by the President of the United States that this Administration is going to devote itself to putting its money where its problems are. Why can't we Governors be allowed to put this money where our problems are? I think, if we are going to have a comprehensive transportation plan—and I am all for it—we have to be able to



plan the use of that money in the areas where it is essential in the States. I know that in each of your States, probably most of them, that your highway administrators and your highway people are opposed to this idea. But I say that it is a shortsighted opposition. I don't know if this is the proper time, Mr. Chairman, but I would like to offer an amendment that would simply delete from the statement—and I again emphasize that what we are talking about is a study—the words “trust funds for various modes of transportation” and say “a single flexible transportation trust fund, supported by revenues derived from the various modes of transportation, allocated to the states on a population-area formula and expended by the states on their transportation programs.”

Governor Love: Governor Mandel, who is a member of the committee, has brought his position to the other members of the committee. The majority felt that, specifically, the present highway trust fund should not be used for other purposes. The majority of the committee felt strongly in that regard, but we said to Governor Mandel that he would have every right to make his position clear at this time. Governor Evans.

Governor Daniel Evans: Mr. Chairman, I would like most thoroughly to agree with Governor Mandel. I think that if we really believe, as Governors, in retaining some flexibility, if we really believe as we fought so hard for block grants in the field of health care and in the field of crime control, then let's not be inconsistent. Perhaps there is only one practical addition I would make to the suggestion of Governor Mandel. Just make the establishment on completion of the present Interstate System Act. In other words, I don't think it is practical that during the remainder of this Interstate System we embark on the new comprehensive trust fund. But if we want to get that at the completion of the interstate system, we had better start now. We had better make our voice heard pretty loudly; just as we had to start several years ago on revenue sharing in order to make our voice heard loudly at the present time. I would disagree to a certain extent, respectfully, with our former colleague, Governor Volpe, that highway user charges must stay with highways. We in our own State have some very specific transportation problems that few other States have. We run the biggest ferry system in the entire country. We use highway gas tax money to support that water transportation system and have for the last eight or nine years. We passed during the last session of our Legislature a bill that would set aside a substantial share of a motor vehicle excise tax for the support of mass transit systems in our various communities. I don't think it is inconsistent to ask highway user charges to be utilized for other modes of transportation if thereby we assist in removing the necessity for automobiles from our freeways and in the cutting down of congestion. I think this is a very, very important concept and issue.

I would certainly urge every member of this Conference to get at it through a study so that each State can determine its own priorities. If they are for highways, more money should be made available for highways. If they are for other issues, give us the chance to set them aside for that issue.

Governor Love: Secretary Volpe wants to comment on this.

Secretary Volpe: Just a quick comment, if I may. This is something which I started to think about in mid-February at a press conference in Pittsburgh. In answer to a question from the press, I indicated that this was an area to which we were giving study. As a matter of fact, the National Transportation Policy Statement, which we hope to submit to the President before the end of this year, probably will call for a detailed examination of this total area. I would call to your attention, however, that most of your state constitutions prohibit the utilization of gasoline tax funds for any purpose but for the construction of highways. And I would also suggest to you that the people who pay the taxes for a particular mode of transportation wouldn't look very kindly upon utilizing those funds for another mode. Now, that isn't to say that at the right time and in the right climate it cannot possibly be developed because I can see, as a Governor, the need for some flexibility in the utilization of transportation funds. One State may have done a great job in its highway building and needs a great deal of money for transit, and perhaps there could be some flexibility. Possibly we might have a transportation trust fund with designated accounts for each of the modes, with a certain amount of flexibility within those modes. I don't think this could be accomplished at the present time certainly as I view it from the Washington scene.

Governor Tiemann: I agree wholeheartedly with the concept of flexibility—but I would reject any attempt for any type of diversion of these funds dedicated for highways to something else. It seems to me that Governor Mandel here is proposing a study. So I would suggest there, Governor, that the study be made not in lieu of Section D but as an amendment to the entire policy, but not to strike the establishment of trust funds if it is going to mean some diversion.

Governor Mandel: I would agree. And if in lieu of the amendment, we would use the words, "The establishment of trust funds or a single trust fund"—just add the words "or a single trust fund"—I think it would give us then the opportunity to study the entire problem, but not confine us to trust funds.

Governor Scott: I would like to associate myself with the Governor of Maryland, particularly in view of his latest comment with respect to the new version of the amendment. I think we need this flexibility. I think it is a well thought-out concept. I would like to see the Conference adopt this amendment.

Governor Love: In order to get it appropriately before the Conference, I am going to move that we adopt Section 1 of the policy statement and then you can move your amendment. It has been seconded that we adopt Section 1 of the Policy Statement on Transportation.

Governor McCall: Mr. Chairman, may I ask you one question? It is very relevant. It may open a Pandora's box. I have been very hesitant to ask it. Did the committee answer the question: Are navigable waterways a public facility in relation to Point B in the National Transportation Policy?

Governor Love: My knowledge is that the committee did not consider that particular question.

Governor McCall: Because it has tremendous bearing in West Virginia, in Oregon and where the Federal Treasury maintains facilities for barge traffic, which is substantial in the transportation picture of the Northwest and certain other parts of the country.

Governor Love: We will come back to that.

It has been moved and seconded that we adopt the first policy statement. Governor Mandell, do you want to move your amendment?

Governor Mandell: I would like to move that Paragraph D be amended to insert after the words "trust funds" the words "or a single trust fund," reminding the members that this is merely a study that we are recommending so that this will be included in that study.

Governor Love: I hear a second to that. Do you all understand what the proposal is as far as the amendment is concerned?

Governor Daniel Evans: I wonder if Governor Mandell might accept a further amendment. I am a little concerned by the word "minimum," which again confines a study. If, after the words "revenues derived from the," then change it to say, "from the various modes of transportation and general appropriations," and let the study determine whether these indeed should be minimum amounts in general appropriations or whether this should be an important enough action so that we can broaden it.

Governor Mandel: I have no objection. I would accept that.

Governor Love: As I understand it then, the proposed amendment would read, "The establishment of trust funds or a single trust fund for various modes of transportation supported by revenues derived from the respective modes and general appropriations."

Governor Daniel Evans: That is good enough.

Governor LeVander: One point of clarification. Where do you get more flexibility out of having one than if you had several trust funds for different modes of transportation? I fail to see that. I agree that we want airports and we want highways and we want other modes of transportation. But I have a very strong feeling if you put it in one fund you are going to weaken the money you get for highways and you are going to complicate problems that

we have under the constitutional provisions. You can get flexibility if you will get as many trust funds as you need for the modes of transportation.

Governor Hathaway: Mr. Chairman, I assume that we have to discuss the formula for division of these funds, which has been most difficult with respect to highways alone. If we insert mass transit and other problems, I don't know whether we can ever solve this.

Governor Mandel: I might say to the gentlemen that I again emphasize that what we are recommending here is merely a study to see what method would be most effective for the States. We are not recommending a formula. We are not recommending any changes—merely a study.

Governor Francis W. Sargent: Mr. Chairman, I would just like to make one point. I would favor the proposition of a study. Personally, I feel that the Governors would like to have more flexibility in being able to use funds for a variety of different transportation needs. I would like to point out that I think most of the States are not yet geared to really handle that question in case the money were to come in. I don't want to sound like a broken record. But yesterday I referred to the matter of getting our state governments so organized that we could handle the challenge in the future. I know in my State at the present time, until we effect our reorganization, we would have a half dozen agencies all heading in opposite directions and all grabbing for the available funds. I think the study is a good idea. But I think we have to look at our own situation to be sure that we could handle it if the money were available.

Governor Rampton: Mr. Chairman, could I ask Governor Mandel a question?

Governor Love: Yes.

Governor Rampton: In your proposal you would put the allocation formula only on the population-area basis. At the present time there are other factors in the formula.

Governor Mandel: That has been eliminated from the amendment. The amendment now just generally says, "to study trust funds or a single trust fund." What the result of that study would be, none of us knows at this point.

Governor Rampton: Well, I don't think any of us in the West would want to do anything to even imply that we are going to eliminate the public lands part of the formula.

Governor Mandel: I agree with you on that. I don't think this does that.

Governor John M. Haydon: Could I ask Governor Mandel's permission? Each time he uses the words, "the various States," that he include, "and the Territories"?

Governor Mandel: No objection at all.

Governor Walter Peterson: I would like to point out that I agree with

Governor LeVander. I question how much we gain from this, particularly after hearing Secretary Volpe this morning talk on the difficulty of defining an adequate user fee for mass transportation facilities. In my own State of New Hampshire we constitutionally limit the use of the gas tax to highways and feel that this has been a major cause of the creation of a very fine highway system in this State. I think it is a serious step away from the system that has worked well if we should at some point undertake to deviate or divert the gas tax from its present usage.

Governor Knowles: Governor Love, I would like to ask who is going to do this study?

Governor Love: I assume it would be the Department of Transportation, as the first part of the policy statement says, "To establish a mechanism to insure the regular consultation and active participation of the states."

Governor Knowles: I am in agreement with Governor LeVander and Governor Peterson. I am going to move for the rejection of the amendment.

Governor Love: All right. You all understand the proposed amendment. All those in favor of the amendment say "Aye." Those opposed? Are you in doubt?

Governor Ellington: Yes.

Governor Love: Let's raise hands. Those in favor of the amendment raise your hand, please. Those opposed please raise your hand. The amendment is lost.

Is there any further discussion? If not, all those in favor of adopting this portion of the policy statement please say "Aye." Opposed? The motion is carried.\*

Section 2—Airways and Airports. Very briefly—you have it before you—the establishment of a National Airport/Airways Trust Fund and the development of a comprehensive National Airport System Plan, utilizing the individual State Airport System Plans, which are developed in cooperation with federal and local governments as the primary basis for its preparation.

Before I call for discussion, I will move the adoption of Section 2 of the policy statement. There is a second. Is there discussion?

Governor Winthrop Rockefeller: Governor Love, I realize that we are running very short on time today. I have prepared a statement that has been distributed to each of you. I think for the record it would be an important thing for me to call to your attention the lack of our consideration, if you will, of general aviation. I have been flying since 1928. I have over three million miles to my credit. Since I have been living in Arkansas, I have operated fourteen different aircraft, including the one that brought me here,

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\*For text, see Appendix XII.

a Falcon jet, today. The statement gives you some of the facts about aviation, general aviation. Ninety-one percent of our licensed pilots serve general aviation. General aviation flies 79 percent of all airplane hours and 71 percent of all airplane miles. It may astonish you to be aware of the fact that 50 percent of the air travelers in our country are being served by general aviation through smaller airports in the Nation. I think the economics of general aviation are tremendously important. Two years ago the total production maintenance, operation costs and wages in general aviation accounted for over \$2 billion of our gross national product. Five years from now this figure, it is estimated, will be \$4.5 billion. You have the statement before you and, therefore, I will not take up more time. I hope that you will read it. But in the presentation of the committee, I do not believe that there is adequate emphasis on the importance in the role of general aviation. At the end of my statement that is printed and before you, you will find proposed amendments.

Governor Love: Do you wish to move those amendments?

Governor Winthrop Rockefeller: I would propose to move these amendments. They are before all of you. They have been distributed. It may save time or I will be glad to read them.

Governor Maddox: May I ask the Governor of Arkansas a question? Did you say you have fourteen airplanes, Governor?

Governor Winthrop Rockefeller: I said that over a period of sixteen years that I have been operating aircraft, I have owned fourteen.

Governor Maddox: Oh, fourteen. I just wanted to clear that up. That is quite a contrast with my two bicycles.

Governor Winthrop Rockefeller: They haven't built a million dollar wall around the Governor's mansion in Arkansas yet.

Governor Maddox: Well, you just haven't been able to get the money.

Governor Love: The proposed amendment, I don't believe actually amends the language presently here but it really adds a new section. It has been moved and seconded. Do you all have this before you—the proposed amendment?

Governor Winthrop Rockefeller: I would be perfectly happy to suggest that maybe we add my language to the proposals of the committee.

Governor Love: All right. It has been moved and seconded that the proposed additions that you have before you be added to the policy statement. All those in favor will signify by saying "Aye." Opposed? The motion is carried. I will now call for a vote on Section 2 of the policy statement, as added to. All those in favor say "Aye." Opposed? The motion is carried.\*

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\*For text, see Appendix XII.

Section 3 of the policy statement on highways, summarized very briefly: Funds from the Highway Trust Fund should not be withheld; apportionments from the Highway Trust Fund should be made as soon as possible after the first of July for the following fiscal year to enable the States to adequately plan; revolving funds within the Highway Trust Fund set aside for the advance purchase of rights-of-way should be made available as soon as possible; federal gas taxes should not be increased at this time; belief that the primary authority for coordination, planning and flexible distribution of trust funds within the States should be at the state government level; after completion of the present Interstate System, the Trust Fund should be continued with these funds being used for needed work on the urban highways and streets, and on the primary and secondary highways of the Nation; endorse the concept of the development of a system of scenic highways; recommend that more careful study be given for methods by which States can implement the provisions of the Relocation Assistance Program. I move the adoption of Section 3.

Governor LeVander: Mr. Chairman, I am dismayed with Point One of the statement. We have at all of the Governors' Conferences where we have taken up highway matters deplored the withholding of funds from the Highway Trust Fund. I, therefore, move we put a period after the word "withheld" and strike the rest of that clause.

Governor Love: It has been moved and seconded that the first sentence of Section 1 be amended to read: "Funds from the Highway Trust Fund should not be withheld." Is that correct?

Governor LeVander: Right.

Governor Love: Is there any further discussion on that proposed amendment?

Governor Haydon: Point of clarification, Governor Love. Can we assume that although we are not mentioned in any of these resolutions that we are automatically included as territories in these recommendations?

Governor Love: Yes, indeed. You can so assume. Although I know that it works out, I have been a little bit amused to see one of the great highways in Hawaii termed an interstate highway. It is the same with American Samoa.

Governor Maddox: Mr. Chairman, I am wondering if we mean withheld there in Point One. Withheld doesn't really mean that they could not come right back and delay them for six months or nine months, would it? I believe the intent is that they could not be suspended. Is that right or not?

Governor LeVander: Suspended or withheld. Then you have it both ways.

Governor Love: Suspended or withheld is now the proposed amendment? All those in favor of the amendment will say "Aye." Opposed? The amendment is carried.

Governor Kirk: Mr. Chairman, you have gone into great detail in this presentation of Number 3. I would like to offer a comment, as long as we have Mr. Turner and the Secretary here. It seems to me that there are many things that are holding up the Interstate Program. I would hope that they would look at such items as all of these hearings that we have to have, three separate hearings, and all of the red tape that is holding up the Interstate Program and just adding a burden on the States. I move your other items.

Governor Love: Any further comment? If not, all those in favor of Section 3 of the policy statement please say "Aye." Opposed? The motion is carried.\* Section 4 is on Highway Safety: Full support to national, intergovernmental program of highway safety by appropriating the funds necessary to accomplish the mandate of the National Highway Safety Act; Congress should amend the Act so that funds for Highway Safety will be allocated as block grants through its state agency after the National Highway Safety Bureau has approved a comprehensive highway safety plan. With that summary, I move the adoption of Section 4 of the transportation policy statement.

Governor Tiemann: Only a comment. I would reiterate Point Six. Nebraska leads the Nation this year in the reduction of highway fatalities. We are 20 percent below a year ago, principally because we have two strong pieces of legislation regarding motor vehicle inspection and, second, examination at licensing time of all drivers plus an intensive drive by our office and agencies of the state government along with many of the private sectors of the economy. This can be done if the coordination is proper and with some help from the Department of Transportation. I point out the emphasis that I would give Point Six. I urge the support of it.

Governor Love: Thank you, Governor.

Any further comment on the provision on highway safety? If not, all those in favor will say "Aye." Opposed? The motion is carried.\*

On highway beauty, the committee fully supports efforts to preserve and improve the scenic and esthetic quality of our roads and highways and adjacent areas. I move adoption of Section 5. It is seconded. Is there any comment? If not, all those in favor will say "Aye." Opposed? The motion is carried.\*

On urban mass transportation, Section 6, the committee recommends the recent proposals submitted on the part of the National Administration. You heard again this morning of the plan for financing and cooperation of the state, regional and local authorities in the development of an urban mass transportation system suitable to the particular areas. I move its adoption. It is seconded. Is there any comment on the urban mass transportation division

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\*For text, see Appendix XII.



of the policy statement? If not all those in favor say "Aye." Opposed? The motion is carried.\*

Section 7 is on railroads. The committee is concerned about the decline of the railroads as a major element in the American transportation system. The committee recommends that consideration be given to the federal government assuming the costs of maintaining certain reserve equipment and operations as a cost of national security. We further believe that there should be a complete investigation of the present federal laws and regulations now governing the railroad industry. I move its adoption.

Governor Kirk: Mr. Chairman, in regard to the railroads, as we pass over it—I am for your motion—I want to argue with Governor McKeithen of Louisiana. It seems to me that the railroads are not a part of public transportation and they are not cooperating in public transportation and they are knocking off passenger service and not giving us access to their right-of-ways and they enjoy the transportation corridors of the States. I think we ought to be a little harder on the railroads and get them in the ball game.

Governor Love: With that comment, all those in favor of the railroad provision of the policy statement please say "Aye." Opposed? The motion is carried.\*

Governor John A. Burns: Mr. Chairman, I would like to note that nothing is said here about sea transportation. A few of us people have to depend on that. Alaska has a very real interest in it as well as a few others, I think. There is certainly a need for a national review of our federal maritime policy. In States like Washington, California and Oregon, in all of the coastal States, there is a need for railroads but there is an even more urgent need on the maritime policy.

Governor Love: I believe we have it in Item 11, Governor, which we will come to in a minute.

Communications—Section 8—the committee recommends to the Congress and to the Federal Communications Commission a full reexamination of the present allocation of the frequency spectrum. I move its adoption. It has been moved and seconded. Is there any comment? If not, all those in favor will say "Aye." Opposed? The motion is carried.\*

Section 9, auto insurance—the committee urges the Secretary of Transportation to expedite the auto insurance study at the earliest possible time. I move its adoption. Is there any comment? If not, all those in favor will say "Aye." Opposed? The motion is carried.\*

Section 10 is on waterways. The committee supports the establishment of national, uniform standards for safety in this area. I move its adoption.

Governor McCall: Mr. Chairman, you told me that you would come.

\*For text, see Appendix XII.

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THE COUNCIL OF STATE GOVERNMENTS  
IRON WORKS PIKE  
LEXINGTON, KENTUCKY 40511

my question a little later, as to whether inland waterway transportation was considered when you adopted the plan for a national policy on transportation?

Governor Love: To my knowledge, it was not by the committee. Do you know the answer to the Governor's question? The inland waterways, Secretary Volpe says, are under the jurisdiction of the Corps of Engineers rather than the Department of Transportation. If you would like to propose an addition, if you want to draft it, why, we can submit it later on.

Governor McCall: I think that we might handle it by saying that the National Governors' Conference recognizes the beneficial contributions made by waterway operations and also recognizes the need for a progressive inland waterways policy. I think we can put this in the waterways section and that would make it very plain.

Governor Love: It has been moved and seconded, as I understand it, that the paragraph—do you want to read that again?

Governor McCall: Yes, sir. The National Governors' Conference recognizes the beneficial contributions made by waterway operations and also recognizes the need for a progressive inland waterways policy.

Governor Love: You heard the motion. It has been seconded. All those in favor will say "Aye." Opposed? The motion is carried. It is now included in Section 10 as adopted.\*

Section 11 is the merchant marine. The committee endorses the inclusion of the Maritime Administration within the United States Department of Transportation. I move its adoption. It has been moved and seconded. Is there any discussion? If not, all those in favor will say "Aye." Opposed? The motion is carried.\*

Section 12 is on commerce. The committee endorses the concept of developing a nondiscriminatory commercial freight rate structure on a national basis. I move its adoption. Is there any discussion? If not, all those in favor will say "Aye." Opposed? The motion is carried.\*

Section 13 is on pipeline safety. The committee urges continued regulation of pipeline safety by the States. I move its adoption. It has been moved and seconded. Is there any discussion? If not, all those in favor will say "Aye." Opposed? The ayes have it.\*

I wish to express my appreciation to the Governors who served on this committee and also to the members of the task force. I am sorry that we had to go over portions of this as quickly as we had to but I am confident that the areas of transportation have received the backing of a fine group, both administrative and staff.

Governor Ellington: Thank you, Governor Love.  
I recognize Governor Stan Hathaway.

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\*For text, see Appendix XII.

Governor Hathaway: Thank you, Mr. Chairman. I want to serve notice that we will ask for suspension of the Rules tomorrow on a resolution which, I hope, will not be controversial—to endorse the Olympic games in the United States. The sites have already been chosen—Denver for the winter games; Los Angeles for the summer games. It is merely an endorsement in support of the Governors' Conference in hopes that we can get this event in the United States.

Governor Ellington: Thank you, Governor.

Governor Don Samuelson: Mr. Chairman, I want to serve notice to suspend the Articles of Organization for the purpose of introducing a resolution and further propose that such resolution, if adopted, becomes our position No. 8 of the policy statement offered by the Committee on Natural Resources, Environmental Management and Agriculture tomorrow.

Governor Ellington: Thank you, sir.

Governor Maddox: Mr. Chairman, I have passed out here a proposed policy statement relative to public education for consideration by the Governors that I will bring before you tomorrow.

Governor Ellington: Thank you, sir.

Mr. Crihfield, will you please come forward and make what announcements are necessary.

[Several announcements were made by Secretary-Treasurer Crihfield.]

Governor Ellington: Are there any other announcements?

Gentlemen, we thank you for your cooperation. We stand adjourned until 2 o'clock.

[On Tuesday afternoon a closed Executive Session was held, with participation by Vice President Agnew, Director Lincoln of the Office of Emergency Preparedness, and Chairman Sterling of the Bicentennial Commission.]

## WEDNESDAY SESSION

September 3

Governor Ellington: The Governors, please take their seats. On Monday we delayed final action on a portion of the policy statements developed by the Committee on Executive Management and Fiscal Affairs. Consideration was set for the first order of business this morning. So, Governor Evans, if you will come forward and take the podium.

Governor Daniel J. Evans: I don't really know how much more discussion is necessary this morning. We are left with one suggested amendment to the policy statement on revenue sharing, which, as I said on Monday, does follow very closely the proposal of the Administration. You have before you copies of the statement as developed by the committee. I think, as a start, it is a good proposal. I think it also, as was pointed out Monday by representatives of city and county governments, does have the basic support of those units of local government. That is highly important if we are ever to succeed in revenue sharing. So with that, I think we ought to open it for any further discussion and, hopefully, action.

Governor Williams: I was discussing this when we moved to postpone it and I will go back to the discussion. I think what I have in mind is something quite simple. To put it into perspective, the State of Arizona is about the sixth largest State—600 miles in one direction and 400 in another—yet, only 15 percent of that State is in private hands, which means that we operate from a very small tax base. We would like to have the assurance that federally held and administered land acreage in each State should also be considered as a part of the criteria for tax effort. We are not saying how much or where. It is about as simple a sentence as you can possibly ask for. In fact, the sentence itself is: "The relationship between the taxing ability and the percentage of federally held and administered land acreage in each State should also be considered." This for the West is of extreme importance and this is as mildly worded as one could word it. I would again move inclusion of this sentence in item three of the statement on revenue sharing.

Governor Hathaway: Mr. Chairman, I second the motion. Many of the public land States are economic satellites of the federal government. In my own State, the federal government has taken more in mineral royalties than all of the state budgets combined since we became a State. If we are going to

develop these underdeveloped States, we need this sort of consideration in the tax sharing formula.

Governor Daniel J. Evans: When you say that the land acreage in each State should also be considered, would this go as far as including the consideration of alternative ways which do not necessarily end up under revenue sharing? I am thinking specifically of suggestions that are coming through the Public Land Law Review Commission to establish in lieu of tax payments for federally held land.

Governor Williams: If I understand your question, I would say yes. We simply want to make it clear that some of us have a very small land base. We were admitted to the Union on a quid pro quo basis, the federal government keeping most of the land. We have a very small segment of taxable area.

Governor Rampton: I would like to speak in support of Governor Williams' motion. At the present time the State of Utah has in federal ownership 71 percent of the total land. That is about the median for Western States. The total amount which we will receive this year in federal highway grants, which is almost one-third of our total budget, is much more than we would receive in federal grants based on the formula proposed for revenue sharing. I recognize that there are probably other ways in which this could be made up, but Doctor Burns stated that he would expect to see a diminution of categorical grants if the revenue sharing proposal were adopted. There are a number of grants which recognize the federal acreage and take that into account in the formula. Furthermore, in the Western States, we have an unusually large number of military installations. These military installations, of course, bring fine people into our community. Generally, they become home owners. But a home does not generate enough in the way of taxes to provide the public services needed for these people. You must have an additional tax base rising from the place of employment. On federal government installations there is no tax base from this sort of thing, and we have grants that recognize this. I think those of us from the West are willing to go along with revenue sharing provided these two factors can be recognized in the formula. If they are not recognized in the formula, I can neither vote for nor ask the congressional delegation of Utah to support the tax sharing formula.

Governor McCall: Mr. Chairman, may I just associate myself with the remarks made by the three other Western Governors. I would like to say that our State is 52 percent in federal hands, and we are one of the minority of States that gives more to the federal government in taxes than it gets back. If there is to be any change in formula, we certainly do not want to be at an even greater disadvantage.

Governor Keith H. Miller: Mr. Chairman, as Governor of the State with the smallest population and the largest amount of federal land, 97 percent to

be exact, I certainly support Governor Williams' amendment. Until I am able to determine what Alaska's tax effort ratio were in relation to the other States, I would have to withhold my wholehearted endorsement of this revenue sharing proposal without the Williams amendment. Thank you.

Governor Daniel J. Evans: I might point out to all of those who have spoken that we did take a look at the percentage that would be distributed to each State under the proposal. And each of the Western States has a higher than average tax effort and would receive under this formula more than on a straight population distribution basis. So at the present time this is not a factor that would lead to lowered amounts of distribution. Let me once again reiterate to all of those from the West—and, of course, my State is in exactly the same boat—that I would hope that adequate recognition will be given to problems of federal land in the various States and that it be taken care of, whether it is in this formula or in lieu of taxes or in some other fashion. The important thing is to recognize and take care of this unique problem of the public land States.

Governor David F. Cargo: I certainly concur in the theory of sharing revenue. However, I would point out that the Navaho reservation, which covers parts of Arizona, New Mexico and Utah, is larger than all of New England put together. There is no tax base there. We have special recognition through various federal programs. There are many ways in which they try to recognize this through categorical grants. But if these categorical grants are reduced, we must have something to replace them. Otherwise, I think it is folly for any Western State to join in this plan, and I will say so very bluntly. We cannot wait for the Public Land Law Review Commission to come in, because we are not sure that the recommendations of this group are going to be recognized. So I think we ought to take care of it in the basic formula for revenue sharing. If we don't, we are going to be in further trouble. So I would support Governor Williams' motion.

Governor Anderson: I support the motion. I might say that in Montana about one-third of our State is held by the federal government. The return to the State of Montana is practically nothing insofar as the ownership of the federal lands is concerned. Certainly I support the motion, and I might at this point suggest one other thing. In the revenue sharing plan as proposed here, it says that the congressional appropriations for revenue sharing should be made on the basis of the federal individual income tax base, with no reference to the corporate tax base. I am not at all sure that we in the West ought to concern ourselves with this business of federal individual income tax base as being one of the methods that you are going to use because I think this is not going to help us. I do not want you to get the impression that I am basically against federal revenue sharing. But I do point this out to you.

Governor Daniel J. Evans: Let me make one comment, Governor

Anderson. The distribution to the various States does not depend on that federal income tax base but depends, rather, on population. So the States receive their share of the money based on their population. It is modified by the tax effort, but you will find in most cases that it is very, very close to a straight population distribution.

Governor Ellington: I am going to ask Mr. Carihfield to read the motion so we will all understand it.

Secretary-Treasurer Carihfield: The pending amendment is to Item No. 3, adding this sentence: "The relationship between the taxing ability and the percentage of federally-held and administered land acreage in each State should also be considered."

Governor Ellington: Gentlemen, are you ready for the question? All in favor of the amendment will say "Aye." Opposed? The ayes have it. Governor Evans has moved that the committee's report be adopted as amended. It is seconded. Any further discussion? All in favor of adopting the committee's report will say "Aye." Opposed? The ayes have it.\* Thank you, Governor Evans. Gentlemen, if you will, I am now going to call upon Governor Godwin for just a brief remark.

Governor Mills E. Godwin, Jr.: Mr. Chairman and fellow Governors: In connection with the statement made yesterday about the 200th birthday celebration of our Nation, I would like to ask the Secretary of the Conference to read a proposed resolution after which I would ask for unanimous consent for it to be taken up.

Secretary-Treasurer Carihfield: "The National Governors' Conference has been privileged to have been briefed by Chancellor Sterling of Stanford University, Chairman of the Bicentennial Commission, on the preliminary plans for the 200th Anniversary of American Independence in 1976. Chancellor Sterling clearly indicated the importance of counterpart state commissions and the role they can play in assuring a magnificent anniversary celebration. The National Governors' Conference urges all of its members to cooperate fully in designating such commissions and otherwise assisting the Bicentennial Commission, thus carrying forward the New Spirit of '76, mentioned by the President of the United States in his address to this 61st Annual Meeting."

Governor Ellington: Governor Godwin has asked for unanimous consent. Is there any objection? If not, he moves the passage of the resolution. The motion is made and seconded. Any question? All in favor of the resolution will say "Aye." Opposed? The resolution is adopted. I will now call on Governor Rampton of Utah, the Chairman of the Committee on Law Enforcement, Justice and Public Safety, for his report.

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\*For text of this and other policy statements relating to the Committee on Executive Management and Fiscal Affairs, see Appendix X.

Governor Rampton: Gentlemen, you had distributed to you the complete report of the Committee on Law Enforcement.\* Also, you have had distributed a mimeographed sheet containing the proposed policy statements. I will give a report on the activities of the committee and will follow this with discussion in three parts. We have here a number of state and federal officers concerned with law enforcement who will join in the discussion and be available to questioning by the Governors.

In June of 1968, Congress passed the Omnibus Crime Control and Safe Streets Act, which established the Law Enforcement Assistance Administration and the Nation's first major coordinated program against crime was launched. States, counties, cities and the federal government joined together to modernize the Nation's criminal justice system—police, courts, and corrections. The act specified that the basic responsibilities for law enforcement rest with state and local governments. This concept is upheld in the design of the Law Enforcement Administration's financial aid program. Congress decided upon the block grant approach in which the bulk of the funds would be awarded to the States—and the States, in turn, would coordinate planning and improvement projects with their local governments. Under this block grant approach, States are required to make at least 40 percent of their planning funds and at least 75 percent of their action funds available to local government units. Administratively, a block grant program is more reasonable. Newspapers are filled with articles decrying the complexity and long delay associated with federal grants made directly to local governments. Logically, it is easier and more expeditious for the federal government to coordinate assistance and encourage planning among fifty States than among the more than 18,000 cities and 3,000 counties.

Functionally, direct federal-local relationships complicate and stifle proper coordination of state and local departments and agencies in carrying out local projects and aiding in the solution of local problems. Since no city or county, individually, has complete control or decision-making authority for all the elements necessary to the effective resolution of most local problems, a direct federal-local relationship becomes stopgap in nature and frequently becomes part of the problem instead of a tool for problem solution. States have wide-ranging authority and represent the best means of coordinating specific problems which tend to spill over individual city and county jurisdictions. Financially, a direct federal-local grant relationship fails to relate individual problems to a balanced program of priority ranked projects. Direct federal money may also duplicate or negate efforts being made by the States to assist local governments. A block grant program

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\*Copies are on file in the offices of the National Governors' Conference.



provides much more opportunity for coordination and efficiency.

To fully assess the value of the block grant approach, however, it is necessary to look briefly at the period prior to the passage of the omnibus crime bill. Before June of 1968, most States had no criminal justice planning agency. Within the States, there often existed no significant aid to local law enforcement. City and county governments generally operated by themselves without any form of coordination. Statewide criminal justice planning programs seldom existed. Compare this fragmented national picture to the present situation. Every State has now created a top-level law enforcement planning agency and has developed plans for statewide criminal justice improvements. This achievement not only reflects the enthusiastic response of the States to the congressional mandate, but also the monumental efforts of the LEAA. Struggling to define their own role as a fledgling agency, and under the pressure of impossible timetables, they succeeded in carrying out the spirit of the block grant approach. Rather than focusing on developing their own administrative superstructure, they concentrated technical assistance and supportive activities to develop individual state capabilities. This attitude is highly commendable, and deserving of our support.

Experience has demonstrated that the mere infusion of even a vast amount of federal money is no assurance of success or effective action. Well-defined objectives, realistic goals, proper allocation of resources, and careful program design have become increasingly recognized as being necessary for assuring prudent use of public funds and for guaranteeing that the desired expectations will be achieved. As a result, federally assisted comprehensive planning has become a basic component of national funding policy and every important program launched in recent years has included a planning requisite as a condition of large scale aid.

The omnibus crime bill has obligated States and communities to undertake a joint planning effort of a scope and depth previously unknown to institutions of criminal justice administration. The development of a comprehensive improvement plan requires that all aspects of criminal justice—law enforcement, corrections, courts, defense and prosecution, citizen action, crime prevention and education be considered, and that the work of all agencies and levels of government carrying criminal justice responsibilities be integrated. It is particularly interesting to look at initial activities undertaken in the law enforcement area. A timely, comprehensive National Governors' Conference survey, which reviewed progress in most state law enforcement planning agencies, and a national survey of cities over 25,000 in population permit some analysis of the way in which the task has been undertaken.

Every State has now developed an initial "law enforcement plan," which attempts comprehensive scope of concern. Although the plans are uneven in the treatment given to various sectors of law enforcement, most

will have a significant impact in rationalizing the resource allocation system as it relates to crime. Basic planning strategy and policy decisions have been dealt with by a planning agency "supervisory board." Statistically, the average board consists of twenty-two persons, with ten members representing local government (six of whom are elected and four of whom are appointed).

In percentages, the membership of all fifty States' supervisory boards is constituted as follows:

Public Administrators (appointed officials)	7 percent
Citizens at Large	16 percent
Corrections Officials	10 percent
Education Representatives	4 percent
Elected Officials (state & local)	19 percent
Judicial Officials (elected and appointed)	17 percent
Public Safety Officials (police, sheriffs)	22 percent
Special Experts	4 percent

A recent national survey of city officials asked for attitude responses to the composition of supervisory boards. Only 30 percent of the cities reporting claimed that they were not familiar with city government representation on the state supervisory board. Fifty-seven percent of the cities indicated that they thought city officials were sufficiently represented on the board. Fifty-nine percent of all cities responding had participated directly in the criminal justice planning effort at the state level. Eighty-five percent had participated at the regional or local level.

In response to the question, "Do you fear that law enforcement planning may be dominated too strongly by police officials?," 63 percent of the cities answered, "No." In organizing to meet the difficult deadlines imposed by the omnibus bill, state planning agencies held a series of conferences and meetings to disseminate information to units of local government. The typical State held over twenty meetings in which a total of more than 2,000 people participated. The national surveys reveal that 87 percent of the cities received most of their information from state government. In fact, of those cities over 500,000, 95 percent cited the state government as their principal source of information.

Because planning funds are quite limited, 80 percent of the States have utilized some form of region, serving several local jurisdictions as a basis for planning. Without this level of aggregation, very few local jurisdictions would have received sufficient allocations to carry out significant planning. However, the majority of States structured the regions to provide major population centers a dominant voice in regional planning affecting their jurisdictional role. This decision was generally supported by the cities, as only 20 percent of those surveyed favored the use of cities alone as basic planning units. In the distribution of over 7.5 million dollars of planning funds to units

of local government, 52 percent of the States reported allocations in direct proportion to population of the local units. Twenty-two percent of the States distributed a minimum amount of planning funds to all units of local government, with the remainder distributed according to population and crime index.

Planning leads to the allocation of resources. Any realistic evaluation of initial achievements in implementing the omnibus crime bill must wait upon the infusion of funds into the law enforcement system. However, preliminary analysis shows that \$25 million of fiscal 1969 action funds will be distributed as follows:

Upgrading law enforcement, including training . . . . .	18.5 percent
Crime prevention, including public education . . . . .	10.5 percent
Prevention and control of juvenile delinquency . . . . .	7.0 percent
Detection and apprehension of criminals . . . . .	11.2 percent
Courts, prosecution, and law reform . . . . .	5.5 percent
Correction and rehabilitation including probation and parole . . . . .	8.4 percent
Organized crime . . . . .	3.9 percent
Community relations . . . . .	4.1 percent
Prevention and control of civil disorder including riot control grants . . . . .	22.5 percent
Construction . . . . .	2.9 percent
Research and development . . . . .	3.5 percent
Crime statistics and information . . . . .	2.0 percent

In distributing action funds, a majority of the States allocated a minimum amount to all units of local government with the remainder being distributed by population and crime index. Only 10 percent used population alone as a basis. Thirty percent of the States distributed more than the required 75 percent of total action funds to local government. In establishing their priorities for 1969, state plans, reflecting local preferences, earmarked a major portion of funds for police and related activities. This is understandable since the police now represent the largest component of the criminal justice system, with substantial unmet needs as crime rates climb and citizens arm themselves in response to real and imagined threats to safety. However, the critical need for improvement of the crime prevention and corrections linkage is also being addressed. The combined allocations for crime prevention—both adult and juvenile—and corrections, account for 25.9 percent of fiscal 1969 action funds. Additionally, adult corrections received 19 percent of both the \$4 million of LEAA discretionary funds and the \$3 million of National Institute research grants, making its share of all funds 14.6 percent.

Another mandate of the act, law enforcement research and development, was carried out through the National Institute of Law Enforcement and Criminal Justice. The National Institute has awarded more

than 150 separate grants and contracts for projects involving development of new techniques in crime prevention and control, court improvements, narcotics control, more effective corrections and rehabilitation programs, new equipment for law enforcement, and juvenile delinquency prevention and control methods. The law enforcement education program awarded \$6.5 million to 485 colleges and universities to finance in-service, college-level, study by police, courts, and corrections personnel and students preparing for law enforcement careers. Approximately 20,000 persons participated in the program during the final half of the 1968-69 academic year and the 1969 summer session. The majority were policemen. The goal of this program is to professionalize law enforcement by upgrading the educational level of its personnel.

It should be readily apparent that a problem of the magnitude of crime control will require major funding to achieve substantial impact. This is particularly true where the system being dealt with is complex, with many interrelated subsystems. The first year of experience has demonstrated the range of serious needs which require prompt action. Additionally, many program commitments have now been developed which are aimed at funding levels contemplated by the omnibus act. Having developed both the mechanism to respond, in the States, and the mood to respond, among the people, it would be most unwise for the Congress to fail to provide full funding for the omnibus crime bill in developing a major response to crime. We call for the Administration and the Congress to support the full appropriation of \$300 million for fiscal year 1970.

In conclusion, it is fair to say that the States have responded well to the challenge of crime. Action programs are proceeding. A second cycle of comprehensive law enforcement planning is underway. The cities of our States are supportive of this effort. Sixty percent of the cities feel that state government is "usually or nearly always helpful in dealing with the urban crime problem—a significantly greater vote of confidence than that given to State help in general urban problems. Over 59 percent of all cities over 25,000 in population now support the block grant approach as being an improvement over direct categorical grants from federal agencies. The problems to be dealt with are exceedingly difficult of solution. Only beginning steps have been taken. The burden clearly rests upon the States, and their political subdivisions, to adopt, adapt and act against crime. We both call for and accept the challenge.

It is my intention, Mr. Chairman, to wait until the end of our period to move for the adoption of the policy statements. The procedure from here on, if it is agreeable with the chair, is to have Mr. Richard W. Velde of the United States Department of Justice respond briefly to the question of the implementation of the crime bill by the States and then open discussion by

the Governors. We will then proceed to a discussion of organized crime where we will hear from representatives of the Department of Justice and state agencies and then to the question of drug abuse. So I will now ask Mr. Velde if he will respond briefly and give an assessment from the viewpoint of the Department of Justice on the operation of the omnibus crime bill at this point.

Mr. Richard W. Velde: Thank you very much, Governor. I concur wholeheartedly with the remarks just made, particularly with the comment made in closing that the States have responded well to the challenge of the Omnibus Crime Control Act. The first year of the program has been one of significant progress. Admittedly, there was a late start. The States did not get the first allocation of planning funds until almost January of this year. Once this money became available, they were faced with the rather monumental task of staffing the agency, starting on the enormous task, plowing new ground, of developing for the first time comprehensive plans. There were very short deadlines and results were much better than could have been expected. We were extremely impressed with the absolute candor of the plans in outlining the chronic and very difficult problems which are facing law enforcement in this country. We were impressed with the assessment of the needs and with the priorities established to work towards the elimination and reduction of these crime problems. It is important to remember that the planning process under the Omnibus Crime Control Act is a dynamic and continuous one.

Just a brief word about LEAA, the agency. We are a small agency. We will remain small. At the present time we have just a few over one hundred employees. Already the States have in their state planning agencies about five times this number of employees. We expect that this trend will continue in the future. That is one of the hallmarks of the block grant concept. We are not out to build a large administrative organization in Washington. In fact our budget request for fiscal '70 indicates that our overhead or administrative expenses in Washington represent less than 2 percent of the total funds requested. We expect that this trend will continue. Really, we are emphasizing a buildup of technical confidence and expertise at the state and local levels.

Just a word about the future of the program. We are quite enthusiastic about block grants. We feel that although it will certainly not solve all of the chronic problems of federal, state and local relationships, much progress has been made and will continue to be made. The future of block grants, however, depends largely not on a small agency in Washington but on the ability of the state and local governments to convince the Congress that this program is working and can work in the future. So really, the responsibility for the future of the program rests on your shoulders. There was an

overriding concern in Congress when the Act was passed that federal assistance to state and local law enforcement not bring with it federal domination and control. That has been one of the guiding philosophies of our administration—LEAA. We hope that it will continue in the future. Thank you very much.

Governor Rampton: Will you stay up here because there will be some questions to you. I would like to make one comment. We have small counties and small cities that are not geared up to do planning on their own. Although the act requires 40 percent of the planning money go to local governments, this has been solved in most of the States by getting regional groupings of local governments so that they will get enough money to do some planning on their own. I think that should continue regardless of whether or not additional funds are available.

Gentlemen, I would invite comments or questions to Mr. Velde on the operation of this act. Frank, did you have a question or comment?

Governor Licht: I would say that the report is an excellent report. I want to preface it with that statement, and also to indicate that much of what is in the report we are either implementing or trying to implement in our own State. I do oppose the policy statement recommending the transfer of the Juvenile Delinquency and Control Act of 1968 from the Department of Health, Education, and Welfare by incorporating it into the Omnibus Crime Control Act and thereby placing it under the administration of the Justice Department. In my judgment, emphasis in the area of juvenile delinquency has to be placed to a very large extent on rehabilitation education, and because of this, I think, the transfer is not a wise move. Generally, it would appear that sound rehabilitation programs are more likely to emanate from HEW than from the Justice Department. I am not now critical of the Justice Department. I am talking in terms of the sensitivity, the direction and the kind of administration that you are likely to get out of HEW in respect to juvenile delinquency and what you might get out of the Justice Department. While I am in favor of this report—and it is an excellent report—I want to register my objection to that transfer.

Governor Rampton: Governor Licht, I guess I should respond to that rather than Mr. Velde because this was the committee's proposal and is not a proposal of the Department of Justice. Let me say that the purpose of this recommendation was not primarily to get another department of government to administer the plan but because we feel that the structure that is required under the juvenile act is not as workable as that required under the omnibus crime act. As I understand it, under the Juvenile Delinquency Act of 1968, all of the implementation money has to go through the cities and counties and, yet, in many States, as in my State, most of the juvenile delinquency work is on a state level or larger level than the city or county. The committee felt

that we should have a typical block grant approach for the Juvenile Delinquency Act, not this badly modified block grant approach. Also there was some feeling that the general problems of crime and of juvenile delinquency were very closely linked. I think, whether they are transferred to another department or not, it is going to be necessary that the planning agencies in these two fields work closely together. Whether that can best be achieved by transfer, I don't know.

Governor Licht: Well, I think you just put your finger on it, Mr. Chairman. I agree with you that it needs a change. But you in substance said that whether it is transferred or not, it needs close liaison and also needs improvement. I am all for the liaison and also for improvement in this act, but I don't like the idea, particularly, in the area of juvenile delinquency, of transferring it from HEW to the Justice Department. Solely for that reason I oppose it.

Governor Rampton: Would you prepare a proposed amendment to the policy statement? At the proper time I will call on you for it. Do you want to respond to that, Mr. Velde?

Mr. Velde: Yes, Governor, if I may, I would just present a couple of comments on your observation. First of all, juvenile delinquency programs are included within the framework of the Omnibus Crime Control Act. In the first year, States have allocated about 7 percent of their action funds for juvenile programs. Plans have indicated that high priority is being placed under our act on juvenile programs. Second, the Attorney General and the Secretary of HEW sent a joint letter to the Governors earlier this year encouraging coordinated effort between the two programs. About fifteen States now have designated state planning agencies under the Omnibus Crime Control Act to be the vehicles for implementation of the Juvenile Delinquency Act as well. So there is a trend towards close cooperation and coordination of the two programs. The nature of the Juvenile Delinquency Act was a hotly debated issue in the Congress. I suspect, from the record of the appropriations subcommittees in both the House and the Senate this year, that Congress probably will be taking a look at it again. I would not want to state that we are interested in absorbing the HEW program at all. That would be self-serving and we have enough problems of our own to worry about. But we are, of course, interested in seeing that the States do move ahead as quickly as possible in the juvenile area because, unfortunately, our younger citizens are the most lawless of citizens. So whatever can be done to improve conditions, we are for.

Governor Peterson [Delaware]: I would like to make a comment, Governor Rampton, about the law enforcement problem and start out by saying that although I think that the omnibus act is a very good one and should be fully funded, I think that we, as Governors at the state level, have

to do a lot more in this area than we have been doing. We have been talking for many, many years about the problems and not doing much to respond to them. When I made a survey of the small communities in our State, I found that for over ten years the chiefs of police in the small communities have been spelling out what they needed to do their jobs, but they could not get the funds to do it. What they spelled out is exactly what comes out of these reports time after time. Now, we tried to respond to that this year by putting up a state fund, providing two dollars of state funds for each dollar of local funds to implement programs the local people wanted. This is really a block grant from the State to the local government. If this program were carried out nationally among all of the States, it would amount to about a \$600 million a year effort. To see that we get more results than we have been getting in America in this very important area, with the crime rate going up so markedly, I would like this group of Governors to consider, in concert with the national administration, a joint goal and program. Say that ten years from now we are going to cut the crime rate in America in half. If we pick a big goal and really resolve to go after it, I think we can reach such a goal here at home just like we reached the goal of getting to the moon. I would like this body to give some thought to that in the months ahead to see if we shouldn't formalize such a goal.

Governor Rampton: Gentlemen, one of the problems that has long plagued our more populous States, and is now becoming of considerable concern to all of our States, is the problem of organized crime. We have with us this morning Mr. Wilson, Assistant U.S. Attorney General in the Criminal Division, and Mr. J. Shane Creamer, who at the time we asked him to come was Director of the Pennsylvania Crime Commission but is now with the Department of Justice. Mr. Wilson will speak first.

Mr. Will Wilson: Mr. Chairman, Ladies and Gentlemen: Perhaps there is no more sensitive area in the federal-state-local relationship than that of law enforcement and particularly the area of organized crime. And so it is very appropriate that you have a section of your program dedicated to the subject. You might say that the goal of the Justice Department of the Nixon administration is absolute elimination of the rackets and the elimination of the Mafia within the next ten-year period. We are making immediate and long range plans to bring this goal into effect. We must acknowledge that for the past fifty years we have not succeeded in the field of organized crime. It is true that we have convicted a number of leaders. In a few cases the rackets have either been curtailed or eliminated. But nationally and overall, they have continued to expand in spite of all of the efforts of the enforcement agencies. We intend to reverse that growth and expansion.

It might be well for me to outline briefly the present structure of law enforcement as it exists over the Nation. As you all know, cities have a



general enforcement jurisdiction limited to their city limits. In the metropolitan areas you will find that many, many cities are in the same county. The county sheriff is mainly an administrative official as far as organized crime is concerned. The state highway patrol started as an agency to collect the highway licenses, with the advent of the automobile at the end of World War I. They have steadily expanded their general criminal jurisdiction, not limited by geography, to the whole of their States. You will find different areas of growth, but the highway patrols are emerging as general police agencies. In the federal establishment, everything is a specific and not a general enforcement. Most of the federal criminal laws have been enacted for a particular purpose, the enforcement being placed in a particular agency. Therefore, you find no general law enforcement agency in the federal establishment. The nearest thing to it is the FBI, but still that is a limited police organization with limited objectives and limited jurisdictions.

Against that background let us look at what we conceive to be the New Federalism. This is exemplified by the new joint strike force in New York City, with which some of you may be familiar. It is an entirely new effort in law enforcement in the history of the United States. It is a strike force put together by agreement of the Attorney General of New York, two District Attorneys, the New York State Police, the City of New York Commissioner Leary, and the Waterfront Authority of New York. In addition to that, on the strike force are representatives of the FBI, Customs, the Alcoholic Tax Unit, the Internal Revenue Service, the Secret Service, Labor, and the Security and Exchange Commission. The structure provides a Council for the strike force presently composed of eighteen members. This Council meets and decides specific questions of target, of goals, of allocation of forces, of allocation of work. You must be somewhat selective where you put your energy and where you put your forces if you are going to be effective. So the Council decides priorities for the entire enforcement machinery of New York City. All of the participants have agreed to abide by the policies laid down by the Council in the field of organized crime. There is a staff composed of some forty-odd federal lawyers plus representatives of all of the state police agencies. Purposely, that staff is put together in one big room with very few partitions, laid out in such a way as to bring about maximum communication between the participants of the strike force. This permits the pooling of information, a correlation of intelligence, an imaginative approach, a joint enthusiasm that should be and will be productive. In brief, the New Federalism is an effort to focus on a specific problem in a limited area, with a limited objective that can be accomplished. The entire investigatory forces of state, federal and local government are all working in close harmony as a common group. This does not involve a surrender of sovereignty or of jurisdiction. It does involve the meshing together and coordination of all of

these law enforcement efforts. If it is successful in New York, we hope to expand it to at least twenty other large cities located in many different States and we will be coming to each of you who has an organized crime problem with a proposal that this type of arrangement be established.

I do not need to make any argument here about the evils of organized crime. All of you are familiar with it. But as you know, organized crime cannot exist without at least the tacit licensing of some elements of government. Organized crime can be counted upon to corrupt the local government in some fashion, some aspect of it, the lower level employees. They have done it and they will continue to do it. So part of the joint effort is to free us from this sort of impacted corruption that you have in some of the echelons of government, both state and federal. One of our first objectives is the job of policing that and freeing up these enforcement bodies so that they can fully perform.

I would close by saying that we in the federal government recognize that this is a gigantic problem, that it cannot possibly be done without the joint effort of all units of government that participate in it. These units of government, their forces and energy, have to be carefully used and carefully directed to be made effective. We will be coming to you with this program within the next year. Thank you, Mr. Chairman.

Governor Rampton: Mr. Creamer.

Mr. J. Shane Creamer: Thank you very much, Governor Rampton. Organized crime has been defined by the experts as a continuing criminal conspiracy whose goals are profit and power, whose techniques are force, fear and corruption, and whose standard operating procedure is obtaining immunity from the law. Not too long ago the former Attorney General of the United States said that the organized criminals in this country have less to fear from criminal justice than they do from being involved in an automobile accident. Organized crime is probably the single, largest industry in America. The profits from gambling and narcotics alone are enormous. The profits are being plowed into loan sharking where the rates of interest are anywhere from 1 to 150 percent a week and into legitimate business as well.

Organized crime attacks the social, economic and political orders. We know it attacks the social order because organized crime is strongest in the urban centers. That is where their gambling empires and their loan sharking and their narcotics rings are the strongest. We know that it attacks the political order because at least 15 percent of all the money that goes into political contributions comes from organized crime. Organized crime places money behind both candidates at a single election. They cross their fingers and hope the worst man wins. We know that organized crime attacks the economic order because we are seeing an increasing infiltration of gangsters into the legitimate business field.

What can the States do? The States can do a great deal, particularly under the executive leadership of Governors who are present here today. The single most important recommendation that I can make to you is for each Governor to establish a commission that would devote full time to the investigation of major organized crime within his State. It is extremely important that the investigation commission have the power to subpoena witnesses broadly, backed up by a witness immunity statute. It is important for the Governor of each State to immediately consider setting up a criminal intelligence unit that will store information concerning the major criminal figures in his State. Eighty to eighty-five percent of our knowledge of organized crime today comes to us from the federal government. So I would urge each Governor to request from the United States Department of Justice a full briefing on major organized crime activities within his State. I would encourage the Governors here today to seek the following kinds of legislation that are urgently needed. We cannot get witnesses to testify. So there is a need for a broad witness immunity statute, both at the federal level and at the state level. There is a need in every major urban area to have a continuing grand jury investigation into organized crime. Where organized crime has made the deepest inroads, there is need for closely supervised, court approved electronic eavesdropping. In addition to this we need an updating of our criminal statutes generally. We need major felony statutes for gambling where it is more than \$5,000 a day. We need statutes for loan sharking. We need new statutes to deal with substantial movements of cigarettes interstate illegally.

We have to rethink many of our criminal statutes to catch up to the activities of organized crime. Particularly important is the Model Sentencing Act, an act that has been proposed by leading experts throughout America. With this model sentencing provision, men who are engaged in full-time serious criminal activity can be sentenced for as long as thirty years, especially in the field of criminal conspiracies. Finally, I think with the Omnibus Crime Control and Safe Streets Act every State in the United States is beginning to update, modernize and renew its criminal justice system. While we have advanced our rhetoric in the area of criminal justice, we have not advanced our resources. It is a tragic thing in America that we spend more money on household pets than we do for our entire criminal justice system. It is a tragic thing in America that we spend two to three times as much for liquor as we do for our entire criminal justice system. This federal law will give us a chance to strengthen and renew our criminal justice system. As our justice system is strengthened, organized crime will be weakened. Each man, each Governor in this room has the solemn responsibility to move against organized crime since it is such a holocaust to our Nation. Thank you.

Governor Rampton: Gentlemen, your questions to either of these gentlemen, or your comments, are now in order.

Governor Kirk: Mr. Wilson, I am just curious on two items. We have the strike force in Miami. We are joyous that they are there. I am wondering why you did not comment on that. Is it a secret or something? I want to tell everybody how great it is. Also, I wonder if you would comment about the number of insurance companies that are in serious jeopardy from infiltration by organized crime. We are involved in the administration of insurance on the state level. In Florida we have seen the infiltration of the Mafia into some of these small companies. I am wondering what you are doing in that regard? Can you advise these Governors about the seriousness of that problem where they move in and transfer stocks and bonds?

Mr. Wilson: Yes, Governor, I very much appreciate what you say about our strike force in Miami. It is one of our better ones and it is very productive. We have now eight strike forces in operation. There is another one immediately going into effect. I mentioned the one in New York because of its new structure. If it works, we expect to expand to all of the other strike forces. With reference to insurance, we find that to be a very dangerous situation. The Mafia has so much untaxed income—by that I mean outside the federal income tax structure—which they have available for investment. They are looking for places to put it where they can multiply, that is banks and insurance companies. So there is a very definite danger, especially in small companies where a relatively small amount of money can obtain control. I have in our division created a new unit with specific jurisdiction over the prosecution of insurance fraud cases; that is, where they have bled an insurance company under the mail fraud statutes. We are going to make a determined effort to prosecute insurance frauds, especially those where we find them tainted with the figures of organized crime. I might say, Governor Kirk, that your folks in Florida have been most cooperative. Our strike force works very closely with your enforcement people. We expect to expand that effort in conjunction with your work there. I want to say that we very much appreciate your fine cooperation.

Governor Kirk: Do you have a man down there that we can turn to who has the list of the companies that we all should be looking at in the way of insurance companies?

Mr. Wilson: We have a list which we are compiling from all of the insurance commissions. We are setting up a close liaison with the state insurance commissions for the purpose of furnishing us the names of the companies that are either in trouble or about to be in trouble by reason of their investment policies. When we get that compiled, we can give it to you.

Governor Rampton: Are there any other comments or questions, gentlemen?

Governor Knowles: I would like to turn to just a little bit of a different subject with Mr. Wilson. With the student disorders on campus and the

mobility of their leaders, it is very evident to me that there is an attempt on the part of many Black Panthers and Blackstone Rangers and other groups to provoke incidents on campus in a militant and revolutionary way. I would like your comment generally as to what the federal government is doing by way of attempting to hold grand jury investigations and to put these criminals behind bars?

Mr. Wilson: Governor, the federal jurisdiction is established under the Interstate Travel Act. You must prove that the intent to foment the riot was formed before the travel. Our proof problem is establishing that the agitator crossed the state line with the intent to cause specific riots or disturbances. In order to get that proof, we have under surveillance the people that are likely prospects to do that. In due course it should result in prosecutions, if those disorders continue. Now, Mr. Mitchell has wanted to handle this in such a way that we do not have on a campus a federal presence in the form of federal police, for many reasons that are obvious. But the federal police work has been done and it is being done on this very problem that you raised. When and if we are able to obtain the type of proof that will support indictment, we will move swiftly to obtain indictments of those people who are traveling around and causing trouble on campuses.

Governor Knowles: Are you getting the cooperation of the Governors and the various administrators at the universities to supply you information or do you find bottlenecks in it?

Mr. Wilson: We have had a great deal of cooperation from the Governors. Most of the university administrations have been cooperative. They are increasingly so. It might interest you to know that part of our advice to the university administrators is a greatly expanded use of the civil injunction. I would bring that up in connection with this subject. In those States which have the statute—or if you don't, you might seek one—the control of these groups by civil injunction is often a very effective remedy.

Governor Rampton: Gentlemen, I would like to pass to another subject matter now, and that is the problem of narcotics and drug addiction. It is becoming a nationwide problem. To discuss the question of what can the States do, we have Mr. John Ingersol, the Director of the Bureau of Narcotics and Dangerous Drugs of the U. S. Department of Justice, and Mr. Lawrence W. Pierce, Chairman of the New York State Narcotics Addiction Control Commission. I would like each of these men to give a statement and then we will proceed to comments or questions by the Governors.

Mr. John E. Ingersol: Thank you, Governor Rampton. Drug control and narcotics abuse control is, of course, a very highly complex governmental function. It embraces not only law enforcement but public health, scientific research, public education and a tremendous amount of training of people who are most concerned with the problem. From a federal official's

viewpoint, I can detect a need for more enforcement resources to be directed at the state and local level. This includes not only manpower and equipment but also the all important factor of money. There is a crying need for more forensic laboratories which can provide rapid analysis of dangerous drugs that are brought in by state and local law enforcement officers, because this is necessary for court action. Our organization, the Federal Bureau of Narcotics and Dangerous Drugs, is working very closely with the Law Enforcement Assistance Administration.

Now, I would like to discuss two other areas in broad terms where the federal government is acting but where the States will have to carry the major burden of implementing the programs that are advanced. These two areas involve a Model State Control of Dangerous Substances Act and a new concerted drive cutting down the abuse of exempt narcotic preparations at the retail level. It has become apparent that to cover the whole problem area state laws will have to be updated and reevaluated. On July 14th the President announced his ten-point program to combat drug abuse in the United States. The first point of attack was new federal legislation. The second point of attack was the drafting of a model state act for consideration by the States. A large part of this model act draws upon the experience and the knowledge gained in the writing of the federal act. The Bureau of Narcotics and Dangerous Drugs has been designated by the Attorney General to assist the States in every way in explaining and working out any problems that might arise during state consideration of new legislation in this area. Neither the federal government nor the States themselves can adequately attack the drug abuse problem unless we work hand in hand under a common set of principles so that all incidents of drug traffic are controlled effectively.

Law enforcement in the dangerous drug and narcotic area has problems which range from international criminal conspiracies down to the individual drug handler. In the next area of state interest, I would invite your attention to the problem that concerns exempt narcotic preparations which are presently loosely controlled under federal laws. I have reference to such items as paregoric and codeine-based cough preparations and the like. We have undertaken as a priority assignment a countrywide survey of the extent of abuse of these exempt narcotic preparations, and our information indicates that there has been significant abuse at the retail pharmacy level. I will be proposing federal regulations that will tighten the controls that presently exist. These regulations will require that such preparations be sold only by a registered pharmacist, that they be sold without prescription only to persons over twenty-one years of age, and that there be a quantity restriction placed on how much may be sold to the same consumer in a forty-eight-hour period. Proof of age will be required by the pharmacist before he sells the preparation. The federal government, at the time these regulations are

promulgated, will also launch a compliance program against the flagrant violators and will seek prosecution where it is warranted. But the truth of the matter is that it will be the States that will have to launch a coordinated effort to assure that the pharmacist and the public know about the narcotic regulations and to assist in the total law enforcement effort. The federal government cannot adequately police the hundreds of thousands of retail outlets and, therefore, must rely upon your state agencies. The abuse of these substances is rising at a fast rate and we must seek methods to limit and arrest this upward spiral. These are but two areas in which the federal government and the States will require close mutual cooperation and understanding. I urge careful consideration of these programs and feel certain that you share with me the desire to curb this problem. Thank you.

Governor Rampton: Thank you very much, Mr. Ingersol. Mr. Pierce is next.

Mr. Lawrence W. Pierce: Thank you, Governor Rampton. New York State has the dubious distinction of having at least half the known narcotic addicts in the United States. Add to this the fact that addicts commit a great deal of crime, and one can see the climate that existed in 1966 when the Governor of New York State proposed that our State adopt a compulsory commitment law. This law was overwhelmingly supported by the State Legislature and a five-member commission was formed, with responsibility for covering three major areas of concern. One was the development of preventive education programs. A second was the development of research programs. The third was the development of treatment and rehabilitative programs for those who were narcotic dependent persons. The Governor designated me to serve as Chairman and we have been under way now for three years. I am here today to share with you something of the experience which we have had to date.

First of all, although New York has 60,000 addicts or so, we estimate that our need, bedwise, is for somewhere between six and seven thousand beds. We are presently beyond five thousand as we move toward that goal. In addition there are approximately 9,500 addicts under care from state-operated sources. Now, given the money, given the law and given the support of one's Governor, the job can be done and it can be done relatively fast. Through the assembling process of a variety of buildings, which included not only new construction but also the use of old loft buildings, old hospitals and former motels, we have been able to get on with the job despite the very demanding limits of time placed upon us.

The other problem that presents itself is whether one can find the staff to man a program designed to be rehabilitative in nature. In our own State we have been able to attract the professional and semiprofessional staff that are required. I would urge for your very serious consideration the fact that there is not now and there is not going to be any single approach for the treatment

of narcotic addiction. We identify a number of basically overlapping program approaches, which for the purpose of this discussion we might define as: (1) those that are offered in psychiatric settings such as might be provided by state mental hospital facilities; (2) those which are correctional in the sense that they are offered in prison or other correctional settings; (3) those we call interdisciplinary, operated directly by us with the necessary staff to identify the deficits an addict has; (4) those that are commonly known as the addict directed programs; (5) those programs based on a drug maintenance approach; (6) those known as the drug antagonist approach, another chemotherapy which blocks the central nervous system; and (7) those approaches which fall in the category of halfway houses or walk-in ambulatory programs. All seven of these approaches we now sponsor and have brought under the umbrella of the State Narcotic Commission because we believe firmly that the experience to date suggests that there must be, indeed, as your committee recommends, a variety of alternatives so that one can approach the problem of addiction with flexibility.

Let me speak, if you will, for a moment on the concept of cure. Although there is no known medical definition of the word cure, we can say that by common definition it means either abstinence from drugs or it means that the individual is functioning reasonably well while being maintained on some drug substance in the community. In the sense of that definition, cure is possible and it must be our goal. But I would commend to you that the word which can change the problem of narcotic addiction in our time is the word control, which means that a system is developed by which it is possible to initiate things in the lives of addicts and then to provide after-care services which will support addicts when they return to the community. This type of control enables the state agency, if you will, to intervene in his life when he resumes drug use, and to convert a revolving door process which leads nowhere into a revolving door process which leads somewhere. That is what we mean by control. A system of control will lead essentially to three groups of people. First of all, one group will do relatively well. They will perform satisfactorily in the community. The second group will resume drug use. But if the system is working the way it should, you will detect that the individual has resumed drug use and you will bring him back into the system for a week, or whatever. The third group will run. Warrants must be issued for their apprehension. Now, if you add the first group, the group doing satisfactorily, to the second group that was brought back into the system the combination of those two figures represents the control level because none of those individuals are physically addicted. They may be psychically dependent but they are not physically addicted to drugs. That has the social benefit that I think you are interested in. Let me point out that the system of control hits organized crime where it hurts the most and that is in the pocketbook.



The soft drug problem is a different kind of problem. I do not have the time to go into detail about it. But I will say to you that we do not believe that a compulsory program is suitable as a way to approach the soft drug problem. I would urge, indeed, as your committee recommends, that there be developed comprehensive programs addressing themselves not only to law enforcement but to prevention, to research and to treatment and rehabilitation. We will be happy to share our accumulative experience with any of you who are interested. Thank you.

Governor Rampton: Thank you very much. Our time has expired for this committee but Governor Shafer did have one question he wanted to ask you, Mr. Pierce.

Governor Raymond P. Shafer: Mr. Chairman, I really have a two-part question. I wanted to know if the committee itself had discussed the problem of marijuana and characterizing it?

Governor Rampton: It is discussed but it is not characterized, if you mean—do we reach a conclusion of whether it is an addictive drug.

Governor Shafer: Is there any further research being done on this? I find in my visits to college campuses and also in discussing it with teenagers, they have a completely different idea of what marijuana is. I don't believe we are educating them enough with reference to its ill effects.

Governor Rampton: I think probably Mr. Pierce is the best authority in the country on that. Could you respond just briefly to that question?

Governor Shafer: Then let me ask the second question while Mr. Pierce is coming to the microphone. He stated that he did not believe that a compulsory system would be helpful in the soft drug problem. Could you very briefly tell us why you believe that?

Mr. Pierce: It is a little difficult to do it briefly, Governor. Essentially, the soft drug user, the soft drug abuser can be a very much different kind of person than the hard drug abuser though, obviously, there is overlapping. Obviously, the hard drug addict pretty much passes through the soft drug realm before he becomes dependent upon narcotics.

Governor Shafer: Let me interrupt at that particular point. Isn't that one of the reasons why we should be working very strenuously in the soft drug field because of the fact that most hard drug users were soft drug users initially?

Mr. Pierce: There is no question about the fact that we need to do a great deal in that field but the reasons, I think, are different. The National Institute of Mental Health estimates that there are some two million high school and college youngsters in the United States who use marijuana. They point out that 65 percent will never use it more than ten times and most of them will only use it once or twice. Obviously, all of those who are fooling around with marijuana and these other drugs are not going to become

narcotic dependent persons in the sense that they are addicts. But, other kinds of dependence short of addiction can result. What I am simply saying is that the problems require different handling. The addiction problem is the kind of problem that should cause any community which has hard-core addicts to be alarmed. The soft drug problem, such as the marijuana problem, should cause any community which has it to be seriously concerned. Our own view is that soft drug problems are best handled on the local level. Soft drug abusers, we believe, should not be brought up in a statewide structure which focuses attention on addiction. By the same token, we think States, hopefully with the help of the federal government, must provide the resources to deal with addiction because the average locality cannot provide those resources.

Governor Shafer: Thank you very much.

Governor Rampton: I must say that Mr. Pierce has been most willing to come out and help the various States that are setting up their program. We have been going into this matter in the State of Utah. It is our conclusion that New York State has one of the best, if not the best, treatment programs. As I say, Mr. Pierce has been very willing to help us and I am sure he will be willing to help you. I want to thank the gentlemen that have appeared here this morning. We are very grateful to you for taking your time to come and share your experiences with us.

Mr. Chairman, at this time I would like to move the adoption of all of the policy statements with the exception of the one on Juvenile Delinquency. I move that it be referred to the Executive Committee together with the amendment proposed by Governor Licht and that the Executive Committee be authorized to formulate a policy statement on this to present to the Congress.

Governor Licht: I second that, Mr. Chairman.

Governor Ellington: You heard the motion and the second. Is there any further discussion? If not, all in favor of the adoption of the policy statements of the committee will say "Aye." Those opposed? The ayes have it.\* Thank you, Governor Rampton. At this time I would like to recognize one of our former colleagues who is here as the official representative of the Governor of Texas, Governor Smith. Governor Price Daniel, would you please stand and be recognized. Thank you very much. Now, I call on Governor Guy of North Dakota for his statements.

Governor Guy: Mr. Chairman, I bring the report on our Committee on Natural Resources, Environmental Management and Agriculture.\*\* A very broad mission was given to this committee and so it will be treated in some respects with specific recommendations and in other respects, very broadly.

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\*For text of policy statements, see Appendix XIII.

\*\*Copies are on file in the offices of the National Governors' Conference.

We Americans are frantically trying to convert everything we feel, see, hear or smell into cash. Depletion of natural resources and despoliation of everything within reach, as though we were the last generation, is the order of the day. The crescendo of consumption by a rapidly growing population in the United States has raised three major interrelated national problems which, if permitted to drift with only sporadic and inadequate treatment, will cause a down turn in the quality of living now experienced by the majority in our generation. These national problems are: conservation of natural resources, environmental management, and distribution of population.

These three major problem areas have only recently settled in our country like a threatening storm. For generations the United States has put off recognizing or coming to grips with these problems by simply saying, "Go west, young man, go west." Today that solution has become a problem in itself. It is not enough to look at the exploration of the moon as the modern day counterpart to Horace Greeley's advice to the young man as to the direction he should go. We suggest that the Governors of our fifty States swing the weight and prestige of their offices behind national goals, policies, programs, projects, or attitudes so necessary to cope with the incredible intensity with which these problems press down upon us. Can the United States absorb 100 million additional Americans by the year 2000, as President Nixon stated the other evening, without drastically lowering the quality of our lives? Are individual States destined to be ineffectual political subdivisions watching helplessly from the sidelines as this great Nation staggers without plan, and without national will, toward the quagmire of environmental and national resources neglect and depredation?

The States share a part of the federal system responsibility and the hour is late for action. We cannot continue to curse the darkness, and it is time we strike a light. Pressure from state and local governments can bring about the establishment of national goals, policies, programs and attitudes in coping with natural resource development and depletion as well as with environmental management. I was very pleased to know that President Nixon is very much aware of the urgency of the problem of environmental management and has established, I think, a very preliminary but very significant step forward by establishing the Environmental Quality Council. At this time I will call on the Vice-Chairman of our committee, Governor Dewey Bartlett, for his remarks and his introduction of an interesting presentation by a representative of President Nixon's Environmental Quality Council.

Governor Dewey F. Bartlett: Governor Guy, I would like to speak briefly about one aspect of the report—the migration of population. The report makes a very important point—that we do have the opportunity of controlling the migration of population. But probably we are doing less about

this than about other prime causes of the problems in our urban areas. In Oklahoma we have been somewhat famous in the area of migration of population. This brings out the problem that exists in many States of exporting in great quantity our number one product—our young people. Fortunately, in Oklahoma this has changed to a very great extent. But in looking at the urban problems we must recognize, as we do develop programs and spend more money on urban problems, that in the process we are making the urban areas that much more attractive for further migration. We must look to the less populated areas of the country and to the rural areas for development opportunities. What is the prime reason for population migration? I think most everybody agrees that the prime reason is the opportunity for employment. It is obvious then that we need to provide opportunities for more employment in the rural areas in the less populated States.

I think that rather than face the very strong possibility of regulation of industries regarding locations, we should consider voluntarily the location of industries where the industries are going to be of the most benefit. We need to treat the cause, not the symptoms, and recognize that urban problems start in rural areas where the migration begins. We have the opportunity, I believe, to improve employment chances in rural areas. Very quickly, I would like to say that we can request, as Governors, the locating of industries in less populated States, the placement of industries where the jobs are needed, taking the jobs to the disadvantaged rather than the reverse, which has not worked in any area. Tax-exempt industrial revenue bonds have been one very important means of attracting industries to some of these areas. Protections may be written into these, as I think perhaps the less expensive way of interesting industry to locate in specified areas. The location of government research facilities is mentioned in the report. I think it is important, too, to realize that there need to be many programs for airports and other services in the disadvantaged areas in order to make them serviceable for new industry. Training, which has been covered very well by Secretary Shultz, is a great assistance to locating industry in the desired areas.

These are just the highlights of one part of the report. I believe that we do have an opportunity of changing the pattern of migration if we will just analyze it in conjunction with the studies of urban problems rather than segregating the two. It is my pleasure to introduce Doctor Lee A. DuBridge to address us on state-federal relations in science and technology. He will also touch on the Environmental Quality Council and the relationship of the States to this effort. He is from Indiana and he received his doctorate as a physicist from the University of Wisconsin. For twenty-two years he has been president of the California Institute of Technology and he is currently science advisor to the President of the United States. It is my real pleasure to introduce to you Doctor Lee A. DuBridge.

Doctor Lee A. DuBridge: Thank you very much, Governor. I am delighted to be here on this program when you are already talking about the problems of environment and natural resources, because this is one of the main topics to which I have been asked to address myself. The Nixon administration, as you know, is anxious indeed to enhance cooperative relations between the federal government and state governments and local governments across the Nation. My own field of responsibility is broadly that of science and technology. In this area, national and international collaboration have always been the rule and not the exception. Scientific discovery and technological application know no geographical or political boundaries. Our Nation, we must remember, is a technological society. Our culture, in a very real sense, is a science-based culture, as was illustrated dramatically, of course, by the recent flight of Apollo 11. But science and technology go much deeper than that spectacular symbol.

The whole dynamism of American society is a direct result of this enterprise. Scientific discovery and technical innovation are the silent dynamos that power the forward thrust of our economy and of our welfare. Our colleges and universities have become great centers for the education of scientists, of engineers and physicians. They have also become great centers of innovation in science, engineering and medicine. Great industrial and government laboratories, too, have drawn upon the educated scientists and engineers from our universities. These splendidly trained men and women have contributed greatly to the welfare and security of the Nation. A good example of federal-state collaboration is, indeed, the more recent development of great state universities, particularly in the science and engineering fields. In spite of recent troubles on many campuses, I hope we will never forget that both our public and private universities constitute a major and a uniquely American institution and resource and their strength and welfare are essential to our continued progress. Continued federal and state collaborative support of education and research in our universities is surely of great importance.

Now, scientific and technological activities of the federal government have grown in spectacular ways. World War II, as we all know, resulted in a national recognition of the fact that scientists and engineers could play an important role in the security of the Nation. The thought naturally followed that they could also play an important role in our peacetime progress. Hence, the federal government now spends some \$9 billion a year in non-military research and development, ranging all of the way from astronomy, nuclear physics, molecular biology and so on up to the development of such things as nuclear power plants, far reaching biometrical technologies, extensive research aimed at the improvement of agricultural technology and in more recent years the spectacular development of space exploration. Technological

innovation, based on new scientific knowledge, is now an essential feature of nearly every government department. To assist in this effort, a host of scientific and engineering advisory committees have been created in many departments and since 1957 directly in the White House. Although occasionally the work of some of these committees gets wide publicity, 90 percent of their work is the quiet sort of investigative advisory effort which makes the federal scientific enterprise a valid and fruitful one. Even agencies which have their own large in-house laboratories and scientific corps employ outside advisors to bring in new perspectives, new ideas, new points of view to guide their research and development activities.

I say this because I would like to suggest today that the time has arrived when most of our state governments should also develop scientific and engineering advisory bodies. Some States, as you know, have done so. The National Science Foundation in Washington has initiated a program of assisting state governments in this kind of an enterprise. The first grant under this program was made only a few months ago to the State of Tennessee. I hope other States will examine this program. There is no State in the Nation that does not face some kind of scientific and technological problems, whether they have to do with industrial development, agriculture, public health, water and power supplies, building codes, transportation and many other areas of great public concern. I have learned only recently that one of the problems in this country is the very large number of industrial and business companies which have no scientific or technological competence and are not moving forward in technology and improving their processes and their products and their productivity. I think this should be a concern of every state government. There is also in the Department of Commerce an Office of State Technical Services which, unfortunately, had reduced funding last year. Hopefully it will get increased funding this year under the President's budget whereby the Department of Commerce will provide technological information to all of the States to help them enhance the technological progress of their industries. This is essential to our future economic progress.

Particularly important, as we have just heard, is the field of environmental quality. We all know the many problems having to do with pollution of air we breathe, the water we drink, the intrusion of ugliness into our cities and our countryside, the inadequate and detrimental ways in which we dispose of the huge quantity of waste materials. And there is the challenge of making our urban and rural areas more satisfying and more beautiful areas in which to live and work and play. Recognizing this national concern and also his great personal concern, President Nixon set in motion plans to form a cabinet level committee, of which he would be the active chairman, which would deal with the problems of environmental quality. Many departments and agencies of the federal government have responsibilities in this area, and

it seemed desirable that at the White House level there should be an overall program which would identify environmental problems and set in motion the mechanisms for their solutions. This new Environmental Quality Council is receiving the President's personal attention and he asked me as his science advisor to serve as the Executive Secretary of that Council. We had a meeting last week in which we reviewed extensively some of the problems in the fields of automotive air pollution, disposal of solid waste, and the development of parks and recreational areas. This is truly an area in which federal and state and local collaboration will be necessary. Controlling the pollution of our air and of our lakes, our streams and our coastal waters is in a large part a state and local responsibility. However, federal research is needed to discover new methods for pollution control, to set quality standards and criteria, and to stimulate interstate and regional collaboration.

Now, in order to lighten this session a little bit and also to present some information in a cogent and concise way, I have brought along a very short film, which I would like to show you, on the subject of pollution. If we may have this film now, I would invite your attention to the screen over at my right.

(A film was presented on pollution.)

As suggested in the film, the problem of air pollution stands high on the agenda of the President's Council on Environmental Quality. As everyone knows, air pollution may come from many sources. Primarily, however, it results from combustion of primary fuels, such as coal and petroleum products, plus the combustion of our waste products—lumber, food, trash and junk. Most major cities have learned to control the emissions of the dense clouds of black coal and oil smoke which used to plague many metropolitan areas. However, the less visible gases still pollute the air, produce unwelcome odors, contaminate our lungs and generally produce dangers to public health. The Environmental Quality Council has initiated a searching investigation of what can be done about reducing the atmospheric pollution produced by automobiles in our major metropolitan areas. The automobile manufacturers are already producing cars which have reduced the polluting emissions by a factor of four from what they were before 1966, and further reductions are expected. California has taken the leadership in insisting on pollution reducing devices on automobiles. But so far the reductions which have been attained have hardly made up for the rapid increase in the number of cars and serious problems still lie ahead. Therefore, the federal government hopes to stimulate more intensive research on new types of automotive engines—including steam and gas turbines in which the combustion process can be more effectively controlled to reduce radically the polluting emissions. There is even a revival of interest in electric cars powered by batteries. There is hope. But the economic problem of modifying the American automobile is

stupendous. Even though we could begin tomorrow to manufacture millions of new kinds of non-polluting cars, it will be many years before the existing vehicles could be eliminated. Clearly, this is just one spectacular example of the many problems on which collaboration of the federal government with state and local governments will be essential—to carry on research, to stimulate new developments, to evolve and enforce new regulatory mechanisms.

Hardly less serious than the problem of air pollution is the problem of water pollution of our lakes, our streams, our rivers, our coastal waters. Our industrial society inherently and inevitably produces enormous quantities of waste products. Our homes and farms produce huge quantities of waste material. Much of this is conveniently dumped almost untreated into a nearby river, lake or ocean. We must promptly move at the local, state and the national level to stop the dumping into our water supplies of materials which are biologically harmful. The biological purification of liquid waste is now technologically feasible but the economic cost will be very great. There must surely be regional collaboration; for example, in such areas as the Mississippi Valley, the Great Lakes, the Chesapeake Bay and others where many cities and States share the same water supply for recreation, domestic and agricultural use and for sources of food.

All life on earth, including human life, has evolved in such a way as to live off of the environment, depending on it for air, food, water and a host of mineral products. But human beings, therefore, cannot leave their environments fully untouched otherwise they could not themselves survive. And it is also inevitable in the process of living that waste products are produced which must be disposed of and they must be put in some form back into the environment. Heretofore, however, we simply used the cheapest possible methods for disposing of our waste products and have given inadequate attention to the environmental deterioration which has been caused. And now the time has come to stop, look and invent new methods and, yes, to spend much more money. And to this end I would like to suggest that the Governor of every State, who has not already done so, establish close to his office some kind of an environmental quality council. This could be a council of department heads concerned with environmental matters and it could also include a top level advisory committee of experts in environmental problems. And at the federal level we would like to maintain contact with such environmental quality bodies, to exchange information and ideas, to develop collaborative mechanisms, to coordinate regulatory functions and jointly to investigate and solve the fiscal problems which are involved. The President has asked me to solicit your cooperation in this area of national concern. Through my office and/or through the Office of the Vice President, we would like to hear of your interest, activities and plans in this area and we will try to furnish you all the information that might be available. Thank you very much.



Governor Guy: Thank you, Dr. DuBridge.

Governor Mandel: I think all of us are fully aware of the problem. I think the film was delightful and it well illustrated the problem. Let me ask you one question. Under the Water Control Act of 1966, which is a good program, our State immediately got into this program. By 1971 every subdivision of Maryland will have a modern sewerage treatment plant. It has worked out very well except for one thing. We advanced the money and the federal government owes us \$80 million and we cannot get it even though they have signed contracts, authorized the work, and approved the agreements. It is going to come to a screeching halt unless the tools are made available. How can the federal government make these commitments and then not appropriate the money to enable us to do the job?

Doctor Lee D. DuBridge: I recognize this problem and it is one on which we are now actively at work. The executive branch of the government does not appropriate money. It is the congressional side that does. They do not always appropriate even what they themselves have authorized.

Governor Mandel: But in your budget, as submitted, there isn't the money to do this job. And in our program we can get only \$3 million of the \$80 million that is owed to us out of your current appropriations. If it is going to take another twenty-five years for us to get our money back, our program is going to pot. You can at least make the effort in your budget to make this money available.

Doctor Lee A. DuBridge: We are now studying the '71 budget. We will look at this very carefully. Thank you very much, Governor.

Governor Guy: Thank you, Governor Mandel. I am going to move now to position No. 1 of this report, which has to do with Doctor DuBridge's presentation. No. 1 simply states that it is the position of the Governors that President Nixon is to be commended for establishing the Environmental Quality Council and that we pledge to the President our full cooperation in working with the newly established council. I move the approval of this Position No. 1.

Governor Ellington: You heard the motion and the second. Is there any further discussion? All in favor will say "Aye." Opposed? The ayes have it and the statement is adopted.\*

Governor Guy: The subcommittee chairman for Natural Resources is Governor Don Samuelson of Idaho. He has a very short presentation which has to do with a subject of vital interest to Western States and that is public lands.

Governor Don Samuelson: We of the Western States or, rather I should

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\*For text of this and subsequent policy statements proposed by Governor Guy's committee, see Appendix XIV.

say, public lands States have specific problems. I mentioned Idaho's problems and refer to Idaho because I am more familiar with this. In Idaho we have 66 percent of our lands held by the federal government. We have another 14 percent held by city, county and state governments. We have only 20 percent of our land as a tax base and this presents some real problems with our scattered population, with the toughest terrain in the world to build roads over. All of us in the Western States, as you in the East, are very cognizant of our environmental quality problems. We in Idaho have passed laws to control our air and water. We have groups working in our soil conservation programs to further limit the pollution of our streams. We are in pretty good shape, I think, in most of the States in the West. Most of our natural streams are still unpolluted and you can drink water which is purer than the water in most city reservoirs.

One of the things that is most important to us, I believe, and to the people of every State in the United States, is the study by the Public Land Law Review Commission on all phases of management and control of our federal lands. We in the Western States especially believe in the multiple use of our natural resources. It is important that we be able to develop our natural resources in order to take care of our responsibilities in education, in health and in welfare, provide roads, airports and all of the other needs of our growing society. So I do not know of anything more important than the studies that are going on now by the Public Land Law Review Commission. I would like to take this opportunity to encourage every Governor to do what we have done in Idaho. I had my Legislature provide the money for a Public Land Law Review Study Commission. They study all of the works of the Public Land Law Review Commission and then make recommendations to me and to our senators and congressmen so that we can fully understand what the results of the report of the commission will mean to us in Idaho. Under the leadership of Congressman Wayne Aspinall of Colorado, the Public Land Law Review Commission for the last four years has been carrying out the most comprehensive review of the policies governing the use and disposition of the natural resources owned by this country. We of the West have quite naturally been following this work with the greatest of interest, but all of you and all of the American people have a vital stake in the potential significance of the recommendations to be made by this commission. While all of us are giving major attention to urban areas where most of our problems are and where most of our dollars are spent, the Public Land Law Review Commission has been giving its attention to matters that are related to rural America as well. It is my earnest belief that the proper management and disposition of the public lands can and will help us solve the problems in the urban areas. To participate in this part of our program concerning the work of the Public Land Law Review Commission, we have with us today Milton

Pearl, who has for the last four years been responsible for the day-to-day operations of the commission. Milton, I know that you have had the opportunity during this Conference to meet and talk to some of the Governors and their staffs concerning the work of the commission. I give you Milton Pearl, the Executive Director of the Public Land Law Review Commission.

Mr. Milton Pearl: As Governor Samuelson indicated, I represent here today those who are interested and concerned in the proverbial "Home On The Range Where the Deer and the Antelope Roam." I will brief my prepared remarks in order to maintain your schedule. I wish to emphasize first that in every aspect of our research we are giving consideration to the quality of the environment. Second, our examination of coordination between public land management agencies and state and local governments has disclosed that while you at the state level are concerned with the absence of coordination by federal agencies, there are in many instances no effective state or local planning agencies with which federal agencies can coordinate. Next, we need broad objectives for land planning. The Public Land Law Review Commission in its report will recommend national objectives as the basis for specific policies for future retention and management or disposition of federal public lands. I suggest that you give consideration to the establishment of explicit land use objectives and to meaningful zoning so that the future use of federal lands can be coordinated and consistent with the patterns of development desired at the local level. Another phase of our work, which is of tremendous potential significance to all States, is the commission's review of the existing system of payments and revenue sharing on the public lands. These revenue sharing systems should not be confused with the general revenue sharing plan recently announced by the administration. We are concerned only with responsibilities and obligations of the federal government as a land owner.

You have heard about the research program. Your representatives have received our study reports as each has been completed. I just want to show you these four volumes, which represent our study on revenue sharing and payment of taxes on the public lands. Not all of our studies are quite that big, but many of them are. Beyond these there are many other matters in our program that are of concern to you and the American people. The fact that half of the lands that we are studying are in Alaska and that approximately 90 percent of the remainder are concentrated in eleven Western States does not in any way reduce the significance of these lands that have inestimable values as great natural assets. Keep in mind also that some of the vacant, unappropriated public lands have great potential for absorbing at least part of the ever expanding population about which you have expressed concern here today.

To symbolize our mutual interest in the public lands, I am pleased to present a personal copy of the history that we have had prepared for us. This

history of public land development, we think, is of major significance. It is a foundation necessary for the understanding of public land laws so that we do not make mistakes in the future that were made in the past. To symbolize our mutual interest in these problems, I would like to present a personal copy to you, Governor Ellington, as Conference Chairman. And to you, Governor Guy, as chairman of this committee.

In closing, I just want to observe the fact that the lands being studied by the commission take in all of the public lands over which the federal government has jurisdiction, except one set of lands which is excluded specifically by our statute. We are not allowed to look at Indian reservations. In some States, such as Oklahoma, of course, Indian lands constitute possibly a greater problem from the standpoint of taxation than the public lands owned by the United States. I have here a little cartoon to which I would like to refer. It possibly explains the situation. In this cartoon the white man approaches two Indians and he says, "I bring greetings from the great chief in Washington. I am representing the Government Land Office." And the chief gets up and he says, "We already gave." Thank you very much.

Governor Samuelson: Thank you, Milton. Again I urge you all to help us and to keep in mind that we are going to need minerals that happen to come from States of the West and other resources to take care of this society and this civilization of ours. These are the minerals that keep the manufacturing plants in your communities and in your individual States going. And don't forget the lumber that is going to help with your building of homes and factories. So it is most important. While you might not have much public land in your State, we need to maintain good mining laws, good laws to control the management of our federal lands, the resources that God put on them. We need to do this realistically and with good common judgment. So I would like at this time to move Position No. 8, to make the widest possible dissemination of the Public Land Law Review Commission's study reports and final report to Congress and the President of the United States.

Governor Ellington: Thank you, Governor Samuelson. I believe the motion is to suspend the Rules for consideration of this.

Governor Samuelson: I am sorry. Yes.

Governor Ellington: The motion is made that we suspend the Rules. The motion is seconded. All those in favor say "Aye." Those opposed? The motion by Governor Samuelson is that we adopt — would you please state it?

Governor Samuelson: Yes. To make the widest possible dissemination of the Public Land Law Review Commission's study reports and final report to Congress and the President of the United States.

Governor Ellington: The motion has been made and seconded. Is there any further discussion? If not, all in favor will say "Aye." Opposed? The ayes have it and the statement is adopted.\*

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\*For full text, see Appendix XIV.

Governor Hathaway: Mr. Chairman, I have a question for Milton Pearl. Mr. Pearl, it is fundamental in the development of the public lands that we utilize our water. My question is whether or not the Public Land Law Review Commission at this point has developed any policy or proposes any legislation which would protect the water rights of the states as it has always been?

Mr. Pearl: Governor Hathaway, the answer to your question is that the commission has studied this. It is the focus of our study on water as to the relationship of jurisdiction between the federal government and the States. But the commission has not yet taken any final position on anything, and will not until the final report is put together in the spring of 1970 because of the interrelationship between the various subjects being considered by the commission.

Governor Hathaway: Would you anticipate that legislation might be proposed as the result of the studies?

Mr. Pearl: The commission anticipates at this time recommending policy and not specific legislation although, of course, the policy will require legislation to implement it. But policy guidelines will be recommended rather than specific pieces of legislation.

Governor Guy: The vice-chairman of the Subcommittee on Natural Resources is Governor Lester Maddox. I will call on him at this time to make a short recitation.

Governor Maddox: This section of the report will deal only with the fast growing interest in oceanography. More and more of our coastal area States are turning their attention to the coastal zones and the sea. The people of the several coastal States are the prime owners of the most important parts of the ocean, the coastal zones and the territorial seas. The States, which represent the people, are, therefore, the most important political entities in terms of rights and responsibilities and control over these important parts of the sea. Due to increasing demands for multiple uses of the resources of the coastal zones, some of which are competitive or destructive and partially or wholly exclusive, pressures on state governments for effective planning and management of this segment of our natural resource systems are becoming more acute. Therefore, I would like to propose our Position No. 6, which is the need for closer working relationship between coastal States. Inasmuch as coastal zones and waters require constant attention and a continuing dialogue between state and federal officials, it is recommended that the coastal States form a Maritime States Organization to assist them in carrying out their responsibilities. You have the full text before you, and I would like to move for the adoption of Position No. 6.

Governor Camacho: Mr. Chairman, at this time I would like to propose an amendment to Position No. 6. The second line should read as follows: "It is recommended that the coastal"—delete the word States and insert the

following—"and Island States and Territories form a Maritime States Organization to assist them in carrying out their responsibilities."

Governor Ellington: The motion has been made and seconded. Is there any discussion? All in favor will say "Aye." Opposed? The ayes have it and the amendment is adopted. Now we will get back to the original motion by Governor Maddox. Is there a second to that motion? Governor Guy, I believe, seconded the motion. All in favor of the motion will say "Aye." Those opposed? The ayes have it.\*

Governor Maddox: Then on Number 7, if you would, please, Position No. 7—need for a single federal agency to consolidate and coordinate all existing oceanography programs. I move that Position 7 be adopted.

Governor Ellington: Motion has been made and seconded. Any discussion? If not, all in favor will say "Aye." Opposed? The ayes have it.\*

Governor Guy: We are moving into a very controversial part of this report. Years ago I thought that we Governors could move mountains but now I am satisfied if we just move a couple of loads of fill. But this proposal I would categorize in the nature of moving mountains. The President told us about the increase in population that we have to expect in the next thirty years. One hundred million more people will have to be assimilated into the United States. There have been many suggestions made as how we might plan to accommodate these people in the next thirty years. One of them is that we build from scratch new cities. If we did that, if we built one city of 250,000 people in each State in the next thirty years, we would absorb about—what?—12 million out of the 100 million that we expect. So obviously, we need to be a little bit more imaginative. This country has avoided coming to grips with the core of most economic and social problems, and that is the growth and distribution of Americans in this country. Now, isn't it strange that this Nation has never adopted a national policy or goal toward enhancing the quality of life in the United States through voluntary—and I stress voluntary—population distribution? Do you think that we are proposing something new and different here today? No, we are not. Because a hundred years ago we had a population distribution program in this country called the Homestead Act. That was followed by the land grants to the railroads to shift population. It is not new. What is new, I think, is that many of us are coming to the conclusion that the social and economic course of congestion in this country is becoming so staggering that we better do something about it. So Position No. 2, is admittedly controversial, yet it follows a resolution adopted by the Governors' Conference last year and says simply there is a need for a national policy or goal toward enhancing the quality of

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\*For text, see Appendix XIV.

life in the United States through voluntary population distribution. We must recognize that the forces causing population maldistribution are man-made and, in some instances, the result of inadvertent and uncoordinated federal government programs. It is the position of the Governors that maintaining and enhancing the quality of life now and in the future in the United States is so important that our Nation should adopt a national policy or goal regarding voluntary distribution of population within the Nation's boundaries. The federal government is in the business now of shifting population. The problem is that in its business of shifting population it is following an inadvertent uncoordinated plan which is leading us down the road to disaster. Next year I am going to propose seriously, gentlemen, that a study be made that the White House and executive offices as well as the congressional chambers and offices be moved out of Washington, D.C., into a midwestern area as one step to avoid the almost uncontrollable congestion and lowering of efficiency because of congestion in the eastern part of this country. I think Washington, D.C. is a great place for the Pentagon and the tourists. But I think if we are going to get on with the Nation's business, it needs to be moved where business can be carried out rapidly without congestion. I offer then, as a motion, Position No. 2.

Governor Ellington: Governor Farrar, you are recognized.

Governor Farrar: I would like to offer an amendment to Position No. 2. This amendment has been handed out. This out-migration from rural farm States and the in-migration to the urban areas, according to all of the conferees here, indicate that we have a crisis in the cities. Well, I say that we have a crisis on the farm. The only parts of our economy today that are not inflating are the farm products. A bushel of oats won't even buy a package of cigarettes in my State. A bushel of corn wouldn't even buy Claude Kirk a good cigar. And a bushel of wheat wouldn't buy Jim Rhodes a good golf ball. We have a problem that I think you all ought to face up to. We are losing from South Dakota half of our young people. In fact, we have less people today than we had in 1910. We don't have a crime problem. We don't have a racial problem. We don't have a pollution problem. We don't have a mass transit problem. In fact, we don't even have a welfare problem. But we have two hundred communities in our State that are drying up because of a lack of economy, the lack of industry. We feel in the farm States that we should have a parity of opportunity in this economy.

It is a good deal cheaper for our States and for the federal government to have a good, sound farm economy than to have these other programs that have been presented. And the reason for it is that agriculture is still in your State and in mine and in the United States the largest industry that we have. The farm economy is the biggest borrower, the biggest investor in this Nation and it uses more steel, more rubber, more gasoline, more trucks, more

tractors than any other industry. And yet we do not receive our fair share of the national income or the national economy. Through a strong farming economy we can reverse this trend of out-migration from rural areas and in-migration to the urban areas and we can stop some of these crises that have been stated here in the cities by keeping these people in rural America. I think that we have not been consulted. I would like to amend this statement by saying in essence that the federal government and the Department of Agriculture shall consult with the Governors before coming up with a new farm program to put us completely out of business. I, therefore, move to amend Position No. 2 as indicated. I will not read it because you have it. I move this amendment as an addition to the statement.

Governor Ellington: Motion has been made and seconded for the amendment to Position No. 2. Any further discussion? Governor Tiemann.

Governor Tiemann: I will speak in support of the amended position on No. 2, in support of Governor Farrar's very strong statement and very lucid statement on agriculture and our problems. I would recommend—and I do not make this in a form of an amendment—to the new Executive Committee that they narrow the scope of the Committee on Natural Resources, Environmental Management and Agriculture and to create a single agriculture committee. It is such a vital committee, such a tremendous area of interest affecting urban and rural alike, not only in this Nation but in the world, that we tend to gloss the whole thing over because only 5 percent of our population reside on our farms and ranches. I make that only in the form of a recommendation.

Governor Ellington: Thank you, Governor Tiemann.

Are you ready for the question?

Governor LeVander: Mr. Chairman, I would like to speak in favor of the amendment. We are asking the federal government to be concerned with population distribution. I think that is very essential. Now, we are asking that the agriculture question be referred to and consulted with the Governors. I take it that this does not mean that we as the agricultural States are not going to adopt policies of our own that have to do with population distribution within our own States. In Minnesota for two years we have been conducting a rural renaissance program in which we have sought those kinds of environmental qualities which will improve the environment. It has shown a remarkable success. So I think that if we work as States in the agricultural field and work with the federal government cooperatively on agricultural programs and in the spirit of the New Federalism, we will really get the job done.

Governor Ellington: Thank you, Governor. You heard the motion. Are you ready for the question? All in favor of the amendment will say "Aye." Opposed? The ayes have it and the amendment is adopted.



Governor Rhodes: Mr. Chairman, may I ask a question concerning Item No. 2?

Governor Ellington: Governor Rhodes.

Governor Rhodes: A very serious problem in this voluntary distribution of the population. We went on record yesterday for a standardization of welfare payments to keep people home. That is going to cost us \$5 billion. Now, I am for this. I think it is wonderful. The ideology and philosophy are great. Now, this Section 2 of this report has solved many things—my golf, farm prices, decentralization of Washington, the welfare issue and we spend no money. That is the reason I am for it. Thank you.

Governor Ellington: Thank you, sir.

Governor Guy has moved the adoption of Position No. 2 and it has been seconded. Is there any further discussion? All in favor of the adoption of Position No. 2 will say "Aye." Opposed? The ayes have it.\*

Governor Guy: Position No. 3 is a very controversial matter. All of us know that there are differences between cities in our States. Some cities very carefully coordinate comprehensive planning within their bounds. They coordinate the planning of the school board, the park board, the industrial park, transportation, water, sewers and so on. Some States also are doing a tremendous job of comprehensive state planning in which health planning is coordinated with welfare planning, outdoor recreation planning is coordinated with tourist planning, and so forth. But when we get to the federal government, we find an almost shocking situation, in my judgment, where we have a myriad of federal agencies all engaged in various degrees of planning but with no overall direction, no goals being set and no coordination whatsoever. So Position No. 3, I think, is essential, if we are going to get a grip on the conservation and wise use of natural resources. If we are ever going to bring order into environmental management, we need to have a vast improvement in federal direction of planning. So Position No. 3 says that there is need for establishment of a cabinet-level Department of National Planning directly responsible to the President of the United States. You have the text before you.

Mr. Chairman, I move the adoption of Position No. 3.

Governor Ellington: Motion has been made and seconded that we adopt Position No. 3. Is there any discussion? If not, all in favor will say "Aye." Opposed? The ayes have it.\*

Governor Guy: Mr. Chairman, this concludes the presentation of this committee. Pardon me, there are two items left. Position No. 4 says that there is a need to make state and local governments responsible for

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\*For text, see Appendix XIV.

administering federal programs. You have the text before you. Mr. Chairman, I move Position No. 4 for approval.

Governor Ellington: Motion has been made and seconded that we adopt Position No. 4. Is there any discussion?

Governor LeVander: Mr. Chairman, I would like to offer an amendment. The amendment that I have proposed I have distributed to all of you so you have it on your desks. It is the insertion of a new paragraph. In harmony with this resolution I think that this paragraph is essential. I believe that in the spirit of the New Federalism, the States are going to be more viable partners of the federal government. I am personally very pleased. I think we have come to recognize that our country is so big and our problems are so diverse that running all of these environmental plans from Washington is not going to be possible. In Minnesota we have a situation where we are building two nuclear plants, one about thirty miles northwest of the Twin Cities, and we have another plant that is being built 40 miles southeast of the Twin Cities. The river is going to be used for water in both of these plants. But it makes a lot of difference whether it is in the river before it gets to the Twin Cities or after it leaves the Twin Cities. We are having a controversy because the AEC takes the position that they have preempted the field and that the State has nothing to do about the health, welfare or the protection under special circumstances of its citizens. I take the opposite position. I believe, as Governors, we have the responsibility to see that in those areas of our States where they have special problems we might want special conditions and special regulations. Consequently, I feel very strongly that the States must retain the privilege and the responsibility of increasing the standards above the minimum standards of the federal government. I recognize that these pollution questions go across governmental boundaries. I am perfectly willing that the federal government set minimum standards, but I reject the idea that the States in special circumstances should not be able to set standards that are more restrictive. We feel that the Pollution Control Agency's standards in Minnesota, which are higher than the AEC, should be recognized. Therefore, I propose that we fully recognize that the States have and must retain the authority to establish additional environmental controls as required by special conditions. I move the adoption of the amendment.

Governor Ellington: Motion has been made and seconded. Is there any discussion?

Governor Peterson (New Hampshire): Mr. Chairman, I would like to associate myself with and support Governor LeVander's amendment. New Hampshire is a small, but fast growing State. This is imposing additional power demands on us. We have a contemplated nuclear power plant now under construction. It is obvious to me that at some point in time, perhaps a year or two from now, we can find ourselves in the same position as the State

of Minnesota. It seems to me that it would be very helpful if the National Governors' Conference could go on record to preserve the rights of States to move beyond the standards that are set by the federal government, where special circumstances dictate. I know that my colleague, Governor Davis of Vermont, is also concerned with this because we have another power plant on the Vermont border. I would hope that the Conference could support this amendment. It strengthens the language of the section, in my opinion.

Governor Ellington: Thank you. I recognize Governor McCall.

Governor McCall: Mr. Chairman, I have a brief comment associating the State of Oregon with the amendment by Governor LeVander and noting that we are going to build in our area \$5 billion worth of nuclear plants by public and private bonds in the foreseeable future. And noting this very important point, the power companies in our area do not share the view that the standards of the AEC should be the only ones. They discuss with us these problems on the basis that the AEC's standards are the minimum standards, a floor, and our power companies are going to work with our State to evolve higher standards than the AEC's standards wherever they are necessary.

Governor Ellington: Thank you, sir.

I recognize Governor Davis of Vermont.

Governor Deane C. Davis: Mr. Chairman, I would like to be on record as strongly supporting the amendment proposed by Governor LeVander. As a matter of fact, I think it is the most important statement in this whole environmental control matter. In the little State of Vermont we still have some air up there that one of my farmer friends says has never been breathed before. But we also do have pollution. The problem that is giving us the most concern right now is this matter of the building of atomic plants. We have one already under construction. We have another one proposed. As far as I am personally concerned, I would hate to see a situation arise where we do not in all of the States, particularly in the State of Vermont, preserve the right to add additional safeguards to the building of these atomic plants.

Governor Ellington: Thank you, sir. I recognize Governor Shafer of Pennsylvania.

Governor Raymond P. Shafer: Mr. Chairman, I, too, wish to support the amendment and the strong and articulate statement made by Governor LeVander, not only for the reasons given by the various Governors today but also for the additional reason that this will strengthen our States in regional cooperation. By giving us an opportunity not only to exercise greater control with reference to possible atomic matters, this will help us as States to work together in regional compacts with all of the problems of pollution.

Governor Ellington: Is there any other comment? If not, the motion has been made by Governor LeVander and seconded. Are you ready for the question? All in favor will say "Aye." Opposed? The ayes have it and the amendment is adopted.

Now to the adoption of Position No. 4. All of you that are in favor will say "Aye." Opposed? The ayes have it.\*

Governor Guy: The last position deals with supersonic aircraft. It was submitted to our committee with the request that it be brought before this Conference. There is a need to solve the high noise level of supersonic aircraft. You have the text. Mr. Chairman, I move the adoption of Position No. 5.

Governor Ellington: Motion has been made and seconded on Position No. 5. Is there any further discussion?

Governor Evans [Washington]: Mr. Chairman, I thoroughly agree with the intent of this resolution and particularly believe that Governors ought to be consulted on such things as this. I have two amendments that I would like to offer because there has been a great deal of misinformation about the development of supersonic transport in this country. I think as a Nation we ought to face the fact that there is going to be supersonic travel. The Russians and French and English have flown the prototypes of their supersonic transports and will soon engage in commercial sale of these aircraft. But all of the economic facts leading to the development of the American supersonic transport are based on travel over the water, not over inhabited land areas. The economics work out very, very well and I think one of the most significant elements in the investment of this country's funds in the development of supersonic transport is that over the next ten to fifteen years we can gain some \$15 to \$16 billion in our very important balance-of-payments problem. This is of a magnitude that we cannot afford to ignore. Thus, I would suggest amending Position No. 5 in line three, after "advancement of United States' aerodynamic competence" to add the words "to aid substantially in our balance-of-payments problem" and to go on "to enhance national prestige." Then I would suggest the elimination of the last sentence of that first paragraph, which reads: "However, it has not been convincingly shown that the advantages to be gained in the operation of supersonic transports would counterbalance the possible adverse environmental noise effects to which the citizens of the various states would be subjected." I think the clear economic facts point out that the advantages do accrue to the United States without any overland travel. Mr. Chairman, I would so move these two amendments.

Governor Ellington: Motion has been made by Governor Evans. Is there a second? All in favor will say "Aye." Opposed? The ayes have it and the amendments are adopted.

I recognize Governor Knowles of Wisconsin.

Governor Knowles: Governor Ellington, one of the subjects that has

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\*For text, see Appendix XIV.

not been dealt with in this problem of natural resources and environmental control is the very complex and emotional problem of contamination by insecticides and pesticides and DDT. I simply want to call the attention of the Governors' Conference to the release which has been circulated today and placed on your desk containing the report of the five Midwestern States—Illinois, Indiana, Michigan, Wisconsin and Minnesota—dealing with this problem in our area. On April 20th we met in Chicago and formed an interstate compact. We have continued to cooperate in this area by way of having studies made in the area of agriculture, natural resources, recreation, public health and water pollution. So I would simply like to ask unanimous consent that the report, which is on your desk and which will be filed with the Secretary, be included in the minutes of this Conference as an example of the kind of interagency and interstate cooperation which can be helpful in dealing with these common problems by our States.\*

Governor Ellington: Is there any objection to Governor Knowles' report being filed? It will be done, sir.

We have a motion to adopt Position No. 5, I believe, which is now before you as amended. If there is no further discussion, all in favor will say "Aye." Opposed? The ayes have it.\*\*

Governor Guy, we thank you and your committee very much.

Now we come to the Business Session of the morning. We are only about ten minutes behind schedule. The first item for consideration is additional proposed policy statements. Each one of you has those. Let me again make it clear that it will take a three-fourths majority first to suspend the Rules on the statements and three-fourths majority to pass. I am going to call on Governors who have given us intentions of these statements in the order in which they came to your chairman. First would be Governor Licht of Rhode Island.

Governor Licht: Mr. Chairman, I gave notice on the first day that I sought suspension to consider a resolution. I think you all have it before you, and it deals with the immediate urban crisis. It calls for more than governmental reorganization, more than program revision and more than proposal of new programs. It demands instead reorientation, innovation and movement. And most important, it cannot await the establishment of long-range goals nor the end of conflict in Viet Nam. This resolution, which is somewhat general in nature but which sets the tone of our purpose, says, "Recognizing that the health of our urban areas is crucial to the very survival of our society, the National Governors' Conference therefore recommends a massive intensification, with full governmental funding, of efforts to end the

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\*For text of the Report, see Appendix VIII.

\*\*For text of statement, see Appendix XIV.

urban crisis." It seems to me that one of our problems has been that we have espoused great ideals and we have underfunded these programs. It is my feeling that the Governors ought to take a position that where the national administration sets forth these goals they ought to be funded so that we can move in to solve the serious urban crisis that confronts this country.

Mr. Chairman, I ask the Rules be suspended in order to vote on the resolution.

Governor Ellington: Motion has been made to suspend the Rules. Is there a second? Motion has been made and seconded. Without further discussion, all in favor of suspension of the Rules for consideration of this resolution will say "Aye." Opposed? We will ask for a show of hands. All in favor of suspension of the Rules will please raise your hands. Those opposed will raise your hands. I am sorry, Governor. There is not three-fourths, and the motion fails. Now we will call on Governor Ferré of Puerto Rico.

Governor Ferré: Mr. Chairman, my proposed statement of policy is a very simple one. It simply reads: "The National Governors' Conference endorses programs to promote tourism in the United States and other areas under United States jurisdiction, and requests the President to intensify efforts to attract foreign tourists to our shores and to encourage U. S. tourists to See America First."

Governor Ellington: The Governor of Puerto Rico has made a motion that we suspend the Rules to consider that statement. Is there a second? Motion has been made and seconded. All in favor will say "Aye." Opposed? I believe the ayes have it on this. Now he moves that the statement be adopted. All in favor will say "Aye." Opposed? The statement is adopted.

Now I call on Governor Maddox of Georgia.

Governor Maddox: Mr. Chairman, my policy proposal at this time deals with the dissemination of obscene literature and obscene movies, recognizing the immoral situation that continues to grow and expand in this Nation. There is an absolutely essential need for Congress and the Governors to take action. If it is permitted to continue, there could be a complete moral breakdown in this country. I am going to ask for the Rules to be suspended in order to give consideration by this Conference to this policy statement.

Governor Ellington: Motion has been made that we suspend the Rules to consider the statement by Governor Maddox. All in favor will say "Aye." Opposed? I will ask for a show of hands. Those in favor will raise your hands, please. Those opposed will raise your hands. Governor Maddox, I am sorry. It does not carry. Again, Governor Maddox, on another statement.

Governor Maddox: Thank you, Mr. Chairman. This proposal for a policy statement deals with the increase of crime rate and need for reaffirmation of the Holy Faith by our National Leaders. It seems that at our Governors' Conference and elsewhere we seek to solve all of our problems

with dollars and political moves, and as we move in those directions we continue to fail to correct some of the conditions that threaten our society as a free people. I move at this time the suspension of the Rules in order to consider this policy statement.

Governor Ellington: Governor Maddox has moved the suspension of the Rules. All in favor will say "Aye." Opposed? The chair is in doubt. All in favor will hold up your hands. The Rules have been suspended. Governor Maddox, do you have any further comment?

Governor Maddox: No, sir. We presented this, Mr. Chairman, to the members of the Conference here. They know what is in it, I believe. I hope they have read it. If they have not, if they would like for it to be read, I will. If not, I would like to go ahead.

Governor Ellington: Governor Maddox has moved for the question. Is there a second? Motion has been made and seconded. All in favor will say "Aye." Opposed? The ayes have it and the statement is adopted.\* I now recognize Governor Kirk.

Governor Kirk: Mr. Chairman, this motion deals with the hijacking of aircraft which, I think, involves the people of all the fifty States. It would have the Governors' Conference go on record as urging in strong language that the President take this problem to the United Nations. The United Nations then could develop an international agreement for bringing hijackers to trial. It is an extremely serious problem. The only way it is going to be answered is in the United Nations, because the United Nations has jurisdiction of such countries as Cuba. Governor Rhodes and I are going to Israel in November. I would hope that there would be some feeling among our families that if we are hijacked and blown up that the person who does that will be brought to justice in the United States and not merely housed wherever he wound up. I move the question.

Governor Ellington: He moves for the suspension of the Rules. There is a second. All in favor will say "Aye." Opposed? The ayes have it. He now moves for the adoption of the statement. Is there any discussion? If not, all in favor will say "Aye." Opposed? The ayes have it.\* Governor Maddox, I recognize you.

Governor Maddox: Mr. Chairman and Governors, this other policy statement that I propose, which I would like you to consider, deals with public education. The problems and difficulties that continue to mount, not all of them but most of them, can be placed right at the doorstep of the federal government when it moves in to remove local control of public education. The country is being harmed because of this situation. The facts

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\*For text, see Appendix XV.

indicate that the trend away from local control of education has contributed largely to the disorders and chaos in many of our schools, the crime and other situations that are very harmful to the safety and welfare of our children and the future of this country. I move that you suspend the Rules at this time to consider this policy statement.

Governor Ellington: Governor Maddox has moved suspension of the Rules. All in favor will say "Aye." Opposed? I do not think we need a roll call, Gentlemen. The motion fails.

Governor Maddox: I don't believe the chair is in doubt, Mr. Chairman!

Governor Hathaway: Mr. Chairman, the United States Olympic Committee has already selected the sites for the 1976 Olympics in the event they are held in the United States—Denver, in the State of Colorado, for the Winter Games; Los Angeles for the Summer Games. This resolution merely puts the Governors' Conference on record as supporting the United States for the site of the 1976 Olympics. I move suspension of the Rules and move adoption of the resolution.

Governor Ellington: Governor Hathaway moves suspension of the Rules, and it is seconded. All in favor will say "Aye." Opposed? The ayes have it. Now he moves for the adoption of the statement. All in favor will say "Aye." Opposed? The ayes have it.\*

Governor Shafer: Mr. Chairman, I just want the record to show that we wholeheartedly supported that proposal made by Governor Hathaway of Wyoming with the understanding, of course, that all of the Governors are going to support Philadelphia and Pennsylvania as the site for the Bicentennial in 1976.

Governor Ellington: Gentlemen, your current Executive Committee has already selected Missouri for our Annual Meeting in 1970 and Puerto Rico in 1971. State invitations are in order for 1972. They will go to the new Executive Committee. At this time I recognize Governor Ogilvie of Illinois.

Governor Ogilvie: Mr. Chairman and Gentlemen: I am pleased to invite, and Illinois will be honored to host, the National Governors' Conference in 1972. I am sure it is not necessary to detail the virtues and the resources of our State to make a successful conference.

Governor Ellington: The invitation extended by Governor Ogilvie will be referred to the new Executive Committee. Is there anyone else desiring recognition? If not, I think it would be appropriate at this time to recognize and ask to stand the twenty new Governors that are attending this Conference for the first time. We are so happy to have you with us.

Due to the fact that they are prohibited by law from running again, two of our Governors that are here now will be absent next year. One of them is

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\*For text, see Appendix XV.



the great Dick Hughes—I believe he has already gone—and Mills Godwin. Both of them asked that I express to you their deep appreciation for your cooperation and your help and express to you how much they have enjoyed serving with you over the years.

I am going to ask Mr. Carihfield to read a resolution and without objection ask that you take action on it.

(Secretary-Treasurer Carihfield read resolution on appreciation.)

Governor Dempsey: I move its adoption.

Governor Ellington: Motion has been made and seconded. Is there any objection to the suspension of the Rules at this time? If not, I will ask you to stand and vote on this resolution.\*

At this time I am going to call on Governor Nunn, the Chairman of the Nominating Committee. I don't know. I think it has already been announced.

Governor Nunn: The Nominating Committee offers as its nominee for the Office of Secretary-Treasurer the name of Brevard Carihfield. The committee offers its nominees for eight memberships on the Executive Committee the names of Governors Albert P. Brewer, Alabama; Kenneth M. Curtis, Maine; Warren E. Hearnes, Missouri; Robert E. McNair, South Carolina; Arch A. Moore, Jr., West Virginia; Calvin L. Rampton, Utah; Winthrop Rockefeller, Arkansas; Don Samuelson, Idaho. The committee further offers as its nominee for the Chairmanship of the National Governors' Conference the name of John A. Love of Colorado. We submit this report to the Secretary, Mr. Chairman, and I move the adoption of the report.

Governor Ellington: Motion has been made and seconded. We will vote on the Executive Committee first. Those in favor will say "Aye." Those opposed? The ayes have it. Those in favor of Governor Love as our Chairman for next year will say "Aye." Those opposed, which there are none. Therefore, you are officially elected, Governor Love. Congratulations and sympathy.

Governor Love: Thank you very much. Before responding, I would like to recognize Governor Shafer of Pennsylvania for a few brief remarks.

Governor Shafer: Mr. Chairman, I would like to take this opportunity to express my own deep appreciation to a man who has done a superbly magnificent job as the leader of this Conference during the past year. You know to whom I am talking about, none other than Buford Ellington. I think in the years all of us have been observing these Conferences we have never made any greater progress than the past year. That progress has been due to the geniality, the consideration and the intelligence of Buford. So in behalf of all of the members of this Conference, we say, "Good luck and God bless you from the bottom of our hearts."

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\*For text, see Appendix XV.

Governor Love: Congratulations again on a great job. I accept the honor that has been granted me in election to Chairman of this great Conference. I look forward to a very effective year. In the years I have been associated with the Conference I think that I can see movement. Great progress has been made, particularly in the last year. But looking back to Conferences in years past, we have moved in many areas—the Washington office, the mid-winter meetings, the committee structure and, I think, as far as the effectiveness of the Conference and its business sessions, we have come a long way. I think that we have made progress in our relationship between each other, between the States, in the exchange of information and ideas. I think that we have made great strides in the area of our relationship with the executive branch of the federal government. I think we still have much to do in collectively expressing to the Congress our interest and concern and responsibility in many, many fields. This is a difficult area of communication, but one in which we will hope during the year to achieve some success. I will be announcing very shortly the committee appointments. I feel that the format, the standing committees, and the way in which we approached the Conference this year was good. Unless I have other suggestions from the Executive Committee, we will follow that procedure again. Several of you have indicated particular areas of interest insofar as committee appointments are concerned. If others of you have a particular interest, I hope that you will communicate those to me. I thank you again for the great honor and I look forward to the challenge of leading this great group of Governors and the Conference in the year ahead.

Governor Ellington: Thank you, Governor Love. I overlooked taking the vote on one of the most important members of this Conference, our Secretary. I apologize, sir. All in favor of the nomination of Mr. Carihfield as Secretary of this Conference will please say "Aye." Those opposed? The ayes have it.

I would like personally to thank each individual Governor for his cooperation during this past year. There has not been one single incident of unpleasantness. We have had many, many problems. I have tried very carefully to avoid making any statement that would be controversial or indicating that I was speaking for the Governors of this Nation without your approval. The Executive Committee that has worked with me—and we have had six meetings—has been one of the finest groups of men that I have ever had the privilege to work with. I would like for the committee that served with me to stand so that we might all say thanks to you.

I would particularly like to thank the local governments across this country—the city, the county, the municipality. It has been the first time in the history of the Conference that we called on them to join with us in trying to solve our problems. They have responded. I hope the word will go out

from this Conference that we are a government of the people and that the Governors are very anxious to work with, and cooperate with, not only the federal government but governments at all levels in order that we might do a better job for the people of this country.

Will the new Executive Committee stand so that we might wish you well.

Governor Ferré: I wish on behalf of the people of Puerto Rico to thank the Governors' Conference for accepting our hospitality in 1971. We are a small commonwealth but we are one with the oldest history. In 1971 we will celebrate the 450th anniversary of the founding of San Juan. So it will be a great occasion to have the Governors of the States with us in Puerto Rico. There you can try the Fountain of Youth that Ponce de Leon once was looking for.

Governor Ellington: Governor, the first Conference I attended as an official member of this Conference was in Puerto Rico in 1959. I can assure you, sir, it was a great Conference and I know it will be in 1971. Thank you very much.

(Several announcements were made by Secretary-Treasurer Carihfield.)

Governor Ellington: If there is no further business to come before the Conference, is there a motion that we stand adjourned?

Governor Dempsey: I so move.

Governor Ellington: All in favor will say "Aye." We stand adjourned.

# Appendices

# Appendix I

## THE GOVERNORS, AUGUST, 1969

State or other Jurisdiction	Governor (D) Democrat (R) Republican (PNP) New Progressive Party	Length of Regular Term in Years	Present Term Began January	Number of Previous Terms	Max. Consecu- tive Terms Allowed by Constitution
Alabama	Albert P. Brewer (D)	4	1968(a)	—	2
Alaska	Keith H. Miller (R)	4	1969(b)	—	2
Arizona	Jack Williams (R)	2(c)	1969	1	—
Arkansas	Winthrop Rockefeller (R)	2	1969	1	—
California	Ronald Reagan (R)	4	1967	—	—
Colorado	John A. Love (R)	4	1967	1	—
Connecticut	John Dempsey (D)	4	1967	(d)	—
Delaware	Russell W. Peterson (R)	4	1969	—	2(e)
Florida	Claude R. Kirk, Jr. (R)	4	1967	—	2
Georgia	Lester G. Maddox (D)	4	1967	—	(*)
Hawaii	John A. Burns (D)	4	1966(f)	1	—
Idaho	Don Samuelson (R)	4	1967	—	—
Illinois	Richard B. Ogilvie (R)	4	1969	—	—
Indiana	Edgar D. Whitcomb (R)	4	1969	—	(*)
Iowa	Robert D. Ray (R)	2	1969	—	—
Kansas	Robert Docking (D)	2	1969	1	—
Kentucky	Louie B. Nunn (R)	4	1967(g)	—	(*)
Louisiana	John J. McKeithen (D)	4	1968(h)	1	2
Maine	Kenneth M. Curtis (D)	4	1967	—	2
Maryland	Marvin Mandel (D)	4	1969(i)	—	2
Massachusetts	Francis W. Sargent (R)	4	1969(j)	—	—
Michigan	William G. Milliken (R)	4	1969(k)	—	—
Minnesota	Harold LeVander (R)	4	1967	—	—
Mississippi	John Bell Williams (D)	4	1968	—	(*)
Missouri	Warren E. Hearnes (D)	4	1969	1	2(e)
Montana	Forrest H. Anderson (D)	4	1969	—	—
Nebraska	Norbert T. Tiemann (R)	4	1967	—	2
Nevada	Paul Laxalt (R)	4	1967	—	—
New Hampshire	Walter Peterson (R)	2	1969	—	—
New Jersey	Richard J. Hughes (D)	4	1966	1	2
New Mexico	David F. Cargo (R)	2	1969	1	2
New York	Nelson A. Rockefeller (R)	4	1967	2	—
North Carolina	Robert W. Scott (D)	4	1969	—	(*)
North Dakota	William L. Guy (D)	4	1969	3	—
Ohio	James A. Rhodes (R)	4	1967	1	2
Oklahoma	Dewey F. Bartlett (R)	4	1967	—	2
Oregon	Tom McCall (R)	4	1967	—	2
Pennsylvania	Raymond P. Shafer (R)	4	1967	—	2†
Rhode Island	Frank Licht (D)	2	1969	—	—
South Carolina	Robert E. McNair (D)	4	1967	(m)	(n)
South Dakota	Frank L. Farrar (R)	2	1969	—	2(o)
Tennessee	Buford Ellington (D)	4	1967	1(p)	(*)
Texas	Preston Smith (D)	2	1969	—	—
Utah	Calvin L. Rampton (D)	4	1969	1	—
Vermont	Deane C. Davis (R)	2	1969	—	—
Virginia	Mills E. Godwin, Jr. (D)	4	1966	—	(*)
Washington	Daniel J. Evans (R)	4	1969	1	—
West Virginia	Arch A. Moore, Jr. (R)	4	1969	—	(*)
Wisconsin	Warren P. Knowles (R)	2(c)	1969	2	—
Wyoming	Stanley K. Hathaway (R)	4	1967	—	—
American Samoa	John M. Haydon (R)	(q)	1969(r)	—	—
Guam	Carlos G. Camacho (R)	4(s)	1969(t)	—	—
Puerto Rico	Luis A. Ferré (PNP)	4	1969	—	—
Virgin Islands	Melvin H. Evans (R)	(q)(s)	1969(t)	—	—

## FOOTNOTES

- (a) Governor Brewer, formerly Lieutenant Governor, succeeded to office in May, 1968, upon the death of Governor Lurleen B. Wallace, to fill unexpired four-year term, which began January, 1967.
- (b) Governor Miller, formerly Secretary of State, succeeded to office in January, 1969, to fill unexpired four-year term of Governor Walter J. Hickel (resigned), which began December, 1966. In regular elections, Alaska Constitution specifies first Monday in December as Inauguration Day.
- (c) Four-year term effective January, 1971.
- (d) Governor Dempsey, formerly Lieutenant Governor, succeeded to office in January, 1961, to fill unexpired four-year term of Governor Abraham A. Ribicoff (resigned), which began in January, 1959. Elected to full four-year term in November, 1962. Re-elected in November, 1966.
- (e) Absolute two-term limitation.
- (\*) Governor cannot serve immediate successive term.
- (f) Hawaii Constitution specifies first Monday in December as Inauguration Day.
- (g) December, 1967.
- (h) May, 1968.
- (i) Governor Mandel, formerly House Speaker, was elected to office by the General Assembly in January, 1969, to fill unexpired four-year term of Governor Spiro T. Agnew (resigned), which began January, 1967.
- (j) Governor Sargent, formerly Lieutenant Governor, succeeded to office in January, 1969, to fill unexpired four-year term of Governor John A. Volpe (resigned), which began January, 1967.
- (k) Governor Milliken, formerly Lieutenant Governor, succeeded to office in January, 1969, to fill unexpired four-year term of Governor George Romney (resigned), which began January, 1967.

- (†) Except for present Governor, Governor shall be eligible to succeed himself for one additional term.
- (m) Governor McNair, formerly Lieutenant Governor, succeeded to office in April, 1965, to fill unexpired four-year term of Governor Donald S. Russell (resigned), which began in January, 1963. Elected to full four-year term in November, 1966.
- (n) Governor not eligible for "re-election."
- (o) Nomination for third "successive" term prohibited by state law.
- (p) Previous term 1959-1963.
- (q) Indefinite term.
- (r) August, 1969.
- (s) In 1970, Office of Governor will become elective.
- (t) July, 1969.

## Appendix II

### ARTICLES OF ORGANIZATION\*

#### ARTICLE I

##### NAME AND MEMBERSHIP

The name of this organization shall be the "National Governors' Conference," hereinafter referred to as the "Conference."

Membership in the Conference shall be restricted to the Governors of the several States of the United States, the Virgin Islands, Guam, American Samoa, and the Commonwealth of Puerto Rico.

#### ARTICLE II

##### FUNCTIONS

The functions of the Conference shall be to provide a medium for the exchange of views and experiences on subjects of general importance to the people of the several States; to foster interstate cooperation; to promote greater uniformity of state laws; to attain greater efficiency in state administration; and to facilitate and improve state-local and state-federal relationships.

#### ARTICLE III

##### MEETINGS

The Conference shall meet annually at a time and place selected by the Executive Committee. The agenda as announced and printed in the official program for the Annual Meeting shall be the official agenda. The Proceedings of the Annual Meetings shall be fully reported and published.

Special meetings of the Conference may be held at the call of the Executive Committee.

Twenty-five members present at the Annual Meeting or a special meeting shall constitute a quorum.

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\*As amended at Mid-Year Meeting in Washington, D. C., February 27, 1969.



## ARTICLE IV

### EXECUTIVE COMMITTEE

The Executive Committee of the Conference shall consist of the Chairman of the Conference and eight other members elected at the final business session of the Annual Meeting.

Not more than five members of the Executive Committee shall be representative of a single political party. To the extent practicable, the members of the Executive Committee shall be widely representative of the various areas and regions of the United States.

Members of the Executive Committee shall hold office until the adjournment of the succeeding Annual Meeting and until their successors are chosen. Vacancies in the Executive Committee may be filled by the Chairman subject to ratification by the remaining members of the Committee by mail ballot or by vote at the next subsequent meeting of the Committee.

The Executive Committee shall meet not less than three times each year. It shall have authority to act for the Conference in the interim between Annual Meetings.

The Executive Committee is empowered to authorize the creation of standing, special project or study committees of the Conference, and to assign and reassign to such committees the studies authorized by the Conference.

The Executive Committee is empowered to enter into agreements with the Council of State Governments for the administration and implementation of services to the Conference and its members in regard to state-federal relations and the coordination of research in that area. Any such agreement shall be subject to continuing oversight and supervision by the Executive Committee.

## ARTICLE V

### CHAIRMAN

The Chairman of the Conference shall be elected by the Conference at the final business session of the Annual meeting.

The chairmanship shall alternate annually between the two major political parties, and a majority of the members of the Executive Committee shall always be of a political party other than that of the Chairman.

He shall hold office until the adjournment of the succeeding Annual Meeting and until his successor is chosen. A vacancy in the chairmanship shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the Committee.

The Chairman shall preside and vote at meetings of the Executive Committee and of the Conference.

He shall appoint a Nominating Committee to serve at the Annual Meeting, and he shall appoint the members of standing, special project or study committees created by the Conference or by the Executive Committee. The Nominating Committee shall consist of five members, three of whom shall be of a political party other than that of the person who shall be elected as next Chairman of the Conference. The Nominating Committee shall present a single slate of nominees for the offices of Chairman, members of the Executive Committee, and Secretary-Treasurer. Additional nominations may be made from the floor, and election shall be by secret ballot in all cases where the number of nominees exceeds the number of officers to be elected. Elections shall be conducted in executive session.

The Chairman shall arrange the program of the Annual Meeting with the advice and counsel of the Executive Committee.

## ARTICLE VI

### SECRETARY-TREASURER

A Secretary-Treasurer shall be elected by the Conference at the final business session of the Annual Meeting. He shall attend and keep a correct record of all meetings of the Conference; safely keep all documents and other property of the Conference which shall come into his hands; and he shall perform all other duties usually appertaining to his office or which may be required by the Executive Committee.

He shall make all necessary arrangements for the Annual Meetings and special meetings with the advice and counsel of the Executive Committee and shall edit the stenographic record of the proceedings of all meetings.

Subject to the authority of the Executive Committee, he shall have custody of the funds of the Conference. He shall deposit funds of the Conference in its name; he shall annually report all receipts, disbursements, and balances on hand; and shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties.

## ARTICLE VII

### POLICY STATEMENTS

Statements reflecting policy positions of the Conference shall be in the form of summary statements prepared by Conference committees as an adjunct to their committee reports. Such statements shall be submitted to the

Executive Committee and to all Governors not less than one month prior to an annual or special meeting of the Conference. The Executive Committee is authorized to submit such statements, with or without amendments, to the Conference for consideration. Policy statements shall be deemed adopted upon obtaining a three-fourths favorable vote of the Conference. Floor amendments shall require the same majority vote. Any Governor desiring to submit a policy statement for consideration shall do so by transmitting the substance thereof to an appropriate committee chairman not less than two months prior to an annual or special meeting of the Conference.

## ARTICLE VIII

### DUES

Each member shall contribute such amounts, not to exceed a maximum total aggregate of \$260,000 per year, as may be necessary to finance the programs and operations of the Conference. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Conference and an independent audit shall be conducted not less than once a year by a reputable firm of certified public accountants.

## ARTICLE IX

### AMENDMENTS

The Conference at any meeting may amend these Articles of Organization by a majority vote of all Governors present and voting. Notice of specific amendments together with an explanatory statement shall be mailed to all members of the Conference at least thirty days prior to submitting an amendment to vote at a meeting. In the absence of such notice, a three-fourths majority vote shall be required for the adoption of any proposed amendment.

## ARTICLE X

### SUSPENSION

Any Article of procedure for conducting the business of the Conference may be suspended by a three-fourths vote.

## Appendix III

### RULES OF PROCEDURE\*

#### Preamble

1. These Rules of Procedure shall be in specific conformity with the Articles of Organization of the National Governors' Conference and, to the extent practicable, shall be consonant with precedents and traditions of the Conference.
2. On any issue not covered by these Rules of Procedure or by the Articles of Organization, Mason's Manual of Legislative Procedure shall be the standard authority, when applicable.

#### Rule I—Policy Statements and Resolutions

1. By action of the Conference at its 1969 Mid-Year Meeting, the Articles of Organization were amended to abolish resolutions and to establish a regular procedure for preparation of policy statements by Conference committees as an adjunct to their committee reports. Such policy statements shall come before the Conference in the manner set forth by Article VII of the Articles of Organization.
2. In order to consider any policy statement or resolution that has not been prepared and presented in accordance with Article VII, the Conference may suspend the Articles of Organization by a three-fourths majority vote. Under such suspension, the proposed policy statement or resolution may be debated, amended and adopted upon a similar majority vote of the Conference.
3. Any member intending to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution shall give notice of such intention and shall distribute to all members present a copy of such proposal at least one session before such motion is put to a vote.

#### Rule II—Committee Reports

1. A committee chairman or other committee member may offer a motion with respect to a committee report in either of the following forms: (a) that the report be approved; (b) that the report be received and filed. A substitute motion may be offered from the floor to refer the report back to committee for further study. A committee report may include minority or dissenting views. A motion to table is not in order.

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\*Adopted at Sixty-first Annual Meeting, Colorado Springs, Colorado, September 1, 1969.

2. If there be separate majority and minority reports from a committee, the following motions shall be in order: (a) a motion to approve the majority report (by a majority member of the committee); (b) a motion to approve the minority report in lieu of the majority report (by a minority member of the committee); (c) a motion to receive and file both reports (by any member from the floor); and (d) a motion to refer both reports back to committee for further study (by any member from the floor). Voting on any of these motions shall be in reverse order of the above. A motion to table is not in order.
3. Action on the motions described above shall be by a simple majority vote.
4. No individual amendments to a committee report, a separate majority report, or a separate minority report may be offered from the floor.
5. This Rule II shall not apply to the report of the Nominating Committee, which shall be acted upon as set forth in Article V of the Articles of Organization.
6. This Rule II shall not apply to policy statements developed as an adjunct to Conference committee reports, and such policy statements shall be governed by Article VII of the Articles of Organization.

#### Rule III—Ordinary Business

1. Any proposition necessary to carry on the business of the Conference may be approved by a simple majority vote.

#### Rule IV—Motions to Amend

1. Motions to amend most propositions are in order. An amendment may be amended, but an amendment to an amendment may not be amended because this would lead to undue confusion. Amendments shall be adopted by the same proportionate vote as is required on the main motion being amended.
2. Every amendment proposed must be germane to the subject of the proposition to be amended. To be germane, the amendment is required only to relate to the same subject, and it may entirely change the effect of the proposition. An amendment to an amendment must be germane to the subject of the amendment as well as to the main proposition.
3. Any amendment must be in writing if the chairman so requests.

#### **Rule V—Motions to Table**

1. The purpose of a motion to table is to eliminate further consideration of any pending matter. Such motion is in order on either the entire question or on a pending amendment, and the member offering the motion should identify the breadth of his motion. A motion to table is not debatable. Adoption requires a simple majority vote. Motion may be renewed after progress in debate.

#### **Rule VI—Previous Question**

1. The purpose of a motion for the previous question is to close debate and vote immediately on either the pending amendment alone, or on all amendments and the main question seriatim. Member offering the motion should identify the breadth of his motion. A motion for the previous question is not debatable. Adoption requires a two-thirds vote. Motion may be renewed after progress in debate.

#### **Rule VII—Postpone Indefinitely**

1. The purpose of a motion to postpone indefinitely is to reject a main proposition without the risk of a direct vote on final passage. It may not be applied to an amendment and may not be renewed. The motion is debatable. Adoption requires a simple majority vote.

#### **Rule VIII—Roll Call Votes and Other Matters**

1. A roll call vote may be requested by any member on any pending question. The roll shall be called upon a show of hands by ten members.
2. Whenever the roll is called, all members present shall be entitled to vote. No proxies shall be permitted.
3. The proportion of votes required for adoption of any motion, as set forth in these Rules of Procedure, refers to the number of members voting Yea or Nay on the motion, a quorum being present. Members are entitled to indicate that they are present but not voting, or to explain their vote.

#### **Rule IX—Adoption, Amendment and Suspension of Rules**

1. These Rules of Procedure may be adopted or amended at the first business session of any annual or special meeting of the Conference by a simple majority vote. Thereafter, for the duration of any such annual or special meeting, amendment or suspension of the rules shall require a three-fourths vote.

## Appendix IV

### TREASURER'S REPORT

#### Summary of Cash Receipts and Disbursements for the Period July 1, 1968—June 30, 1969

##### Receipts

Dues Received from States . . . . .	\$258,850.00
Interest . . . . .	.10,665.65
Total Receipts . . . . .	\$269,515.65

##### Disbursements

Salaries . . . . .	\$119,645.84
Supplies . . . . .	6,256.56
Equipment . . . . .	3,720.50
Postage, Express, Delivery . . . . .	6,713.34
Telephone & Telegraph . . . . .	6,360.52
Rent . . . . .	8,507.03
Travel . . . . .	15,123.64
Printing & Library . . . . .	25,806.28
Miscellaneous (court reporter, audit, etc.) . . . . .	.944.19
Mid Year Meeting . . . . .	16,345.18
Special Research Contingency Fund . . . . .	2,671.65
Total Disbursements . . . . .	212,094.73
Excess of Receipts Over Disbursements . . . . .	\$ 57,420.92

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#### Statement of Changes in Current Assets For the Year Ended June 30, 1969

Current Assets July 1, 1968 . . . . .	\$115,341.19
Add: Excess of Receipts Over Disbursements (above) . . . . .	.57,420.92
Current Assets June 30, 1969 . . . . .	\$172,762.11

##### Composition of Current Assets June 30, 1969:

Cash in Bank . . . . .	\$ (4,939.64)
U. S. Treasury Bills . . . . .	177,201.75
Petty Cash . . . . .	.500.00
Current Assets June 30, 1969 . . . . .	\$172,762.11

## Appendix V

### ANNUAL MEETINGS OF THE NATIONAL GOVERNORS' CONFERENCE

1st	Washington, D. C.	May 13-15	1908
2nd	Washington, D. C.	January 18-20	1910
3rd	Frankfort and Louisville, Kentucky	Nov. 29-Dec. 1	1910
4th	Spring Lake, New Jersey	September 12-16	1911
5th	Richmond, Virginia	*December 3-7	1912
6th	Colorado Springs, Colorado	August 26-29	1913
7th	Madison, Wisconsin	November 10-13	1914
8th	Boston, Massachusetts	August 24-27	1915
9th	Washington, D. C.	December 14-16	1916
		No Meeting	1917
10th	Annapolis, Maryland	December 16-18	1918
11th	Salt Lake City, Utah	August 18-21	1919
12th	Harrisburg, Pennsylvania	December 1-3	1920
13th	Charleston, South Carolina	December 5-7	1921
14th	White Sulphur Springs, West Virginia	December 14-16	1922
15th	West Baden, Indiana	October 17-19	1923
16th	Jacksonville, Florida	November 17-18	1924
17th	Poland Springs, Maine	June 29-July 1	1925
18th	Cheyenne, Wyoming	July 26-29	1926
19th	Mackinac Island, Michigan	July 25-27	1927
20th	New Orleans, Louisiana	November 20-22	1928
21st	New London, Connecticut	July 16-18	1929
22nd	Salt Lake City, Utah	June 30-July 2	1930
23rd	French Lick, Indiana	June 1-2	1931
24th	Richmond, Virginia	April 25-27	1932
25th	Sacramento and San Francisco, California	July 24-26	1933
26th	Mackinac Island, Michigan	July 26-27	1934
27th	Biloxi, Mississippi	June 13-15	1935
28th	St. Louis, Missouri	November 16-18	1936
29th	Atlantic City, New Jersey	September 14-16	1937
30th	Oklahoma City, Oklahoma	September 26-28	1938
31st	Albany and New York, New York	June 26-29	1939
32nd	Duluth, Minnesota	June 2-5	1940
33rd	Boston and Cambridge, Massachusetts	June 29-July 2	1941
34th	Asheville, North Carolina	June 21-24	1942
35th	Columbus, Ohio	June 20-23	1943
36th	Hershey, Pennsylvania	May 28-31	1944
37th	Mackinac Island, Michigan	July 1-4	1945
38th	Oklahoma City, Oklahoma	May 26-29	1946
39th	Salt Lake City, Utah	July 13-16	1947
40th	Portsmouth, New Hampshire	June 13-16	1948
41st	Colorado Springs, Colorado	June 19-22	1949
42nd	White Sulphur Springs, West Virginia	June 18-21	1950
43rd	Gatlinburg, Tennessee	Sept. 30-Oct. 3	1951
44th	Houston, Texas	June 29-July 2	1952
45th	Seattle, Washington	August 2-6	1953
46th	Lake George, New York	July 11-14	1954
47th	Chicago, Illinois	August 9-12	1955
48th	Atlantic City, New Jersey	June 24-27	1956
49th	Williamsburg, Virginia	June 23-26	1957
50th	Bal Harbour, Florida	May 18-21	1958
51st	San Juan, Puerto Rico	August 2-5	1959
52nd	Glacier National Park, Montana	June 26-29	1960
53rd	Honolulu, Hawaii	June 25-28	1961
54th	Hershey, Pennsylvania	July 1-4	1962
55th	Miami Beach, Florida	July 21-24	1963
56th	Cleveland, Ohio	June 6-10	1964
57th	Minneapolis, Minnesota	July 25-29	1965
58th	Los Angeles, California	July 4-7	1966
59th	S.S. Independence and Virgin Islands	October 16-24	1967
60th	Cincinnati, Ohio	July 21-24	1968
61st	Colorado Springs, Colorado	Aug. 31-Sept. 3	1969



## Appendix VI

### CHAIRMEN OF THE NATIONAL GOVERNORS' CONFERENCE, 1908-1969\*

Governor Augustus E. Willson, Kentucky	1910
Governor Francis E. McGovern, Wisconsin	1911-14
Governor David I. Walsh, Massachusetts	1914-15
Governor William Spry, Utah	1915-16
Governor Arthur Capper, Kansas	1916-17
Governor Emerson C. Harrington, Maryland	1918
Governor Henry J. Allen, Kansas	1919
Governor William C. Sproul, Pennsylvania	1919-22
Governor Channing H. Cox, Massachusetts	1922-24
Governor E. Lee Trinkle, Virginia	1924-25
Governor Ralph O. Brewster, Maine	1925-27
Governor Adam McMullen, Nebraska	1927-28
Governor George H. Dern, Utah	1928-30
Governor Norman S. Case, Rhode Island	1930-32
Governor John G. Pollard, Virginia	1932-33
Governor James Rolph, Jr., California	1933-34
Governor Paul V. McNutt, Indiana	1934-36
Governor George C. Peery, Virginia	1936-37
Governor Robert L. Cochran, Nebraska	1937-39
Governor Lloyd C. Stark, Missouri	1939-40
Governor William H. Vanderbilt, Rhode Island	1940-41
Governor Harold E. Stassen, Minnesota	1941-42
Governor Herbert R. O'Connor, Maryland	1942-43
Governor Leverett Saltonstall, Massachusetts	1943-44
Governor Herbert B. Maw, Utah	1944-45
Governor Edward Martin, Pennsylvania	1945-46
Governor Millard F. Caldwell, Florida	1946-47
Governor Horace A. Hildreth, Maine	1947-48
Governor Lester C. Hunt, Wyoming	1948
Governor William P. Lane, Jr., Maryland	1949
Governor Frank Carlson, Kansas	1949-50
Governor Frank J. Lausche, Ohio	1950-51
Governor Val Peterson, Nebraska	1951-52

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\*At the initial meeting in 1908, President Theodore Roosevelt presided.

Governor Allan Shivers, Texas	1952-53
Governor Dan Thornton, Colorado	1953-54
Governor Robert F. Kennon, Louisiana	1954-55
Governor Arthur B. Langlie, Washington	1955-56
Governor Thomas B. Stanley, Virginia	1956-57
Governor William G. Stratton, Illinois	1957-58
Governor LeRoy Collins, Florida	1958-59
Governor J. Caleb Boggs, Delaware	1959-60
Governor Stephen L. R. McNichols, Colorado	1960-61
Governor Wesley Powell, New Hampshire	1961-62
Governor Albert D. Rosellini, Washington	1962-63
Governor John Anderson, Jr., Kansas	1963-64
Governor Grant Sawyer, Nevada	1964-65
Governor John H. Reed, Maine	1965-66
Governor William L. Guy, North Dakota	1966-67
Governor John A. Volpe, Massachusetts	1967-68
Governor Buford Ellington, Tennessee	1968-69
Governor John A. Love, Colorado	1969-70

## Appendix VII

### REPORT TO THE NATIONAL GOVERNORS' CONFERENCE BY THE EXECUTIVE COMMITTEE

Buford Ellington, Chairman

September 1, 1969

Members of Executive Committee:

Governor Buford Ellington, Chairman  
Governor John Dempsey  
Governor Mills E. Godwin, Jr.  
Governor Stanley K. Hathaway  
Governor Warren E. Hearnes  
Governor Harold LeVander  
Governor Louie B. Nunn  
Governor Raymond P. Shafer  
Governor Norbert T. Tiemann

This Conference culminates what we on the Executive Committee feel has been a very successful year. Important changes have come about in the operation of the National Governors' Conference itself which have led in a substantial way the development of the role of the States in the federal system.

As Chairman, I want to express my appreciation for the interest and dedication of all members of the Executive Committee and for the tremendous amount of time and effort they have given to the Conference on your behalf this year.

A report such as this would not be complete without expressing gratitude for the continuing excellence of the staff work provided to the Conference by our Secretary-Treasurer, Brevard Carihfield, and the Executive Director of the Conference's Office of Federal-State Relations, Charles Byrley.

I am convinced that the staff which has been developed in our Washington office is second to none for an organization of this type. I know in my own State of the great amount of reliance we place upon the information, suggestions and guidance provided by our Washington staff.

I know I speak for the Executive Committee and, in fact, all Governors in expressing our appreciation to these men and their competent staffs for the work they have done.

Your Executive Committee has met six times during the year—in Cincinnati, Nashville, San Francisco, two times in Washington, and our final meeting in Colorado Springs.

## ORGANIZATIONAL CHANGES

One of the Executive Committee's major accomplishments during the year was to prepare, recommend and have adopted a revision of the Articles of Organization, which made provisions for concise policy statements rather than resolutions, and which directly charged the standing committees with the responsibility to prepare and submit policy positions.

These policy statements have been distributed to all Governors in advance of our annual meeting and we will act upon them this week.

Another important change was the restructuring of the standing committees: condensing them from twelve to six in number, thus reducing the proliferation of committees and also making it possible for a Governor to serve on only one committee.

In a further step to strengthen the role of the standing committees, the Executive Committee assigned policy statement preparation as mentioned above, and also the responsibility of developing segments of the annual meeting to the committees.

In the opinion of the Executive Committee, these moves will provide us with a better avenue for our conference to deal with the important, substantive issues of the day and allow us to deal with them in a manner that will assure gubernatorial input and maximize the resulting impact nationally.

## TRAINING SESSIONS

One early action of your Executive Committee was to arrange for a training seminar to assist newly-elected Governors and their key aides during the period after election but before inauguration.

As Chairman, I had the pleasure of hosting this seminar in my State. Nearly all of the States with newly-elected Governors had Governors and/or aides in attendance.

It is felt by those participating and from the comments of our newer members that the session was successful and beneficial, and we highly recommend its continuance.

We have also been working with our staff to develop a continuing training program for Governors' aides and recommend that the next Executive Committee continue these efforts.

## ANNUAL MEETINGS

The difficulties in allowing enough lead time for a Host State to prepare for annual meetings led your Executive Committee to propose to work on a two-year basis for advance selection of annual meeting sites. This proposal was approved by the Conference and Missouri was selected as the Host State for 1970, and Puerto Rico in 1971.

It should also be pointed out that invitations for 1972 will be in order at the final business session at this conference, and that the newly-elected Executive Committee will make a decision on the 1972 location.

## MID-WINTER MEETINGS

Our second Mid-Winter Meeting was held in Washington in February, and I believe that the consensus of the Governors' feelings is that these meetings are proving their value as a means of showing the interest of Governors in federal-state relations and of providing an opportunity for standing committees to go to work on their programs and activities.

We strongly recommend the continuance of these Mid-Winter Meetings, with Washington as the permanent location.

## NATIONAL ADMINISTRATION RELATIONS

This report would not be complete without a statement concerning the very excellent relationship which exists between the Governors' Conference and the National Administration.

Two of our former colleagues—Vice President Spiro T. Agnew and former Governor Nils Boe—have spent a tremendous amount of their personal time in meetings and consultation with your Executive Committee and with our Washington staff.

I am convinced that the potential relationship is one unparalleled in federal-state relations, and we express our gratitude to Vice President Agnew and Governor Boe for their untiring efforts.

## INTERNATIONAL RELATIONS

The Conference has again been involved in our continuing efforts to improve international relations by arrangements of visits to other countries and visits from officials of other countries. As examples of activities during the year, your Executive Committee:

1. Approved a second visit of American Governors to Israel. Governor Rhodes was designated to make arrangements for such a visit this coming November.

2. Made arrangements for the return visit of Japanese Governors to the United States this coming October and entered negotiations with the Department of State for a delegation of U. S. Governors to visit Japan in 1970, culminating with United States Day at the Osaka World's Fair.
3. Worked with Ambassador Shriver on the visit of French Prefects to this annual meeting.
4. Perfected the arrangements for a visit of American Governors to Switzerland in the latter part of June, which was highly successful.

## SUMMARY

These have been highlights of your Executive Committee's activities during the past year.

Let me again express my appreciation to members of the committee and the chairmen of our six standing committees for the very excellent work they have done during the year.

We feel many goals have been met—some others now appear approachable—but we know that much work needs to be done.

As Chairman, and soon as one member of the Conference, I pledge myself to continuing support of all activities of the Governors' Conference, and urge each of the Governors to become more diligent in the efforts to assure and secure the proper role of state government in our federal system.

## Appendix VIII\*

### SPECIAL REPORT ON WORK OF THE FIVE-STATE GOVERNORS' CONFERENCE ON PESTICIDES

On April 20, 1969, the Governors of the five Upper Great Lakes Basin States met in Chicago to consider the pesticide situation in Lakes Michigan, Huron and Superior.

They established four technical committees comprised of qualified experts within the five states. These four areas of concern are:

1. Agriculture
2. Natural resources and recreation
3. Public health
4. Water pollution

These committees reported to the five Governors at the Midwestern Governors' Conference in Wichita, Kansas, on June 30, 1969.

In order that a complete and comprehensive Upper Great Lakes Pesticide Control Program be implemented, the Governors agreed that the full committee reports be reviewed in depth by key agencies of each state and a coordinated set of recommendations be developed for consideration. At the Wichita conference, the Governors requested recommendations, together with a brief background and summary statement for an immediate action program designed to minimize pesticide contamination of the Upper Great Lakes.

Accordingly, based upon the joint action of the Technical Committees, the five state Governors have approved the following summary and recommendations.

Adopted September 3, 1969

Governor Richard B. Ogilvie, Illinois

Governor Edgar D. Whitcomb, Indiana

Governor William G. Milliken, Michigan

Governor Harold LeVander, Minnesota

Governor Warren P. Knowles, Wisconsin

### SUMMARY

Pesticides are one of the tools that have enabled man to produce food and fiber on a scale previously only imagined. These chemicals control nuisance plants and animals and help raise our standards of living, health and comfort.

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\*Submitted for the record by Governor Warren P. Knowles of Wisconsin.

Certain pesticides, however, persist in the environment; some are widespread, are biologically concentrated in living things and have unintended harmful effects upon certain forms of life. In weighing the advantages and disadvantages of using these materials, many factors must be considered. The urgency of the pest situation, the availability of alternative methods of pest control, and the hazards of the use of these alternatives are important. Thus, the potential hazards to the environment must be weighed against the potential harm from the pest.

Coho salmon and other fish taken from Lake Michigan and its tributaries have been found to contain DDT; in some cases, the level is higher than tolerances for other foods. Current evidence indicates that DDT will be present in these fish for many years even if the usage of DDT is stopped entirely. The decision as to whether or not these fish can be used as food for humans must be independent of the other ecological considerations bearing on the use of pesticides, and while there is strong evidence that DDT has adverse effects on certain segments of the environment, there is no evidence to indicate that human health is adversely affected by DDT in the diet at present levels. Action taken by the Food and Drug Administration against fish with levels of DDT and its metabolites in excess of 5 ppm implies that eating the fish might be harmful to health. The Committee on Public Health does not believe that this implication is true. In order to establish a realistic level for DDT residues in fish, a formal petition is being prepared by the Committee on Public Health requesting the Food and Drug Administration to set an appropriate tolerance level in fish.

While it has been generally known for some time that minute traces of pesticides are present in the waters of the Great Lakes and tributaries, and that there is increasing evidence of reproduction interference in certain species of birds and fish, there is little information on the actual existing levels of pesticides in the Great Lakes regional waters. There is corresponding lack of information on the sources of contamination by persistent pesticides. Data are also lacking on the mortality of fish and wildlife attributed to pesticides emanating from manufacturing and formulating plants, accidental spills and from general pest control activity. This is also true for the more complex type of injury resulting from the long-term exposure to persistent pesticides in the environment. The development of effective pesticide control programs is dependent on such information, and lacking such information it will not be possible to establish priorities for controlling those sources of pesticides which are creating the greatest injury. These are the needs which make a complete and continuing pesticide monitoring program mandatory. The use patterns of certain pesticides and their persistence in the environment and in living organisms, has resulted in their wide distribution throughout the world. Thus the use of pesticides within each state can affect large regional



areas with no respect for political boundaries, particularly in an extensive drainage area such as the Great Lakes. Therefore it is highly desirable to establish an interstate, interdisciplinary group for the Upper Great Lakes to develop guidelines for the use of pesticides and for the protection of the entire environment. Further, uniform data gathering and reporting services must be employed in each state to facilitate communication and coordination of research and survey findings.

The use of pesticides must be based on sound scientific and technical information. Much of this information must be obtained through continuing research programs concerned with: the short and long term effects of the use of persistent pesticides on man and his environment; the alternative methods and materials for pest control; the effects on the environment and man's health of the increased amounts of degradable pesticides that may be used if the persistent ones are replaced; and the techniques for accurately measuring pesticide residues and their biological effects.

The action programs recommended of researching, monitoring, coordinating, communicating, educating, and regulating—actually doing things—require funds. Without this support, our recommendations, plans and laws will be of no avail and the problems will continue unabated.

The long term productivity of our resources and the standard of living of man depends on our maintaining reasonably high environmental quality. If lawmakers, labor and industry leaders, community leaders, government administrators, educators and the general public do not understand the ecological complexities of man's environment—the interrelationship of all living things desirable and undesirable—our standards of living and very existence may be threatened. The only way to achieve such an understanding is through education—teaching respect for the environment, awareness of the competitive elements in it, and the responsibility of man's stewardship.

## RECOMMENDATIONS

With the summary as background, the following recommendations for immediate implementation have been agreed upon:

1. That the United States Food and Drug Administration be requested to establish an appropriate tolerance level for DDT in fish following a petition based upon the recommendations of the Committee on Public Health of the Great Lakes Governors' Conference on Pesticides.
2. That in order to attain necessary production levels of high quality food; to protect the health and welfare of all people; and to preserve and enhance the region's natural resources:
  - a) pesticides be used carefully and judiciously with a full awareness and concern for potential secondary effects,

- b) programs recommending proper selection and application of pesticides be expanded,
  - c) appropriate legislation and regulation be adopted as needed.
3. That the use of persistent insecticides, such as DDT, dieldrin, aldrin, chlordane, endrin, heptachlor, and lindane be rigidly restricted to uses for which there are no acceptable substitutes or to uses that minimize the needless escape of these chemicals into the environment, and that uses of these persistent materials be progressively discontinued consistent with research and development of alternative methods of control. Development of such alternatives should be accelerated.
  4. That as the results of the initial phases of the Upper Great Lakes Coordinated Monitoring Program are analyzed, a selective long-range program be initiated to determine, fully and accurately, point sources and residual amounts of pesticides in the environment, the means by which these materials move from point of use to the land to the streams and into the lakes and their occurrence in plants and animals. (These objectives are consistent with those of the State-Federal Enforcement Conference on Pollution of Lake Michigan in January, 1968.)
  5. That the several states develop a uniform reporting mechanism for determining accurately, at least to the county level, the amounts of pesticides used, the types of uses, and the location of their use to assist in planning education programs and determining regulatory needs.
  6. That representatives of each state be appointed to an interstate group, interdisciplinary in nature, to enhance communications and coordination of programs and regulations relating to pesticides.
  7. That research effort necessary to make sound judgments concerning the need for and use of pesticides, to detect hazards to human health, and to determine possible long-range effects of low levels of pesticides on man and other forms of life be significantly increased, and further, that there be increased coordination of the various state and federal research programs.
  8. That all levels of our education systems strongly emphasize the development of an understanding of the ecology of our environment including the relationship of pest control programs; and, since this involves constructive programs of preservation, management and controls, that agriculture, natural resources, and public health agencies, schools, universities and cooperative extension services exercise their responsibilities to assist in the development and implementation of such educational programs.
  9. That adequate funds be provided from federal, state and local sources and from industry to initiate and continue action programs.

## Appendix IX

### POLICY STATEMENTS, AS ADOPTED, BASED ON RECOMMENDATIONS OF THE COMMITTEE ON COMMUNITY DEVELOPMENT AND URBAN RELATIONS

#### COMPREHENSIVE STATE PLANNING AND COMMUNITY DEVELOPMENT PROGRAMS

Federal agencies should support the efforts of Governors and the appropriate state agencies designated by the Governors to begin coordinated planning of community development programs. The following specific measures should be undertaken by all federal agencies:

- a. Federal administrative procedures and new legislation, where necessary, should be developed to provide financial incentives on a continuing basis to the States to "buy-in" to community development programs, specifically model cities and urban renewal. There should be increased federal provision for joint funding to encourage state efforts for the packaging of community development programs.
- b. Both federal and state executives should seek sources of flexible funds for use as "glue money" in putting together and implementing coordinated development programs. At the federal level, these funds could come from Section 701 of the Housing Act of 1954, Title VIII of the Housing Act of 1964, Title IX of the Demonstration Cities Act, from existing funds for state planning for federal programs in functional areas, or from new legislation.
- c. States demonstrating a readiness to act in implementing a package of community development programs and to commit state funds should receive priority attention from federal agencies. Federal funds should also be available to encourage States to develop their own competence in community development planning and programming.

#### JOINT FEDERAL-STATE EVALUATION OF RURAL DEVELOPMENT PROGRAMS

The new Office of Intergovernmental Relations, in cooperation with the appropriate federal offices and the National Governors' Conference and local government groups, should evaluate the possibilities and mechanisms for better coordination and delivery of federal and state programs in rural areas. The joint evaluation should examine and make recommendations for action on the following issues:

- a. Avenues of cooperation between existing HEW, Agriculture,

Commerce and HUD programs and state community development programs.

b. Restructuring of federal field operations to support and complement emerging state and local efforts for comprehensive rural development. As federal departments decentralize, they should utilize to the fullest extent possible the personnel, administrative and technical services of state and local government rather than building up federal field staff to handle delegated authorities for decision making accompanying the federal field office reorganization.

c. Recognition of state designated multi-county planning and development districts, primarily composed of local officials, as the primary delivery system for most state and federal programs in rural areas.

d. Recognition and support of several States as pilot projects for the purpose of coordinating federal and state programs into a package of rural development services.

#### FEDERAL PLANNING REQUIREMENTS AND BALANCED RURAL-URBAN DEVELOPMENT

The Congress and the Administration should take immediate action to correct the confusing, contradictory, duplicative and overlapping mass of federal planning requirements and definitions. Federal agencies should recognize the Governor as the chief state policymaker and planner responsible for the coordination of all statewide and multi-jurisdictional substate planning. The elected heads of local government, when appropriate, should be recognized in the same capacity for all state and federal programs operating within their jurisdictions.

An appropriate share of the funds of each functional federal grant program should be made available to the Governor for the purpose of relating functional plans to each other, to statewide goals and policies and to local development policies. This effort should begin with HEW which has thirty-nine programs, each requiring a statewide plan.

#### EXPANDING THE HOUSING MARKET

All levels of government, in cooperation with private industry, should take action to expand the market for housing production. Special attention should be given to new methods of production, technological innovation, and marketing institutions in the private sectors and to simplified and flexible state housing codes, increased subsidies for low-income housing, land aggregation, and tenant relation programs in the public sector. States should assist in the aggregation of public and private land for housing purposes.

## **FULL FUNDING OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968**

Congress should provide full funding for the authorized expenditures of the Housing and Urban Development Act of 1968, especially for Section 236 Interest Reduction, Section 235 Home Ownership, Rent Supplement and the public housing programs.

## **CONSOLIDATION AND COORDINATION OF FEDERAL HOUSING PROGRAMS**

The Administration should undertake the immediate streamlining and coordination of federal housing programs: (1) provide for full cooperation with emerging state housing instruments; (2) eliminate or greatly modify restrictive program requirements such as: 100 percent assistance for any development receiving Section 236 assistance, the 20 percent limitation on rent supplement units in a 236 assisted development, unreasonable income limits, and workable program requirements; (3) phase out, merge, and consolidate the numerous federal low and moderate income housing programs and provide incentives and illustrations for program packaging and mixing; and (4) substitute state certification of federal program requirements with only a post-audit by HUD.

## **INCREASING THE ANNUAL CONTRIBUTIONS CONTRACT AUTHORITY FOR PUBLIC HOUSING TO BETTER SERVE LOW-INCOME FAMILIES**

The annual contributions contract authority for public housing should be increased to better serve low-income families.

## **INCREASING THE OBLIGATIONAL LOAN AUTHORITY OF THE FARMERS HOME ADMINISTRATION FOR RURAL HOUSING PROGRAMS, AND COORDINATION WITH HUD HOUSING PROGRAMS**

The obligational loan authority of the Farmers Home Administration for rural housing programs should be increased, and coordination with HUD housing programs should be more clearly defined.

## **STATE PARTICIPATION IN THE RENEWAL AND NEIGHBORHOOD DEVELOPMENT PROGRAM**

HUD should immediately issue an addendum to the Urban Renewal and Neighborhood Development Program Regulations that clearly recognizes the

role of positive state participation in this program for: (1) local NDP conformity to state renewal policies; (2) state services to NDPs for application preparation, planning, and implementation measures as eligible project costs; and (3) whenever state laws and requirements for renewal exceed federal requirements, that HUD will accept state certification of local compliance without any further review by HUD.

#### UNIFORM FEDERAL RELOCATION AND LAND ACQUISITION POLICIES

The Uniform Relocation and Land Acquisition Act of 1969 (S.1) should be enacted as soon as possible, but with the following amendments: (1) deletion of all cut-off dates for the federal funding of the first \$25,000 of relocation expenses; (2) retention of shared funding for all costs above \$25,000; and (3) provision of matching grant funds to all States that create uniform statewide relocation and land acquisition policies and programs covering all public programs. The July 1, 1970, cut-off date in the Highway Act of 1968 for federal assumption of the first \$25,000 in relocation costs should be deleted.

## Appendix X

### POLICY STATEMENTS, AS ADOPTED, BASED ON RECOMMENDATIONS OF THE COMMITTEE ON EXECUTIVE MANAGEMENT AND FISCAL AFFAIRS

#### REVENUE SHARING

The National Governors' Conference went on record in 1965 in support of the principle that the federal government share a portion of its revenue with the States, unfettered as to functions for which it is to be used. The Conference reiterates its stand on this matter, and further recommends, consistent with the criteria approved by the Conference in 1968, that a revenue sharing plan be formulated on the following basis:

- (1) Congressional appropriations for revenue sharing should be made on the basis of the federal individual income tax base.
- (2) Congressional appropriations for revenue sharing should be made to a trust fund established in the Treasury of the United States.
- (3) The sums appropriated should be allocated among the States, based primarily on population adjusted by relative state and local tax effort. The relationship between the taxing ability and the percentage of federally-held and administered land acreage in each State should also be considered.
- (4) Congress in its appropriations to the States should specify a pass-through formula to local governments. Eighty percent of the monies which are for distribution to local governments should be passed through automatically according to formula to eligible local governments; 20 percent should be passed through to eligible local governments on application of these units to the State, and should be available for programs at the local level which encourage cooperative or joint efforts of local governmental units to solve a common problem.
- (5) The federal pass-through formula should provide for sharing revenue only with general purpose units of government.
- (6) The allocation by formula should be made to relatively populous cities and counties based on population and the ratio between the total receipts from all taxes imposed by eligible cities or counties and the total receipts from all taxes imposed by the State and its political subdivisions. The portion of any State's allocation which would be available for local governments within the State would depend upon the portion of total tax revenue raised by the State

and that raised by the eligible local units in the State. An alternative state allocation plan of distribution should be accepted if (a) each city and county receive an amount equal to or greater than that allocated by formula, or (b) city and county councils or governing bodies representing 50 percent of those entities entitled to receive at least 50 percent of payments by formula concur in the state's alternative plan.

- (7) No functions should be excluded from expenditures made from shared funds.

## TAXATION OF STATE AND LOCAL BONDS

The National Governors' Conference affirms the basic constitutional principle that neither the federal nor state governments without mutual agreement have the authority to tax the other. The Conference therefore asserts that state and local bonds issued for general governmental purposes must remain tax exempt. The Conference also strongly opposes those aspects of the House-passed Tax Reform Act of 1969 (H.R. 13270) which would adversely affect the marketability of state and local securities and thus the provision of needed public services and facilities.

## INTERSTATE TAXATION OF BUSINESS

For a number of years the National Governors' Conference has expressed opposition to federal legislation which would restrict the taxing jurisdiction of the state and provide preferential tax immunity to favored multistate businesses, and has expressed full support for legislation which would give congressional approval to the enactment of the Multistate Tax Compact by the States.

This Conference now goes one step further in supporting an expanded and/or specific version of a congressional consent bill for the Multistate Tax Compact to allay expressions of concern in the Congress that the original consent bill set out only a broad statement of purpose, and to counter claims that the States were seeking a sort of blank check in the area of multistate taxation.

The Conference therefore urges Congress to enact legislation, drafted by the Advisory Commission on Intergovernmental Relations in collaboration with the Council of State Governments, which incorporates the Multistate Tax Compact and expresses congressional consent to enactment by the states of a compact substantially the same thereto, plus the following additional provisions:



- (1) The three-factor formula (Uniform Division of Income for Tax Purposes Act) developed by the National Conference of Commissioners on Uniform State Laws is made mandatory for net income taxes upon States which have not enacted the Compact by July 1, 1971;
- (2) States are given jurisdiction to require collection of sales tax by sellers making interstate deliveries into a State if the seller makes regular household deliveries there; and
- (3) Income taxes may be imposed on congressional salaries only by the district and State represented by the Congressman.

### TAXATION OF INDUSTRIAL DEVELOPMENT BONDS

The Conference recognizes that so-called industrial development bonds have been used for non-governmental purposes. Unfortunately federal legislation adopted in 1968 to remove the tax-exempt status of industrial development bonds erroneously included in its definition some traditional governmental functions and thus made them taxable under this legislation. The Conference reiterates its 1968 resolution urging legislation properly to redefine industrial development bonds.

### TAXATION OF NATIONAL BANKS

The National Governors' Conference reiterates its concern, expressed in a policy statement adopted in February, 1969, that action be taken to counteract the effects of court decisions giving an unfair tax advantage to national banks. The Conference urges the adoption of Representative Patman's bill, as amended and reported out of committee (H.R. 7491, Report 91-290), which would allow States to treat national banks the same as state banks for state and local tax purposes.

### • FEDERAL ROLE IN STATE PLANNING

Planning has always been a vital element in the decision-making process, and in recent years much effort has been made at the federal and state levels to improve the methods by which it is done. The federal government has shown its concern and interest by many programs of assistance to state and local governments for planning. However, many problems have arisen: a multiplicity of planning grants with different federal requirements; uncertain funding; and no integration of plans, especially at the federal level.

The National Governors' Conference urges that:

The Congress and the Administration should take immediate action to

correct the confusing, contradictory, duplicative and overlapping mass of federal requirements and definitions concerning both long-range and annual operational plans. Federal agencies should recognize the Governor as the chief state policymaker and planner responsible for the coordination of all statewide and multi-jurisdictional sub-state planning. The elected heads of local government should be recognized in the same capacity for all state and federal programs operating within their jurisdictions.

An appropriate share of the funds of each functional federal grant program should be made available to the Governor for the purpose of relating functional plans to each other, to statewide goals and policies and to local development policies. This effort should begin with HEW which has thirty-nine programs, each requiring a statewide long-range or annual operating plan.

Major federal planning assistance programs should provide for forward funding on a two or three-year basis; minimum annual funding for each state; interprogram service agreements; evaluation machinery; technical assistance, training and tuition fees as eligible project costs; and minimum standardization and coordination of federal planning definitions and requirements.

## INTERGOVERNMENTAL COOPERATION

The National Governors' Conference commends the Congress for passage of the Intergovernmental Cooperation Act of 1968, which among other things, provides for keeping Governors and Legislatures informed of federal grant-in-aid rules and regulations, provides a means to obtain flexibility in administration of the "single state agency" requirement, provides flexibility in state banking of federal funds, authorizes federal agencies to render technical assistance and training services to state and local governments on a reimbursable basis, and provides for federal coordination with local authorities regarding land use.

The Conference urges Congress now to extend the principles of intergovernmental cooperation by enacting legislation which would establish procedures to allow the simplification of accounting, auditing and reporting of federal assistance funds; authorize the President, subject to congressional veto, to consolidate federal assistance programs within agencies; allow joint funding simplification for the packaging of grants for the same or related programs; and provide for periodic congressional and executive review of grant programs to determine their effectiveness.

## TRAINING

The growing complexity of state government programs, and of the

many intergovernmental programs in which States are involved, is placing an enormous burden upon state officials and employees responsible for the over-all management and unity of state operations. Training is a necessary part of equipping these officials and these employees to carry their burdens.

The National Governors' Conference commends the Council of State Governments for strengthening its training activities: the Conference notes the successful seminar held last December for newly-elected Governors and their aides, the continuing work of the Council and the National Association of State Budget Officers in providing policy-oriented training for budget personnel, the newly established training program for legislators and legislative staff, the recent collaboration with organizations of local officials to provide training on matters of intergovernmental concern, and the scheduled seminar for Governors' aides. The Conference urges further intensification of these efforts.

The Intergovernmental Personnel Act now before Congress should help to strengthen state and local training programs. The Conference endorses the objectives of this act.

#### CLEARINGHOUSE FOR STATE CONSULTING HELP

All Governors have on occasion needed the temporary assistance of persons from outside their state governments to bring a different perspective to policy issues as well as to bring to bear technical knowledge and experience in various fields of state government. Although private consulting firms and universities have been used to help provide this assistance, a major reservoir of talent, largely untapped, is the state governments of the Nation. The use of this talent would be of benefit both to the State receiving help and, through broadening the experience of the personnel involved, to the State supplying the expertise.

The National Governors' Conference requests that its Secretariat establish a clearinghouse to enable States to draw upon the experience and talents in the state governments by helping States define their problems with precision and clarity, and identifying employees in state governments who are qualified to provide effective assistance.

## Appendix XI

### POLICY STATEMENTS, AS ADOPTED, BASED ON RECOMMENDATIONS OF THE COMMITTEE ON HUMAN RESOURCES

#### PREAMBLE

In accordance with the schedule of the National Governors' Conference, the attached "Policy Statements" were developed by July 31—prior to the announcement by President Nixon of his proposals in the field of welfare and manpower.

No legislation has been introduced spelling out in detail President Nixon's welfare proposals; however, the Committee on Human Resources wishes to commend the President for introducing concepts in the welfare proposals which the Committee on Human Resources supports:

- Increased federal responsibility through the establishment of national minimum standards and expanded federal financial participation.
- Strong encouragements to welfare recipients to become self-supporting through training and employment.
- Inclusion of the "working poor" under the family assistance program.
- Encouragement of families to stay together.
- Expansion of day care and training opportunities for welfare recipients.

The Committee on Human Resources supports any proposals in the manpower field to consolidate the existing conflicting manpower programs. The Committee also wishes to express its support for the decentralization of federal manpower programs to state and local governments which demonstrate planning, administrative, and performance capability in this vital area.

#### WELFARE REFORM

1. Substitution, on a phased basis, of a federally financed system of welfare payments for the current federal-state program for the aged, blind, disabled and dependent children, and including also the general assistance programs now financed by the states themselves. Eligibility and grants would be determined by the federal government; the system would be state administered under federal guidelines. The system should include realistic income exemptions to provide incentives for persons to seek employment.

Adequate daycare for children of working mothers and an expanded federal job training program should also be assured.

2. Increase in the present levels for all payments under the Old Age Survivors Disability Insurance Programs with a minimum payments of \$100 per month.

3. Transfer of the present Old Age Assistance, Aid to the Permanently and Totally Disabled and Aid to the Blind programs to the Social Security Program, with payments being made from federal general revenues to the Social Security Trust Fund to cover the increased cost.

4. Review by the Secretary of Health, Education, and Welfare of federal regulations promulgated by his predecessor as to their adverse effect with respect to the following:

- a. The use of the declaration system for determining welfare eligibility.
  - b. The continuation of welfare payments during the pendency of appeal to persons whose grants are reduced or who are determined ineligible, and the requirement that States assure the provision of attorneys for appellants.
5. To combat hunger and malnutrition:
- a. Increased federal funds for the Food Stamp Program so that welfare recipients and low-income persons in all States could be covered by the Food Stamp Program.
  - b. Removal of existing provisions prohibiting counties and cities from participating in both the Food Stamp Program and the Federal Commodities Distribution Program.
  - c. Reduction of the purchase requirements for Food Stamps and, where necessary, provision of free stamps to welfare recipients.
  - d. Consideration of providing food stamps in lieu of a portion of welfare payments, subject to the approval of the recipient.
  - e. Transfer of the Food Stamp Program, programs under the School Lunch Act and the Commodity Distribution Program from the Department of Agriculture to the Department of Health, Education, and Welfare.
  - f. Expansion of federal, state and local programs to provide nutrition education.

## HEALTH

1. Adoption by the federal government of a national universal health insurance program coupled with hospital cost controls as the primary method of keeping rising health costs from preventing all people from receiving the medical care they need. Such a program should utilize the existing private

enterprise medical system. Publicly paid programs such as Medicaid should be used only as a secondary program for those who have used up their insurance benefits. Medicaid should be 100 percent federally financed.

2. Adequate funding by the federal government of (a) the Federal Supplementary Food Program for low-income groups vulnerable to malnutrition to make selected nutritious foods available to infants, pre-school children, pregnant women and nursing mothers, and (b) programs to provide free or reduced-priced lunches and breakfasts through schools, summer recreational programs, and daycare centers to assure all children from low-income families one or two nutritious meals per day.

3. Expansion of federal and state programs of grants and loan payments to encourage the development and rehabilitation of health facilities particularly in low-income areas where maternal and child health care is inadequate.

4. Review of the formula for the allocation of federal funds for the construction and modernization of health facilities to assure that the funds are being devoted to meeting the Nation's most urgent needs.

5. Assurance that the allocation within a State of federal funds for the construction and modernization of the various types of health facilities be based on priorities developed by the State and be in accordance with plans developed through state comprehensive health planning.

6. Placement of responsibility for comprehensive health planning in the Office of the Assistant Secretary of Health and Scientific Affairs of the U. S. Department of Health, Education, and Welfare. Such a designation by the Secretary of HEW would be complementary to the major responsibility and reliance placed on such efforts by Governors and enhance the possibilities of achieving a federal-state "partnership" for the improvement of health services.

## EDUCATION

1. Assumption by the federal government of far greater responsibility for the financing of education. Such increased federal financial participation should take the form of general grants to the States for educational purposes. Both the legislation and federal regulations for such a program should leave maximum flexibility to States and localities to develop programs to meet their most urgent needs. The basic purpose of such a program would be to help meet the rapidly rising basic costs of education, not to stimulate new supplementary programs.

2. Adequate advance funding of existing federal programs commensurate with critical educational needs.

3. Consolidation of existing federal grant-in-aid programs for education

into broad functional categories, thereby increasing the ability of States and localities to design programs within broad federal policy guidelines to meet critical needs in individual States and localities.

4. Maximum administrative simplification of planning, application, allocation, accounting and reporting procedures for all consolidated grant-in-aid programs to assure that the intended purpose of consolidation of grants is not subverted through detailed administrative requirements.

5. Consideration by the President of establishing an Intergovernmental Commission on Education broadly representative of local, state and federal officials and educational personnel to furnish guidance to the Congress, the executive branch of the federal government and the States, for more effective educational programs, and to continually review the goals, quality and cost of our educational system.

6. Provision in federal programs for joint federal-state-local development of standardized statistical data and other information necessary for sound analysis of educational needs and programs. Such standardized and comparable data is essential for educational planning at all levels of government.

7. Immediate funding of student loan program by guaranteeing interest at the prime rate on student loans.

8. The federal government should not cut back the funding of the National Defense Education Loan Program.

## MANPOWER TRAINING AND DEVELOPMENT

1. Enactment of federal legislation which would consolidate federal manpower programs, provide for flexible funding of these programs, and enable the States to coordinate all manpower training and development activities within a State.

2. Review by Governors of the state administrative structure for manpower programs to assure that each State has (a) an effective mechanism to develop a comprehensive statewide manpower plan and (b) an agency which has the capability to administer a unified system of manpower services.

3. Establishment of a national computerized job bank which would provide information regarding available jobs and job applicants.

4. Provision for systematic review and assessment of the effectiveness of manpower programs.

5. Establishment of State Manpower Training Staffing Centers with federal financial support to assure an adequate supply of trained personnel to plan and administer manpower programs.

6. Increased efforts by States to work with private business to increase job opportunities for the disadvantaged. Specifically, Governors should work with the National Alliance of Businessmen in the development of statewide "Jobs" program.

## Appendix XII

### POLICY STATEMENTS, AS ADOPTED, BASED ON RECOMMENDATIONS OF THE COMMITTEE ON TRANSPORTATION, COMMERCE, AND TECHNOLOGY

#### NATIONAL TRANSPORTATION POLICY

The Governors of the States are keenly aware of the present crisis in meeting the transportation needs of the American people. The growing demands placed upon all modes of transportation, the dramatic advances in technology, the need for greater safety in all modes, and the clear necessity for coordinated development and comprehensive planning all present a challenge to the states for continued and creative action.

The National Governors' Conference commends the President of the United States for his emphasis on the development of a national transportation policy. The Governors pledge the full cooperation of the States in the formulation of this policy, and respectfully request the President to establish a mechanism to insure the regular consultation and active participation of the states.

We recommend that the policy study include consideration of these general issues:

- a. The inclusion of all federal programs and agencies affecting transportation within the U. S. Department of Transportation.
- b. The establishment of the principle that all modes of transportation should share in the maintenance of public facilities which they use and from which they benefit.
- c. The incorporation within the national policy of goals and guidelines for environmental quality control and the preservation of our natural resources of clean air, pure waters, and good earth.
- d. The establishment of trust funds for various modes of transportation supported by revenues derived from the respective modes and minimum general appropriations.

#### AIRWAYS/AIRPORTS

The National Governors' Conference expresses its great concern over the growing inability of our national airways and airport system to meet the air transportation needs of the United States. Because of the importance and value of the airport and airways system, both to our national defense and to our economic well-being, we strongly urge the following action:

1. The establishment of a National Airport/Airways Trust Fund



supported both by a minimum appropriation from the general fund and by revenue from aviation taxes and user charges.

- a. The federal legislation imposing new or increased taxes and user charges, particularly taxes on aircraft fuel, must not preempt, but rather preserve, the power of the States and municipalities to collect appropriate taxes or fees to support their share of costs for airport development and improvement.
  - b. Legislation creating a trust fund should specify amounts to be made available annually for airports and airways for a minimum of ten years. This will provide the stability and continuity for efficient planning and development.
2. The development of a comprehensive National Airport System Plan, utilizing the individual State Airport System Plans which are developed in cooperation with federal and local governments, as the primary basis for its preparation.
    - a. It is necessary that appropriate provision be made under any federal aid airport program for the eligibility for funds of State Airport System planning efforts.
    - b. Funds should be made available to the Federal Aviation Administration for the development and monitoring of the National Airport System Plan.
  3. Federal legislation creating a trust fund must require that any municipality, county, airport authority, or other public agency subject to state law must have the approval of the appropriate state agency designated by the Governor prior to submission of a project application for federal aid airport funds, or the submission of an advance airport planning and engineering proposal.
  4. We urge the adoption of the "Uniform State Channeling of Federal Airport Funds Act," as drafted by the Federal Aviation Administration in cooperation with the Council of State Governments, by all States.
  5. Because transportation must be constructed for the service of our citizens, we strongly urge that airport development plans include provisions for door-to-door roads, parking lots, rapid transit by both bus and rail, and transport of air passengers. STOL facilities should be a part of every development plan.

Major improvements are urgently required if air transportation traffic control is to be safe and expeditious in our increasingly crowded airways.

The following recommendations, properly implemented, would contribute significantly to this end:

First, increase the present force of over-worked traffic controllers and,

in conjunction, modernize the already obsolescent radar and computer traffic monitoring systems.

Second, the Federal Aviation Administration should designate a climb corridor and descent corridor to each major city considered a high density area. These corridors would expedite jet traffic in and out of airports, as in the Berlin Airlift, during which military aircraft landed and took off every two minutes in adverse weather conditions between towering apartment buildings. With proper controllers and equipment, traffic can be handled safely and efficiently.

Third, categorize aircraft by speed, type of electronic equipment and pilot's experience for landing priorities at high density airports.

Fourth, the neophyte pilot flying on weekends should be provided adequate, safety-controlled airfields, which quite logically in densely populated areas are the responsibility of the federal government.

Some endeavor should be made to reactivate certain deserted military airports near large cities (such as Bolling Air Force Base near Washington and Floyd Bennett Field adjacent to New York City) so that joint operations might be realized between military and civilian aircraft. This will take further study, but it is feasible and practical at this time.

Lastly, with the availability of new off-airway avionics, the FAA should lessen the controllers' work and responsibility by permitting more extensive travel through off-airway flights.

## HIGHWAYS

The National Governors' Conference supports the development of a well-planned, coordinated and safe national, state and urban network of highways, roads and streets as the principal mode within the American transportation system. We urge the following action:

1. Funds from the Highway Trust Fund should not be suspended or withheld.
2. Apportionments from the Highway Trust Fund should be made as soon as possible after the first of July for the following fiscal year to enable the States to adequately plan their highway construction programs.
3. The revolving fund within the Highway Trust Fund set aside for the advance purchase of rights-of-way should be made available as soon as possible, and continued as a measure of good economy and planning.
4. Federal gas taxes should not be increased at this time. The prerogative of the States to use the gas tax as a source of revenue for the construction and maintenance of the highway system should be maintained.

5. We reaffirm our belief that the primary authority for coordination, planning and flexible distribution of trust funds within the States should be at the state government level.
6. After completion of the present Interstate System, the Trust fund should be continued with these funds being used for needed work on the urban highways and streets, and on the primary and secondary highways of the Nation. Because completion of the present Interstate System will link the Nation together as never before, our citizens will travel—for business and pleasure—as never before. This additional traffic will become a heavy burden on the outdated and inadequate systems of urban primary and secondary streets and roads. This then should be the next priority for action with highway trust funds.
7. We endorse the concept of the development of a system of scenic highways to allow access to national and state parks and improved recreational areas.
8. We recommend that more careful study be given for methods by which States can implement the provisions of the Relocation Assistance Program contained in the Federal Highway Act of 1968. Intergovernmental cooperation is needed to overcome the many legal and administrative problems created by this new program.

## HIGHWAY SAFETY

The National Governors' Conference views with alarm the tragic increase in preventable highway and traffic accidents. To further strengthen the intergovernmental effort to make our highways and streets safe, we urge the following action:

1. The Congress should resolve to give its full support to this national, intergovernmental program of highway safety by appropriating the funds necessary to accomplish the mandate of the National Highway Safety Act.
2. The Congress should amend the Act so that funds for highway safety will be allocated in a block grant directly to the appropriate state agency designated by the Governor.
  - a. This state agency should seek the views and recommendations of local general governments and traffic control and highway safety agencies in determining statewide priorities for action projects.
  - b. Funds shall be allocated to each State through its state agency after the National Highway Safety Bureau has approved a comprehensive highway safety plan developed and endorsed by the state agency (board and staff).

3. An incentive program should be developed rewarding States with progressive highway safety programs. This would replace the present 10 percent penalty clause of the act.
4. The President should seek the advice and consent of the Governors when selecting representation from individual States for his National Highway Safety Advisory Committee.
5. There should be greater coordination of research conducted by the National Highway Safety Bureau, the Highway Research Board, the states and private industry. The Bureau should act as the clearinghouse and information source for such an exchange of information. The Bureau should consult with the Vehicle Equipment Safety Commissioners of the States when determining minimum standards for vehicle equipment.
6. The Bureau, together with the Governors, should encourage the efforts of the private sector within each State to develop public consciousness of highway safety.
7. Each State should act with full faith and good will to enact legislation that will provide for its citizens a sound, complete and effective program for highway and motor vehicle safety.

### HIGHWAY BEAUTY

The National Governors' Conference fully supports efforts to preserve and improve the scenic and esthetic quality of our roads and highways and adjacent areas. We recommend the following action to accomplish this purpose:

1. The principal responsibility for initiation and implementation of such beautification programs rests with the States. The role of the federal government in such programs should be one of encouragement and technical and financial assistance.
2. The Congress should amend the act to establish a flexible incentive program which would reward progressive States rather than penalize them.

### URBAN MASS TRANSPORTATION

The development of adequate, modern systems of urban mass transit is essential to the continued life of the urban areas within our states. To accomplish this purpose, the National Governors' Conference urges the following action:

1. The establishment of a National Urban Mass Transit Trust Fund, supported by appropriations from the general fund and by user

- charges and taxes, to be used for capital investments such as construction and improvement of urban mass transit systems, purchases of vehicles and equipment, and purchases of rights-of-way.
2. Although the primary responsibility for statewide and regional transportation planning should be maintained at the state level, state governments recognize the responsibility of local and regional bodies and authorities to determine the modes or systems of urban mass transit suitable for their own metropolitan areas. States should provide local governments with the organizational, legal and fiscal authority to solve these problems.
  3. The Federal Urban Mass Transit Administration should continue and expand its programs of research and development. The results of this research should be made immediately available to the States, local governments, and private users.

## RAILROADS

The National Governors' Conference is concerned about the decline of the railroads as a major element in the American transportation system. The railroads are a vital part of our national defense system and are essential to the continued economic development of our Nation. We recommend the following action to encourage the redevelopment of the railroads:

1. Rolling stock and capital equipment that is presently maintained by the private railroad companies for reserve use in national and defense emergencies should be purchased and kept by the federal government. As an alternative, the federal government should sustain the cost of maintaining this reserve equipment as a cost of national security.
2. The Congress should conduct a complete investigation of the present federal laws and regulations and policies now governing the railroad industry to determine what unnecessary burdens and impediments are placed upon the industry that inhibit its adequate maintenance and development. This study should include an examination of the role and policies of the Interstate Commerce Commission and the Department of Transportation, and it should study methods for maintaining intercity service.
3. State and local governments should completely review their laws and regulations affecting taxation of railroad property and unneeded manpower requirements. A careful study should be made of the cost burden paid by railroads for construction and maintenance of grade separations and crossings to determine an equitable method of sharing the costs between the beneficiaries.
4. We commend the Congress for its far-sighted action in creating the

research and development programs for railroad development and high-speed ground transportation now administered within the Department of Transportation. We urge continued, adequate funding for these programs.

5. We call upon the railroad industry to recognize its responsibility to the American people to use the same initiative and energy in improving passenger service as it has in upgrading cargo services. Improved management techniques and creative investment of resources will strengthen this vital component of the Nation's transportation network.

## COMMUNICATIONS

The National Governors' Conference recommends to the Congress and to the Federal Communications Commission the full re-examination of the present allocation of the frequency spectrum.

Special attention should be given to increasing the allocations of radio frequencies for emergency and public services. A special frequency, common throughout the Nation, should be established for emergency medical services to facilitate communications between ambulances and hospitals.

## AUTO INSURANCE

The National Governors' Conference supported the initiation of the Auto Insurance Study presently being conducted by the U.S. Department of Transportation. We urge the Secretary of Transportation to expedite the Study in order to make available its conclusions and recommendations by January, 1970.

We call upon the Congress to avoid taking precipitious action prior to the completion of the Department's in-depth Study.

We affirm the principle of state regulation of the insurance industry as established by federal statute. And we urge continued efforts to draft model state laws for this purpose.

## WATERWAYS

The National Governors' Conference supports the establishment of national, uniform standards for safety in the manufacturing and maintenance of boats. We support continued state licensing and regulation of boat operators and operations.

The National Governors' Conference recognizes the beneficial contribution made by waterway operations and also recognizes the need for a progressive inland waterways policy.

## MERCHANT MARINE

The National Governors' Conference endorses the inclusion of the Maritime Administration within the United States Department of Transportation, and urges the Secretary of Transportation to give full and equal attention to the urgent problems of the maritime industry.

## COMMERCE

The National Governors' Conference endorses the concept of developing a non-discriminatory commercial freight rate structure on a national basis. The present system tends to benefit inefficiency.

## PIPELINE SAFETY

The National Governors' Conference urges continued regulation of pipeline safety by the states. The establishment of national advisory standards, based upon technical research, is essential.

## Appendix XIII

### POLICY STATEMENTS, AS ADOPTED, BASED ON RECOMMENDATIONS OF THE COMMITTEE ON LAW ENFORCEMENT, JUSTICE, AND PUBLIC SAFETY

#### COMMENDATION OF LEAA

The National Governors' Conference commends the Administrators and staff of the Law Enforcement Assistance Administration for their extensive and helpful cooperation with the States in implementing the Omnibus Crime Control and Safe Streets Act of 1968 (Public Law 90-351). Their actions in fostering the development of qualified staff at the state level, providing wide latitude to the states in developing plans for improving the entire criminal justice system, and generally supporting the federal-state partnership required in a block grant program, sets an outstanding example that could well be emulated by other federal departments. Their efforts to insure the success of this first program embodying a true block grant approach to an intergovernmental problem are noteworthy.

#### STATE-CITY COOPERATION

The National Governors' Conference restates and re-emphasizes its commitment to vigorous and effective action to control the burgeoning crime problem in the urban areas of our States. Recognizing that the plague of crime knows no jurisdictional boundaries, the Governors of the States pledge their active support to the comprehensive planning and intergovernmental action called for in the Omnibus Crime Control Act of 1968. The Governors are firmly committed to the need for a working partnership with elected and other policy-making officials in the counties and municipalities of our States to accelerate efforts in developing comprehensive metropolitan crime control programs and facilities.

#### FULL FUNDING

The National Governors' Conference strongly urges the Congress of the United States to provide full funding of the Omnibus Crime Control Act to insure the effective accomplishment of intergovernmental crime control action in dealing with one of the Nation's most serious domestic problems.

#### CRIMINAL CODE REVISION

The National Governors' Conference finds that one of the most critical needs in the improvement of many States' criminal justice systems is the



revision, modernization and simplification of the Criminal Code. The Governors of the States pledge their commitment to request the State Legislatures, in cooperation with appropriate state and local criminal justice officials and members of the bar, to review and, where necessary, revise the State Criminal Code immediately, and at least once each decade thereafter.

The National Governors' Conference requests that the American Bar Association, together with other national organizations of the criminal justice bar and bench, provide professional leadership by assisting the states in this Code revision effort.

The Governors urge the United States Department of Justice to establish a clearinghouse for State Criminal Code revision efforts. This office should serve only as a source of advice and information-sharing among the States.

### CRIMINAL JUSTICE SYSTEM IMPROVEMENTS

The National Governors' Conference expresses its strong commitment to the integration and coordination of all state and local crime control efforts into a streamlined, efficient system of criminal justice administration:

A. To this end, the Governors of the States support, encourage and will pursue the following steps to aid law enforcement officials:

1. Personnel
  - a. Development of statewide professional standards for police training and performance, the improvement in law enforcement officers' salaries.
  - b. Development of incentive or merit systems to insure recognition and advancement of those who excel.
  - c. Development of staff and auxiliary service personnel to relieve the law enforcement officers from clerical and support duties.
  - d. Development of comprehensive law enforcement officers training programs to include: operations, public administration, law, technology, available social services and human relations.
  - e. Encouragement of educational advancement through work-study programs, in-service training, and scholarships for full and part-time professional study.
2. Resources
  - a. Development of a statewide, integrated information and communication system to facilitate intergovernmental cooperation in crime control.
3. Relationship to the Community
  - a. Programs of public support and education to improve understanding and cooperation between the citizen and the

law enforcement officer, including education programs at the junior and senior high school levels to develop understanding of the criminal justice system.

- b. Increased recruitment for police service careers from among persons of all races and economic situations.

B. To this end the Governors of the states support, encourage and will pursue the following steps to improve the judicial process:

1. Personnel

- a. Request legislation establishing statewide professional and educational standards for all judges and court administrative officials, elected or appointed, to state or local courts.
- b. Establish statewide minimum salaries for all judges and court administrative officials.
- c. Establish procedures for the administration of judicial conduct, discipline, and retirement.
- d. Institute statewide assigned counsel or defender systems, financed by the jurisdiction which has the responsibility for prosecution.

2. Organization

- a. Create courts which deal with specific areas of concern, such as: juvenile offenses, domestic relations, misdemeanors, and felonies.
- b. Urge the Congress to assist the States by giving swift approval to the Interstate Agreement on Detainers.

3. Procedures

- a. Improve jury selection systems by modernizing criteria for exclusion from duty, instituting better record keeping, and increasing compensation for public service.
- b. Modernize archaic court procedures in areas such as providing expanded pretrial discovery, extending prosecution's right to appeal from pretrial rulings suppressing evidence, and providing simple state post-conviction procedure.
- c. Institute statewide procedures for promoting just and uniform sentencing.
- d. Institute procedures to require counsel for the accused parole violator.

C. To this end, the Governors of the States encourage, support and will pursue the following steps to aid and improve the corrections system:

1. Personnel

- a. Commit additional resources to probation and parole services to reduce the existing imbalance between institutional maintenance and individual casework.

- b. Improve recruitment, training and retention of correctional personnel by increases in salaries, scholarships for professional training, and intensive in-service training programs.
  - c. Institute probation and parole services which make use of volunteers and sub-professional aides, including parolees and probationers themselves.
  - d. Develop statewide standards and procedures for parole decision-making.
2. Institutions
- a. Establish statewide standards for jails and detention institutions.
  - b. Provide separate detention facilities for juveniles.
  - c. House and process persons awaiting trial separately from convicted offenders.
  - d. Provide separate treatment for individuals requiring specialized rehabilitation, such as narcotics addicts or alcoholics, on a regional or statewide basis.
3. Programs
- a. Development of more intensive community treatment programs as alternatives to institutionalization.
  - b. Upgrade basic education and vocational training for inmates, and institute programs for job development, placement and follow-up.
  - c. Design all rehabilitation programs so that they improve the re-entry of offenders into the community.

## ORGANIZED CRIME

The National Governors' Conference pledges full support and cooperation in the intergovernmental war on organized crime. To this end, the Governors of the States recommend the following actions by federal, state and local authorities:

- a. Enactment of general witness immunity statutes at federal and state levels.
- b. Formation of organized crime intelligence units in the offices of appropriate state agencies designated by the Governor and in local law enforcement agencies.
- c. Creation of federal technical assistance and training programs designed to assist in developing competent staff for state and local jurisdictions.
- d. Provision of federal assistance for development of state intelligence systems.

- e. Creation and financing of organized crime investigation commissions at the state level to investigate the problems of organized crime, including infiltration of crime syndicates into legitimate business and state and local governments.

## DRUG ABUSE

The National Governors' Conference is concerned with the extensive proliferation of the narcotics and drug abuse problem. The Governors of the states recommend the following urgent efforts to combat these pervasive problems:

1. Enactment of state drug control legislation which:
  - a. Grants courts and correctional authorities sufficient flexibility with user to permit individualized sentencing and treatment.
  - b. Requires prompt disposition of the offender's case.
2. An increase in state and local efforts to educate the public, particularly younger persons, by:
  - a. Design of a statewide program for dissemination of factual drug education information.
  - b. Provision of drug education programs in the schools to reach levels from kindergarten through grade twelve.
  - c. Organization of in-service training programs which deal with drug abuse for directors of pupil services, school principals, counselors, and other involved school staff members.
3. Development of state programs for the rehabilitation and treatment of offenders requiring close supervision and control while correcting problems of drug abuse by providing alternative methods for disposition of drug users by the establishment of adequate facilities for both voluntary and involuntary admissions.
4. Initiation of national and statewide research to determine the causal processes which promote initiation, continuance, termination and relapse in drug usage.

## FIREARMS CONTROL

The National Governors' Conference, recognizing the varying requirements for firearms legislation in each State, recommends and will pursue legislative enactment of:

1. Federal and state laws controlling the transportation and possession of military-type firearms and ordnance, other than small arms.
2. State laws prohibiting certain categories of persons, such as habitual alcoholics, drug addicts, mental incompetents, persons with a history of substantial mental disturbance, and persons convicted of felonies, from buying, owning, or possessing firearms.

## JUVENILE DELINQUENCY—ADMINISTRATION

In recognition of the key role which state governments play in the intergovernmental effort to prevent and control juvenile delinquency, the National Governors' Conference urges the following actions by States:

1. Each State should establish the necessary administrative machinery to provide leadership and coordinate the planning and services of all state agencies which contribute to the prevention, control, and treatment of juvenile delinquency.
  - a. Responsibility for directing and coordinating these actions should be vested in an official or agency designated by the Governor. The state coordinating agency should be the same agency designated to administer the State's program under the Omnibus Crime Control Act.
  - b. The state juvenile program coordinating agency should provide consultation and technical assistance to local community-based programs and, where necessary and feasible, share with local communities the costs of needed programs. The State should be prepared to operate service-delivery programs directly, at least on a demonstration basis, until local communities can provide the needed services.
  - c. The state coordinating agency should establish close working relationships with national and local governments and with voluntary youth services groups at both the state and local levels.
2. Each State should emphasize and strengthen its commitment to programs designed to prevent delinquency, giving particular emphasis to home and school-centered programs aimed at youth who are in danger of becoming delinquent.

## OFFICE OF EMERGENCY PREPAREDNESS

The National Governors' Conference commends the Executive Office of the President and more particularly the Office of Emergency Preparedness for timely action in preparing for the potentially disastrous floods which occurred throughout the United States in the early spring of this year. The foresight exercised in convening representatives of federal and state agencies, developing emergency plans and providing for short-term preventive measures produced immeasurable benefits in lives saved and in property which remained undamaged.

## WILDFIRE CONTROL

The National Governors' Conference commends the Task Force on a National Program for Wildfire Control for its diligent work in creating a

National Program for Forest Fire Control. The Task Force, composed of representatives of the National Governors' Conference, the National Association of State Foresters, the U. S. Department of Agriculture, the U. S. Department of the Interior, the Natural Resources Council of America, the National Association of Soil and Water Conservation Districts, the Western Forestry and Conservation Associates, the Forest Industries Council, and the American Forestry Association, has drafted legislation to provide for the establishment and administration of a National Wildfire Control Fund. The Governors of the States endorse the bipartisan legislation in both houses of Congress (S. 2076 and H. R. 10642) to create such a program.

## Appendix XIV

### POLICY STATEMENTS, AS ADOPTED, BASED ON RECOMMENDATIONS OF THE COMMITTEE ON NATURAL RESOURCES, ENVIRONMENTAL MANAGEMENT, AND AGRICULTURE

#### ENVIRONMENTAL QUALITY COUNCIL

As quoted in Time Magazine June 6, 1969, "Americans have managed to befoul their natural resources on a scale unparalleled in history. Rivers, lakes and bays have become noxious sewers. The air over the nation's cities is infested with fumes and filth. Open green spaces are devoured by urban sprawl. Yet attempts to halt the despoliation have been, in most cases, limited and local . . . Richard Nixon established the Environmental Quality Council, a Cabinet-level advisory group designed to coordinate government action against environmental decay at all levels, create new proposals to control pollution, and foresee problems."

It is the position of the Governors that President Nixon is to be commended for this action, and we as Governors of the States pledge the President our full cooperation in working with the newly-established Environmental Quality Council.

#### POPULATION DISTRIBUTION

Since it is accurately projected that the population of the United States will rise from its present level of 200 million people to 300 million people by the year 2000, it is essential that a national policy or goal be established regarding the distribution of opportunity and hence the voluntary distribution of our growing population in years to come. We must recognize that the forces causing population maldistribution are man-made and, in some instances, the result of inadvertent and uncoordinated federal government programs.

It is the position of the Governors that maintaining and enhancing the quality of life now and in the future in the United States is so important that our Nation should adopt a national policy or goal regarding voluntary distribution of population within the Nation's boundaries.

Furthermore, it is recognized by this body that the national agricultural programs will play a paramount role in the achievement of voluntary population distribution and the reversal of out-migration from rural States to the urban areas.

Because of the importance of the new federal farm proposals to be presented later this year on this question and the economy of rural America,

it is recommended that the Nixon Administration have policy discussions with the Governors and State Agricultural Departments prior to the introduction of any new agricultural programs on the federal level.

It is further recommended that all federal agricultural programs give special recognition to developing parity of opportunity for the Nation's farmers and ranchers, along with the preservation of the concept of family farms and the necessity for a viable agricultural economy in order to achieve economic stability in this Nation.

## NATIONAL PLANNING

Environmental management and natural resource management are very complex problems which must be tied in with all areas of national interest and endeavor through comprehensive planning. Many States and many municipalities are now practicing far more sophisticated and coordinated planning than is the federal government. Most federal agencies are now conducting some planning activities with varying degrees of expertise and with almost a total absence of direction or coordination of the executive branch of government through a high-level agency whose sole purpose is national planning.

The Nation has never developed identifiable and articulated goals toward which planning efforts of federal agencies and state and local government can be directed. There is little or no coordination between the sporadic and uncoordinated federal agency planning and that being carried out by the States and local government.

It is, therefore, the position of the Governors that:

1. Some very basic national goals need to be identified and articulated by Congress and the President.
2. Federal agencies must be directed and coordinated in their planning activity by a high-level federal planning agency which is cognizant of our national goals.
3. State and local government planning efforts will be far more effective if they can be meshed voluntarily with a federal planning effort on the national level.
4. Congress, as well as the executive branch of government, must make use of the new and constantly improving electronic equipment, techniques, and expertise in planning as they enact legislation to cope with national problems.
5. The total lack of coordinated and expert federal planning is a basic deficiency in this country's continuing failure to adequately cope with environmental management and natural resource management, as well as all other social and economic problems.



## ADMINISTRATION OF INTERGOVERNMENTAL PROGRAMS

Environmental management and natural resource management are closely related to population distribution and social and economic problems. It is not possible to isolate and treat all of the problems of our society, our economy, and our environment separately. But it is a recognized fact that because of the unique problems which exist community by community and state by state, these problems can best be remedied through freedom of local and state governments to administer, wherever practicable, the federal government programs.

It is, therefore, the position of the Governors that an all-out assault on social, economic, and environmental problems be carried out with emphasis on control at the state and local level, but with coordination and major funding from the federal level.

While we fully recognize that problems of environmental abuse such as pollution respect no governmental boundaries and that, therefore, leadership in setting minimum standards of environmental quality can be a proper concern of the federal government, it is the position of the Governors that the States have and must retain the authority to establish additional environmental controls as required by special conditions.

It is also recommended that increased federal funds be made available on a priority basis to remedy the environmental management and social problems which are seriously outdistancing present efforts and are being dangerously compounded as each annual increment of population takes up residence in the United States.

## CONTROL OF SUPERSONIC FLIGHTS

It is acknowledged that a valid element of national policy may be the support of the development of a supersonic transport in order to further the advancement of United States' aerodynamic competence to aid substantially in our balance-of-payments problem and to enhance national prestige, and that transoceanic flight paths (especially trans-Pacific routes) would benefit from greatly increased flight speeds.

It is realized that the current federal policy is to forbid supersonic commercial flights over the continental United States; however, policies have a way of being modified without input from each of the political elements affected by the decision.

It is, therefore, recommended that no routine commercial supersonic flights should be permitted over the various States and Territories without prior consultation by the federal government with the Governors (or their representatives) of the States concerned.

## FORMATION OF A MARITIME STATES ORGANIZATION

Inasmuch as coastal zones and waters require constant attention and a continuing dialogue between state and federal officials, it is recommended that the coastal and island States and Territories form a Maritime States Organization to assist them in carrying out their responsibilities. Such an organization could: (1) help solve common state problems such as the establishment of seaward lateral boundaries, control of pollution, and the resolution of multi-use problems pertaining to recreation, navigation, mining and sports and commercial fishing; (2) act as a clearinghouse for all information relative to marine activities in these states; and (3) act as a spokesman for the maritime states where the federal government desires input on any given area of marine resources.

## ADMINISTRATION OF OCEANOGRAPHY PROGRAMS

It is recommended: (1) that the federal government should take the initiative in establishing means whereby the States can provide a direct input and have a significant role in the formulation and implementation of the national marine science program, and (2) that a marine education extension program be instituted to accelerate the transfer and utilization of marine information.

## PUBLIC LAND LAW REVIEW COMMISSION

Created by Congress in 1964 to recommend a future public land policy for the Nation, the Public Land Law Review Commission will submit its final report and recommendations to Congress and the President in June, 1970. By the very nature of its mission, together with the manner in which it has organized its study program, the Commission is making a valuable contribution in educating the American people on the extent of their public land heritage. The Commission's comprehensive study may well provide the foundation for an attack against the national problems set forth in the report of the Committee on Natural Resources, Environmental Management, and Agriculture. A public land study of this scope is fundamental to wise future use of our natural resources, while protecting the quality of our environment. The Governors recognize that the unsettled public lands offer a possibility for absorbing some of our population growth in the future; but, to the extent that the United States retains ownership of public lands, it should compensate the States for burdens imposed by federal land ownership over and above any sharing of revenues based on general need or the population. It

is the position of the Governors, who have been cooperating with the Commission in the undertaking of its mission through their designated representatives, that the study reports prepared under Commission auspices, as well as the Commission's final report, should be circulated widely to the end that there will be informed consideration of the recommendations of the Public Land Law Review Commission.

## Appendix XV

### MISCELLANEOUS RESOLUTIONS AND POLICY STATEMENTS ADOPTED BY THE NATIONAL GOVERNORS' CONFERENCE

#### TOURISM

The National Governors' Conference endorses programs to promote tourism in the United States and other areas under U. S. jurisdiction, and requests the President to intensify efforts to attract foreign tourists to our shores and to encourage U. S. tourists to "See America First."

#### INCREASE OF CRIME RATE

The crime rate in the United States is increasing some eleven times faster than the population growth and today, as never before, our national leaders must draw nearer to God and, with a living faith in His infinite wisdom, dare to serve in a capacity above and beyond that of mere political and administrative leaders, but rather, by regular deed and daily example, provide the spiritual leadership for which our people will have the will and the means to heal this great land so that we might all, once again, live in God's peace.

No nation has ever remained strong, and its people free, when immorality, crime, disrespect for authority and disobedience to God have gained a stronghold.

The present world crisis has created division among us on such vital issues as the aged, youth, Vietnam, poverty, crime, race, morals, law and order. Radical, contradictory and revolutionary ideas and forces are at work to further divide, fragment and destroy us, often aided, assisted and abetted by deceived segments of our citizenry and by powers sinister and supernatural, and we too often seem to use God to implement our own ideas and ambitions and naively assume that the State and God are aligned and all would end well.

Our forefathers, as they wrote in the Mayflower Compact, believed that God has a plan in history and that He chooses what nations He will for His cosmic purpose, and Benjamin Franklin reminded the Framers of the Constitution, "Without God's concurring aid we shall succeed in this political building no better than the builders of Babel," and George Washington, our First President, prayerfully sought the aid of God at Valley Forge and proclaimed that no nation can be rightly governed without God and the Bible.

This can be America's greatest hour to prove to a watching world that faith in God and His wisdom does work; that God's ethic is humanity's best

guidance; that He is able to meet our deepest needs as persons and as a nation.

No government which fails to fulfill its first responsibility, that is to protect the lives and property of the citizens, can long endure.

God has told us in II Chronicles 7:14, "If my people, which are called by my name, shall humble themselves, pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land."

## HIJACKING

WHEREAS, the practice of hijacking of aircraft has become a problem of international consequence which if allowed to continue unchecked can only result in tragedy and a heightening of international tension; and

WHEREAS, aircraft hijacking is a modern and extremely dangerous form of international piracy which cannot be condoned; and

WHEREAS, the practice of aircraft hijacking has flourished because hijackers are given refuge in many nations and are therefore not brought to trial for their heinous crime; and

WHEREAS, those nations which most commonly afford refuge to international pirates are members of the United Nations family:

NOW, THEREFORE, BE IT RESOLVED that the National Governors' Conference strongly urges the President of the United States to request that the United Nations formally adopt, and its member nations agree and subscribe to, an international agreement which shall provide that hijackers of commercial and private aircraft be immediately returned for trial to the member nation in which the hijacked aircraft is registered, or otherwise to the member nation from which a hijacked aircraft departed.

## BICENTENNIAL CELEBRATION

The National Governors' Conference has been privileged to have been briefed by Chancellor J. E. Wallace Sterling of Stanford University, Chairman of the Bicentennial Commission, on preliminary plans for the 200th Anniversary of American Independence in 1976.

Chancellor Sterling clearly indicated the importance of counterpart state commissions and the role they can play in assuring a magnificent anniversary celebration. The National Governors' Conference urges all of its members to cooperate fully in designating such commissions and otherwise assisting the Bicentennial Commission, thus carrying forward the "New Spirit of '76" mentioned by the President of the United States in his Address to this 61st Annual Meeting.

## 1976 OLYMPIC GAMES

WHEREAS, the United States Olympic Committee is making an intensive effort to secure the 1976 Summer and Winter Olympic Games in Los Angeles and Denver, respectively; and

WHEREAS, it is entirely fitting and appropriate that the Games be held in the United States during this great Nation's Bicentennial Year; and

WHEREAS, the Governors of the fifty States are consciously aware that the 1976 Olympic Games would bring honor to this Nation and would strengthen the World Olympic movement:

NOW, THEREFORE, BE IT RESOLVED by the National Governors' Conference that all Governors vigorously support the bid of the United States Olympic Committee to hold the 1976 Summer Games in Los Angeles and the Winter Games in Denver; and

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to the Board of Directors of the United States Olympic Committee.

## APPRECIATION

The National Governors' Conference expresses its sincere appreciation to Governor and Mrs. John A. Love, Mr. and Mrs. Albert P. Daniels, and Mr. and Mrs. Harrie E. Hart for their unstinting efforts in making the 61st Annual Meeting, August 31 to September 3 in Colorado Springs, Colorado, an inspiring and memorable experience. To President Richard Nixon and Vice President Spiro Agnew, the Conference offers its gracious thanks for their excellent participation. To all those who took part in the thoughtful and penetrating program sessions, the Conference expresses deep gratitude. And to all others who helped plan and carry out the delightful array of activities, the Conference extends a hearty "well done" and thanks for cooperation and friendliness exhibited by everyone involved in presenting the Annual Meeting.