NATIONAL GOVERNORS' CONFERENCE

WINTER MEETING

SUMMARY

February 25-27, 1970
Washington, D.C.

Office of the Secretariat
Iron Works Pike
Lexington, Kentucky 40505
(606) 252-2291

Brevard Crihfield, Secretary-Treasurer

Office of Federal-State Relations
1735 DeSales St., N.W.
Washington, D.C. 20036
(202) 393-2662

Charles A. Byrley, Director

GOVERNORS IN ATTENDANCE

Alaska

The Honorable Keith H. Miller

American Samoa

The Honorable John M. Haydon

Arizona

The Honorable Jack Williams

Arkansas

The Honorable Winthrop Rockefeller

Colorado

The Honorable John A. Love

Connecticut

The Honorable John Dempsey

Florida

The Honorable Claude R. Kirk, Jr.

Georgia

The Honorable Lester G. Maddox

Guam

The Honorable Carlos G. Camacho

Illinois

The Honorable Richard B. Ogilvie

Indiana

The Honorable Edgar D. Whitcomb

Iowa

The Honorable Robert D. Ray

Kansas

The Honorable Robert Docking

Louisiana

The Honorable John J. McKeithen

Maine

The Honorable Kenneth M. Curtis

Maryland

The Honorable Marvin Mandel

Massachusetts

The Honorable Francis W. Sargent

Michigan

The Honorable William G. Milliken

Minnesota

The Honorable Harold LeVander

Mississippi

The Honorable John Bell Williams

Missouri

The Honorable Warren E. Hearnes

Montana

The Honorable Forrest H. Anderson

Nebraska

The Honorable Norbert T. Tiemann

New Hampshire

The Honorable Walter Peterson

New Jersey

The Honorable William T. Cahill

New York

The Honorable Nelson A. Rockefeller

North Carolina

The Honorable Robert W. Scott

North Dakota

The Honorable William L. Guy

Oklahoma

The Honorable Dewey F. Bartlett

Oregon

The Honorable Tom McCall

Pennsylvania

The Honorable Raymond P. Shafer

Puerto Rico

The Honorable Luis A. Ferré

Rhode Island

The Honorable Frank Licht

South Carolina

The Honorable Robert E. McNair

South Dakota

The Honorable Frank L. Farrar

Texas

The Honorable Preston Smith

Utah

The Honorable Calvin L. Rampton

Vermont

The Honorable Deane C. Davis

Virgin Islands

The Honorable Melvin H. Evans

Washington

The Honorable Daniel J. Evans

West Virginia

The Honorable Arch A. Moore, Jr.

Wisconsin

The Honorable Warren P. Knowles

Wyoming

The Honorable Stanley K. Hathaway

Summary

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Wednesday, February 25

Morning Committee Meetings

Wednesday morning was devoted to concurrent executive sessions of the six Conference standing committees and their advisory task forces. The committees are Executive Management and Fiscal Affairs; Human Resources; Law Enforcement, Justice and Public Safery; Natural Resources and Environmental Management; Rural and Urban Development; and Transportation, Commerce and Technology. The committees worked on their agenda for the year and discussed some of the current crucial domestic issues with Cabinet and other high-ranking federal officials.

The Conference Executive Committee met with the six standing committee chairmen at a luncheon session.

Afternoon Session

Governor John Love of Colorado, Chairman of the Conference, called the opening plenary session to order at about 2:00 p.m. He briefly reviewed the history of Conference winter meetings in Washington and the improvement in federal-state relations over the past few years. He emphasized that this meeting would stress gubernatorial-congressional relations, an area especially in need of enhancement. Governor Love then introduced the President of the United States.

President Nixon

President Nixon addressed himself to three major points: welfare reform, revenue sharing and the environment. On the first two items, he said he would give his political -- not partisan -- evaluation.

The President said that the Family Assistance Plan, which when he recommended it last summer had only a very small chance of passing Congress this session, now is better than 50 percent of the way "over the top." He said gubernatorial support can put it over. He suggested that two objections to the program had been that it would not provide enough money now and that it wouldn't work. To the first, he answered that budgetary limitations indicate that what he proposes is the right amount now, a chance for a start. To the second, the President said he was convinced that it would work, and the present system certainly was not working.

On revenue sharing, President Nixon said that chances for passage this session of Congress are as dim now as they were when he talked about it last

September in Colorado Springs. Here again, he said, many people say it is not enough. But here again, he stated, it is a beginning which eventually would become a substantial fund. The President called on the Governors to get squarely behind a start on revenue sharing now to "transform what is now a moot question into a live question once again."

The third point the President made was about environment. He noted that many states are far ahead of the federal government in environmental cleansing and control. He explained that his program calls for national standards because pollution problems don't stop at state lines. He said water and air pollution demand the most urgent priorities. He pledged that those states that had prefinanced waste treatment plants would be reimbursed. The President said it is not necessary to sacrifice our economic progress to restore the environment. Conservation is not enough, he said, restoration is needed now.

President Nixon concluded by suggesting another necessary idea now is renewal of the spirit, particularly the spirit of the young.

Major Domestic Programs before Congress this Session

John Ehrlichman, the President's Special Assistant on Domestic Affairs, moderated the next portion of the program, which centered around short presentations by federal officials and discussion of some of the major domestic programs pending before Congress this session.

William Timmons, Assistant to the President for Congressional Relations, gave an overview of some of the major Administration bills before Congress. He suggested that they would not go sailing through, but would probably become bogged down several times before the session is out. He, too, urged general gubernatorial support for them. Major programs he mentioned were: environment, crime control, welfare reform, revenue sharing, transportation, manpower training and occupational health and safety.

James H. Beggs, Undersecretary of Transportation, stressed the importance of the Administration's urban mass transit program, which had passed the Senate. Hearings were to begin the following week in the House. The Administration asked for a 12-year, $10 billion program with $3.1 billion in obligational authority for the first five years. The Senate passed it 84 to 4, he noted, but added a 12 percent limitation on funds to be used by any one state. However, it did provide an additional 7.5 percent in Secretary's discretionary funds for allocation to states that had used up their 12 percent and still had pressing needs. He asked for gubernatorial support of the program in the House where, he said, rougher sledding is expected.

William Butler, Assistant Secretary for Health, Education and Welfare, devoted most of his presentation to HEW's environmental plans, including more stringent air pollution regulation, statewide planning for stationary sources of pollution, national stack emission standards. Also, he cited major changes proposed in strategy, reclamation and recycling of solid wastes. On welfare reform, he indicated that the Ways and Means Committee would probably substitute federal participation in supplementary payments above the welfare floor, for the Administration's complex 50-90 rule.

J. Phil Campbell, Undersecretary of Agriculture, limited his discussion to the food stamp program. He said the Administration hopes to have food stamps in the remaining 260 counties without any food program by July. He described Administration efforts to expand and broaden the program.

David Dominick, the Water Quality Control Commissioner, noted that 14 specific proposals in the President's Environmental Quality Message deal with water pollution. They fall into three categories: financing, construction and reform. He briefly described the President's $4 billion program with the Environmental Financing Authority. He said it would include changes in the allocation formula to get the money where it is needed most, and would provide a 20 percent incentive to states which have an acceptable grant fund program. In addition, he said, his Commission is seeking river basin regulations, better operation and maintenance of plants, and better design.

James D. Hodgson, Undersecretary of Labor, talked about the Manpower Training Act to consolidate, decategorize and decentralize manpower training programs. He called for gubernatorial support of the act which, he explained, would consolidate manpower training programs into a block grant and turn administrative authority over to Governors and Mayors. Subcommittees of both houses were presently holding hearings, and he urged the Governors to testify.

Elmer T. Klassen, Deputy Postmaster General, discussed post office reform to remove the post office from politics, provide for continuity of postmasters general, enable collective bargaining for employees, and provide for financing through issuance of bonds. He described efforts already underway to decentralize the post office and improve management.

Richard G. Kleindienst, Deputy Attorney General, dealt with narcotics, organized crime and street crime. On narcotics, he stressed the need for stronger regulation of manufacture, distribution and export of dangerous drugs, and he called for realistic penalties for marijuana possession. He also urged gubernatorial support of Operation Intercept. On organized crime, he emphasized the need for retention of the current wiretap law. In discussing street crime, he stressed the need for gubernatorial support to keep the block grant approach in the Omnibus Crime Control and Safe Streets Act.

Rocco S. Siciliano, Undersecretary of Commerce, confined his remarks to the Office of Minority Enterprise which has been working for 10 months to try to encourage minority groups to be owners and managers. He suggested that states set up similar offices, and cited Illinois, where an office of minority enterprise has been established.

Richard Van Dusen, Undersecretary of Housing and Urban Development, called on the Governors to review state building codes to permit innovations in technology to build the number of houses that are needed, and to look into their housing legislation with an eye toward expanding financing and construction authority. He praised the states for greater involvement in Model Cities, noting that HUD was now providing funds for Governor's Office staff in 30 states to help in the execution of the Model Cities program.

Charls Walker, Undersecretary of the Treasury, called on the Governors to help the federal government in an all out attempt to bolster the housing market

by getting pension funds, insurance companies and other sources to invest in the mortgage market. He then described the Administration's revenue sharing proposal, earnestly seeking gubernatorial support to get it moving in the face of congressional reticence.

Discussion. The discussion that followed centered on two main issues: the environment and inflation.

The dialogue on the environment brought out several main points:

-- The federal government is unorganized now on administration of environmental programs. The Ash Advisory Council on Executive Organization is to submit recommendations for reorganization and consolidation of federal administration of these programs. Efforts are under way to enhance federal-state communications under the existing programs.

-- The proposed legislation -- the organizational changes that are expected to be recommended by the Ash Council -- would provide for mimimum federal standards with state option to set more stringent standards. The states would have primary responsibility for enforcing the standards, but the federal government would have the authority to enforce them if state enforcement were lax.

-- The President's $10 billion program -- of which the federal government would pay $4 billion and states and local government $6 billion over the next five years -- is for waste treatment plant construction which is only one segment of the problem of controlling water pollution. Federal participation in the President's proposal would amount to substantially the same matching as under the present legislation, 30, 40 and 50 percent, according to federal officials.

A wide-ranging discussion on inflation, construction cutbacks, wage-price controls and the ability of states to plan definitely for use of federal funds in uncertain economic times consumed a considerable portion of the session. In addition, there were questions on planning grants for housing development, the development of a uniform narcotics law, and the status of regional commissions.

Evening Reception

The Conference hosted a reception in honor of Congress, beginning at about 6:30 p.m. Approximately 1,000 persons from all branches of government attended.

Thursday, February 26

Morning Activities

Five of the six standing committees met in executive session on Capitol Hill with counterpart congressional committees. The committee chairmen reported

on these meetings during the afternoon session. The Committee on Law Enforcement, Justice and Public Safety appeared as a panel in public testimony before the House Judiciary Subcommittee Number 5 that is investigating progress under the 1968 Omnibus Crime Control and Safe Streets Act. (See pages 5-7)

The Executive Committee and the chairmen of the six standing committees met for luncheon in executive session with the entire congressional leadership. Governor Love reported on the meeting during the afternoon session (see below)

Afternoon Session

Governor Love opened the afternoon session at about 3:30 p.m., and introduced Housing and Urban Development Secretary George Romney.

Voluntary Action

To solve the problems of modern society, Secretary Romeny called for a creative partnership between government and private enterprise through voluntary action. To coordinate this endeavor, the President has set up a National Center for Voluntary Action. He introduced the Chairman, Charles B. Wilkinson.

Bud Wilkinson described the four-fold mission of the National Center: to bring about a greater degree of cooperation among independent voluntary agencies; to develop a clearinghouse of information on voluntary action; to create a warm climate for voluntary action in America, and to devise a mechanism to match interested persons with needed voluntary tasks in their communities. He announced that a broad cross sectional meeting on voluntary action is to be held in the near future to set out details of the center's missions.

Secretary Romney then outlined four areas of activity for which the Governors can provide valuable stimulus to the voluntary action movement: establish state programs for voluntary action; direct program administrators to make the maximum use of voluntary groups; encourage statewide planning bodies to recommend programs of citizen effort, and put the prestige of the Governor's Office behind voluntary action programs. The Secretary also called on the Governors to work with their communities.

Committee Reports

Governor Love reported briefly on the unprecedented luncheon meeting of the Conference Executive Committee, the chairmen of the standing committees and the congressional leadership. Discussion included an informal dialogue on welfare reform and public assistance and the feasibility of phasing in a federal takeover of funding in five years. Another topic was the necessity of improving gubernatorial-congressional relationships. From it, evolved tentative plans to hold similar meetings in the months to come.

Executive Management and Fiscal Affairs. Governor Warren P. Knowles of Wisconsin, Vice Chairman, acted as Chairman in the absence of Governor Buford Ellington of Tennessee, Committee Chairman. He reported on valuable meetings on revenue sharing with U.S. Budget Director, Robert Mayo; Senator Russell Long,

Chairman of the Senate Finance Committee; and Senator Edmund Muskie, Chairman of the Senate Subcommittee on Intergovernmental Relations.

These meetings pointed out the need for a strong gubernatorial effort to sell Congress and the public on the desirability of revenue sharing. Therefore, the task force has been directed to prepare a strategy manual for publicizing revenue sharing. In the general area of federal grants, the committee discussed the Federal Assistance Information Report (FAIR) with Governor Arch Moore of West Virginia, and another method of using electronic data processing to provide greater grant information that was pioneered in Louisiana.

The committee discussed the problem of the gap between authorizations and appropriations. Governor Knowles said Congress must be made to recognize that neither the federal government nor the states can remain fiscally responsible unless the gap is closed.

In the area of executive management, he reported that a questionnaire has been sent to all Governors to discover examples of better ways and methods to develop executive operations. The committee directed the task force to investigate various methods for improving executive management.

Human Resources. Governor Nelson Rockefeller of New York, Chairman, reported that the committee unanimously reconfirmed the policy statement on welfare adopted at the 1969 Annual Meeting in Colorado Springs. Among other things it called for phased federal takeover of the entire cost of welfare. The committee met with Health, Education, and Welfare Undersecretary John Veneman, as well as Chairman Wilbur Mills and Ranking Minority Member John Byrnes of the House Ways and Means Committee, on the President's welfare reform proposals, and the feasibility of federal takeover. Governor Rockefeller praised the Administration plan conceptually and said the committee offered alternatives to federal takeover if it were not possible now. They included: all states should be relieved of at least 15 percent of their contribution to welfare at the time of enactment; 100 percent federal financing of cost-of-living increases; 50 percent federal sharing of cost of state supplementation of the federal minimum. In addition, they suggested transferring adult assistance to Social Security. The committee discussed problems of the declaration method with Undersecretary Veneman.

On the President's budgetary proposals for health, Governor Rockefeller said there was strong feeling that the states should not be penalized by the cut through transferring the costs from the federal government to the states. In addition, a national contributory health insurance program was discussed. In the field of education, it was suggested that the federal government contribute a greater share to the basic cost of education, which is doubling, with emphasis on federal support of community colleges.

The Human Resources Committee considered the narcotics problem and called for a joint committee of members of the President's Cabinet and the Governors to deal with the problem of narcotics control.

Assistant Labor Secretary Arnold Weber met with the committee on the proposed Manpower Training Act. Governor Rockefeller said the committee generally

agreed with some provisions, but suggested there would be great problems with the current language for designation of a metropolitan prime sponsor in as much as metropolitan areas are split between city and suburbs. He suggested that either the Governor be given responsibility to make the appointment -- and responsibility for carrying out the whole program would follow logically -- or the federal government should do it.

Governor Claude Kirk of Florida asked that his name not be associated with the welfare policy statement.

Law Enforcement, Justice and Public Safety. Governor Raymond Shafer, Chairman, reported that on Wednesday morning the committee met with Assistant Attorney General Will Wilson, who reviewed federal efforts against organized crime; with Law Enforcement Assistance Administrator Charles Rogovin, who discussed the Omnibus Crime Control Act; and with General George A. Lincoln, Director of the Office of Emergency Preparedness, on disaster relief.

The committee also worked on the year's agenda, directing the Washington staff and the advisory task force to study the corrections system with an eye toward finding ways to cut down on recidivism. During the year, the committee will work closely with the Human Resources Committee on drug abuse.

On Thursday morning, Governor Shafer reported, the committee testified at formal hearings before House Judiciary Subcommittee No. 5 on the Omnibus Crime Control and Safe Streets Act. He said the committee got a very sympathetic hearing, but warned the Governors that if the block grant approach is not to be diluted every Governor must work very hard to support its continuance.

He said that under the Omnibus Crime Control Act, for the first time federal, state and local law enforcement agencies are working together in an effective partnership. For the first time all 50 states have submitted action plans to solve the problems of crime. For the first time there is organized citizen involvement. If it were altered, he said, we would see low quality planning, a fragmented approach, city and community competing against each other for federal funds with an almost impossible bureaucratic burden placed on the federal government to try to administer it.

Rural and Urban Development. Governor John Dempsey of Connecticut, Chairman, explained that the committee had approved an interim report of its task force on creation of a national community development policy along with a program to assure gubernatorial participation in development of that policy. The final report will be made at the Annual Meeting. Governor Dempsey said the committee met with Secretaries George Romney, Maurice Stans of Commerce and Clifford Hardin of Agriculture. It also met with the House and Senate Committees on Banking and Currency.

Natural Resources and Environmental Management. Governor William L. Guy of North Dakota, Chairman, recounted committee meetings with Congressman Wayne Aspinall, and Senators Henry Jackson and Gordon Allott, Chairman and Ranking Minority Members of Senate Interior and Insular Affairs Committee. The committee also met with Interior Secretary Hickel. Governor Guy noted how the environment had only recently come to the forefront as a national

issue. He said his committee will report on the states' role in conservation and environmental management at the Annual Meeting, and urged Governors to respond to the staff survey on state activity in this field.

Transportation, Commerce and Technology. Governor Daniel Evans of Washington, Chairman, reported on meetings with Transportation Secretary John Volpe and his top staff, and Senators Jennings Randolph and John Sherman Cooper, Chairman and Ranking Minority Member of the Senate Public Works Committee, as well as the House Public Works Committee. The top priority item on the committee's agenda this year will be to develop a state position on financing transportation, whether through a single transportation trust fund or through separate financing mechanisms for the different modes, airports, mass transit and highways. Other important items are highway safety, mass transit -- and the mass transit bill now before Congress -- airport development and uses for highway funds after completion of the interstate system. The committee has agreed to work closely with Secretary Volpe on the national transportation policy.

Vice President Agnew

Vice President Agnew gave the closing address. He said the federal Administration is addressing itself to the formidable financial difficulties of the states in its revenue sharing, pollution control and welfare reform programs. He asked for state recognition of some of the difficult problems that face the Administration.

He praised the Governors for their responsibility and self discipline in voluntarily cutting back more than $1 billion each in highway and non-highway construction. "In one act," he said, "you have put down four decades of slander about state government."

The Vice President highlighted points in the President's $10 billion federal-state waste treatment plant construction program: if $10 billion is not enough, the President will seek more to do the job; all states will be reimbursed for prefinanced construction programs; the Environmental Financing Authority will help municipalities unable to finance treatment plants; the new program will take into consideration population density and pollution density; and the new program will reform comprehensive river basin planning.

Vice President Agnew then turned to the problem of the Governor as the leader and molder of opinion in his state. He said the overriding issue of today is: "Will the government of this country remain in the hands of its elected officials, or will it descend to the streets?" He expressed grave concern over the spread of judicial disruption and revolutionary conduct. He called on Governors "to launch a campaign to exert the force of public opinion to drive these bizarre extremists from their preemptive positions on our television screens, and on the front pages of our newspapers." And he urged Governors to move vigorously to deeply involve citizens in the traditional American fashion of constructive dialogue and debate.

Governor Love adjourned the meeting at about 4:50 p.m.

Evening Activity

Vice President and Mrs. Agnew hosted the Governors and their wives at a formal dinner at the State Department.

Friday, February 27

The Executive Committee met to discuss plans for the Annual Meeting, August 9-12 in Lake of the Ozarks, Missouri. It adopted resolutions on Mistreatment of American Prisoners of War in Vietnam and Puerto Rican Commemorative Stamp. They follow:

"Mistreatment of American Prisoners of War in Vietnam

"Whereas, more than one thousand four hundred United States military personnel and civilians are prisoners of war or missing in action in Southeast Asia; and

"Whereas, the North Vietnamese and other communist authorities in Southeast Asia have refused to identify all the prisoners they hold, have refused to permit inspection of prisoner camps by an impartial authority such as the International Red Cross, have severely limited the exchange of mail between prisoners and their families, and have refused to release seriously sick or wounded prisoners, thereby violating the requirements and standards of the Geneva Convention of 1949 relative to the treatment of prisoners of war; and

"Whereas, the Twenty-first International Conference of the Red Cross on September 13, 1969, called on all parties to armed conflict to ensure humane treatment of prisoners of war and prevent violations of the Geneva Convention; and

"Whereas, the United States and its Free World allies in South Vietnam are observing the Geneva Convention in their treatment of prisoners of war; and

"Whereas, the United States Government has used a wide range of diplomatic channels to appeal to the communist leaders to comply with the Geneva Convention;

"Now, therefore, the Executive Committee of the National Governors' Conference hereby proclaims its strong protest about the treatment of United States personnel held prisoner in Southeast Asia; calls on the communist authorities to comply with the requirements of the Geneva Prisoner of War Convention; supports the efforts by the United States Government, the United Nations, the International Red Cross, the families of prisoners and missing personnel, and people everywhere to call attention to North Vietnam's mistreatment of United States prisoners; and urges the release of American prisoners of war at the earliest possible date."

"Puerto Rican Commemorative Stamp

"Whereas, 1971 will mark the 450th Anniversary of the founding of the City of San Juan, Puerto Rico in 1521 by Governor Ponce de Leon; and

"Whereas, San Juan is one of the oldest and most picturesque cities under the jurisdiction of the United States of America; and

"Whereas, the Annual Meeting of the National Governors' Conference will be held in San Juan, September 12-15, 1971;

"Now, therefore, the Executive Committee of the National Governors' Conference hereby petitions the Postmaster General of the United States to (1) issue a commemorative stamp in 1971 to honor the founding of the famous walled City of San Juan, and (2) designate September 12 as the date of issue, and San Juan as the place of issue, of the said commemorative stamp."

(Original of 1 copy)

VP

1970 NATIONAL GOVERNORS' CONFERENCE WINTER MEETING

Washington Hilton Hotel
Washington, D. C.

February 25-26, 1970

AGENDA

OPENING PLENARY SESSION OF ALL GOVERNORS AND SPECIAL GUESTS

CLOSING PLENARY SESSION

P R O C E E D I N G S

(Whereupon, the conference was convened at 2:00 o'clock, p.m.)

GOVERNOR LOVE: Mr. Vice President, my fellow Governors, ladies and gentlemen; the mid-winter meeting of the Governors' Conference is now in session. I'd like to pay particular note that our distinguished former colleague, the Vice President of the United States, is with us. We are very pleased to have you.

(Applause)

The Vice President will be addressing this group tomorrow at 4:30. I think it is wonderful that he is here participating in our session this afternoon.

As you know, the President of the United States is due here very shortly. Governor Dempsey and Governor Shafer have been designated as the two Governors who will meet him and bring him to the podium.

After his remarks, it is my understanding that the President will leave immediately. We will, then, recess for five minutes and then reconvene almost immediately--as I say five minutes--in order to carry through the program this afternoon. In the few intervening moments--if I look over my shoulder it is to receive the signal--I want to express my appreciation at the attendance.

This is particularly noteworthy, it seems to me,

at a time when a great many of our legislatures are still in session. There are other items of concern that require the kind of absence from this meeting that I am sure the few who are absent would like to avoid.

I think it is interesting to note that the first meeting of the nation's Governors in the nation's Capitol, the first meeting I believe of the nation's Governors was in 1908 when President Teddy Roosevelt convened the Governors to talk about conservation.

The problems come closer to that, again, at a time when the environment and conservation are uppermost in our minds. It also is an indication that the problems, the same problems, continue to present themselves down through the years to this Conference.

I remember in 1966, in Los Angeles, there was concern that the Conference be made more responsive and effective, and we held our first winter meeting at the Greenbrier to restructure the Governors' Conference and decide, among other things, that we would hold mid-winter meetings; that we would establish a Washington Office of Federal-State Relations. This, then, was in '66 and we are continuing the meetings. And I'd like to pay tribute to Governor Guy, the conference Chairman in 1967, for the fine start that was made.

It is my sincere and firm opinion that we have indeed improved and made more effective this Governors'

Conference by those moves. And in this Conference, this winter meeting in 1970, we again are concerned with federal-state relationships. I think it is well to note, in passing, that the progress that has been made has been bi-partisan under both Administrations, both recent Administrations, but I think that further progress can be made.

The thrust of our meeting this year is primarily not only the Executive Branch of the Government, and our relationships to it, but to attempt to improve the kind of relationship which we have with the Congress of the United States, and we do have a series of meetings tomorrow on the Hill at which I hope that we can establish more of the necessary rapport to make it possible for us, as Governors of the various States, to do a better and more effective job.

There are many, many, issues and problems as you well know in these times and we are a part of a system that divides power and responsibility in various areas. Not only the legislative, judicial and executive, but of primary concern to us between the States and the Federal Government, and I know that many of you have specific issues in mind.

I think that perhaps one example that exemplifies the kind of problem that we will be talking to the congressional representatives tomorrow, and hopefully in the future, is the kind of burden it puts on the State Administrations to have

the appropriation measures delayed far, far, into the fiscal year and the uncertainty that brings to us. This is only one example.

We will have this afternoon, after the President speaks, some discussion and briefing on some of the current legislative matters on the Hill of importance to us. We will have, as I said, meetings tomorrow with the congressional people. We will have another Plenary Session tomorrow afternoon, and report back and discuss some of the problems that have arisen; some of the solutions that hopefully we have found, and then an Executive Committee Meeting again Friday morning.

May I welcome Governor Cahill, our newest member of the Conference.

(Applause)

We hope that you will participate fully in the Conference. I think, at this moment, I will simply ask you to stand at ease for a moment until we are notified that the President has arrived.

(Whereupon, a short recess was taken.)

GOVERNOR LOVE: Ladies and gentlemen, the President of the United States.

(Applause)

PRESIDENT NIXON: Governor Love, Mr. Vice President, all the distinguished members of the Governors' Conference and your guests.

Governor Love told me when I arrived that he had already introduced me. So now that I am on, let me come directly to the matters that I would like to discuss briefly on the occasion of this Mid-winter Meeting of the Governors' Conference in Washington, D. C.

You will recall that in Colorado Springs I spoke of our programs in the field of the new Federalism. I would like to give you my political evaluation--not a partisan evaluation but my political evaluation--of how two of those programs which will very much affect the Governors of the States, how those programs now stand.

First, with regard to the Family Assistance Program, when I spoke to you at Colorado Springs I, very candidly, did not have high hopes that we could get substantial action on that program in this session of the Congress. That situation has changed.

I would say, now, that there is at least a 50% chance that the Family Assistance Program--somewhat in the direction recommended by the Administration although, of course, the Congress will work its will on the Administration measure--that that Family Assistance Program will be enacted in this session of the Congress.

With the support of the Governors, the chance that that program will be enacted will be more than 50%. Now, naturally, I would like to urge your support after each of you

has considered the effect of that program in his State, and also after each of you has evaluated it again.

I know the arguments for it and, naturally, I know the ones against it. Without going into it in any detail as to the arguments against, perhaps the two major ones are these.

First, that it isn't enough. My answer to that is that considering budgetary limitations, I believe it is the right amount at this time and it is a beginning--a beginning that American should make in this very great breakthrough in this field.

The second objection is much more fundamental, and much more profound, and one that all of us must consider. The question is will it work? I could tell you here that I am sure that it will work. I do not say that because it has never been tried, not tried on a national basis, although there has been a pilot program in the State of New Jersey in which the results have been quite encouraging.

But while I cannot guarantee that the new Family Assistance Program will work, I know that the present welfare program won't work. It is a disaster. It should be abolished, and I say it is time to move in a new direction.

And with those thoughts in mind, then, we would suggest that if you feel that we do need a change; if you feel that this program offers some new directions that the nation should move in, certainly your support might put it

over the top. It is now 50%. I think it could go over the top with more support.

The other program that I will refer to briefly, which I also covered in my remarks at Colorado Springs, is in the field of revenue sharing. Then, and now, I would have to say that the chances for the Congress enacting revenue sharing in this session are not good. I do not say that critically of the leadership of the Congress. I say it only as an evaluation of how the votes are in both the House and the Senate, and in the Committees that have the responsibility.

Here, again, arguments can be made for and against these programs. In the case of revenue sharing, one of the basic arguments that is made again is that it is not enough. It is certainly a very modest start on what will, in my view, eventually be a very significant program of sharing revenues, Federal revenues, with the States. But it is the kind of a start that we can afford now. It is a beginning, and I believe it is essential that we do begin.

The fact that the Governors of the States might conclude that they would put their full weight behind revenue sharing--behind revenue sharing not next year, but a beginning this year as we have recommended in our budget, and we have budgeted an amount as you know--if the Governors would do that what is now virtually a moot question as far as revenue sharing is concerned could become a very live question and there might

be a chance that we could get action.

And so, for that reason, I would urge you to consider revenue sharing. If you feel as strongly about it as I feel, and as I know some of the members of this Conference indicate that they feel, I would hope that you move in a direction so that we could get moving now in the Congress on this as well as in family assistance.

And now a third area, an area that I did not discuss at Colorado Springs, but one which many of you have brought to my attention and to the attention of the various people in the Administration who represent the agencies, and who are here to meet with you.

I want to say, parenthetically, in that respect that we have our first team as far as legislation is concerned here. Bryce Harlow, who has moved from the position of Congressional Liaison to that of a Member of the President's Cabinet as Counselor to the President is, in my opinion, perhaps the greatest expert on legislative representation and also in terms of expediting legislative action that it has been my privilege to know.

I would not loan him to any of you, incidentally, for some of your problems. But certainly I can tell you that for any advice in this field he is one I can very highly recommend.

We also have John Ehrlichman, who is the head of our

new Domestic Planning Staff, and the top people from the various departments, the Undersecretaries, who really get the job done. We want you to know them because these are the men that you can call upon when you have problems in their various departments in which you need action.

But having referred to this group, let me now go to the problem of the environment which, as you may recall, I covered in a major statement to the Congress a few weeks ago a program, incidentally, in which several of the States represented around this table are considerably ahead of the Federal Government; a program in which presently there is more popular support than there is for any other domestic program that I currently see on the domestic scene.

When we look at the problem of the environment, and where we go, there are these thoughts that I would like to leave with you. First, the necessity that the approach be national. I believe in State responsibilities. I believe in State's rights as well as responsibilities. That is why revenue sharing, to me, is a concept that should be adopted.

On the other hand, when we consider the problems of the environment it is very clear that clean air and clean water doesn't stop at a State line. And it is also very clear that if one State adopts very stringent regulations, it has the effect of penalizing itself as against another State which has regulations which are not as stringent insofar as attracting the private

enterprise that might operate in one State or another, or that might make that choice.

That is why we have suggested national standards. That is why we believe there must be the closest consultation with the States in implementing those standards, and why we want to work with you on it.

A second point with regard to our environmental program is one that I think all of us must consider as we move into this area, and that is that here is one area where we cannot wait. I had this brought forcibly to my attention when I was in Chicago meeting with the Governors in that area who happened to border on Lake Michigan. And we had the example of what had happened to Lake Erie. Once a lake, a body of water, goes beyond the point of no return, it is almost impossible to restore that lake, to restore it in terms of its being one that is attractive, and habitable as far as man is concerned, let alone those that live on the lake.

As far as Lake Michigan is concerned, it has not reached that point. But unless we act now it could go over that edge, and become like Lake Erie.

These examples could be multiplied all over the country. That is why, with all of the various priorities, all of the programs that are demanding attention for a limited Federal budget this year, we put as our first priority the environment. Because as important as all the other areas are

here is an area where, if we do not act now, it will be too late possibly ever to act again.

And this is true of air pollution; it is true of water pollution; it is true of all of the other areas with which you are very familiar. And, now, to a third point and here it is necessary for us to consider one of the dangers that will arise, and could arise, as we consider these environmental programs.

I have met recently, as I am sure many of you have over these past few months, with representatives of environmental groups; people who are justifiably and also very deeply concerned about the environment, and whose reaction is therefore very strong. And the reactions, as in the case of any program, sometimes go to extremes. One reaction is that there is an irreconcilable conflict between economic growth and happiness, or economic growth and a decent life in this country.

And the argument goes that what we must do is to turn the situation completely around, that the ideal that we should try to achieve is to return our country and return man basically to his natural state as nearly as we possibly could, and that if that were the case that we would all be much better off.

I know that is a popular situation. It just doesn't happen to be true. And it also doesn't happen to be new, because Rousseau advocated that 200 years ago. As we all know,

man in his natural state is not a particularly admirable object. As we also know, when we consider growth and as we look at this great nation of ours, growth has done very much for the United States.

It is very interesting for me to note that as I travel around the world the traffic is never from the United States to other nations, it is usually from other nations to the United States with all of its problems.

And as we reform those things which need to be reformed, we must not destroy those particular characteristics of our society that has made this nation the wonder of the world. We should not be apologetic about it; we shouldn't be defensive about it. What we need to do is to turn the scientific genious, and the managerial genius, that has made America the rich country that it is, the enormously wealthy country it is, to turn that genius to the service of man to solving the very problems that that productivity has created in terms of debasing our environment.

That is the approach. It is the responsible approach. It isn't as easy, it isn't as simple. It, therefore, isn't just as appealing, but it is the right way. I am sure that you as leaders in the States will take that approach.

And then I would finally close with one other thought in terms of the rhetoric that we should use in discussing this problem of the environment. Seventy years ago Theodore Roosevelt

caught the imagination of this country and, incidentally, the admiration of the world when he spoke of the strenuous life and also spoke of conservation; conservation was the right term for that time.

Conservation today, I submit to you, is an inadequate term to describe what we need to do. What we need to do now is not to conserve simply what we have in the way of natural beauty and natural resources. We need a lot of conservation, that is true. But what we need is something considerably more than that.

We need restoration, restoration of the beauty of waterways, and of air, and of land, which has been destroyed or virtually ruined by reason of this economic progress which, on the one hand, has its advantages but on the other hand brings with it some side effects that all of us, of course, want to deal with effectively.

And so rather than conservation we should speak of restoration, restoration of the beauty of this land and we should combine that, it seems to me, also with another very positive word the word reform, because if we are going to deal with these massive problems we can't deal with them with some of our present instrumentalities of government.

We need to reform the instruments of government at the Federal, State and local government levels if we are effectively to deal not only with problems of the environment, but also in terms of [illegible]

but also in terms of family assistance and the others; those that you have been discussing, and that I have touched upon briefly on this occasion today.

And then the final word that I would suggest we might constantly emphasize is that of renewal. And, here, when I speak of renewal I mean renewal of the spirit of this nation and particularly renewal of the spirit and of the challenge for the young people of this nation. This is not the time, nor certainly the place, to get into any details to discuss the problem of the alienation of the youth which I know commands much of your attention as it does ours. But I would only suggest that here, again, the automatic simple answers are usually not the right ones.

A few months ago when I was traveling in Europe I was discussing with a major European leader the mutual problems that we had, the problems that we had with our youth in the United States and the problems that he had with his youth in his country in Europe, and I pointed out to him that there were many in this country who thought that once the war in Vietnam was over that the problems of our youth would disappear, and his comment on that was very interesting.

He said, "I don't agree that that would happen." He said, "The problem with your youth is war." He said, "The problem with our youth is peace."

What he was, of course, suggesting was not that

what they needed was war and we we, therefore, should be concerned as we moved toward peace. But, what he was suggesting was that the problem of youth today is much more profound simply than to find a society in which we have an absence of war because there needs to be a positive thrust, a renewal of the spirit.

And we can talk, now, and we can suggest that if we could only clean up our air, and clean up the water, and have more parks, and have peace in the world, and have a guaranteed income for every individual, and everything there on a silver platter, that then everybody in this country and particularly the youth in this country would be happy, and they wouldn't be at all. Because unless we can give to our youth and to all Americans, for that matter, a sense of challenge; a sense of excitement; a sense of participation in building the "New America" in this program of restoration and renewal and reform, unless we can do that we are not going to give them the satisfaction, the satisfaction that you have; you, the leaders of your States, in the positions that you so responsibly fill.

That is why I would urge strongly that you go forward, as we are trying to go forward at the Federal level, with programs of volunteer action; volunteer action in which we will cooperate with you; volunteer action where our young people have the opportunity particularly in this field of the environment to participate, and to contribute in solving the problem.

I do not suggest that the solution of the problem will mean, as I have already indicated, that from then on youth will be forever happy. But, I am suggesting that what we must remember is that it is basically the search; it is the challenge; it is the participation that gives meaning to life rather than simply the end result.

I have appreciated the opportunity to address this Conference, and to share with you some of my concerns on the practical programs that we have. I simply want to add one final note, which will be touched upon in greater detail by the experts when they come before you if you want to ask questions on this particular point.

I know that many of you have been frustrated by the fact that Presidents come before Governors and set forth great programs, and then States rely on those promises by Presidents and go forward in their own programs, and then Congresses failed to appropriate the money which is necessary for the Federal Government to maintain and contribute its share to the solution of those problems.

Several of you have brought this to my attention when I announced our program in the field of water pollution. I want you to know that we have taken your views into consideration, and we have an answer. We believe that any State that went forward after the Clean Water Restoration Act of 1966 relying on what the Federal Government had indicated, went forward in its

own program, should not be penalized because it took that initiative. As a matter of fact, it should be rewarded.

That is why 20% of all the funds that we have asked the Congress to appropriate in the field of water pollution will go through the Office of the Secretary of the Interior and the first priority on that 20% will now be to take care of approximately $320 million in the case of those States which between 1966 to the present time did go forward in their own programs and who have not been compensated for the Federal share from the Federal Government.

I simply want to say, as I conclude, that it is very easy to stand before any group--as all of you know--in a political context and to make promises that sound very good. I simply want to say to you that we have presented our program in terms of what we think can be accomplished. We are not going to make promises in this field that we are unable to fund. And we think the place to begin is with this environmental program.

It is a program that we believe is adequate to handle the problem. If it is not adequate, we will go back for more funds. But in no event will any State represented around this table be penalized when it relies on what the President of the United States indicates will be a Federal commitment. We have made a commitment. If the States go along, we will see to it that you are reimbursed. That will be our program.

Thank you.

(Applause)

(Whereupon, a recess was taken at 2:45 o'clock, p.m., with the Conference being called to order at 2:50 o'clock, p.m.)

GOVERNOR LOVE: Will you come to order, please. As I have said, the purpose of this afternoon's meeting is to go over, in some detail, some of the more important domestic legislation presently pending before the Congress and in order to discuss this with us we are very privileged to have, first, Mr. John Ehrlichman who, as you know, is the chief staff member for the President in the area of domestic affairs.

He, in turn, will introduce some of the other people who have come with him and I take great pleasure in presenting Mr. John Ehrlichman.

(Applause)

MR. EHRLICHMAN: Governor Love, it is a pleasure for us all to be here this afternoon and to participate in this quest of yours for information, and an opportunity to give inputs on subjects of mutual interest particularly legislative subjects that are of interest to you.

In order to give this discussion some overview, Bill Timmons, who is Assistant to the President for Congressional Relations is here to discuss with you the general aspects of the congressional situation at the present time.

Bill Timmons has been recently elevated to his present position--present responsibility. The President

described Bryce Harlow to you as the preeminant authority on the subject of congressional relations for the last year, plus Bill Timmons has been at Bryce's knee--so to speak--working the House side, on behalf of the House. He has had many years of Hill experience in various capacities, and he is now the individual in the White House with the primary responsibility for the conduct of the President's business with the Congress.

It is with pleasure that I introduce to you William Timmons who will discuss the present congressional posture on an overview basis. Bill.

(Applause)

MR. TIMMONS: Thank you very much; I am reminded of an ancient custom where women were trained to walk six paces behind their husbands. It seems that recently an American tourist was in the Near East, and he saw a lady walking six paces in front of a man, and the tourist asked the guide if the custom had changed, and the reply was, "No, don't worry about that, they are walking through a mine field.

Well, I think in some respects my job in trying to shepherd the President's legislative program through Congress is one of trying to sidestep a mine field. Frankly, I have to keep moving not only to dodge the congressional brickbats, but if I ever stop John Ehrlichman may put one of those new White House policemen's uniforms on me.

However, relations with Congress are improving. We

don't require the Secret Service to go with us when we go to the Hill any more, and that is a definite advantage.

Before we probe into the hypersensitive, volatile, infathomly hindsighted power center that is known as Congress perhaps it would be well to talk about some general observations about Congress as we see it sixteen blocks away.

First we look at the Constitution and the President's legislative powers are quite bare. He is charged with sending messages to Congress from time to time. He can summon both Houses into session. He can veto bills and refuse to spend and appropriate monies, and so forth, and in the very early years of our Republic the President had few official contacts with Congress.

In later years, they developed a system to permit Cabinet Officers who were personal friends to be their liaison with Congress, and only in recent years has the Office of Congressional Relations been firmly established. I think that General Eisenhower was the first President to establish an Office of Congressional Relations.

The second thing which we should look into in viewing Congress is the fact that President Nixon is the first President in 120 years to start out his term with a hostile Congress controlled by the opposition party. If the Republicans in the Senate all supported the President's bills, we'd still need seven Senators from the other party to cross over and

help us in the House. We would need twenty-nine democrats to come over and help us and, of course, on most legislative issues we cannot count on 100% of our republican congressmen.

I have been asked to go over briefly with you what is ahead this year in the Administration's dealings with Congress. That is a pretty easy question, the answer is more difficult. As you know, it is an election year and we still have the same situation that we had last year with control of the Congress by the opposition party.

Even so, given the best contingent of all people it is going to be a very difficult year. Legislation will not go sliding through as it is sent to Congress. Major bills will be bogged down many times, even though the thrust of the bill is something that has been adopted by both major parties.

Frankly, we are hoping for pretty general support on many of the domestic bills before Congress this year. Most everybody agrees to the concept of these bills, and we get down to differences of opinion on how do you implement the proposals; how fast do you implement them; how far do you go. So we hope that as we get into this legislative year that we can iron out these smaller difficulties, and enact a substantial portion of the President's legislative package.

We have talked about environment. We will hear more about that today. The main question is what do we do about pollution? Every congressman is concerned about this,

as is the President and the whole Executive Branch.

We have got to clean up the rivers, the lakes, and on shore areas as well as air and land. I am confident that Governor Boe has provided you with copies of all the messages and legislation that has gone to the Hill. Each message that goes up generally creates a series of bills to implement, and in the environment message there are seven specific bills.

No congressman, today, can unrealistically afford to be over optimistic that we can get the major share of the President's program through in the field of environment, and there are others that are coming down the pike such as on education. A message will go to the Hill soon, and there also will be another message looking into the possibility of getting rid of some of the no longer needed programs that Congress keeps funding every year, more as a matter of habit than anything else. These are going to be controversial. No matter how shopworn a program becomes, it is difficult--as we all know--to cut it off.

The President reviews his Administration as a reform Administration. Many of the proposals he has sent to Congress come under the heading of reform, and one of the President's chief reform goals is to return the responsibility to the States, to those areas where the States can best perform. He recognizes that to accept these responsibilities the States must have adequate funds, and without exception this is the case.

The States no longer have an adequate tax base to do many of the jobs that they should do. Therefore, this is the first time a President has asked Congress to adopt a national policy of permanent sharing for the federal revenues with the States and local governments.

This is a proposal that the President considers profoundly important to the future of the whole federal system.

Also on the back burner in the Ways and Means Committee is the family assistance plan that has come into the fore pretty fast now, I think, and this is something that I know each of you is vitally interested in. I would like to urge that Governors, and staffs, when you have an interest in bills up before Congress speak out on those issues forcefully. Contact not only your State delegation but the Chairman of the committee concerned.

I think it is important that Congress realize that the Governors are behind many of these bills.

Another area where the Administration hopes to return the responsibility to the States is in the case of manpower training. The President feels that each State, each locality, knows its manpower needs better than some of us in Washington. Committees in both the House and Senate are now taking testimony on this legislation. Again, the President wants reform in this area where there has been a jumble of waste and confusion, and this will be the first time there will be an established

federal program to turn this responsibility over to the States and local governments.

Another area where we anticipate some problems is in the amount of appropriations. I sense that there are being politics played on Capitol Hill this year in trying to quote reorder priorities unquote, whereby the Administration's programs will be sent up to Congress, and the Congress will try to increase them where that is possible.

For instance, the President and his advisors think that the environment funds that are recommended, plus the local funds, plus the special authority are adequate to give every locality in the nation a sewage treatment plant, but there will be continued pressures to increase appropriations. I'd say that while we have these reform proposals, and new approaches for the problems in this area, that the President is determined to finance these within the confines of a balanced budget and the reason, I think, is very simple.

He believes that a balanced budget is necessary to put an end to the inflation, and ending of inflation is a number one priority. He said, again, that anyone betting on inflation is betting on the wrong horse and he intends to show that is true.

Now, let me quickly tick off some items that are high on the President's agenda. Crime, of course, has a very high priority. We have a dozen bills before the Congress dealing

with crime, and drug abuse. Unfortunately, most of these are still in committee.

We have a postal reform bill that we hope we can pass this year. It has been bottled up in committee for some time, but there has been some progress recently.

Other bills are mass transportation grants; consolidation of airports and airways; postal rate increase; a maritime program. There is a consumer protection package which has several measures. Manpower training; employment insurance; education; occupational safety; the crime package has twelve or more bills, the environment package will have seven bills.

Now, I could go on and on and you are familiar with the bills that the Administration is interested in. I want you to be assured that we will work very closely with your congressional delegations here in Washington to see what can be worked out to meet the needs of the nation, and also the needs of the States.

Up to this time, I think that the press certainly has agreed that the legislative landscape has certain inner characteristics subject to extreme temperature variations which are determined by accomplishments. So far, in the past year at least, the legislative landscape is not too different from the moon. The difference is on the moon there is no wind, and the wind blows well on Capitol Hill.

I think now, however, that we are going to see Congress spring to life in the next few months. They are eager to get back home and start campaigning, and I look forward with some optimism to a great percentage of the President's recommendations being enacted into law.

In conclusion, let me say that my job is similar in many ways to a midwife. I have no responsibility for the conception of an idea, but rather being in as an early consultant on the likelihood of a healthy birth. Also, I am not charged with guiding an adolescent program to maturity but rather making sure that it sees the light of day. Thank you very much.

(Applause)

GOVERNOR LOVE: Thank you; I have asked John Erlichmann if I can interrupt very briefly. Dan Evans, who is Chairman of one of our committees, has an item that needs to be presented quickly and briefly because, as I understand it, it is pending a vote on the Hill; is that right, Dan? Will you take over.

GOVERNOR DANIEL EVANS: The airport development legislation is now being discussed before the Senate right now. We just had word that Senator Gurney's amendment relating to State involvement in airport planning may be voted on as early as a half an hour to forty-five minutes from now.

Our committee this morning, the Transportation Committee, by formal action went on record and sent a telegram

to Senator Gurney and I am asking here that all other Governors wishing to associate themselves with this telegram indicate by holding up their hands, and we can add that much more impetus to this important amendment which, for your information, is in the Administration's bill.

It is in the bill as it passed the House of Representatives. It was deleted in the Senate Commerce Committee, and now is being suggested to be added by floor amendment under the sponsorship of Senator Gurny and a good many others.

This amendment would put the States into the picture as far as comprehensive planning for airport development. Without it, the States will be out of the picture and there will be a direct Federal-local relationship that I think we have consistently opposed in the past. The telegram reads as follows: (reading) "We, the undersigned Governors of the States, strongly urge your support for the State involvement in the airport development legislation before the Senate today. This amendment provides a role for the States in the National Aviation Program that is essential to the development of a comprehensive transportation system in the States.'

And, Mr. Chairman, if we could have an indication perhaps by a show of hands we can get an idea of how many support this position.

GOVERNOR HEARNES: Mr. Chairman, Governor Evans may I suggest that you word that telegram in such a way to show that

those who necessarily did not affix their signatures were not present at the meeting, because it could be determined the other way.

GOVERNOR LOVE: That is a valid point.

GOVERNOR DANIEL EVANS: All right.

GOVERNOR LOVE: With that comment, each of you who would like to have your name associated with that telegram raise your hands please.

(There was a show of hands.)

GOVERNOR LOVE: It looks to me like it is unanimous.

GOVERNOR DANIEL EVANS: Thank you very much.

GOVERNOR LOVE: I think maybe rather than a list of names that it show by all the Governors present at this meeting. Thank you for allowing us to interrupt here.

MR. EHRLICHMAN: For the balance of the session this afternoon, I will introduce the various departmental representatives one at a time so that you will become familiar with them. We have asked that each of them present to you, in two or three or four minutes, their respective department's view of the critical domestic issues before the Congress at this time in their particular areas. Then, they will be available for your questions immediately after the original presentation by each of them.

The President has asked that wherever possible the department make the Undersecretary available to you this

afternoon. In two instances, we have Assistant Secretaries rather than Undersecretaries. But, these gentlemen as a group meet regularly in the Undersecretaries Council, or Committee, or whatever they call it.

Their principal function is to act as an effective liaison between their departments, on the one hand, and their respective regional offices out in the States in the regions on the other and it was felt, and proposed, that they be the ones to come and talk to you and answer your questions this afternoon.

I will take them alphabetically by individual, rather than by department if I may. First is Undersecretary James H. Beggs of the Department of Transportation.

(Applause)

UNDERSECRETARY BEGGS: Thank you, John; Governor Love, gentlemen, it is a pleasure to join you this afternoon and a pleasure to hear the support for the airport development legislation as well.

This afternoon, briefly, I'd like to discuss with you the other major piece of transportation legislation which was sent up last year by the President. A new initiative, if you will, the area of urban mass transit, and I am sure you are all familiar with the problems of the past twenty years. Our transit companies have lost two-thirds of their revenue in these past years. That revenues have declined drastically and the

whole system, if you can call it a system, has gone into the red and at the same time transit fares have more than tripled.

On the average, about 235 transit companies have gone out of business, and this is not only a big city problem but it is a problem of every area that has a population concentration and, in fact, some of the more critical areas have small bus companies and are relatively small towns, and as you all know 80% of our population--thereabouts--now live in urban areas and that will increase in the next twenty or thirty years, and of that 80% about 25% of them--for one reason or another--need access to public transportation.

There is a total reliance on the highways, of course, at this time and it is probably going to become increasingly more difficult. It is a matter of geography in the big cities, and it is a fact that something can be done I think as demonstrated by those systems which are currently being improved, or currently being built like the parkway system in San Francisco which is an example of what can be done, and also Philadelphia where in northeast Philadelphia the transit system has made extensive improvement and have increased their facilities by many percent. So that shows what an investment of capital funds can do something about the problem.

We, therefore, framed a bill which we think will go a long way to solve the problem. In the Mass Transportation Act of 1969 there was a program to build and enlarge, improve, the

bus and rapid transportation systems and provide for capital grants for bus stations, new roads, and by research grants develop completely autonomous systems such as the personal kind of bus systems that we have been experimenting with, and provide developmental grants and better research ideas, and do this through the provisions of contract authority in the amount of $10,000,000 over a twelve year period.

The first appropriation that we have asked for is an immediate contract of obligational authority of $3.1 billion which would cover the first five years. We believe that the contract authority provision does provide the assurance of funds, and their availability, so that the local and State governments can bond themselves effectively, on the basis of two-thirds share by the Federal Government and one-third local, and it does provide for participation of private operators in the program, and it also provides $500 million in research and development funds to try to come up with some innovative programs programs in urban mass transit.

The bill was passed through the Senate on 3 February of this year by a vote of 84 to 4. It got very, very, good support from the Committees in the Senate. One problem in this bill was the question of the discretionary funds. It still carries the 12% limitation on funds to be used in any one State, but it has a provision for discretionary funds for the Secretary if any State reached the 12% limitation and still required

funds for any pressing need. The Senate added back to it, on the floor, seven and a half percent in discretionary funds. That is, seven and a half percent of any year's obligational authority.

House hearings are now scheduled to commence on 3 March. This will run through 13 March, and we expect much rougher sledding in the House. There will be a number of amendments, so we solicit your support. We think it is a good bill, and--as it stands--and has everything in it that is needed to help the local governments, and does provide of course for the State review of the programs and we think that it will provide the basis for building broad new urban mass transit systems in the country. Thank you.

(Applause)

GOVERNOR LOVE: May I ask the guests, particularly those in the back of the room, to give us the courtesy of being a little more quiet. I understand there is some difficulty in hearing; is that right?

GOVERNOR JACK WILLIAMS: At this far end there is.

MR. EHRLICHMAN: The next speaker that has never had any difficulty in making himself heard is William Butler, Assistant Secretary of Health, Education and Welfare. I'd like to introduce him, and he will indicate to you the critical issues as they see it there, and then he as the others will be available for questions afterward.

ASSISTANT SECRETARY BUTLER: Thank you, John; Governors, I apologize for Undersecretary Veneman not being here. He had planned to be. He was with some of you this morning, but Chairman Mills of the Ways and Means Committee called him back this afternoon for more discussions on welfare programs, so he wasn't able to be here.

I thought I would just briefly touch on some highlights for you in the environmental field, and on welfare bills that we have, so that we have the most possible time to have questions.

First, in the air pollution field as you have no doubt seen in the President's message we are proposing major changes in the regulation of pollutants in the air in this country. First, for vehicles, this does not involve legislation at the federal level. As you have seen, the Department of HEW has now put forward the most stringent emission regulations for motor vehicles in the history of the country, Those became effective about two weeks ago, and will reduce the volume of pollutants by 1975 in the atmosphere by about 25% of what they were in the past.

Secondly, we are asking for legislative authority to regulate fuels, as I am sure that you have seen. That regulation is necessary to reduce the pollutants and to make the catalytic devices and exhaust systems work as well. We need to have them work to meet new federal regulations.

We are also asking for inspection provisions that

will go beyond the present prototype testing, and will inspect automobiles as they come off the assembly lines, and we have announced and are proceeding with a program--a five year program--for the development with industry of unconventional power sources for vehicles, so that by 1980 we will have cars powered either by steam, electricity, or some hybrid source gas turbine. Because at that time the population of automobiles will be such that the total pollutants will be rising no matter what we do probably with the internal combustion engine. That is briefly it for motor vehicles.

For stationary sources, the things that will have the most major impact in the States. First, we are going to set national emission standards. We hope that the States will be setting more stringent standards in many areas, but there will be a national standard for air quality and no State will be able to have a more lenient standard than the national one.

As part of that, we will be asking for authority to have the States plan for stationary sources on a State-wide basis, so rather than do the planning that you have been doing in air quality regions we will be asking for State-wide plans for emission sources which will have a particular impact on isolated areas, smaller communities that have major sources of emissions.

Third, we are asking for authority to set national

emission standards, stack standards if you will, for new facilities and in industries where pollution is a major danger, and this includes industries such as chemicals, steel, power generation, things of that type, the purpose of these standards being to insure that wherever a plant is located whether it be in an isolated area or in an urban area it is a new plant and will have to have the best technnology available and, finally, we are asking for powers to supplement the State enforcement which would permit the Federal Government to come in and assist the States, and if the courts would find it necessary to have fines up to $10,000 a day for violators; that is,would be violators of State emission plans.

In the solid waste field, we have proposed legislation calling for major changes in strategy, recycling and reclamation of solid wastes, and the President will be proposing his auto bounty plan to try to remove wrecked automobiles; move them into the scrap process faster hopefully within the next 60 days.

Very quickly, in conclusion, in the welfare field I think that most of you are completely familiar with the welfare proposal. I would only say, at this point, that there have been discussions with Chairman Mills in the Ways and Means Committee of a possible alternative to the handling of the State supplementals so-called. That is payment above the federal welfare floor, in which it has been suggested that the Federal Government share those supplemental payments up to a certain point rather

than the previous position which is rather complex,which was a guarantee to the States that they would not pay more than 90% of their existing welfare field. If that should be the ultimate recommendation of the Ways and Means Committee, it will result in substantial State savings. Thank you very much.

(Applause)

MR. EHRLICHMAN: The next participant is the Undersecretary of Agriculture Jay Phil Campbell.

(Applause)

UNDERSECRETARY CAMPBELL: Governer Love, State Governors, it is a pleasure for me to appear very briefly on your program. I know that the programs in the United States Department of Agriculture are of interest to each Governor, and in the very few minutes that I have I will limit my discussion to one that is probably, across the board in all fifty States, of more interest than any other program and that is the Food Stamp Program and the legislation which is currently before the Congress.

Currently of 3,129 counties in the United States 2,869 either have food stamps or a modest distribution. Only 260 are without a program, and it is our hope that by July the first that these 260 counties will be included in the food stamp program.

The Administration has legislation on the Hill, and has requested broad authority in the food stamp legislation,

and legislation has been passed by the Senate that is even broader than the Administration request. This is currently under consideration in the House Agriculture Committee.

Our food stamps were put into eleven additional counties upon request of those counties by Secretary Hardin and in the last twenty to thirty days bringing the food stamp participants up to 2,869 and some have converted in some cases from the commodity over to the Food Stamp Program, bringing some counties that have neither program under the Food Stamp Program.

Now, the new food stamp benefits that have been just issued by Secretary Hardin give for a family with an income of $90.00 a month or less $160.00 worth of stamps, so that means for the less privilege quite an increase in benefits.

During the current fiscal year we are operating at a program level of $610 million as compared to $250 million in food stamps last year, with a request by the Administration for the next fiscal year '71 of $1,250,000,000 dollars.

Now, the Administration's proposal--which I will mention--would do four things. It would give free food--free stamps--to the poorest of the poor, and would allow the use of both stamps and commodity distribution in the same county which is currently permitted by law, and also allow individual purchasing of less than the maximum amount of stamps during any one given period which is going to give the poor uniformity

with regard to qualifications and regulations throughout the entire United States.

The regional offices are not the same as the ten regional county offices, because there are only five regional offices, to date, but their lines have been drawn to coincide with two county offices or regions at the same time and these five regions are located in New York City, Atlanta, Chicago, Dallas and San Francisco. Thank you very much.

(Applause)

MR. EHRLICHMAN: The Department of the Interior has no Undersecretary. He has recently become the Chairman of the Council of Environmental Advisors and, therefore, there is at the moment a vacancy in that position. Representing the Secretary of the Interior in the Department is Dave Dominick. Dave is the Commissioner of the Water Quality Control Commission, and is in the forefront of the water pollution effort at this time. Dave.

(Applause)

MR. DOMINICK: Gentlemen, as you know the President on February 10th Forwarded to the Congress his environmental message which commits the Federal Government and the States, and communities, to a massive total program for reversing the environmental decay and degradation that is affecting the country.

Fourteen of these specific proposals in that message

concern water pollution control, and we might break those eventually into the following categories. Number one, financing, and here we are talking about financing of municipal waste treatment plants, interceptors and sewers; number two, building of mains and number three reform.

In the financing proposals, the President is seeking authorization for a $4 billion federal share of a National Clean Waters Program over the next four years. He is seeking in this a total authorization at one time so that we can bring consistency, continuity, and good planning to the clean water effort. This has been lacking in the past. Appropriations have not metauthorizations. We have not funded adquately this program, and we feel that a total authorization at one time is the answer to that problem.

Connected with that are our proposals to put pollution money where pollution control needs are the greatest, and very simply that is where most of the people are. There are proposed changes in the allocation formula so that more monies can be committed immediately to those areas of greatest need.

In addition, we would propose using 20% of the total federal funds as an incentive--a positive incentive--to those States which have an acceptable grant fund program at the State level. Today, we only have fourteen such States and we hope that many more will have master grant programs and many more in the years ahead.

In addition to this $4 billion program, the President is proposing an Environmental Financing Authority. This Authority is a significant new initiative in financing the administration of this program, an initiative which will provide all communities with a source of financing for tax exempt municipal bonds regardless of their particular rating.

We are seeking regulations for river basin clean up. As the President said in his message, you cannot clean up half a lake, or half a river. You have got to clean up an entire river basin.

We are seeking better operation and maintenance for the plants that are being built with Federal, State and local money.

We are seeking better design. Presently we are designing some plants no better than they were designed back in 1914 and, finally, enforcement. We are seeking tough, swift, equitable enforcement power at the federal level. Enforcement powers that will supplement and assist the States in seeing that pollution is brought under control in a timely and effective manner. Thank you.

(Applause)

MR. EHRLICHMANN: Next, you will hear from James D. Hodgson, the Undersecretary of the Department of Labor.

(Applause)

UNDERSECRETARY HODGSON: Gentlemen, I suppose

It is appropriate that in an era which produced the mini-skirt and compact cars that I should now come under the three minute limit for a thirty minute subject.

I want to talk about the manpower training that we are working on in the Department of Labor. During the last decade, the manpower training programs have really had Topsy like growth. Last year, alone, the federal manpower expenditures were two and a half billion and despite the improved organization, and other efforts we are making, the current manpower picture is suffereing from lack of coordination; regional program difficulties, and certainly an excessive federal control.

The Manpower Training Act we think will bring about major institutional reforms, and Bill Timmons spoke briefly on that. The funds are now dispersed, and the Manpower Act is consolidated. We have de-categorized current programs, and have provided a single broad authorization for comprehensive manpower services.

There is provision for both planning and administration of the Manpower Program in the State and local governments, and comprehensive State manpower plans will be the keystone of the new manpower services system. After approval of the State plan by the Department of Labor, the State will receive direct control over manpower funds. As a State develops broader facilities, a portion of control by the State will increase. Ultimately, the State will control the apportionment of all those

specific funds, and certain funds would still be earmarked for the metropolitan areas.

Parenthetically, I understand in the discussions in Governor Rockefeller's Human Resources Committee this morning there was revealed a certain lack of unanimity on this issue.

The Manpower Training Act will benefit the States in several ways. First, expand many fold the manpower funds which the States control directly. At present, the States control 3% of the appropriated funds. In the Governor's Office of Manpower Affairs, the Governor will have direct control over a variety of State agencies which are now largely independent of executive authority.

Third, under the Governor's leadership new linkages can be created among the manpower, educational and social welfare programs that are diverse in purpose.

Fourth, the Act will attempt to make a careful balance between the Governors and the principal mayors.

Now, this Act submitted to the Congress by the President last August is a major part of the domestic program. Both the House and Senate subcommittees are now holding hearings which are continuing both in Washington and around the country. Both subcommittees are actively soliciting witnesses, and I am sure that they would welcome the views of the Governors.

We are working hard for passage of this Act in this session of Congress. Several areas of discussion continue

with the

with the Governors and mayors. However, there is broad agreement, it seems to me, on the basic roles in the Manpower Training Act. On the goals of consolidation, de-categorization and de-centralization and we have high hopes that all forces can unite behind the need for this legislation. Thank you.

(Applause)

MR. EHRLICHMAN: I'd like, now, to introduce Ted Klassen from the Office of the Postmaster General who will discuss a proposal for the transfer of postal funds to the States.

UNDERSECRETARY KLASSEN: Members of the Governors' Conference, ladies and gentlemen, I know many of you are interested in the status of our bill. It has been rewritten so many times that even I haven't been able to keep count. Perhaps the best way to explain it is to say that our present situation is reminiscent of a story involving a national league umpire, Charley Moran. Charley had a pretty high regard for himself as a decision maker, and he made it clear that he was the boss. There was one close play where both the runner and the catcher called for a decision, and Moran hesitated a bit and the catcher shouted, "Well is it safe or is it out?" Moran roared back, "Until I call it, it ain't nothing." That is about the status of our bill right now. Until the Congress calls it, it ain't nothing.

Now, we are meeting on a day to day minute by minute

basis with respective groups involved with employee unions, the major customer groups, the members of Congress, hoping that we might find agreement for the type of legislation which might accomplish meaningful postal reform.

In order for the Administration to suppose a postal reform bill, it must include at least the following four provisions. Removal of the Department from politics, and provide for continuity of top management. We have had six Postmaster Generals in the past ten years.

Must have collective bargaining between the postal employees to determine wages. 80% of our costs are wages. Rates must be set by postal management on the recommendation by a panel of expert commissioners. Today, the management has nothing to do with the determining of rate charges.

We must have authority to obtain financing for the postal system by issuing bonds. Today, we make no determination of what kind of services we will render nor the money we might have to have for the kind of facilities that are needed. We hope to reach a compromise in the near future. While postal reform is one of cost, there are also priorities, and the development of priorities is on our agenda.

If I sound a little frustrated about all this, it is because I am frustrated. I have found that getting agreement of all parties in a major bill, getting it through Congress, is like trying to nail jelly to the wall. I do feel, however, that

we nade some major accomplishments during the past year within the context of our present authorities.

We have been able to recruit one of the finest management teams in Government. This staff includes more than twenty-five persons who were formerlly vice presidents or principal officers of their corporations. These men, with their proven record in management and a blending of their experiences with the postal career employees are enabling us to make dramatic improvements.

We have begun a process of decentralization trying to implement the suggestions made by the Postmaster Generals during the last decade, and this has been meaningful, and this decentralization has occurred for the first time in history. We started sending out financial statements to some 1500 post offices, and we plan to take the next step of proving the 75 largest post offices with detailed operating budgets by July one. So far there is no postmaster in the country, and some of them run big businesses, that can give you any kind of idea what it costs to run his business.

This is one way we propose to put more responsibility and accountability in the hands of local postmasters.

Now, a few of the other actions we consider significant include new legislative proposals against pornography through the mails. We have stiffened enforcement of the laws against ten of the fifteen major dealers in the market. We have

created a new Bureau of Marketing. We merged two overlapping Bureaus, that of operations and transportation, and we are establishing a program which we term a model post office program. We are experimenting with nine, and plan to extend this to 72 of the key post offices which handle half the total mail volume in the country.

We think we are making progress, and we find lots of opportunity for improvement. I sincerely hope that when you are here next year we can report to you that 1970 represented a major milestone in postal history by passing a sweeping postal reform bill. Thank you.

(Applause)

MR. EHRLICHMAN: I'd like now to introduce the shy and retiring Deputy Attorney General, Richard G. Kleindienst.

(Applause)

ASSISTANT ATTORNEY GENERAL KLEINDIENST: Governor Love, gentlemen, I'd like to touch briefly upon three areas of special interest to the President and the Department of Justice which are of likewise concern to each and every one of you, and are of vital interest to everybody in your States and with respect to which we need the earnest help and cooperation from the Governors, and all concerned citizens and that is, first, the whole area of narcotics; the area of organized crime, and the area of street crime.

With respect to narcotics, there are two essential

pieces of legislation that we think are vital. Number one is legislation to regulate the manufacture, the sale, the distribution and the export of dangerous drugs. One of the biggest problems we have with respect to dangerous drugs is because of our laws and regulations most of these are exported outside the country, and then come back into the country and illegally made available to our young people.

With respect to marijuana, I think that we all agree that the penalities are now unrealistic. One of the reasons why the law isn't being enforced is that simple possession of a marijuana cigarette can mean a five year mandatory prison sentence for a young person. We have to have a realistic penalty on marijuana to fit the gravity of the offense, so that we can encourage not only the federal prosecutors but the state prosecutors to take meaningful action in this area.

Then, finally, in an area that will affect some of you we want your understanding and cooperation as we go about this business of dealing with narcotics and its source. Operation Intercept, which became operational in terms of our Government and also with respect to the French Government, and also the English Government, is going to require the thoughtful cooperation and understanding of the Governors in those States that are involved.

With respect to organized crime, we want you to continue to cooperate with the some twenty-three task forces that

we have in this area, but most important of all we want your support to prevent the repeal of wire tapping legislation that is now on the books, because in this kind of conspiratorial crime the only reasonable tools that either the Federal or State law enforcement officers have is through the device of electronic surveillance.

Finally, with respect to street crime we want your continued support for the bloc grant concept of districts backed by the Federal Government. There is some $250,000,000 this year, and hopefully some $500,000,000 next year to the several States. This Administration feels that the planning commissions that are established by the Governors that take into account the problems of interstate situations is the best way by which the Federal Government can do its part to bring the whole system of justice into the 20th Century.

There are going to be attacks on this program by special interest groups from each one of your States. It is going to take your support and your understanding to see to it that this very meaningful and what we consider to be vital program continues. Thank you very much.

(Applause)

MR. EHRLICHMAN: I'd like now to introduce the Undersecretary of Commerce Rocco S. Siciliano.

(Applause)

UNDERSECRETARY SICILIANO: I could talk about trade,

and export expansion or economic development but I am only going to talk about one program the Department has and assigned to it a year ago by President Nixon. This is the Office of Minority Business Enterprise.

This is an effort to try to reach the some 15% of our population that have had no part at all in the private economy, or private enterprise efforts in our society. Of course, I am not only talking about the black but the Mexican, Spanish American, the Indian and those in Alaska, and this particular program is an effort to try to make possible and to try to encourage this 15% of our population to come into the ownership side of business.

I am not talking jobs, I am talking now about being a manager or owner. The Department is working in this area, has been over the past ten months, involving a number of very interesting and different types of programs that we, we hope, not naive but realistic and at the same time we recognize that this competitive enterprise thing is not made for everybody.

We are asking, specifically, for the Governors of the States if they will take a look at this kind of effort. We know that in one State, Illinois, they have already set up a similar type of office for minority enterprise and it is working. We know the office is an opportunity for all States where they may have this kind of problem, and I think it is true with most of the States that are here today that you can also look and

see and work with the federal agencies that are involved in here, primarily the coordinating agencies in the Department of Commerce. But, actually, there are something like fifty different agencies of Government administering something like over 100 or 115 programs.

The Commerce Department is the focal point, and we ask only that you take a look at this and we will be getting in touch with each of you as Governors; submitting materials to you, and hopefully you will see in the program a relationship so that you can work with us. Thank you.

(Applause)

MR. EHRLICHMAN: Now, the Undersecretary of the Department of Housing and Urban Development, Richard Van Dusen.

(Applause)

UNDERSECRETARY VAN DUSEN: Thank you, John; gentlemen, I am not going to talk very long about programs pending in the Congress, although there are two measures one which has been there for some time, and one which will be shortly submitted and which will be very helpful to the Department in administering the '70 programs under the President's Grant Consolidation Program, and another bill which we will very shortly submit will also involve the consolidation of many of our programs into fewer and simpler programs than we now administer.

I'd like to talk just a little bit about two programs where we need your help. One of these is in the housing area,

and the other is the model cities program.

Now, in the housing field tomorrow the Secretary will announce the twenty housing systems which have gone through the Operation Breakthrough screening process, which will be built on ten sites around the country. Those ten sites were selected in part because of your vigorous participation in paving the way for Operation Breakthrough in your States. Many of you who do not have Breakthrough sites will benefit from this program as it goes forward, particularly if you are prepared to continue to participate with us.

The kind of help we need is in the review of your State building codes. We'd like the adoption of uniform codes which allow flexible performance standards, so that the innovative technology of Breakthrough can be achieved in your States, and also a review of your zoning legislation so that we can be sure that there are no zoning obstacles to the introduction of Breakthrough housing.

I wish you'd also look at your State housing legislation. Many of you have State housing authorities either participating in the financing of housing, or actually participating in the construction of housing with federal assistance. There is great opportunity to expand that activity in each of your States.

Now, in the model cities area, here's a program which has undergone great change in the last year and one of the very

significant changes has been the involvement of the States which were not heretofore considered effective in the operation of the Model Cities Program.

As you probably know, we have funded some thirty States giving you a staff at the Governor's office level to help in the execution of the Model Cities Program. We have found, interestingly enough, that the mayors have welcomed the participation of the States because they know that only if the State is directly involved are they truly going to start coordinating many of the federal programs which involve State administration. So that we welcome your strong involvement in the Model Cities Program.

It is a way for you to get directly involved in urban affairs in your own States, and a way in which you can strengthen the institutional capability of your city governments. We have, as you well know, a great many other programs in which you are involved and I suspect that some of you with grant applications pending would want to talk about that during the question period.

Thank you, and that concludes the part that I wanted to talk about this afternoon.

(Applause)

MR. EHRLICHMAN: The final gentlemen on the program is the Undersecretary of the Treasury, Charles Walker. He is the only fellow that I know that spells Charles without an "e".

(Applause)

UNDERSECRETARY WALKER: Thank you, John; I'd like to take about three minutes in order just to inform you about a couple of programs that are vital to us, and have strong support by the President and the White House, and also to ask for your help because we need it badly in these areas.

First of all, as you know, the housing market is in a very bad slump and measures are underway to bolster that activity for this year. The Treasury's program to try to bring into the mortgage market an extra $3 billion or so of commercial banks pension funds, and insurance companies funds.

We have held meetings with the leaders of these industries over the past couple of weeks, and these meetings were most encouraging, even more encouraging were the two telephone calls which I received. One last night, and one this morning. One from a major East Coast bank, and one from a major West Coast bank which I feel confident will result in another $200 million in the mortgage market this year.

I am very happy about the way this program is shaping up, and you gentlemen--your States, your municipalities, is another area of mortgage credit which can be very, very, helpful. We are trying to get some $100 million of Project Welfare funds, and pension funds, into the market to some extent, and I think you can do something too with the funds that you have under your control in the State and local picture.

We will create--we are working to create a good viable competitive banking system instituted in which any pension manager can invest in conscientiously, and get a good return, and if you will ask your people to call me at the Treasury Department about the hows and wherefores I will appreciate that.

Secondly, one of the activities which we have engaged in in the Treasury Department for almost a year, and which we are proudest of, is the program for State-local sharing revenue which Bill Timmons referred to briefly in his remarks.

I know that you gentlemen are familiar with this program, and its specifics, so I will simply summarize it in just a few sentences. It has been introduced in Congress, as you know, and we have a large number of sponsors. The first question was how much is to be shared? In the new budget, $275 million, and I will remind you that by 1975 based upon 1% of the personal income tax base this should expand to a $5 billion kitty to be distributed to the States and local governments with no strings attached.

Now, how much to each State? The State's share is primarily determined by the State's share of the national population. But, there is a small revenue effort/adjustment. This means that if the State has a revenue effort of 10% above the national average, it will receive a 10% bonus of its basic capital revenue sharing.

Third, local governments are included. Every State would have to pass through to all of the general purpose local governments--city, county, township--a percentage based on the existing division of revenue raising responsibility. For example, if a city raises 10% of all revenues raised within a State, it will receive 10% of any revenue sharing payment.

Fourth, optional local sharing. A State working with its local governments can devise an optional plan. Inclusion in such an optional plan must be approved by the State, and a majority of the local governments.

Fifth, restrictions in this program. There are no program or project restrictions, and standard reporting and accounting requirements will be met. The fundamental purpose is to not prevent State a local publically elected officials from freely allocating funds according to their own priorities.

The program can be summed up as simple. Objective statistics and clearly defined procedures are used. It is fair; all general purpose local governments regardless of size will participate. Dependable State-local governments can count on the funds in their planning at their discretion. State-local governments are free to use the funds wherever they determine the need exists, and the program has provision for distribution to be allowed for State by State variations, and there is no attempt to reward or punish because of the difference in size of the local governments or systems of taxation.

What are the prospects in Congress this year? Bill Timmons said, correctly, that this legislation is on the back burner in the Congress at the moment. But, there are a couple of reasons for this. One reason this has to originate in the House Ways and Means Committee. There are considerations as to welfare proposals, trade policy legislation, excise taxes, and the Ways and Means Committee could get to this legislation any time in the near future for hearing purposes.

Secondly, it is no secret that certain leading members in Congress, and certain leading members of the relevant committees in the Congress have publically opposed revenue sharing in the past. But, we are still optimistic. We believe that revenue sharing is an ideal whose time has just about come. First, because it is a good idea--a darn good idea promoting the new Federalism and, secondly, it is bi-partisan and, thirdly, it is politically salable and I know that with your help, which will be considerable, we can move this legislation to fruition in the Congress sooner or later. Thank you.

(Applause)

MR. EHRLICHMAN: Now, I am going to ask--to cut down on the transit time--that in answering questions if all these gentlemen who have spoken will bring their chairs right up back here, and while they are making that move I will simply observe that I want to express our gratitude for providing this place of shelter for the Washington Press Corps to meet one

another, and have this visit this afternoon. It has been inclement outside, threatening rain, and they don't often have a chance to visit with one another this way, and we appreciate the facilities being made available in this fashion.

Now, may I ask that any of you that have questions of the gentlemen, or general questions of the Executive Branch which the Executive Branch may respond to simply let us hear from you. I will try to pick out someone back here, or we will take volunteers if there is anybody.

GOVERNOR NELSON ROCKEFELLER: I will ask two questions on pollution.

GOVERNOR LOVE: Can I add my sincere request that those who are continuing a separate meeting in the back of the room could perhaps find some other place to conduct that meeting, so we can all hear.

GOVERNOR NELSON ROCKEFELLER: If I could, I'd like to ask two questions on pollution in two areas. One, I understand there is a bill on boat pollution in the Congress which is in both Houses of Congress, and I wonder whether you had any knowledge or idea as to when that might pass and if there will be federal regulations issued and, if so, when on boat pollution.

MR. DOMINICK: Was your question on boats?

GOVERNOR NELSON ROCKEFELLER: Yes; waste from boats.

MR. DOMINICK: Yes, sir, Governor; the federal legislation affecting vessel polution is in conference now

between the Senate and House committees. We are hopeful that that will be out very soon. That legislation contains a time period in which regulations will be issued. I believe that time period is one year from being enacted.

GOVERNOR NELSON ROCKEFELLER: Thank you, sir; I have one more and that is on noise pollution. What research is being undertaken on aviation--airplane--noise pollution.

UNDERSECRETARY BEGGS: Governor, there are several programs going forward in the Department of Transportation. We have a number of technologies involved in our programs looking toward suppression of noise with regard to jet engines perhaps using some kind of noise suppressing material. One of those programs is very close to demonstration out in California. They are building some nacelles that will be tested, hopefully, later on this year.

There is a program in the National Aeronautics and Space Administration to redesign jet engines from the ground up as a replacement for the 707 engines, and the objective will be to make it about 40% less noisy than the engine it replaces. There are also a couple of programs related to very basic work in acoustics to try to get at the problem of how one hopes, with basic mechanisms, to do these things.

GOVERNOR NELSON ROCKEFELLER: Is any of this public knowledge? I mean, is this a confidential statement?

UNDERSECRETARY BEGGS: No, sir; these are all public

programs and reports are available on them.

GOVERNOR NELSON ROCKEFELLER: Thank you very much.

GOVERNOR MANDEL: One of the gentlemen, who I think was from HEW, spoke about the fact that they are getting ready to set standards for air pollution and other standards. We have done this in the States, and have rather strict standards. We find, though, that when the Federal Government sets standards they eventually become priorities and I am very much afraid this will happen.

Standards have been set up, and we have entered into plans with various of these manufacturing companies that run into a considerable sum of money, as much as 2 million dollars for some of them, to comply with our program. But, when you set your standards it can reduce the standards we have and we can't force them to comply.

What I am saying is that I would like to see, if possible, that the Federal Government would set minimum standards and allow the States if they want to exceed those standards, otherwise we are going to have problems.

MR. EHRLICHMAN: That is my understanding.

ASSISTANT SECRETARY BUTLER: We always have problems with words, here, especially minimum. The proposal that we have before the Congress, now, is that you will have a federal standard and then the States can set more strict standards than that.

GOVERNOR MANDEL: Fine.

ASSISTANT SECRETARY BUTLER: And we are encouraging the States to set more strict standards. In fact, in State-wide planning we want the various standards to protect areas that now are clean so they don't get dirty later on.

GOVERNOR RAMPTON: I am a little uncertain about your proposal for the enforcement of the federal standards. You spoke about a minimum fine of so many dollars. Do you propose to enforce this by direct federal penalty legislation?

ASSISTANT SECRETARY BUTLER: No; not at all. The primary enforcement, I should have made that clear, this is really a standard by the Federal Government with regard to enforcement for the States to follow. The States have the primary enforcement mechanism. It is in the hands of the States. They will prepare the--in cases of stationary source emissions--standards for the so-called abatement plans. They will enforce their own plan, and the Federal Government will step in only after a period of notice to the State that their own plan was not being complied with, and if the State did not take action the Federal Government would be permitted to go to court for an equity proceeding or for an injunction and possible fine. There is a Federal standby power, but the primary enforcement is with the States.

GOVERNOR RAMPTON: Will this be done under federl penal law, or will you expect the States in order to qualify for a federal grant to bring their own penal laws in line with the

federal standard?

ASSISTANT SECRETARY BUTLER: No; there is no proposal inthe legislation, to my knowledge, with regard to any federal requirement of that kind. The States will use their penal laws. These would be civil proceedings, using standards provided by the Federal Government in which you could ask for damages in some situations, but the Federal Government would become involved only after the States had exhausted all avenues. The States are notified to exhaust all avenues of legal procedure.

GOVERNOR RAMPTON: I am not being critical of the proposal, I am in favor of it, but how to you propose to limit federal jurisdiction as far as some of our western States when our principal source of pollution is in the big cities that are far removed from State borders, and it doesn't appear to be an interstate problem.

ASSISTANT SECRETARY BUTLER: Well, it is a constitutional question. Ambient air is a State problem, and certainly most of the plants, the violators, are involved in interstate commerce. So I don't believe there'd be any question of federal jurisdiction. The point really is that we do not want to assert primarily federal enforcement or jurisdiction. We want to leave that to the States.

GOVERNOR RAMPTON: I am not sure I understand yet just exactly what we have to do in the States. You are going to set the standards, and we want to comply. I am sure every

Governor here does. I don't know, yet, what we are expected to do in order to comply.

ASSISTANT SECRETARY BUTLER: Let me just briefly describe. We would set the national air quality standards. We are now talking about stationary sources, not vehicles, and we want to encourage the States to set more strict standards. The States would, then, within the prescribed period of time set there more strict standards if they wish, and prepare a so-called State Abatement Plan.

This plan would say that plants, and other sources of pollution in a particular area, would be controlled in the following manner. The State would prescribe that, and they would set up their own enforcement mechanisms for enforcing their own plants.

The Federal Government would review those plans, and if they are found to meet the national standards they would be approved--if the time period is satisfactory they would be approved--and then you would have a plan that says, for example, all plants in such and such a city shall not emit more than so much particulate matter. This would be a plan prepared by the States and then they'd proceed to enforce it.

It would be in the form of, as John mentioned, an inter-State statute, ordnance, or something like that.

GOVERNOR RAMPTON: In other words, what you are going to do is under like Civil Rights Legislation, and under the

Federal Wholesome Meat Act, and so forth, as long as our standards meet or exceed yours and we are adequately enforcing them there will be no federal enforcement in the States.

When you feel that our standards don't meet yours, or that the enforcement of the standards fall down, then and only then will there be enforcement by the Federal Government of the standards in the States.

ASSISTANT SECRETARY BUTLER: That is right.

GOVERNOR LeVANDER: I'd like to ask this same gentleman did I understand that you expect that the States will enact stricter regulations and standards both in air and water pollution?

ASSISTANT SECRETARY BUTLER: I won't speak for water pollution, but we would certainly expect that the States, for certain regions of the States, regions which now have a very fine quality of air will enact more strict standards in order to prevent the degradation of the air in that region.

GOVERNOR LeVANDER: In Minnesota, we have already done that and we are in a law suit now because the Federal Government claims they have the right to do it. They have pre-empted the State's right to do this. I would appreciate getting your support in this law suit, because we have set higher standards and now we are having the Federal Government trying to kick us out and saying we can't do it.

ASSISTANT SECRETARY BUTLER: I am sorry, I am not

familiar with that Governor, but I'd be very happy to look into it.

GOVERNOR LeVANDER: I'd be very happy if you would.

GOVERNOR LOVE: I'd like to inquire in that area too, Harold.

GOVERNOR LeVANDER: They are putting radiological pollutants into the water, and our restrictions are more stringent than the Federal Government and they don't want to let us enforce it.

GOVERNOR LOVE: The area I wanted to inquire about is in Colorado, and for lack of a better term we have seen some of the more exotic pollutants from the Rocky Mountain Flats Plant which deals with plutonium, which is electrically discharged in the form of plutonium oxide and this type of thing. Is HEW, in the area of air pollutants and water pollutants, going to attempt to assume jurisdiction or are you going to leave that to the AEC?

MR. EHRLICHMAN: May I say this, I think there is one thing that impresses us about this whole matter of the Federal Government, and pollution, and that is that the Federal Government is very badly organized to deal with these problems. The problems with the environment are scattered in all sorts of departments and agencies in the Government, and there is very little integrity in the policy between these various scattered agencies, and so you get a situation like this over in AEC where

they contend it is a presumption.

On the other hand, you have got a very clear policy announced in this new legislation that the States will go first and the Federal Government comes later. We have under very active study at the present time the question of how the Federal Government can best be organized to sustain this attack on the problem of degradation of the environment. I would guess that in a matter of two or three months we will have a recommendation from the so-called Ash Commission--a citizens commission--appointed by the President to study questions of the organization of the Executive Branch.

They have been asked to tell us how they see the proper organization of the Federal Government as a totality in this matter, and I suspect without really knowing that we will be moving toward a consolidation of these various environmental control functions in one or several agencies where you will get a more integral approach, and a more constancy of philosophy than we presently find.

You are going to have to bear with us for a while, and we are going to have these statutory variations until we can come to bear on the overall consolidation of federal agencies and federal laws in a more constant fashion. We are well aware of the problem that you are having on this claim of presumption, and all I can say is that happens to be a result of one particular statute and I could cite cases and other law

suits, but that does not happen to be in accord with our philosophy of how the statutes ought to be drawn as relates to Federal-State relations.

GOVERNOR LeVANDER: There is another point I wanted to make, and that is I hope that idea or that contention doesn't spread through all the other areas of pollution controls so that we get to the idea that the States are not going to have any responsibility for looking over their own environment.

MR. ERLICHMANN: The statutes and bills which we propose on this subject the opposite approach will be taken.

GOVERNOR McKEITHEN: Would you explain the allocation formula for distribution of Federal funds for pollution control.

MR. DOMINICK: Was the question related to proposed allocation formulas for the distribution of Federal funds? The President, in the legislation he sent forward, is proposing that 60% of the Federal funds be allocated in accordance with the existing formula which is basically a population and per capita income formula. 20% will be allocated to those States with proper matching grant programs at the State level. The remaining 20% will be a discretionary fund to be administered by regulation for putting pollution control where the greatest needs are.

GOVERNOR McKEITHEN: I am thinking in terms of the Federal-State share as far as apportionment is concerned.

MR. DOMINICK: The 30, 40, 50% of the Federal share

for a given project would not be significantly altered.

GOVERNOR McKEITHEN: What I want to understand is is there a shift, 60% for the State and 40% for the Federal?

MR. DOMINICK: That is our best estimate of the average share that must be contributed for the total four year program.

GOVERNOR McKEITHEN: I understand there will be 60% for the State and 40% for the Federal.

MR. DOMINICK: On the average.

GOVERNOR McKEITHEN: Isn't it 55, 25 and 20? Are you shifting the burden now?

MR. DOMINICK: No, the existing formula describing the Federal share of a given project is 30%, 40%, and 50% and in some isolated instances 55%. We would like the 55%, because it's for regional treatment systems where appropriate throughout, but we would retain the 30%, 40%, 50% formula as it is presently in the Act.

GOVERNOR McKEITHEN: Does this half billion dollars that you were talking about over a period of time is that going toward the State and local share as against the Federal share?

MR. DOMINICK: The present estimate, the present Federal share that the President is seeking, will be $4 billion and the remaining element of $6 billion will be the State and local share.

GOVERNOR McKEITHEN: I am talking about the national

responsibility and the national commitment in this fight against pollution. Is it fair to suggest that the larger share will be the Federal share?

MR. DOMINICK: That question has been debated very vigorously.

GOVERNOR McKEITHEN: Let's take that as my position.

MR. DOMINICK: The Federal share that the President is seeking in Fiscal '71 is $4 billion in addition to the 800 million which is appropriated for Fiscal Year '70. This will generate, if we assume the averages of 40% Federal and 60% State and local this will generate a contribution of $12 billion.

GOVERNOR NELSON ROCKEFELLER: Do you have a total cost of this?

MR. DOMINICK: Our estimates in the President's program are based on two studies that were conducted in the Department of the Interior. This study shows that in the next five years we need to commit public monies of approximately $10 billion to bring us current with existing water quality standards. That will not take care of some of the problems that we don't have an answer to. But that will take care of the building of waste treatment plants, and the construction of interceptor sewers.

GOVERNOR LeVANDER: I have a question. As you get into the administration in your department in the Federal Water

and Pollution Administration what kind of communication do you propose, or are you going to establish, between the State Pollution Control Agencies so that we have some idea what you are doing, and you have some idea of what we are doing?

MR. DOMINICK: I would be less than candid if we didn't say that communications have been poor. We have attempted with the limited number of people we have to assign individuals from our Regional Offices to work on a close basis with individual States, and if we have problems with anyone I'd like to hear about them and we will get them solved. We will assign a specific individual to insure that we have two-way communications.

GOVERNOR LeVANDER: You will hear from me.

MR. EHRLICHMAN: I'd like to just footnote Dave's answer if I might. You hear a lot of conversation about how much it is going to take to clean up the waters of the nation. As Dave Dominick said, we are relying on two Department of Interior studies with relation to municipal waste treatment facilities. I have seen in the press in the last couple of days some estimates about this by other experts that we have underestimated by 50%, or 75%, or 100%.

We would be interested in seeing the back up numbers that any of you might have that would support such a contention. We have, obviously, an open mind on this entire matter. These become questions of estimates, and mixed questions of conjecture

and fact.

We are relying on the very best evidence that we can adduce at this point in time, bearing in mind that we are talking about a relatively short time span. I think if you listened you heard the President say, today, to you that if it develops that a more extensive commitment is necessary on the part of either the Federal Government or the mixed Federal-State Governments that we are committed to the solution of this problem, and we will go to the mat and we will ask the States and localities to go to the mat with us in a total solution of this problem.

One of the real challenges as you know in public administration is to effectively spend money. It is relatively easy to authorize expenditures and it is relatively easy to appropriate money without regard to effective expenditures. We are trying to find the optimum level in this particular effort so that we don't over or underestimate the magnitude of the expenditures involved.

We will continue to study the question, and as better evidence becomes available through experience or additional studies we are going to be very free in the revision of our estimates, and they are admittedly only that at this date.

GOVERNOR FARRAR: When you are referring to this $10 billion program that is simply sewage treatment; isn't that correct?

MR. EHRLICHMAN: Yes.

GOVERNOR FARRAR: It has nothing to do with pollution from pesticides, residue, or pollution in streams, or industrial wastes all of which are of enormous magnitude, perhaps even more than the cost of control of sewage treatment. And we haven't gone into the storm sewer problem which is even more costly in terms of treatment than the secondary sewage treatment program that you are talking about. So what you are saying is that you are proposing a $10 billion program to treat a very small portion of water pollution; isn't that correct?

MR. EHRLICHMAN: Yes, sir; that is correct. That is exactly right. I think in the same environmental message that went to Congress, the President mentioned the problem for instance of industrial pollution, and discussed the obvious expense that was going to be involved in that to the consumer, and you are correct there, and also the message discussed as a separate proposition the problem of the agricultural community.

GOVERNOR FARRAR: There is something misleading here. I don't think it is intentional, but this $10 billion figure includes a small Federal contribution and a large local contribution to do perhaps only 10% of the total water pollution job that needs to be done. We might be talking about a $100 billion job to clean up the nation's water not a $10 billion job. We are talking only of four; isn't $4 billion the Federal effort and $6 billion State and local effort?

MR. EHRLICHMAN: In this one area of municipal sewage treatment that is correct. Now, if you read the message in its entirety there are a great many other water pollution elements discussed and solutions proposed, so that we are responding to a particular question on a particular subject over here. I don't want to be understood to acquiesce that our characterization of $4 billion is a necessarily small amount of money. I suppose it depends on who is paying this as to whether it is small or large.

GOVERNOR FARRAR: Relative to the $6 billion that the States and local governments would pay which is a rather large sum for States and local governments.

MR. EHRLICHMAN: In this area, as Mr. Dominick indicated, we are attempting to maintain approximately the same ratio of contributions that is presently in effect in this particular program.

Now, it is certainly debatable as to whether the Federal contribution should be greater or less, and probably it depends on what part of the country you come from as to how aggravated the pollution is and what percentage your particular State will contribute to the pollution problem, the total problem, and so forth.

But, I am sure this is a basic question in this whole matter that will be debated for some time before we find out what the ultimate answer is. The jury is obviously still out.

GOVERNOR OGILVIE: Isn't it a fact that the President is limited by the same constraints that we Governors are, that he is making as much money available for this purpose as he can see in terms of revenues provided by the Congress?

MR. EHRLICHMAN: Obviously, in deciding on any expenditure level of this kind there are tradeoffs as to the extent that you put more federal dollars into this program and then, obviously, we have that many fewer federal dollars for other programs, and you have all been through the budgetary process and you know what the decisions are that are involved in setting levels.

The other factor that is present here, of course, that wasn't touched upon but rather lightly was a secondary market that of municipal obligations which is provided for here. And that is the purpose of the Environmental Finance Agency to make available to municipalities, or regions, due to the fact they can't raise their share because they can't market their bonds, and the Federal Government will through the Environmental Finance Agency make a secondary market for such communities, such localities, who cannot market their bonds in the open market to the extent that it is possible.

They will retire bonds through revenues, through user charges, and hopefully we will come out with some kind of a balance in this respect. Charly Walker wouldn't be too mad at us for using the Federal Treasury in this way, but there

is obviously a Federal underwriting involved that can't be overlooked which, I dare say, the States would not want to undertake.

GOVERNOR CURTIS: In the area of housing, there is mention of a 30% grant available would you comment on that.

UNDERSECRETARY VAN DUSEN: This is a subject which is under discussion at the Department right now. The 1968 Housing Act required for the first time that the plans developed through the Housing Act should be less vague, and the Department would like to see the States rather actively involved in this planning for more housing requirements.

On the other hand, I don't believe it is likely that we would set a specific figure as precise as that recognizing the difficulty of providing a grant and dividing that grant into the various components so that the intent is that we will expect the States to devote a portion of that planning money to the pursuit of housing elements.

GOVERNOR CURTIS: We would, though, prefer not to spend a great deal of money in the planning area but it seems like we are going to be asked to waste Federal and State money in that area where we don't need to. We will do it, but that is a waste of everybody's time and money. If we do have bad planning, we will correct it.

UNDERSECRETARY VAN DUSEN: The fact, of course, is that the States vary a good deal in their attention to housing

as a part of their planning. It is designed to be very flexible and variable for States to use as they deem most appropriate whatever is necessary for their needs. We do have certain national objectives which we would like to call to your attention. Obviously, if a State has already done a good job of housing planning we are not going to make them redo it.

GOVERNOR FERRE': Do I understand correctly that it is the Uniform Control Act that you seek implementation of in the area of federal jurisdiction, and the second part of the question is how many States have presently adopted the Uniform Code?

ASSISTANT ATTORNEY GENERAL KLEINDIENST: We could seek federal enforcement of the statutes in certain areas, namely, with respect to the regulation of manufacture and sale, distribution and export of dangerous drugs. There have been but a few States that have passed anything comparable to it. I think that this is because this is basically a reform piece of legislation in this area, and we would hope the States would follow and this encompasses the whole schedule of penalties with respect to producing dangerous drugs, and marijuana violations so that State and Federal prosecutors--as the case might be--would have, relatively speaking, a uniform statute and a uniform penalty.

I think all of us have to take a good look at this area so that the penalties that we have with respect to the

incidental or experimental users, on the one hand, are meaningful and at the same time have a meaningful penalty on those who traffic in it, the pushers and sellers.

GOVERNOR HEARNES: Mr. Chairman, I stepped out while the Department of Transportation was making its presentation. Was the future status of the highway construction fund given to the Governors?

MR. EHRLICHMAN: No, sir; I thought we got away with that one. Would you like to hear from him on that? Jim.

UNDERSECRETARY BEGGS: Is the question the future of the trust fund or future of the expenditure level as related to the construction program?

GOVERNOR HEARNES: Are they interrelated? Let's start back to Colorado Springs and then carry us on from there.

UNDERSECRETARY BEGGS: I am sorry, sir, I missed what you said.

GOVERNOR HEARNES: Let's start back to Colorado Springs with the announcement that was made, then, on withholding of highway funds and carry us through to date, if you will, and give us some predictions of the future.

UNDERSECRETARY BEGGS: All right, sir; as you know, we asked this year--Fiscal Year '70--for voluntary reductions, and there were a number of States that did volunteer reductions so there was no overall reduction on the amounts that were allocated to the trust fund this year, and that represents a

level of about $5 billion of voluntary cutbacks in the Highway Program from those States that did come to us that volunteered to cut their program back.

This year you are under obligation, as I am sure all of you know, to come forward with a highway report and that report has been sent to the Congress without, as yet, our recommendations. The apportionment of the money for Fiscal Year '71 has, I think, been mostly done at about the same level as the '70 level, a few hundred million dollars difference one way or the other as we look forward to the completion of the interstate system which looks like, now, it will be some time in 1976 or so.

We think about that level looks about right for the current interstate system. We really don't have a recommendation yet as to the extension of funds and what other action needs to be taken.

GOVERNOR HEARNES: Your fiscal year is July 1, June 30 and the next quarter is October, November and December and that money was released around January the first, was it not, or thereabouts?

UNDERSECRETARY BEGGS: That is about right, yes, sir.

GOVERNOR HEARNES: In other words, for three months actually the Highway Authority did not know whether they were going to get any funds or not. There wasn't any ironclad assurance in Washington that the money was going to come.

UNDERSECRETARY BEGGS: I think I could be mistaken in this, but, the intent was to inform the highway department of the States that the money would be forthcoming in the first quarter. I thought that had been done.

GOVERNOR HEARNES: Most of the money finally got there, but it was three months before they knew what they were going to get. Now, we are in another quarter can they cound and know that money is going to be forthcoming, or is it going to be the same cat and mouse game?

UNDERSECRETARY BEGGS: I think the monies for the next quarter--we have been given assurance that those monies will be forthcoming.

GOVERNOR HEARNES: January, February and March.

UNDERSECRETARY BEGGS: Yes, sir, and April, May and June I am sure that the word has gone out. Now, I will check when I get back to the Department.

GOVERNOR HEARNES: In other words, they make their plans based on six months construction.

UNDERSECRETARY BEGGS: Yes, sir.

MR. EHRLICHMAN: I'd like to call on Undersecretary Walker of the Treasury also to comment. You asked about what the future looks like, and I think you should have his input.

UNDERSECRETARY WALKER: The reason for the cutback in federal construction was the overloaded state of the economy, the inflation that has captured the economy, and to help to return

price stability. Recently the Secretary of the Treasury, and the Director of the Bureau of the Budget, made it clear that as far as they can determine they think the country can come through this year with a satisfactory level of economic activity.

You can never tell what the future holds, and this thing did begin to slacken off last year and that would appear to be the case now. This reactivation of federal spending in that area would probably one of the first areas that would be turned to in the States.

GOVERNOR HEARNES: That is not the only area.

UNDERSECRETARY WALKER: All federal contracts.

GOVERNOR HEARNES: Let me ask you this question. What puzzles me somewhat, and I agree with the President when he pointed out just recently--he just spoke a while ago--about the Governors that once we have been given assurances legislation was passed that we could expect themoney to be appropriated and he was going to see it was appropriated, and I agree with that. But, it can also be carried a step further the money is not appropriated and it goes past the promise point, and then Congress does appropriate the money.

Now, let's take the other side of the coin. When the Executive Branch then withholds money which has been appropriated, no matter whether it is under the guise of fighting inflation, because that can be argued either way--it is debatable--and there are people that can argue the other way

as far as highway construction, and other things, are concerned but that is the point that I want to bring out.

The President just told the first half of the story as far as we are concerned in our planning. We detest as much as anyone to see a bill pass, and then people think the money has been appropriated for it, and then was not and then have to explain it. But you also have an equally difficult time explaining it to them if the money was appropriated and wasn't there on time.

UNDERSECRETARY WALKER: I think the Administration is firmly convinced that this inflation, which got underway five years ago, is so disruptive to the economy that if not brought under control is going to jeopardize the achievement of all of our goals in a very broad sense, not just national security but pollution, model cities, and all the other programs.

That is why inflation is the number one topic of domestic priority. John asked me to talk about the long run. There have been discussions, and there is considerable concern, about the tieing up in a given effort a trust fund for purposes related to such things as highways or what have you. This has been a traditional concern, I know, in the Treasury Department and in certain parts of the Government. If you get the highway system in darn good shape, and keep tieing up these funds, what are you going to do with them and no recommendations have been made.

We are actually looking down the road five, ten, years hence as to how we can have more flexibility in meeting the national needs without being tied down to specific things.

MR. EHRLICHMAN: In that connection, as you may know, we have opened what hopefully will be an extensive dialogue at the Governors' Conference on the subject of highway trust funds versus other ways of financing Federal-State highway sharing programs, and we would hope that following this Conference that a committee of Governors would be designated to work with the Executive Branch toward the development of long range patterns.

GOVERNOR HEARNES: I could give an example which I don't quite understand. We try to break inflation--using highway construction for example--by withholding funds. Therefore, they can't construct roads and highways, and so forth. Then, the Federal Reserve System takes either before, or after, or somewhere in between steps to cause a rise of interest rates to discourage borrowing, and then Secretary Romney in his Department raises interest rates so they will, in turn, not borrow on FHA loans. Then, the people in my State allow me to raise the rate to 8% maximum to discourage borrowing.

I don't understand the back and forth, the left hand and then the right hand. It is a difficult thing, and I'd like to get these things back to where I can understand them.

UNDERSECRETARY WALKER: The main reason, in our

judgment, that interest rates are at the highest levels in over a century, and I should say six weeks ago interest rates have started to come down quite a bit on government securities, is they get infected with the virus of inflation which happens in a world of capital shortages.

In the first place, in an inflationary economy where things are going faster and faster, and overheating, everybody and his brother want to borrow money and the price of money goes up. In addition, during this last period particularly the last twelve to eighteen months, more and more people--and particularly lenders--have become convinced that inflation as a way of life is going to dominate the United States of America, and as a consequence lenders have become much more reluctant to lend without getting a premium in the rate to deflect the declining value of the dollar.

Businessmen, on the other hand, are also convinced that inflation is a way of life and needing new plant and equipment they call in the corporation finance officer and say, "I want to dump the plant and expand it 50% or whatever it is." And he says, "Fine, you will have to pay 10% for that money." And he says, "Forget it." And he goes to his operations man who says, "If you wait until next year you will pay an extra 15 or 20% because construction costs are going up." So lenders are more reluctant to lend, and borrowers more eager to borrow, and so we get into this spiral and the Federal Reserve System said, "Well,

we are going to stop pumping in more money. The money to be spent would just build up the prices higher and make these speculations higher, and up and away you would go."

Now, as far as the last month is concerned one swallow doesn't make a summer but Treasury Bill rates which were 8% are now 6 and three-quarters percent, and we have every hope that our inflationary policies are taking hold, that inflationary speculations are abating, and you will see a dampening of demand and a more normal level of interest rates.

GOVERNOR HEARNES: What will be the effects of the States raising their interest rates; would that add to inflation, or would it deter it?

UNDERSECRETARY WALKER: If the States raise their usury rates, practically all that does is to drive the money into other States or into other pursuits. If lenders who have the option of lending in the other 49 States find that the rate in that State is set way below the other 49, they are going to seek investments out of the State and they will tend to put their money in areas where they do not have these particular restrictions.

What I am getting at in this particular area is the purpose of raising interest ceiling rates is not to really charge more, it is to let people get into the market as borrowers and it is a question of whether you pay more and get the money or you don't pay more and don't get it. The usury rate doesn't help

you if you can't borrow.

GOVERNOR RAMPTON: Could I ask a question of that gentleman while he is up there. You made one of the best arguments that I have heard in a long time a few minutes ago for wage and price controls, are you considering them at all?

UNDERSECRETARY WALKER: We do not think wage and price controls provide the proper answer to this situation. I just happen to be making a speech the day after tomorrow on this subject, so I am primed on this particular one. Let me give you very quickly what our reasoning is in this area.

First of all, the basic causes of inflation were already generated in the late 1960's in the Federal Budget-and in the last three years--in that three year period-we incurred a deficit of $38 billion and that had to result in strong inflationary pressures and the Federal Reserve, in helping the Treasury to finance those deficits created a lot more money and as a result of all this prices went up, up, up.

It was an overheated economy, and what the economists call demand pulled inflation. Excess demand was pulling up prices. There was just too much money to do any good, and then this Administration came into power a year ago it was determined to reverse that situation and we now have actually, or plan to have three years in a row, federal surpluses so we don't have the overheating and have that overheating pull the prices up.

This policy has been effective, and it took a while. They have never worked over night. You can't reverse five years of inflation, and what has happened in the last six months is that the economy has leveled off. It is pretty much in a state of suspension. Real economic growth has been pretty much stable, and industrial production has been slacking off, so we passed that demand pull stage and now we are over into the situation where we do have costs pushing prices up.

GOVERNOR RAMPTON: Isn't that some justification for the climate that we have got the worst of both worlds, higher prices and higher inflation, and the answer is wage and price controls?

UNDERSECRETARY WALKER: This is not a happy situation, and it is going to be an uncomfortable year. But, there is the other side of the coin. If youbelieve that you can bring in and set up a wage and price control system without putting literally thousands of people to work and adiministering the bureaucracy, I think you are mistaken. The most eloquent spokesman against the bureaucracy of controls that I have heard is the President of the United States himself, who worked in OPA in World War II, and now that we are over the basic hump and that we have taken the bitter medicine of fiscal restraint, and we can see the sun down the road here a piece, it is the worst time to put a free economy in a straightjacket.

GOVERNOR RAMPTON: One more question, I don't know

very much about the efficacy of Federal Government financing, but what would happen if you would drop the rate on Treasury Bills back to 6%, and say this is what we will pay and no more; how long would it be before you could market the securities?

UNDERSECRETARY WALKER: We couldn't pay any of our Government debts next week. We couldn't sell the Bills unless we put the economy in a straightjacket of controls. The people who have bought those Bills at the current rate of 7% will say, "Well, we don't want to buy U. S. Treasury Bills therefore we will by commercial paper. We will buy from the commercial banks, the money market is fluid, and try to push down the rate." And you simply push the money somewhere else. It's like the usury situation, the money goes someplace else and we would like to say nothing better than that the rates were going down.

GOVERNOR LOVE: I am sorry I have to announce that we are going to have to leave to reset this room for the occasion tonight, so we can perhaps have one more question.

GOVERNOR BARTLETT: This is with regard to the States that have worked closely with the Federal Governemnt in partnership, and my question is rather general, what is the situation with regard to regional commissions that have been set up in these areas; what is the national policy?

UNDERSECRETARY SICILIANO: There are, as you know, about 30 States now covered by regional commissions. Thirteen

of these States are in the Appalachian region, and we find this is almost like another department of the United States Government. We find that this is a very unique kind of government. I have called it the fourth branch, because it is the first time there has been set up a situation with the Federal Government on one side, and a so-called partnership of the Governors on the other.

We can't say that it is working too well, at least with respect to the regional commissions, but it hasn't worked badly either because the regional commissioners have concentrated on this, and especially in the Applachian situation which has been much more successful and certainly has been received well by the States that are a party to it.

But, as far as the regional commissions are concerned we have been for the last eight or ten months studying the question of their operations. It is an organizational question. It hasn't been pinpointed by anybody, and by that I mean either the Commerce Department to which the regional commissions report, or the White House to which--by the way--Appalachia reports. I can't give a clear picture.

Certainly we are going to, I think, have to look at this and come up with some recommendations on their administration, and we will have to make a recommendation to the Congress and, obviously, we will have to work with the Governors in developing this recommendation. We are working on

it right now and I would suspect that by spring there will be something that will come out.

The issue is also being studied by the Ash Council, and they are taking a look at this unique uniform government which is only three years old.

GOVERNOR LOVE: Thank you very much; I am sure I speak for all of us in expressing our appreciation to you, John, and all of you.

(Applause)

Before we adjourn, we have an announcement.

GOVERNOR NELSON ROCKEFELLER: I'd like to move that we give special appreciation to the President for his appearance at our Conference, and for his unequivocal declaration of Presidential support for environmental conservation in all forms.

GOVERNOR SARGENT: Second.

GOVERNOR LOVE: So moved and seconded that the expression of appreciation to the President be made. All in favor say aye.

(Chorus of ayes.)

Opposed.

(None opposed)

Now, there will be a press conference in which I ask the various Chairmen to join me immediately after our adjournment. For the function this evening, the indications are that we will

have a large crowd. I hope that you will all be here at 8:30. I think the complete schedule for tomorrow is well known, are there any other announcements? If not, the meeting stands recessed until tomorrow.

(Whereupon, a recess was taken for the day at 4:50 o'clock, p.m., with the closing plenary session to reconvene the following day, Thursday, February 26, 1970, upon call of The Chairman.)

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(Whereupon, the closing plenary session was convened at 3:30 o'clock, p.m., Governor John A. Love presiding.)

GOVERNOR LOVE: Will the Governors please take their seats. I have the very distinct pleasure of presenting to you this afternoon the distinguished Secretary of Housing--Department of Housing and Urban Development, a former colleague who is a living and continuing proof that a Governor can serve with distinction in any office, and I am sure that is true of George Romney, and we welcome you back and we are pleased to have you.

(Applause)

SECRETARY ROMNEY: Thank you, Mr. Chairman, gentlemen; this country has four ways of solving problems that are too big for the individual to deal with by himself, four methods of solving public problems. One, through the Federal Government; the second is through State and local government; the third is through private enterprise, and the fourth is through voluntary efforts of private citizens in their voluntary institutions.

Now, in the early history of the country the main spring of our progress was that volunteer area, and it was so recognized. More recently, we have overemphasized the federal aspect. As you know, there is an effort to decentralize the governmental aspect, but also as a part of this effort to deal more effectively with our problems is a growing effort to stimulate what individuals and private organizations can do on a

cooperative basis, and particularly on the basis of a creative partnership with governmental organizations at the Federal, State and local level.

I would just like to give you a specific example of what I am talking about. The toughest problem we have in the field of housing today is public housing, the public housing area where in these huge high rise concentrations that were built many years ago we have excessive vandalism, and crime, and one of the worst is out in St. Louis where there are 33 eleven story structures which provide housing for 12,000 people, families.

Now, this area has become just a jungle, and it wasn't until a few months ago that steps were started that have begun to free this area of crime, and the principal thing that has freed this area of crime is that the wife of a doctor who didn't live in the area went in and encouraged the people in that housing development to organize themselves in foot patrols to protect the area.

Before they had this foot patrol operation on a purely voluntary basis, with the inhabitants providing the foot patrol, there were 59 major crimes committed in the area. This past month there were ten. Now, that is a specific example of what I am talking about.

The President has indicated that we are approaching the limit that the Government alone can do, and that we must

stimulate this whole area of voluntary activity and, consequently, created right after taking office a cabinet committee on voluntary action. There are seven of us on it. I happen to be the Chairman of it, and he asked us to go to work and determine ways in which we can stimulate this revival of voluntary effort on the part of citizens, on the part of organizations, and on the part of governmental units.

We then structured the federal side to be ready to work with the private side, and we consulted with private groups throughout the country--hundreds of them--and more recently as a result of this extensive consultation with private groups with consulted with the Red Cross all the way down to voluntary efforts in the ghettos, and I want to tell you that the people of the ghettos are just as anxious to help themselves as the people in the suburbs. I know, because I have been through there and I have sat in on meetings of these self-help groups and they want to help themselves, and they want to work with others to do this.

Well, in any event, after extensive consultation we took steps recently with the President's help to begin to structure on the private side a national center for voluntary action. The President has appointed as the Chairman of this National Center for Voluntary Action Bud Wilkinson of Oklahoma football fame, and I am going to ask him now to tell you about the basic aspects of this National Center for

Voluntary Action and then I will make a few concluding comments. Bud Wilkinson.

MR. WILKINSON: (Applause) The Secretary mentioned my football background, but my political background hasn't been quite as extensive. I will briefly describe to you I hope what will be a mechanism that will enable us to meet and to overcome a tremendous challenge. I know that all of you have been faced with problems that were challenging where, if you can overcome them, you can make a tremendous contribution. I think this is what we are talking about when we are seeking to tap that vast reservoir of willingness on the part of citizens to participate in the solution of their own problems.

This really is one operation, but operates as a creative partnership. It is, as the Secretary said, a Government office of voluntary action. It will be small and lean, and its mission will be to provide to voluntary organizations the innovative individuals and expertise of the Government, and to provide a focal point of the Federal Government where voluntary organizations, and volunteers, when and where appropriate can come to have their needs met and immediately responded to on the part of the Government.

On the private side, it is a national center for voluntary action, non-partisan, privately funded, privately staffed. Its mission will be fourfold. First, to bring hopefully a greater degree of cooperation among the independent voluntary

agencies.

As I am sure most of you know from experience, there has been a tendency and an effort to maintain their own identity. To have each organization go its own way, separate way, not because they didn't feel that the needs weren't great but because that was the way the organization was planned and structured.

For example, if organization A took on the job of juvenile delinquency organization B might very well take on the problem of improving education. They are obviously intertwined. If the Center can be helpful in bringing about a spirit of cooperation where they can work together more, then we will begin to move toward the first goal that we have established for ourselves.

The second is the creation of a clearing house that will be available to exchange immediately information related to voluntary action of all sorts, a pure cross section, so that individuals who are stimulated to want—to use the old phrase--do their thing and don't quite know how to go about it can write the clearing house and get immediate information. This has been successful in other communities and helped the aims of other people.

Methods are established for success and the difficulties that were involved were solved, and projects were stimulated.

The third mission is one of trying to create through a community effort a warm climate for voluntary action here in

America. I think this exists already. I think it can be enlarged. We hope to be solution oriented. I think that all of us are aware of the many, many, crises that you gentlemen face each day. I think there is a tendency to wring our hands to a certain degree and say, "What do we do about it?" We would have preferred the approach of the voluntary side of this with full use of talents that are available in your communities, and it would make a difference and enhance the quality of life in your communities.

The fourth position will be the most difficult. We need to devise a mechanism that when individuals are stimulated to become volunteers that there is a place within the community where their abilities are matched with the needs of the community.

We have what we think are some exciting prospects of doing this. Time won't permit me to go into those today. The Secretary said last Friday at the Board of Directors Meeting for the first time to plan the basic framework of the national center. A subcommittee was set up, and as soon as the subcommittee has completed its work there will be convened a broad cross sectional meeting of voluntary agencies, and merging groups, to discuss with them in detail the plans that I have very briefly outlined to you, so that they will have an opportunity to respond and recognize that this is their action, not something that is someone else's, that someone else is imposing on them.

The purpose of the program is to be responsive, not critical; to be helpful, never commanding anybody or anyone to do anything but we believe the time is right. We believe the mechanism gives us some promise of making a contribution that if we can carry it through to the goals that can be envisioned could change America. Thank you.

(Applause)

SECRETARY ROMNEY: Now, this effort is not being undertaken to replace what the Government ought to do. It is being undertaken to supplement it, and it simply recognizes the fact that in most of these human social problems we face today that is where we have our principal difficulties.

It is the willingness of individuals to help themselves, and those who can help others to help themselves, that the real solution is.

Now, furthermore, the effective effort has to take place basically at the grass roots level within the communities, within the neighborhoods, and done on the part of individuals working with each other with some degree of organizational assistance. But, this means that what we are setting up here nationally is only going to be effective to the extent that we can get State and local government to encourage at their levels the type of effort that should be undertaken, and this is the fourth goal to involve all governmental levels in this effort.

Now, I know from experience that States have a

special opportunity to stimulate this type of effort within their own States.

The second year I was in office I created a Human Resources Council, and we created a creative partnership between those representing the State departments that would benefit most from voluntary efforts, and the various private organizations, the private citizens groups that need to be encouraged in doing the sort of thing that would be helpful to us.

In the case of our mental health program, we were able to double our increase of volunteers in helping those with mental difficulties both while in the institutions and after they were out, and we did comparable things in other areas.

We identified new programs, the community school program. We identified the student volunteer program. When I became Governor, I heard of this student volunteer program at Michigan State University. It was started by a young sociologist who was teaching in the deprived schools of Pontiac, Michigan. I asked him to come in and tell me about it.

He said that as he taught these youngsters in the second and third and fourth grades he became convinced that if he could get college students to work with these youngsters on a one to one basis that he could reduce dropouts, and the delinquency, and crime later on. So he enlisted college students, or invited college students, to a meeting and 150 showed up at that first meeting. Without going through the whole process, he

told me as he talked about this program that the key to the student's ability to help these kids in the early grades enabled them to do what the teachers and counsellors couldn't do. When the youngsters got around to asking the college students if they were being paid to do this, they could answer honestly and say no we are not being paid to do this, we are doing this because we want to help you.

Now, last year, one-third of the students at Michigan State University were involved in such voluntary programs and--that they had established.. Now, since then, with Bud's help we have launched this on a national basis because what we are doing is not going to be on an operating basis. This effort is now headed up in OEO as far as the Federal Government is concerned, and the national center is working with it and that is just an example. I could give you many others of programs that have encouraged and duplicated this.

Now, the States have already taken steps to set up procedures so that they can encourage this. Dan Evans has appointed a voluntary action coordinator to coordinate the efforts between State and private organizations, and also with the Federal Government, and I know that a number of other States have. I am not sure that we are fully aware and informed on what all the other States are doing but let me list a few things that I think you ought to do and take a look at.

It seems to me that you ought to evaluate your own

State programs, and try to build voluntary resources to help with the solution of the problems that they are trying to deal with. I know I asked our State department to determine the extent to which they could use volunteers, and how they would use them, and they used this Human Resources Council to enlist volunteers to make effective use of them.

The second thing you can do is tell your program administrators of the benefits of maximizing the voluntary effort, and the third is encourage State-wide planning bodies like those established by the Law Enforcement Assistance Act to recommend ways in which citizen effort can be used to accomplish program objectives.

The most effective anti-crime program is in Indianapolis, and one woman started it, and there are now 50,000 women working in it. Maybe some of you know of her. That has now been duplicated in dozens of other cities throughout the country, but with 50,000 women they really made a terrific impact in reducing crime in Indianapolis.

Fourth, to consider pushing the national programs that we will identify through the national center of the Office of Voluntary Action as things we'd like to see you push. The student voluntary program is one. I am sure that there are going to be programs in the field of crime and drug addiction, and areas of that character where we'd like to see you give encouragement.

We'd like to see you put the prestige of your office behind this sort of effort, within your States, and appoint at least a coordinator even if you don't create a mechanism between the State departments and the private agencies because we have found both as a result of our Michigan experience, and this federal experience that the private agencies are looking for this working relationship with the State officials.

Originally, we had in mind separating these two things completely having a federal office of voluntary action and then a separate national center for voluntary action completely independent of the governmental structure. Now, because the staff people with the Red Cross and welfare agencies, and the Urban League, and all these other groups that we have had in here as volunteers working with the government staff found the interrelationship so helpful, and particularly in identifying ways by which the Government could make that change to make their effort more effective, we have now arranged so that Bud Wilkinson will be head of the combined governmental and federal staff so that there will be a complete coordination between what is done from an operating standpoint by the federal departments, as well as by the Office of Voluntary Action.

Now, we'd also like you to--encourage you to work with the communities in your States in getting such programs in the communities. There are a number of communities in this country that are way ahead of others in what they are doing in

encouraging these voluntary efforts. These organizations are just service sharing organizations, they are not going to be operating organizations. You are not going to read a lot about them, because it is the groups that do the work that are the ones that get the recognition and we just want to help and encourage them but there is going to be a massive educational effort here to encourage involvement of individuals and organizations. There is going to be national recognition of those who do outstanding work.

We are working closely with the Council of State Governments, and your own Governors' Conference staff and in conclusion I'd just like to make three points.

Number one is this, there isn't anyone that can look back at what was created in this country and brought to its present stage without recognizing that what people were willing to do to help themselves was the most important single aspect of making this country what it is. But, there is no longer a primary reliance on that method.

In my lifetime, the attitude of this country has done a complete change. In my early mannood, when problems developed in a community, or in a neighborhood, or in an area, the people in that area said what can I do about it, or what can we do about it. People today say what is the Government going to do about it, and with the experience you have had in your undertakings to deal with these human and social problems that are rapidly being

shifted to the area of governmental responsibility it becomes perfectly clear that the government at all levels can't assume the responsibility for these problems, but the responsibility has got to be discharged on a private basis, so I think really what we are trying to do is to change the attitude and again reestablish the viewpoint of what can I do about it.

I attended here, recently, one national program that exists at the present time that recognizes individuals who do outstanding voluntary service each year. The national winner this year was a black man by the name of Bronson Gentry. Bronson Gentry is a janitor from Detroit. I had never heard of him until I attended this award dinner.

Among the highlights of what he had done as an individual was he started by going down to the courts to help the teen age kids from a neighborhood who got into trouble, and he got close to them on a one to one basis and helped them out. Then he decided he needed recreational facilities in the neighborhood, they didn't have any, and he hounded the park department until he got the park and recreational facilities in the neighborhood.

Then he recognized that the school was overcrowded, they needed two schools instead of one in the area, so he used the board of eduction's own figures to force them into putting in another school.

When he got up to receive the award he said, "I am a

black American," and he said, "I am proud to be a black American." He said, "Black Americans don't yet have equal opportunity in America, but black Americans have the opportunity to volunteer.'

(Applause)

He said, "I am convinced by doing the sort of thing I am doing that it is going to hasten the day when we will have equal opportunity," and it was one of the most thrilling speeches I have ever heard.

The President has indicated that the crisis of today is the crisis of the spirit, and if we are going to deal with this crisis we must have an answer of the spirit and this willingness of people who can help others to help themselves is an answer of the spirit, and nobody ought to know that better than Helen Keller did. After all, she got more help than probably anybody else that has lived in this century, and she said something that I will never forget. She said, "Not until we can refuse to take without giving can we create a society in which the chief activity of man is the common welfare."

We will appreciate your cooperation in helping us to encourage this voluntary action effort when we call the big meeting that Bud spoke about. We would hope that to the extent possible you will come and attend, and if not at least send a top representative and as we begin to undertake things in your States with local communities we'd like to have your encouragement in getting things underway. Thank you very much.

(Applause)

GOVERNOR LOVE: Thank you very much; we are going to be a little pressed for time. If there are any brief comments, or questions, we can do it at this time. If not, George and Bud, we appreciate very much your coming.

As you know, the various Committees operating first as task forces have been meeting yesterday to outline some of their plans for the coming year, and they also have been--as you all have been--up on the Hill meeting with counterparts in Congress, or people relevant to the problems which you are involved in.

I am going to call on each of the committee Chairmen, now, to briefly report on the meeting on the Hill of they choose, and certainly their plans for the coming year. To begin with, I'd like to report briefly that your Executive Committee together with most of the committee Chairmen, met for lunch in the Capitol with the congressional leadership from both sides of the aisle.

To begin with, frankly, as a result of a quorum call in the House and a vote that was being had in the Senate it looked like the meeting would not be effective and successful. But, as it developed, it turned out to be in my opinion very meaningful. I think this is the first time that I know of, and I discussed this with the others, that we have so met as an Executive Committee or as a group of Governors with the

Congressional leadership on this basis. We have seen each other certainly through the years, election time or at a committee hearing, but this turned out to be the kind of give and take that I found almost unique.

I tried to keep the meeting off of the specific problems to a greater extent, seeking only the procedural answers as to how can we better structure the kind of ongoing continuous communication that I think is necessary in this Federal-State relationship in order to carry on the degree of effectiveness that I am sure all of us want to do.

We had a good deal of discussion in this regard, but also we discussed further the problems of welfare, public assistance, and whether it can be made over a phased in period of five years a federal responsibility.

I think that there are now some plans that we will attempt to resume this kind of meeting with the congressional leadership with the gubernatorial leadership in the months to come and, now, I'd like to call on Governor Knowles of Wisconsin to report on the Committee on Executive Management and Fiscal Affairs.

As you know, Governor Ellington of Tennesse is Chairman of this Committee and could not be with us at this meeting. Governor Knowles, the Vice Chairman, has been chairing the meeting.

GOVERNOR KNOWLES: Thank you very much, John; fellow

Governors, on behalf of the Committee on Executive Management and Fiscal Affairs I can say we can report progress. We had very interesting meetings with Director Mayo and his Assistants on the subject of revenue sharing.

We discussed at length with Senator Long and Senator Muskie the concept of revenue sharing. I think we also had an opportunity to discuss with the members of our congressional delegations their position on this important subject.

The Committee, as a whole, reaffirms its strong support for revenue sharing as has been adopted as the policy of the National Governors' Conference at Colorado Springs. We found, I think, one thing that concerned many of us that the members of Congress, the Senate, really have many problems on their mind.

Now, they have not come to a specific conclusion and are waiting for direction, perhaps, from the Governors as to the way in which revenue sharing can be consumated. I think we need further dialogue with the members of the congressional committees, and certainly that we should use all of our efforts to sell both the public and the Congress on the need which we, as States, experienced for additional revenues.

The task force is to prepare a strategy manual for use in drawing national attention to this effort. I don't believe, as Senator Curtis put it so aptly, that the public is really aware of what revenue sharing is. I think it is necessary

for us perhaps to put it in different terms of maybe tax relief to our local citizens who are hard pressed even by way of property taxes and by way of increased income and sales taxes.

We perhaps need to examine the different ways of approaching this problem. I think our general instruction to the members of our task force is very simple, simply back to the drawing board and let's take a look objectively at this and try to effect closer coordination, and attempt to establish a dialogue with the members of Congress.

I may say that this is a bi-partisan effort as has been recognized over a period of years by the members of Congress. Governor Ellington expressed major emphasis statement expressed the need for revenue sharing. Governor LeVander, in his position paper, said "I mention it in nearly every speech that I make."

Now, I think our obligation, our duty, is to still continue as has been the policy of this Association to stress the importance of this policy of return of some of the money which we pay into the Federal Treasury, at the local level of government, to return it in some way to relieve us of our problems.

In the area of executive management, we have a study underway to discover examples of better ways and methods in which to develop executive operations. A questionnaire has been drafted and will be sent to all the Governors, and the Governors are

urged to answer the questionnaire when it arrives. I think you will find it an interesting and very brief summation of the problems that we all face.

I may say that we were very pleased, and privileged, to hear Governor Meore of West Virginia placing emphasis on the use of electronic data processing capabilities. He made an excellent presentation of the Federal Assistance Information Report. I think there is a great deal of merit in the presentation which he made, and certainly we have asked our task force staff members to take a look at this system for receiving quick information, and to look at the availability of federal assistance for State and local governments through the use of electronic data processing in the development of overall management information systems.

We had a further discussion on the problems of the congressional authorization appropriation process, and we recognized that one thing that must be done is that Congress must recognize it can no longer remain a fiscally responsible body, and permit us as Governors also to remain fiscally responsible in the operation of our own States, unless the authorizations are fully funded and that the members of Congress should be aware of adopting new programs which carry with them appropriations without full authorizations, without full appropriations.

The Committee further instructed the task force to

continue to pursue the areas of executive legislation; broadening the bond market for State and local bonds; preparation of continuing reports to congressional delegations; grant aid to be made available for districts, and certainly we look with interest to the Louisiana system in this respect.

In general, I would say that we found the meeting with the members of our congressional delegations, and with Senator Long and Senator Muskie, to be very productive. I certainly want to congratulate Governor Love, and the members of the Executive Committee, on making available this opportunity for us to have a head to head, eyeball to eyeball, confrontation with the members of Congress.

In conclusion just let me say that I came away with a feeling which was expressed to me by one of the members of my own congressional delegation who is frustrated with the number of problems that he faces on a day to day basis. He has indicated that he looks upon his present job as being that of a glorified errand boy, and I told him that in my opinion I thought that he and other members of Congress were somewhat responsible for putting themselves in this position, and the Governors recognized that with some 470 categorical aid programs with all of the units of Government looking to Congress in Washington that they ought to take a good solid look on how they can get out of the business of operating all government out of Washington, and return the government to the people at the State level of

government where we think, as Governors, that we are capable of administering the government for the benefit of the people; where we can do it more closely at home, and certainly more efficiently and economically at home, and I think this is generally the message of all of the Governors to the members of Congress which we have discussed the problems with. Thank you.

(Applause)

GOVERNOR LOVE: Thank you; the next report is by Governor Rockefeller who is Chairman of the Committee on Human Resources.

GOVERNOR NELSON ROCKEFELLER: Mr.Chairman, fellow Governors, our Committee is unanimous on all of the considerations that have come before it. We reviewed the action taken by the Governors' Conference at the Colorado meeting, and affirmed those in the area of human resources namely that we still feel that it is in the interest of the nation as a whole to have the Federal Government, on a phased basis, take over the full cost of welfare.

We feel this because it is a federal problem. The right of free movement of people from one area to another, and not be subject to variances in welfare benefits and so forth. The Federal Government sets the standards either through congressional action or legislation, and the third factor being that the State and local governments today, in this country, almost without exception are facing financial problems of a

magnitude that are making it impossible for us to meet the needs of our people and, therefore, this area offers a unique opportunity for the Federal Government to take over a federal program and finance it fully.

If, on the other hand, they are not ready to go that far yet we then had a few suggestions for consideration to the Ways and Means Committee, and the Executive Branch of the Government for amendment of the President's proposals. We thought the President's proposals were excellent conceptually, and some very important new concepts could be developed relating to keeping the family together; to encourage those who are on welfare to take work, and setting national standards.

However, financially, the assistance is not uniform. In fact, there are some States where it costs more money. Therefore, we gave a few alternatives for the Federal, Executive, and Legislative Branches to consider.

One, the possibility of 85% minimum cost--or maximum cost I should say--absolute maximum cost for State and local contribution of the amount paid at the time the new program goes into effect. This would be a 15% cut for everybody, at least.

Another, 100% federal financing of cost of living increases in benefits.

Another was a 50% federal sharing of costs of State supplementation of the federal minimum.

Another was the transfer of adult programs, old age

assistance to the blind and aid to the disabled to the Social Security System with contributions from the Federal Treasury separate from the trust funds to finance this and, lastly, there was a question raised about the use of a declaration system for determining eligibility, and this was discussed with the Undersecretary of HEW at some length.

I might say that we had a very good discussion with the Undersecretary, and we had a very good discussion with the Chairman and Vice Chairman of the Ways and Means Committee.

I think that perhaps this year therewas a closer understanding between the Governors and the members of Congress on this issue than we have found on previous occasions, and I think it will be fair to reflect a feeling on the part of the Committee Chairman that there should not be an increased cost to States as a result of federal legislative action that rather, hopefully, there would be a reduction of costs to the States.

The concept of working towards a federal takeover, at least phases of this program, I don't think was completely out of the ballpark and as far as a health program relating to costs proposed in the President's Budget there was a very strong feeling with the Chairman of the Committee that the States should not be penalized by this federal cut, and that the cut simply be transferred to the States rather than the Federal Government making the cut, and having it on the basis of eligibility so that it would then be up to the States as to whether they wanted

to go along with the reduction or not, but not force the transfer of federal saving over to--on the States--so we felt the meeting was a very useful one.

We are very appreciative of the time that the Chairman gave, and the Vice Chairman, because both Wilbur Mills and John Byrnes were there and gave us a full discussion. I think they were impressed by the fact that the position of the Governors is completely bi-partisan. That we are in exactly the same position whether the States are led by Democratic or Republican Governors, north, south, east or west. The whole problem is one that is a common problem to all of us, and we are united.

In the field of education, it was, oh, I should have said on health that we reiterated our position that we would like to see the universal health insurance because this, then, would relieve the--not the entire burden--but most of the burden and put it on a contributory basis. There is, again, I think there is perhaps a little more receptivity than there has been before in this field.

Now, in the field of education we pointed out that the cost of education is doubling. It appeared that in some States it was doubling every six years, and in others it was doubling at a rate of every four years. They didn't have the resources, therefore, we suggested that the Federal Government should be the major contributor to the basic cost of education in all our

States.

There was a specific reference to support of community colleges, but done on the basis where the State would determine the structure of the college rather than the Federal Government because we have widely varying situations in the different States.

Then, this led us into a discussion in our Committee of narcotics particularly among the young. It grew out of the discussion of education and there are extremely serious questions for all of us and it is becoming overwhelming with regard to the schools, the young people, the families, the churches in terms of problems.

Our recommendation was that there should be federal participation in State programs both in education, care and in treatment and law enforcement, and our final recommendation was perhaps the most effective in view of the fact that so many of the Cabinet Officers are involved in various phases that it might be very useful to have a joint committee between the President's Cabinet and the Governors to deal exclusively with this problem of narcotics control.

On manpower, andour problems with the Secretary of Labor or rather his representative, we like the idea of performing at the federal level. We had no objection to their designating certain areas, but if they want to have the Governors take the responsibility then we felt they should give us a free hand in

making appointments with full cooperation with locally elected leadership.

The way this is written, now, there is a gubernatorial designation of a metropolitan prime sponsor and the metropolitan prime sponsor is supposed to be an elected official, and the metropolitan area is the city, and the suburbs, and we tried to point out that there would be some very serious complexities, and political complications, with the two parties in the area of the city and the suburbs, and that it would be far more effective if they would leave the appointment in the hands of the Governor working with the locally elected officials, or if that wasn't convenient to the Federal Government then we thought they ought to appoint the person themselves, and keep the responsibility, and if they wanted to give us the responsibility we felt they should give us the responsibility to carry out the program. I think this covers the situation.

I'd like to add my expression of appreciation of the members of the Committee. We have a wonderful Committee. We have worked together, and I think we understand our different problems, and I think that the community of interest is far greater than any of the differences.

I'd also like to thank the Chairman of the Conference for having arranged this lunch with the leaders of Congress. In my opinion, this is the first time in the history of our country that the leaders of Congress and the Governors have met on the

basis of equality and discussed honestly their problems and perhaps, Mr. Chairman, while we are talking about a committee on narcotics between the Governors and the Executive Branch of the Government it might be well to talk about a committee on policy and guidance with the congressional leadership of this great nation. Thank you very much.

(Applause)

GOVERNOR KIRK: Mr. Chairman, may I make an observation about the meeting of this Conference that we seem to be labeled with the endorsement of the Committee report. I have great respect for the Governor of New York, and the work of that Committee. But, I would hate to go away from this Conference with the inference that Florida is part and parcel to the endorsement and a takeover of the welfare system by the Federal Government, and I want to avoid that with all due respect.

GOVERNOR LOVE: It will be so noted, Governor.

GOVERNOR NELSON ROCKEFELLER: Excuse me; I'd just like to say to the Governor of Florida that we all voted on this at the last Governors' Conference, and what we were talking about here was simply the confirming of the position that was taken by the Governors with the exception of one vote, if my memory serves me correctly, in Colorado. So that is not a new position.

GOVERNOR KIRK: I think we come here to learn, and to exchange ideas, and not to act as a legislative body and I object

to being locked into something that I am not part of.

GOVERNOR NELSON ROCKEFELLER: We are, the Committee is taking no action except to confirm something that the body as a whole had taken before, and I only mention it simply to say that the members of the Committee in discussing it felt that the position we had all taken including I think yourself, sir, at the previous meeting we just want to say we thought was still a sound position to take, but I will send you a copy of the report which is not here for ratification but just notes of the meeting and I will send it to everybody. Thank you.

GOVERNOR LOVE: Just to repeat, none of the Committees have adopted any policy statements. The only policy statements that I know of were adopted at the last meeting of the Governors' Conference in Colorado Springs, and we will also note for the record that Governor Kirk doesn't agree with that policy.

We will now hear from Governor Shafer who is Chairman of the Committee on Law Enforcement, Justice and Public Safety.

GOVERNOR SHAFER: Thank you very much, Mr. Chairman, and my fellow Governors, I want you to expressly understand that I am not asking for any ratification of the policy pronouncements which I will be making in this report. I want to say that we have had two very productive sessions on behalf of the Conference of our Committee.

Yesterday, in our working session, we had a report from Will Wilson who is an Assistant Attorney General of the United

States who is in charge of various strike forces which have been organized throughout the country in the effort to combat organized crime. He gave an excellent review of what has been done, and what he hopes to accomplish, and he outlined the fact that there had been excellent cooperation from our State Governments in every area where the forces have been instituted.

He also asked for our support in organizing a crime coordinating committee, or council, at the federal level which he believes is quite essential if we are going to have a complete attack on organized crime.

We next received a report from the Head of the LEAA Organization who gave us some very excellent ideas with reference to the testimony which was given today on the Omnibus Crime Bill.

In addition to this, we received a report from General ~~Wilson~~ LINCOLN from the Office of Emergency Planning with reference to disaster programs for the nation, and what they are planning to accomplish there this year.

In addition to that, we worked on a program for our August meeting and in this regard we have reinstructed the staff of the National Governors' Conference, and we as a Committee will be submitting a white paper on corrections. This is something that we found today at the hearing before Mr. Celler's committee, the problem of combating crime is not just the problem of arresting a legal offender, and one of the great situations that is giving us all problems throughout the country is

recidivism because the great bulk of cime is committed by recidivism, and unless we have a complete reform of our corrections program this will get worse instead of better.

Consequently we hope that this will be one of the major discussion points in August. In addition to that, we talked about drug abuse, and we will be cooperating with Governor Rockefeller's committee on this entire problem. But, meanwhile a model State narcotics law will be distributed to all of you and we hope to have comments from each of you within the next few months long in advance of the next Conference, so that we can adopt a recommendation with reference to a national drug abuse program.

The second meeting was actually a formal hearing in front of Representative Celler's Judiciary Committee. It is really a Subcommittee, and Governors Cahill, Licht, Williams and Rampton joined me in giving oral testimony and answering questions before this Committee

I felt, and I believe everyone there felt, that we had a very sympathetic hearing. Our particular thrust was with reference to the Omnibus Crime Bill, and the point that we made unanimously was that the block grant approach should be continued in the Bill that they are now considering. For the first time we see Federal, State and local law enforcement agencies working together in an effective partnership. That has never happened before in the country.

For the first time we have seen all 50 States submit plans of action in the problems of crime. This has never happened before.

For the first time we are seeing citizen involvement in an organized way in every one of the States.

We recognize that the bloc grant approach in the Omnibus Crime Bill is under severe attack. It is under attack from the cities, for example, and consequently it is absolutely essential for every Governor to contact the House Committee at his earliest opportunity to tell them how effective the bloc grant approach has been in his respective State.

We know that if it is discontinued we will see low quality planning. Secondly, we will see a fragmented approach. We will be seeing city and community competing against each other for federal funds and, third, we will see an almost impossible burden placed on the federal staff and really another huge federal bureaucracy. But, we have to be careful. When cities submit a report to a congressional committee it may have many distortions in many areas. There was one where they even quoted an individual who was supposed to be a public official in New Jersey, and executive director of a crime planning commission that was nonexistent, and he no longer lives in New Jersey.

What we are trying to say is that we need continued help from all the Governors with reference to the Omnibus Crime

Bill to make sure that the bloc grant approach is continued this year, and that the formula is not adjusted in any way that will affect the flexibility of the States planning commissions.

We think that it is much too premature to knock it down. We have only really had the planning money for about eight months, and we do believe--and this was unanimous not only in our Committee but with every Governor that we contacted--that it is an effective step forward in the fight for proper law enforcement and justice.

If we really believe in the federal idea, and if we really believe that the States can act effectively as individual organizations working together, then we should stand up now and be counted, and let our feelings be known to the Congress on this very point. Because if this particular thrust fails, then all the other actions that we are attempting with reference to family assistance, with reference to revenue sharing, with reference to all the other things that we are seeking in a Federal-State partnership will go down the drain.

Again, I want to thank the Chairman for the excellence of the arrangements, and the members of my Committee, for the wonderful cooperation that we have had throughout the year.

(Applause)

GOVERNOR LOVE: Next, I'd like to call on John Dempsey, Governor of Connecticut, and my candidate for National Chairman of the Democratic Party. He also is Chairman of the

Committee on Rural and Urban Development.

GOVERNOR DEMPSEY: I can tell when the lame ducks get to the microphone. Mr. Chairman, and fellow Governors, I am going to be very brief in my report to you because I know we await the arrival of our distinguished guest. But, your Committee reviewed the interim report prepared by a task force. This report suggested certain basic elements to create a national community development policy and a program for the Governors' Conference to make certain that the Governors are participants, themselves, in the making of such a national policy and program.

Your Committee approved of the basic framework for this policy as suggested in the interim report, and approved the course of action suggested by our task force.

Now, a full report on this matter will be made to each and every one of you at our annual meeting. Our task force will continue to work on these matters in the interim.

Your Committee also was honored by a visit from Secretary Romney. Your Committee met with Secretary Stans and Secretary Harden. This morning, your Committee and the members of its task force met with the congressional Committee on Banking and Currency and Agriculture and I, too, Mr. Chairman I'd like to just express my special thanks to you, Governor Tiemann for making an outstanding contribution to this Committee and to you, sir, to my fellow Governors on this Committee and to the

task force thank you so very much for a job well done.

(Applause)

GOVERNOR LOVE: Next I will call on Governor Guy of North Dakota who Chairs the Panel on Natural Resources and Environmental Management.

GOVERNOR GUY: Thank you, Governor Love; gentlemen, this is the second year for the National Governors' Conference Committee on Natural Resources and Environmental Management and Conservation. It has been carried over into the present year. It is interesting to note that this subject matter was relatively obscure as a national problem, or interest, a year ago and yet today it has vaulted into the forefront, and the cutting edge of the future environment and conservation is so broad in scope that we couldn't possibly cover it, cover the entire subject.

The Vice Chairman, Governor Bartlett, heads a task force on conservation and I head a task force on envircnment. The silent minority who have been the very poor have long been aware of environmental degradation in this country. But just very recently the silent majority has become aware of the very definite down turn in the quality of living in the cities, and suburbs, and this is what makes it easier today to talk about environmental management and conservation than ever before.

We met, today, with Congressman Aspinall, Senator Jackson, Senator Allott who have over the years compiled a very enviable record of achievementin this field when public opinion

was not as receptive as it is today, and yet as we look at the problem as a Governors' Committee we think at this moment without writing any final report that somehow we are failing in this country to look at the environment, and conservation, and population distribution as being part of that web of life which we call ecology and so the approach has been on a crisis oriented basis up to now instead of a sweeping comprehensive attack on the total problem of environment and conservation and, now, we are seeing an implementation on the federal level, and we see it in State activities in this field.

We will have, Mr. Chairman, a report for this Conference when we meet in the summer and we have 90 days in which to do this. Part of our report will be on the response that individual states make to our appeal to you to give us your judgment as to what you think the major thrust of the environmental management and conservation problems are in your State and region.

(Applause)

GOVERNOR LOVE: Thank you very much, and now I will call on Govenor Evans of the State of Washington, Chairman of the Committee on Transportation, Commerce and Technology.

GOVERNOR EVANS: Mr. Chairman, your Committee has had a busy time as the others have had. Yesterday we did meet with Secretary Volpe and members of his top staff from the Department of Transportation. Our activities during this Conference have been

devoted primarily to the transportation part of our Committee's activities.

Today, we met with Senator Randolph and Senator Cooper of the Senate Committee on Public Works and with a broad cross section of Representative Fallon's Committee on Public Works of the House. We have surveyed the Governor members of our Committee, and have selected the priority programs that we will study during the remainder of this year in preparation for a report to the Conference in August.

The most important single subject from almost every point of view seemed to be that of finding various modes of transportation, and thus the prime project we will undertake is to attempt to answer on behalf of the Governors the question of should there be a single national transportation trust fund, or should there be separate trust funds or separate methods of financing the various modes of transportation--airports and airways, mass transit, and highways.

The other subjects that fit into this general category are those of mass transit financing, and the mass transit bill now in front of Congress, and the possibility of inter-State funds and what should be done with the monies after the inter-State system is completed, and the airport development program that is now in front of Congress, and the other major element that will be studied by this Committee is the continuing problem of highway safety.

We think, as a Committee, and we were delighted to see the same intensity of interest from the Committees of Congress that much can be done in the field of highway safety to lower the death toll which, in the past year, took more lives--more American lives--than all of the deaths in South Vietnam from the time the war began until this present date.

This can only be done if we have the cooperation and intense involvement of the individual States as well as the Federal Government, so in these two particular areas of funding--transportation and the field of highway safety--much of our activity will be focused.

We had one particular invitation from Secretary Volpe, that was the invitation to comment at an early draft stage on the national transportation policy now being developed by the Department of Transportation.

Our Committee will, of course, take that invitation. We will be working with the Department of Transportation and hopefully there will be an input at an early stage into what ultimately will become an Administration national transportation policy.

(Applause)

GOVERNOR LOVE: Thank you very much; will you please just stand at ease for one moment, a minute perhaps, and in the meantime I request that those who are standing in the rear of the room please find seats.

GOVERNOR LOVE: Ladies and gentlemen, the Vice President of the United States.

(Applause)

VICE PRESIDENT AGNEW: Thank you very much Governor Love, and distinguished Governors, many of my former associates and some of whom I have come to know for the first time since I have been in this position and it is a great pleasure to be here with you.

Yesterday, the President spoke to you briefly and specifically about a few facets of the Administration's domestic program. I believe that you could easily detect in his remarks an awareness of the difficult financial burdens that State government faces. At no other level of Government have built-in program increases left less resources for the implementation of new programs. And notwithstanding the rigid disciplines which had to be imposed on the federal budget to brake runaway inflation, the President has moved to commit more federal assistance, and federal assistance in a more flexible form, to State government than ever before.

The beginnings in revenue sharing, in the fight against pollution, and in the welfare reform await the action of the Congress. Whether these programs are passed as offered or are modified, they will have an effect on your ability to finance the growing burdens of State government.

But the Administration's recognition of the

formidable difficulties faced by the States has a mirror image--the Governors' recognition of the equally difficult problems faced by the Administration.

I want you to know that we are very grateful for your cooperation in our fight against inflation. In September, when we met last, the Administration sought your aid through a voluntary cutback in non-essential construction. Your response was prompt and substantial. The States collectively have reduced or deferred $1,084,000,000 of planned highway construction. Other deferred capital construction has exceeded $1,009,000,000. So you have shared in cooling inflation by putting a potential $2 billion multiplier on ice.

Obviously, you merit and have the plaudits of this Administration and the gratitude of the nation. With this one responsible act, you have done more than your share in the war against inflation. You have given life and proof to the federal precept. You have demonstrated that State governments are willing and capable of disciplining themselves and cooperating in the nation's interest. You have proven that those who would counsel for federal supremacy, or advocate the by-passing State governments because they are careless and insensitive about problems outside of Statehouse politics are totally wrong. In one act, you have put down four decades of slander about State government.

In terms of our nation's history, I believe your

prompt, voluntary policing of your own spending will be remembered both as a blow struck to restore a balanced federal system, and as a pivotal factor in a year-long crusade to combat inflation.

Yesterday, you heard the President touch briefly on the environment and reiterate the Administration's commitment to the fight against water pollution. We will never be able to clean up our waters without adequate waste water treatment facilities. Our proposed new $10 billion joint Federal-State program for the construction of such facilities represents one of the most important direct steps we can take to begin the restoration of our environment. This new program proposes to allot federal matching funds of $1 billion per year for 4 years, and is expected to induce the expenditure on a local level of $6 billion in that same period.

I want to emphasize several points from Secretary Hickel's statement of yesterday to your Committee on Natural Resources and Environmental Management.

First, $10 billion is the amount of funding we can look forward to. It should be enough to do the job. If it proves inadequate, the President has said he will seek more.

Second, the Federal Government will meet its reimbursement commitments. I want to make it clear that for the Fiscal Year 1970 the States will receive $800 million as a total appropriation, out of which they will have the option of

using their monies for new projects or reimbursement for old projects if they are at least 25% completed. In succeeding years beginning with Fiscal 1971, 20% of the total amount of money authorized will be allocated for reimbursement by regulation of the Secretary of the Interior until all of the reimbursable commitments have been met.

Third, for those municipalities unable to finance their share of waste water treatment facilities, a new environmental financing authority will be structured to help meet that need.

Fourth, the new program will permit allocation of federal matching funds on both population density and pollution density.

Fifth, and this is a much desired innovation, we will provide in the program the highly significant reform of comprehensive river basin planning.

Thus, the three R's of restoration, reform and renewal described by the President are all evidence in our new water pollution control program.

In addition to capital construction deferrals and the financing of the difficult battle against water pollution, there are probably a hundred other matters of specific executive decision which I might move to at this time. They will all be familiar to you, they will all be controversial, they will all have been discussed many times before. Basically, the

solution to those problems depends on a constant search for modification and adaption by professional governmental administrators such as yourselves.

After long working sessions such as this, and other Governors' Conferences, you do not need me to preach about subjects you clearly understand, and which you will eventually solve by hard work, patience, and a long process of compromise.

Rather than wearying you further with recitals geared less to your enlightenment than to the display of what ex-Governors such as I like to think of as accumulated gubernatorial wisdom I would like to touch briefly on a generality that I feel is of vital importance even though often lost in the specific frenzies of modern government.

I refer to the most solemn unwritten obligation of a Governor--that is, leading the people of his State and through his statements molding opinion. Somewhere amid the sometimes exciting, sometimes tedius intricacies of the sophisticated governmental structure, in a modern State, the elected leader must disengage from the manipulation of things and consider the spirit of the people he is elected to serve.

At no time in our history have we seen a greater preoccupation with the machinery of government, a greater fascination with the ideas of the "in group" of bureaucrats and professional experts, and less attention to the true functions of leadership, which form the only real reason for the people

of a sovereign State to designate one citizen to give them direction and hope.

It is easy to mistake great activity and a proliferation of high sounding programs for leadership. No one knows better than a Governor how tempting it is to spend hour after hour in staff level meetings discussing tax formulas, Federal-State contributive rations, education and health budgets and other important details--not to mention all the varieties of unimportant trivia which wash through the sands of the great departments, propelled by the pumps of countless career public servants dependent on activity more than progress to justify their existence.

No one knows better than a Governor who digs his way through reams of paper--through memoranda ad nauseum--through studies and consultants reports ponderously redundant how easy it is to get caught in the make work climate of modern government. I used to sit in my office in Annapolis and occasionally look up at a portrait of some ancient predecessor and wonder what it was like before the typewriter, and the duplicating machine, visited these miserable torrents of minutia upon us--before committees, and study groups, and lobbies, convinced of their unique knowledge and the originality of ideas born and discarded from the time of George Washington down, thrust themselves upon us.

I would suspect that these early executives had

more time to devote to creative thought and the assessment of the direction of their constituents.

Today we have a dangerous delusion--words masquerading as decisions, activity masquerading as progress, and non-productive dissent masquerading as constructive debate. It is easy to be deceived into thinking that because we are busy we are making progress. To the contrary, I would suggest that the destructive forces gathering strength in the country today are equivalent to enormous headwinds on the nose of the ship of state. Our engines are flailing, but we are not getting very far very fast. Until we accept the necessity of facing our leadership obligations and stating a direction for our people, we will continue to lose ground.

What is the greatest issue today? It is not the war in Vietnam, nor inflation, nor the environment. It is not an issue that you even hear discussed in its stark and simple enormity. But it is nonetheless the overrriding and compelling issue in the United States today. Simply stated it is, "Will the Government of this country remain in the hands of its elected officials, or will it descend to the streets?"

It is not unusual, nor should it be distressing, that individuals of monumental ego among the failures of our society should attack everything fundamental to our free culture. They are simply lashing out in all directions because they cannot bear to face their individual inadequacies. Neither should it

overly concern us that certain brilliant but sequestered academicians are criticizing the Government. This has always been so, and probably will always be so. Sometimes it does some good.

Also, we should not seem surprised that the neophyte politically ambitious loudly champion all causes of the least affluent. That works beautifully until they get elected and have to represent all the people.

Why then, if these political phenomena are standard to a democratic government should we be disturbed about them today? The answer lies not in a fear of the kooks or demagogues themselves, but in their current respectability. Never in our history have we paid so much attention to so many odd characters.

Twenty-five years ago the tragi-comic antics of such societal misfits would have brought the estabishment running after them with butterfly nets rather than television cameras. It is in this inordinate attention to the bizarre, this preoccupation with the dramatic, this rationalization of the ridiculous, that we threaten the progress of our nation.

It is time for the political, business and academic leaders of this country to lead a figurative march back to normalcy. There are, and always have been, political risks in speaking out but the silence of our leaders when confronted with outrage after outrage is being construed as uncertainty and even as sympathy for these assaults on the fundamental nature

of our culture.

Courts are becoming carnivals, laws are flouted, Criminals commit their dispicable acts against society in the name of political activity.

Gentlemen, I propose that all of us elected to positions of governmental responsibility should speak out forcefully and directly against the outrageous patterns of conduct which have become so fashionable of late. Whether or not one agrees with every ruling that the judge made in the recent Chicago trial is not the point. The point is that a handful of oddballs deliberately set out to politicize a simple criminal proceeding and to disrupt the most basic protection of our society--the dignity of the courts.

The point is that the new technique of judicial disruption is spreading like wildfire through the country. The tactic is to provoke and inflame in the hope that overreaction will obliterate the true nature of the proceeding.

The spread of revolutionary conduct, as you are well aware, is not limited to the courtrooms of the nation. We find it in our educational systems and, in fact, beginning to spread from college to high school to junior high school. We find it invading every governmental body that depends upon constructive citizen participation. The purpose is clear and obvious--to immobilize and incapacitate the normal procedures of our constitutional government.

What can we do? We can exert our governmental authority to protect the people who placed us in these positions of responsibility. This requires firm, decisive action and a willingness to withstand the criticisms of the liberal community, who are presently so blinded by total dedication to individual freedom that they cannot see the steady erosion of the collective freedom that is the capstone of a law abiding society. This, of course, means acting within the law.

Of equal importance, we can begin to lead American opinion. I am convinced that the overwhelming majority of Americans will follow the lead of their Governors, and other elected officials, if we will just launch a campaign to exert the force of public opinion to drive these bizarre extremists from their preemptive positions on our television screens, and on the front pages of our newspapers. There are more valuable subjects to be covered in the public interest.

Let us move vigorously to deeply involve our citizens in the traditional American fashion. Let us establish constructive dialogue and debate to replace the non-productive disengagement and dissent. Above all, let us react automatically, briskly and effectively to the threat of violent revolution and recognize it for the clear and present danger it constitutes.

(Applause)

GOVERNOR LOVE: There will be a meeting of the Executive Committee at 9:30 in the morning, in the Lincoln Room.

The Governors and their ladies are expected for the reception and dinner at the State Department this evening at 8:00 o'clock. Any other announcements? Governor Tiemann.

GOVERNOR TIEMANN: Mr. Chairman, one very brief announcement here. Several of the Governors in the mid-western States have indicated their desire to join together in a Mid-Western Marketing and Land Utilization Conference to be held in Nebraska some time during the first two weeks of June, and there is a red booklet in front of them, and I would ask that they study this and give me their comments, and we will be in touch with these Governors as to specific dates when we have word from Secretary Volpe. It is a very serious problem, and one that can be solved by work of this type.

GOVERNOR LOVE: Thank you; the meeting stands adjourned.

(Whereupon, the closing Plenary Session was adjourned at 4:50 o'clock, p.m.,)