

*Proceedings*  
OF THE  
NATIONAL  
GOVERNORS'  
CONFERENCE  
1973

SIXTY-FIFTH ANNUAL MEETING  
DEL WEBB'S SAHARA TAHOE • LAKE TAHOE, NEVADA  
*JUNE 3-6 1973*

THE NATIONAL GOVERNORS' CONFERENCE  
IRON WORKS PIKE  
LEXINGTON, KENTUCKY 40511

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**THE NATIONAL GOVERNORS' CONFERENCE**

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## EXECUTIVE COMMITTEE

1972-73

Honorable Marvin Mandel  
Governor of Maryland, *Chairman*

Honorable William T. Cahill, Governor of New Jersey  
Honorable Jimmy Carter, Governor of Georgia  
Honorable Winfield Dunn, Governor of Tennessee  
Honorable David Hall, Governor of Oklahoma  
Honorable Richard F. Kneip, Governor of South Dakota  
Honorable Tom McCall, Governor of Oregon  
Honorable Thomas J. Meskill, Governor of Connecticut\*  
Honorable William G. Milliken, Governor of Michigan\*  
Honorable Richard B. Ogilvie, Governor of Illinois†  
Honorable Walter Peterson, Governor of New Hampshire†

## EXECUTIVE COMMITTEE

1973-74

Honorable Daniel J. Evans  
Governor of Washington, *Chairman*

Honorable Dolph Briscoe, Governor of Texas  
Honorable Dale Bumpers, Governor of Arkansas  
Honorable Robert Docking, Governor of Kansas  
Honorable James E. Holshouser, Jr., Governor of North Carolina  
Honorable Patrick J. Lucey, Governor of Wisconsin  
Honorable William G. Milliken, Governor of Michigan  
Honorable Philip W. Noel, Governor of Rhode Island  
Honorable Francis W. Sargent, Governor of Massachusetts

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\*Served January–June 1973

†Served June 1972–January 1973

OTHER COMMITTEES OF THE NATIONAL  
GOVERNORS' CONFERENCE, 1973\*

COMMITTEE ON CRIME REDUCTION  
AND PUBLIC SAFETY

Governor Robert Docking, Kansas—*Chairman*  
Governor Jack Williams, Arizona—*Vice Chairman*  
Governor John A. Love, Colorado  
Governor John A. Burns, Hawaii  
Governor Meldrim Thomson, Jr., New Hampshire  
Governor William T. Cahill, New Jersey  
Governor Bruce King, New Mexico  
Governor David Hall, Oklahoma

COMMITTEE ON EXECUTIVE MANAGEMENT  
AND FISCAL AFFAIRS

Governor Calvin L. Rampton, Utah—*Chairman*  
Governor Robert D. Ray, Iowa—*Vice Chairman*  
Governor Sherman W. Tribbitt, Delaware  
Governor Reubin O'D. Askew, Florida  
Governor Wendell R. Anderson, Minnesota  
Governor Winfield Dunn, Tennessee  
Governor Arch A. Moore, Jr., West Virginia  
Governor Patrick J. Lucey, Wisconsin  
Governor Carlos G. Camacho, Guam

COMMITTEE ON HUMAN RESOURCES

Governor Nelson A. Rockefeller, New York—*Chairman*  
Governor Cecil D. Andrus, Idaho—*Vice Chairman*  
Governor Dale Bumpers, Arkansas  
Governor Ronald Reagan, California  
Governor Otis R. Bowen, Indiana  
Governor Tom McCall, Oregon  
Governor Dolph Briscoe, Texas  
Governor Rafael Hernández-Colón, Puerto Rico  
Governor Melvin H. Evans, Virgin Islands

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\*As of June 1973—opening date of Conference

COMMITTEE ON NATURAL RESOURCES  
AND ENVIRONMENTAL MANAGEMENT

Governor Stanley K. Hathaway, Wyoming—*Chairman*  
Governor Wendell H. Ford, Kentucky—*Vice Chairman*  
Governor William A. Egan, Alaska  
Governor Jimmy Carter, Georgia  
Governor Kenneth M. Curtis, Maine  
Governor William G. Milliken, Michigan  
Governor William L. Waller, Mississippi  
Governor Thomas P. Salmon, Vermont  
Governor John M. Haydon, American Samoa

COMMITTEE ON RURAL AND URBAN DEVELOPMENT

Governor John J. Gilligan, Ohio—*Chairman*  
Governor Linwood Holton, Virginia—*Vice Chairman*  
Governor Dan Walker, Illinois  
Governor Edwin W. Edwards, Louisiana  
Governor Christopher S. Bond, Missouri  
Governor James E. Holshouser, Jr., North Carolina  
Governor Arthur A. Link, North Dakota  
Governor Philip W. Noel, Rhode Island  
Governor Richard F. Kneip, South Dakota

COMMITTEE ON TRANSPORTATION,  
COMMERCE, AND TECHNOLOGY

Governor Francis W. Sargent, Massachusetts—*Chairman*  
Governor John C. West, South Carolina—*Vice Chairman*  
Governor George C. Wallace, Alabama  
Governor Thomas J. Meskill, Connecticut  
Governor Thomas L. Judge, Montana  
Governor J. James Exon, Nebraska  
Governor Mike O'Callaghan, Nevada  
Governor Milton J. Shapp, Pennsylvania  
Governor Daniel J. Evans, Washington

Governor Marvin Mandel, Maryland—*Chairman*  
of the National Governors' Conference—served as  
an ex officio member of all Committees.

## ATTENDANCE

George C. Wallace, Governor of Alabama  
William A. Egan, Governor of Alaska  
Jack Williams, Governor of Arizona  
Dale Bumpers, Governor of Arkansas  
Ronald Reagan, Governor of California  
John A. Love, Governor of Colorado  
Thomas J. Meskill, Governor of Connecticut  
Jimmy Carter, Governor of Georgia  
Carlos G. Camacho, Governor of Guam  
John A. Burns, Governor of Hawaii  
Cecil D. Andrus, Governor of Idaho  
Dan Walker, Governor of Illinois  
Robert D. Ray, Governor of Iowa  
Robert Docking, Governor of Kansas  
Wendell H. Ford, Governor of Kentucky  
Kenneth M. Curtis, Governor of Maine  
Marvin Mandel, Governor of Maryland  
Francis W. Sargent, Governor of Massachusetts  
William G. Milliken, Governor of Michigan  
Wendell R. Anderson, Governor of Minnesota  
William L. Waller, Governor of Mississippi  
Christopher S. Bond, Governor of Missouri  
Thomas L. Judge, Governor of Montana  
J. James Exon, Governor of Nebraska  
Mike O'Callaghan, Governor of Nevada  
Meldrim Thomson, Jr., Governor of New Hampshire  
Bruce King, Governor of New Mexico  
Nelson A. Rockefeller, Governor of New York  
James E. Holshouser, Jr., Governor of North Carolina  
Arthur A. Link, Governor of North Dakota  
John J. Gilligan, Governor of Ohio  
David Hall, Governor of Oklahoma  
Tom McCall, Governor of Oregon  
Milton J. Shapp, Governor of Pennsylvania  
Rafael Hernández-Colón, Governor of Puerto Rico  
Philip W. Noel, Governor of Rhode Island  
John C. West, Governor of South Carolina  
Richard F. Kneip, Governor of South Dakota  
Winfield Dunn, Governor of Tennessee  
Dolph Briscoe, Governor of Texas

Calvin L. Rampton, Governor of Utah  
Thomas P. Salmon, Governor of Vermont  
Linwood Holton, Governor of Virginia  
Melvin H. Evans, Governor of Virgin Islands  
Daniel J. Evans, Governor of Washington  
Arch A. Moore, Jr., Governor of West Virginia  
Patrick J. Lucey, Governor of Wisconsin  
Stanley K. Hathaway, Governor of Wyoming

#### GUEST SPEAKERS

Spiro T. Agnew, Vice President of the United States  
Elie Abel, Dean, Graduate School of Journalism, Columbia University  
David S. Broder, Political Editor, *Washington Post*  
Frank C. Carlucci, Under Secretary, United States Department of Health, Education, and Welfare  
Kenneth R. Cole, Jr., Executive Director, The Domestic Council  
John E. Coons, Professor of Law, University of California  
S. David Freeman, Director, Energy Policy Project, The Ford Foundation  
Frank N. Ikard, President, American Petroleum Institute  
James J. Kilpatrick, Syndicated Columnist  
James T. Lynn, Secretary, United States Department of Housing and Urban Development  
Lawrence E. Spivak, "Meet the Press"  
Caspar W. Weinberger, Secretary, U.S. Department of Health, Education, and Welfare

## PROGRAM

### Sunday, June 3

- 11:00 a.m. Briefing for Governors' Aides  
*Sequoia Ballroom*
- 5:00 p.m. Private Reception and Dinner for Governors and Their Families  
*Ponderosa Ranch, North Shore of Lake Tahoe*
- 5:30 p.m. Reception and Buffet Honoring the News Media for All Other  
Official Conference Participants  
*Sequoia and Bonanza Ballrooms*

### Monday, June 4

- 9:00 a.m. Opening Session  
*Sequoia Ballroom*

Presiding:  
Governor Marvin Mandel

Invocation:  
Father James McGrath, Church of the Immaculate Con-  
ception, Sparks, Nevada

Welcoming Address of the Host:  
Governor Mike O'Callaghan

Annual Report of the Chairman:  
Governor Mandel

Adoption of Rules of Procedure

- 10:00 a.m. "Meet the Governors"

Presiding:  
Governor Mandel

**Guest Panelists:**

**Elie Abel**  
Dean, Graduate School of Journalism  
Columbia University

**David S. Broder**  
Political Editor  
*Washington Post*

**James J. Kilpatrick**  
Syndicated Columnist

**Lawrence E. Spivak**  
"Meet the Press"

12:15 p.m. Recess for Lunch

2:00 p.m. Executive Session for  
to Governors and Their Aides Only

4:00 p.m. *Sequoia Ballroom*

5:30 p.m. Reception Hosted by Governor and Mrs. O'Callaghan for Official  
Conference Participants  
*Sequoia Ballroom*

6:30 p.m. Dinner Show for Official Conference Participants  
*High Sierra Theatre*

**Tuesday, June 5**

7:45 a.m. Prayer Breakfast for Governors and Their Wives Only  
*Bonanza Ballroom*

9:00 a.m. General Session  
to *Sequoia Ballroom*

1:00 p.m.

Presiding:  
Governor Mandel

"Developing Energy Policy:  
State, Regional and National"

**Guest Speakers:**

**Frank N. Ikard**  
**President, American Petroleum Institute**

**S. David Freeman**  
**Director, Energy Policy Project**  
**The Ford Foundation**

**Commentators:**

**Governor Tom McCall, Oregon—Chairman, Western**  
**Governors' Conference**

**Governor Thomas J. Meskill, Connecticut—Chairman, New**  
**England Governors' Conference**

**Governor Robert D. Ray, Iowa—Chairman, Midwestern**  
**Governors' Conference**

**Governor Milton J. Shapp, Pennsylvania—Vice Chairman,**  
**Mid-Atlantic Governors' Conference**

**Governor George C. Wallace, Alabama—Chairman,**  
**Southern Governors' Conference**

**Governor Stanley K. Hathaway, Wyoming—Chairman, NGC**  
**Committee on Natural Resources and**  
**Environmental Management**

**General Discussion**

**"Education Finance: Challenge**  
**to the States"**

**Guest Speaker:**

**John E. Coons**  
**Professor of Law**  
**University of California**

**Commentators:**

**Governor Wendell R. Anderson, Minnesota**

**Governor Tom McCall, Oregon**

Governor William G. Milliken, Michigan

Governor Calvin L. Rampton, Utah

General Discussion

“New Directions in Welfare and  
Social Services”

Guest Speaker:

Frank C. Carlucci

Under Secretary

Department of Health, Education, and Welfare

General Discussion—All Governors Participating

Afternoon    Afternoon Open for Optional Host State Events  
and Special Meetings

7:00 p.m.    Dinner-Dance and Entertainment for Official  
Conference Participants  
*High Sierra Theatre*  
(This is not a black-tie event)

6:00 p.m.    Reception for Governors and Wives Only  
*Evergreen Room*

Wednesday, June 6

9:00 a.m.    General Session  
*Sequoia Ballroom*

Presiding:

Governor Mandel

“Restructuring Federal Assistance  
Programs: Special Revenue Sharing”

Guest Panelists:

Caspar W. Weinberger

Secretary

Department of Health, Education, and Welfare

James T. Lynn  
Secretary  
Department of Housing and Urban Development

Kenneth R. Cole, Jr.  
Executive Director  
The Domestic Council

**General Discussion—All Governors Participating**

**11:00 a.m. Closing Business Session**

**Presiding:**  
**Governor Mandel**

**Reports of Standing Committees and  
Adoption of Policy Statements**

**Invitations for 1975 Annual Meeting Location**

**Election of Officers and Executive Committee**

**Other Business**

**Adjournment**

**12:00 noon Farewell Luncheon for all  
Official Conference Participants  
*Poolside***

# MONDAY SESSION

## June 4

GOVERNOR MARVIN MANDEL: The Sixty-fifth National Governors' Conference will come to order. If all of the Governors would take their seats and if the other guests at the Conference would please take their seats, we shall start the meeting. At this point I would like to call on Father James McGrath, of the Church of the Immaculate Conception of Sparks, Nevada, to deliver the invocation.

FATHER JAMES McGRATH: Almighty God, as we pause at this moment to invoke your blessing on this distinguished body of Governors, may we first realize that Christianity, civilization and the arts, given to a continent, present greatness to which the ancient empires at the height of their glory cannot be compared. Bless us, Lord, with an appreciation of our Nation, the enjoyment of social conditions and freedom nowhere known to such an extent. Grant, Lord, that we may never undervalue these treasures and, in particular, that of free deliberation for the good of all.

In gratitude we adore you for the gift of patriotism and ask that we always be endowed through grace with pride in our country. We beg that grace for all our people. Filled with a love for America, we know our Nation has been amply blessed by your providence. Bless, then, Lord, our offering to her today of love, loyalty and service.

May your Holy Spirit inspire and guide all the participants taking part in this Conference, so that they can help all of us who have the privilege of American citizenship to serve the Nation worthily with a good conscience. May you count everyone to be obedient to the Constitution and to the laws of the States, and to give wholehearted support to public officials from the most renowned to the least among them. Give us the patriotic fervor, Lord, to see that all within our Nation do likewise, so that ever the star-spangled banner in triumph shall wave, o'er the land of the free and the home of the brave. Amen.

CHAIRMAN MANDEL: Before we proceed, I will ask all of our guests and visitors if they have any occasion to want to talk with or interview any of the Governors or among themselves, please go outside of the room to conduct these conversations. We would like to have as much order as possible, with all of the Governors being able to participate and hear what is going on. Thank you very much.

At this time I shall call upon our Host Governor and express to him, before I call upon him, our appreciation for the job that has been done to make it convenient and also to make it accommodating for all of the Governors. Governor O'Callaghan.

GOVERNOR MIKE O'CALLAGHAN: Mr. Chairman, Members of the Conference: We are pleased and honored by your presence in Nevada on the occasion of the sixty-fifth meeting of this organization. It is our hope that before this Conference is over you will have tasted the western flavor of Nevada. It is altogether fitting that we meet here this year. Our State has been much benefited by other States of the Union. In turn, we have contributed materially to those other States. The proud heritage which led to today's Nevada began in modern times with the influx of men seeking silver, the bright metal which held the American economy together in a time of severe trial a century and more ago. Today the emphasis is on another precious metal, gold. Our State remains a leading producer of this metal by which men and nations measure their worth. While we have sent to the rest of the Nation our precious metals, we have received from the Union, in turn, your citizens in search of adventure, in search of wealth and pleasure and sunshine. Nevada has a rich history and has produced some of the leading personalities in western traditions and lore.

Like most States, Nevada also has serious problems and great opportunities at the same time. Lake Tahoe, where we are meeting today, embodies many of the problems of our United States today. Here we find a constant battle against air and water pollution being waged. Here, too, the continuing work of balancing population against the growth pressure is being done. Nevada has been a sleeping sister for many years, quietly producing those limited items that originate within our boundaries, and, perhaps more importantly, has been entertaining and making welcome those who arrive or pass through on pleasure trips or vacations. As the press of urbanization has increased substantially in other States, Nevada, where water is a key to survival, has been left to grow quietly. There is a solitude and satisfaction in this land which is more and more being sought by those who make their homes in the cities. It is a hard and demanding land, but to meet that demand, men have found they must live in harmony with the gifts of nature and with each other.

I hope that when you return to your own desks and offices you will carry with you many warm memories. I know all Nevadans join me in expressing pleasure in having you here. Thank you.

CHAIRMAN MANDEL: Thank you very much, Mike. At this point of the program, I am supposed to deliver to you a report of the Executive Committee. I thought perhaps enclosing a copy of that report in your folders would lessen the need for me to go through the entire report.\* I think we have an interesting morning ahead of us, and I would like to devote a great deal of our time to the program, rather than rendering to you a report of the activities that the

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\* For full text, see Appendix VII.

Conference has gone through in the last year, though I will hit some of the highlights.

Before doing that, this is the first Annual Conference that a number of Governors are attending. Though they were at the midwinter meeting, I thought I would take the opportunity to introduce to the other Governors some of the new Governors who are here for the first time. Some of them I know are not present at this moment, they will arrive a little later, but I would like to introduce those who are present, let you meet them, ask them to stand so you will get to know who they are.

(Governor Mandel thereupon introduced Governor Walker of Illinois, Governor Bond of Missouri, Governor Judge of Montana, Governor Thomson of New Hampshire, Governor Holshouser of North Carolina, Governor Link of North Dakota, Governor Noel of Rhode Island, Governor Briscoe of Texas, and Governor Salmon of Vermont.) Gentlemen, we are glad to have all of you with us.

I might say it has been a great privilege for me to have served as Chairman during the past year. I appreciate the opportunity of having that honor and that responsibility. I think it has been a good year, though there has been a great deal of challenge before all of us as Governors in these States. We have tried during the past year to change the format of our meetings, to involve the Governors more directly in the programs and participate more completely in the activities of the Governors' Conference, and I think the program that you have before you is created for that very purpose. There have been many new tasks before us. We have heard a great deal about the new emphasis on the role of Governors and state government in relationship to the federal government.

I can't, however, make a report of this type without emphasizing the fact that it isn't just an Executive Committee report. We have had the wholehearted cooperation of all of the Governors from around the country. I think there has been a new spirit, if I might use that word, of cooperation and activity on behalf of the Governors. It has made it a very active year, a year in which we have had successes with the national Administration and with Congress in some of the things that we have sought. We have had meetings with the Congressional leaders at regular intervals. We have had meetings with the White House staff.

Not only were you all able to participate in meetings at the White House to ask questions and try to determine what policy was or was intended to be, but we also had an unprecedented meeting with the Congressional leadership on Capitol Hill. These things we have been able to do, I think, have been the beginning of a new direction for the Governors and for the Governors' Conference. Governors made over 40 separate appearances before Congressional committees in the past year to testify on pending legislation involving such matters as highway funds, general revenue sharing, land use, and water pollution. I could go through a whole multitude of problems that face the States.

I am not going to go through the entire report that we have, as I said. All of

you will be receiving a copy. I just want to say that I am deeply grateful for the cooperation, support and help that I have had from the fellow Governors, particularly from the Executive Committee. As we move on into another Conference and another year, I think that we have forged a new path, really, for the Governors, and I think that if we continue on that path we can hope for future successes such as we have had in the past year. I again want to thank all of you for the cooperation that I have received during this past year. The report that we have already distributed to you, you will be able to read later. I think that is enough said about it. Next, is "Crihf" here?

MR. BREVARD CRIHFELD: Yes.

CHAIRMAN MANDEL: The Rules of Procedure, as a formal matter, must be adopted by this Conference. They are the same rules that we have operated under in the midwinter meeting and also last year. I thought if there were any questions or if anyone has any question on his mind or wants to clarify any point, we will do it now before we adopt these rules. "Crihf" is here; he is very familiar with it. Are there any of the Governors here who have any question that they'd like to ask about the Rules of Procedure for this Conference? I would like to recognize Governor Meskill.

GOVERNOR THOMAS J. MESKILL: Mr. Chairman, I move that the Rules of Procedure which have been distributed to all of the Governors be adopted as the Rules of Procedure of the National Governors' Conference at this meeting.

CHAIRMAN MANDEL: The motion was to adopt the Rules of Procedure that have been distributed to all the Governors, to adopt those Rules of Procedure for this Conference. Governor Hall of Oklahoma.

GOVERNOR DAVID HALL: I will second the motion.

CHAIRMAN MANDEL: The motion has been made and seconded that the Rules of Procedure be adopted for this Conference. The vote will proceed. The "ayes" have it. The Rules of Procedure have been adopted.

As I asked earlier, if those who are guests of the Conference and those who are here to join with us in these proceedings will please take seats or find seats, it will make it much simpler for those Governors to be seen and to be recognized. If you would find seats, I would appreciate it very much. Let me now deal briefly with our procedures for handling policy issues and resolutions which will come before the Conference on Wednesday. Policy statements proposed by the Conference's six Standing Committees were mailed to you one month ahead of time, pursuant to the Articles of Organization. As you know, the Executive Committee has a responsibility to review these policy statements, to change them or update them, where necessary, and then to present all of the policy statements to this body.

Because of a lack of opportunity for intensive review of all of the policy statements and to judge them on their own merits, the Executive Committee agreed yesterday that it would pass through to the full Conference all of the policy statements proposed by the six Standing Committees, including any

amendments or additions that were made by the Committees which were meeting yesterday afternoon. All of the policy positions being proposed by the Standing Committees, including those suggestions made by the Executive Committee, are now being processed and will be available to you very shortly. They will be delivered to you just as soon as they are prepared. I think that that will be an ample time for each one of you to be able to review any changes or amendments that were made, if any, since the time that they were mailed to you over 30 days ago.

In addition, let me point out that, in accordance with the Articles of Organization, any resolution or policy statement offered—and let's make this clear at this moment so that there is no misunderstanding later—any resolution or policy statement offered by any individual Governor through the time-honored procedure of suspending the rules must be handled in the following manner: (1) It must be typed in final form for distribution to all the Governors. This we can arrange. If you will present to Mr. Byrley any resolution that you wish to offer, he will have it prepared for you in the form to be submitted at the meeting; (2) They must be announced and distributed today and tomorrow, that is, before the Wednesday meeting. These are the resolutions that individual Governors wish to propose. They will then be called for consideration at the final session on Wednesday.

As you know, the rules require that an individual Governor who wants to offer an individual resolution must ask for a suspension of rules to offer that individual resolution. There is no debate on the motion to offer the resolution. If the three quarters vote is obtained, then the resolution is before the Conference, and the resolution is open for debate, amendment, and final action. Are there any questions concerning the procedure? If none, we have been moving along rather rapidly. I don't know whether all of the panelists are here for our first session. I would like to check and see if they are. Three of our panelists are here; the fourth is in the process of trying to locate his suitcase that was misplaced.

Let me say at the outset, this whole idea really started with a luncheon that I had with Larry Spivak about a year ago right after a "Meet the Press" television program. I asked him what he thought about the idea of the Governors sort of reversing the roles and asking some of the reporters to face the Governors. We were discussing mutual problems that both the media and the Governors had, and Larry thought it might be a good idea. I'm not sure that he still thinks it was a good idea. However, we do have a panel here, and I think a panel that we can be proud of. A number of you had the opportunity to see "Meet the Press" from San Francisco yesterday, so you know what it was all about. I think we have found from talking to the members of the media that they have just about as many hangups as we have about their relationship with government and government's relationship with the media.

So I asked what they thought about the idea of having this kind of a panel

that would be open completely for any questions that may come from any of the Governors directed to the members of our panel; and that we would have a free-wheeling, free exchange of questions and answers and ideas. I think this is good for both the Governors and the media, because, in my judgment, what we both have at stake in this relationship between the press and the Governors is believability. I think it is just as important to the media, the question of believability, as it is to Governors and government. I think that both of us are in the business of being believed, and without it neither one of us can survive.

The courageous newsmen who have agreed to face this group of Governors are here, and I'd like to introduce them to you individually. I'd like to introduce them to you very briefly and then we can get into the question-and-answer period. I'd like each Governor, if he has a question, to raise his hand. He will be recognized and can direct his question to the panelist he wants to answer the question or, if it is one that he would like to have a general answer on, he can do that also.

On my right is David S. Broder. As you know, Mr. Broder has been attending these Conferences for a long time. This year, however, he comes to us with a new credential in his briefcase, the 1973 Pulitzer Prize for Distinguished Interpretive Reporting, one of the two Pulitzer Prizes that have been won by the *Washington Post* this year. Seated on his left is Larry Spivak. Mr. Spivak, I think, needs no introduction to any of the Governors who are here, other than the fact that I think he invented television journalism. One thing I want to add, however, is that Larry is just as charming in person as he can be nasty on television. Seated on my left is James Kilpatrick. Mr. Kilpatrick is the same Mr. Kilpatrick of Scrabble, Virginia, the *Washington Star* dateline that means official Washington had better be careful and get the message. He is one of the syndicated columnists who is with us today and I very much want you to meet Mr. James J. Kilpatrick. And next to him is Elie Abel. Mr. Abel is a remarkable journalist who made his mark both in print and in the electronic press before becoming dean of the Columbia University Graduate School of Journalism, where he is now passing on his own tradition of excellence to what we hope will be a new generation of reporters.

To get this panel started, I'd like to ask a question of each one of the panelists for a brief answer on how he views and understands the relationship between the press and government, how he feels these two instruments should function, so that the electorate is informed, and what limitations each has in this vital relationship. I think that the question really says, How do government and the media work together to inform the public? Can we start with Mr. Broder?

MR. DAVID S. BRODER: That's a nice, small subject to begin with. We have a common responsibility, in the sense that you, as elected officials, and we, as employees of newspapers that are themselves at least semi-public institutions, have a common responsibility to an electorate or a readership on whom we depend. I have no right as an individual, it seems to me, to make a nuisance of

myself to a public official, except as that nuisance-making conceivably serves some function of public information. Similarly, you have no inherent right as elected officials to promulgate your views, except as that process again serves the process of public education. We have a common responsibility.

On the other hand, we have clearly an antagonistic relationship which I think we ought to face at the beginning of this discussion. You have policies and programs that are yours, which you have elected to carry out. We do not have policies and programs. We have the role of examining your proposals, skeptically, and raising as many hard questions about them as we can, and that is why I think, no matter how well we arrange our relationships in personal terms, we will frequently and necessarily and, in my view, desirably find ourselves at odds with each other.

CHAIRMAN MANDEL: Mr. Spivak.

MR. LAWRENCE E. SPIVAK: I want to start by quoting Samuel Johnson. He said about a dog walking on its hind legs, don't expect him to do it well; the wonder is that he does it at all. The wonder is that I'm answering questions at all. I would like to answer your question in a somewhat oblique manner, the way some of you have answered our questions, by quoting from James Reston's *The Artillery of the Press*. Those of you who haven't read it, I recommend it very highly. It was published in 1966 and has so many truths that still hold fast.

He quotes, at the beginning of his book, Nicholas Lenin's speech in Moscow in 1920. He says, "Why should freedom of speech and freedom of the press be allowed? Why should a government which is doing what it believes to be right allow itself to be criticized? It would not allow opposition by lethal weapons. Ideas are much more fatal things than guns. Why should any man be allowed to buy a printing press and disseminate pernicious opinions, calculated to embarrass the government?" Then he quotes Thomas Jefferson in 1787 and says, "The basis of our government being the opinion of the people, the very first object should be to keep that right, and were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to choose the latter."

And, finally, obliquely to answer your question, I want to quote from the President himself on the nature of the Presidency in September 1968, during the campaign of '68, when he said, "Only through an open, candid dialogue with the people can a President maintain his trust and his leadership." I think, and I speak of the press conference particularly because it is so much in the air today, that the President can learn as much from the press conference as the people themselves, because, with so many reporters around, they usually ask the questions that are in the mind of the people, questions that the officials themselves should answer. I hope that all of you will appreciate this, that all of you will hold as many press conferences as you can, because I think you learn as much as you give from these press conferences.

CHAIRMAN MANDEL: Thank you, Larry. Mr. Abel.

MR. ELIE ABEL: So much has been said by the others that I agree with, that I am left with a few marginal comments. It does seem to me that press and government, whether they love each other or not, are bound together in what I would describe as an uneasy but inescapable relationship, what the biologists call a symbiosis. It is there; you need us, we need you. We should not take offense, either side, at a skeptical attitude. We have seen quite a lot of skepticism on both sides in recent months—reporters refusing to believe official spokesmen and official spokesmen sometimes taking the view that reporters ask too many embarrassing and nasty questions.

I think the adversary relationship we hear so much about is nothing new on the American scene. It was foreseen by the Founding Fathers; it lies at the root of much of the discussion that led to the adoption of the Bill of Rights. I think we ought to stop being neurotic about it and stop being embarrassed about it. I think the working press must remain skeptical. A decent skepticism is what I call for, without nastiness. I think that's a necessary thing because, in the end, the people must learn and make decisions about public policy based on what the press can discover from gentlemen like yourselves around the table. Examine, discuss, and debate, that's what the American system is all about. Let's stop being neurotic about it; let's make it work.

CHAIRMAN MANDEL: Mr. Kilpatrick.

MR. JAMES J. KILPATRICK: There is, in truth, very little left for me to say on the relationship between the politician and the press. It must always be essentially an adversary relationship. We ought not to confuse ourselves with a lot of high-sounding talk about how we are both serving great public ideals. We are not serving the same ideals at all. Your purpose as politicians, as Governors, is to govern. Our purpose as newspapermen is something entirely different. It is to report, to watch after you, to serve as watchdogs, to ask the questions that need to be asked, to clarify what you are up to.

There must always be a certain love-hate relationship here, and I am not particular myself whether it is more love or more hate. Our interests must always be adverse. We can get along; we don't seem to get along. The Republic has gone on for 200 years on this basis and I think we will stagger on for another hundred years or so on the same basis.

CHAIRMAN MANDEL: Thank you very much. We can now move into the first question. Governor Love of Colorado.

GOVERNOR JOHN A. LOVE: I'd like to address my question to Dave Broder. Dave, in your opinion, are there limits, ethical or legal, on the means of securing or acquiring the news and, if so, what are they?

MR. BRODER: Sure there are limits. I'm no lawyer, as you know, Governor, but I assume that there is no exemption for the press from any of the criminal codes. I don't think we are authorized to break and enter or to wiretap or to perform any activity which for any other citizen would be an illegal activity. Secondly, I think there ought to be professional standards that are

applied which go beyond the minimum, legal requirements. I think we have to look at the consequences of what our reporting is for the other vital processes of government and the decent standards of society. I think, for example, there are proper inhibitions on press reporting of the judicial procedure, as that reporting can affect the rights of defendants or, as Governor Holton mentioned in his press conference this morning, the integrity of a grand jury proceeding. I think we could probably get into a long list of what those inhibitions are, but I think all of us in the business realize that there are those standards and inhibitions.

CHAIRMAN MANDEL: Governor Love, does that answer your question?

GOVERNOR LOVE: Yes. I think that is a very good answer, and I certainly would agree with it. What do you newspaper reporters call it, a follow-up question? Would the next one be, then, do you think, in general, that the media does follow the kind of high standards that you have just announced?

MR. BRODER: In general, yes; in specific instances, I think that the press has not addressed itself to some important issues. I don't have any hesitancy to discuss one or two of them for a minute here, since I have written about them. I think this is a good chance for me to make clear, if it is not obvious, that I am not here as a representative of the *Washington Post* and I am in no way authorized as a spokesman for the paper. But our paper printed, along with many hundreds of others in this country, transcripts of grand jury proceedings which were distributed by Jack Anderson. I think that raises very serious questions about the responsibility of the newspapers that did that. I have hoped that my own paper would address itself to the judgment process that led to the publication of those Jack Anderson columns. So far it has not.

CHAIRMAN MANDEL: Governor Hathaway.

GOVERNOR STANLEY K. HATHAWAY: This question is to any member of the panel. It seems to me that the press tries to always show the negative side of government and does not show to the American people the positive things that happen in government. Is this a fact, and wouldn't the American people feel better about their government if the positive things were accented from time to time?

MR. SPIVAK: I think that generalization, Governor, doesn't always hold true. I think the press does address itself to positive things. For example, the press gave a great deal of space to the arrangements that the President made with China. They thought that was positive and it was given a great deal of space. The same thing with the rapprochement with the Soviet Union. To use an example that has often been used, there is no news in telling the people that 200 million people have not committed murder; but if one person commits murder, that does become news. It is unfortunate that that is so, but it is.

I think to say that the press does not give space to positive sides of news is not quite correct. Now, there are some press people who may not; there are some people who may emphasize the sensational too much, and there may be some papers. I think the press is just as human as you people are; we make

mistakes, and I'm sure we are going to continue to make them. But, by and large, I think the press has done a fairly good job in presenting the positive, as well as the negative.

CHAIRMAN MANDEL: Governor Gilligan of Ohio.

GOVERNOR JOHN J. GILLIGAN: I would like to address this question to any or all of the members of the panel. Watergate, I think in all its ramifications, has given all of us Governors and everyone else serving in public life today some very special problems by reason of the fact that it has the effect of undermining public confidence in all government and government officials at every level. This public skepticism or cynicism, it seems to me, is being expanded by the argument raised that Watergate is, after all, nothing unusual, but simply characteristic of all American politics throughout our history. I would like to know if the members of this panel, newsmen who are experienced at the national level, really believe that Watergate is just another example of politics as usual, or is it something unique and something uniquely dangerous to the American system of government?

CHAIRMAN MANDEL: Let's start over here on my left. Mr. Kilpatrick, would you like to start by answering that question.

MR. KILPATRICK: Governor Gilligan, the attitude that you describe is one that I certainly have found, as a newspaperman, all over the country. This has been one of the most astonishing and dismaying aspects, to me, of the whole Watergate affair. From the very beginning last summer until quite recently, the most familiar, popular reaction that I encountered everywhere was exactly what you say. The only thing the Republicans did was to get caught, and that everybody knows the Democrats are doing the same thing. They are all a bunch of crooks, why are you overblowing the Watergate story? Nobody got killed, nobody got hurt, no money was really stolen, what's so big about this deal? That is the attitude, Governor.

I am not going to lay blame on the press for having created such an attitude. I am simply going to comment on it as one of the phenomena of our times. But no, I do not agree, as a political reporter, that Watergate is typical of American political campaigns generally. I think it is exceptional; I think it is unique. I have known, I suppose, thousands of politicians over the years. The great bulk of them I have found to be honorable and decent men, men of integrity for the most part, some of them mediocre, some of them incompetent, I found, but very few of them actively crooked. I would like to think that members of the press had at least as high an honesty rating as politicians and vice versa. You will find some bad apples in the press, and you found Watergate. But I don't think the practitioners of breaking and entering and fencing stolen goods are any more typical of journalism than the Watergate conspirators are of politics.

CHAIRMAN MANDEL: Mr. Abel, would you like to comment on that question? I think I will ask each one of the panelists to answer your question.

MR. ABEL: I do have to agree with Mr. Kilpatrick on the general point.

What troubles me also is an attitude you run into, perhaps on the part of a great many young people today, which is that Watergate isn't really very remarkable, it just proves the system is bankrupt. Well, I can't agree with that for a couple of reasons. One, I think the exposure of Watergate was proof that the system does work. I think that's a very important point and we ought to stop being defensive about it. That's part of the system, too. I know of no system, no matter how carefully devised, that is proof against the kind of activity, criminal activity, that is sanctioned at a fairly high level in the central Administration. I don't care how many amendments you made to the existing system, if there is a lack of honesty at or close to the top, this kind of thing can happen, as we have seen.

It does seem to me that one of the remarkable things about Watergate that makes it very different from the kinds of minor felonies that some politicians at other times and places have been involved in is precisely this: Read the President's statement of the other day in which he says in so many words that Mr. Hoover would have nothing to do with certain kinds of activities that we are talking about, nor would the CIA; therefore, he created or caused to be created within the White House this special unit called the "plumbers." Now, that's not something that the Constitution provides. That kind of resort seems to me to reflect great credit on other parts of the system; the fact that the CIA and the FBI did not want to play this game is, I think, something that may surprise many people, but ought to make them feel better about the system. On the other hand, as we know, there were some people in the White House who apparently saw no harm in it or thought they could get away with it, and I think that needed to be exposed and I am delighted that it has been, even though the temporary effect seems to be to erode or undermine a degree of public confidence in the system.

CHAIRMAN MANDEL: Mr. Spivak.

MR. SPIVAK: I think the extraordinary thing about Watergate is the way the pendulum has swung. I think it was completely ignored at the beginning. The public paid no attention to it at all. No matter how much was written about it, they refused to believe that it was a matter of any great importance. Then the swing went the other way and they decided that all politicians were corrupt. It may have been that they ignored it in the first place because of the reason they finally gave in the second place. I think there is something very fundamental, though, about the Watergate thing that people seem to have ignored and that I wish the press would give more space and more attention to. I think Watergates are going to happen over and over again as long as there is a concentration of power in the hands of an executive. I think beginning with the days of Franklin D. Roosevelt too much power came into the hands of the executive. The public itself gave it to him, the public itself wanted it. Congress gave it to him, and Congress was weakened.

Governors once exercised a great deal more power, but then they rushed to Washington for more and more money. The same is true even today, for

example, in revenue sharing. When you ask a Governor does he want more power back or does he just want money, the answer usually is that he wants more power, he doesn't quite know what power, but he knows that he does want more money back. I think the great problem is the concentration of federal power which must be broken up. I think the concentration is in the hands of the Presidency which must be broken up, and I believe it will be. I believe Congress will get stronger; I hope you Governors will get stronger. I think, as I said, everybody will profit by it.

CHAIRMAN MANDEL: Mr. Broder.

MR. BRODER: Governor, I share my colleagues' feelings on the fact that this is not typical of politics in the United States. But I think we have to ask ourselves: Why does the public assume that it is? Here it seems to me you come back to the question that Governor Hathaway was raising, perhaps not in terms of good news versus bad news, but I think we ought to ask ourselves around the table why have we not done a better job of communicating to the American people what we all perceive as being the reality of politicians in the political process. I would hope that before we are finished this morning we could ask ourselves: What is there about this kind of a meeting here this week that could focus people's attention more realistically on what the process and the problems of government are at the state level in this country? I don't think any of us who come to these meetings year after year necessarily go away with the feeling that we have communicated to our readers very much of what you and we, perhaps less perfectly, understand to be the essence of the problems that you as politicians and executives are really grappling with in this country.

CHAIRMAN MANDEL: Governor Dunn, did you have a question?

GOVERNOR WINFIELD DUNN: Let me go to Mr. Kilpatrick with this, if I may, and invite the others to comment. A quick glance into history would show us, Mr. Kilpatrick, that the last five Presidents of the United States have found their political origins in positions other than the Governorships of the various States; President Roosevelt being the last Governor who moved to the Presidency. In view of the fact that the national centerpiece of attention seems to be moving away now from international conflict to a period of time when there appears to be some resolution of the tension of international relationships as we have known it in the last 10 or 15 years, in view of the fact that we have a national Administration that seeks to return powers to the various state governments on a scale and at a rate that hasn't been supported by other national Administrations, do you sense in the minds of the people that there is a vacuum awaiting a resurgence of the strengths of the Governors because of their peculiar relationship to the people of this country as opposed to continuing to look toward the Senate of the United States, for example, for our national leadership?

MR. KILPATRICK: The question is, could a Governor be elected President?

GOVERNOR DUNN: I think you are getting down to it.

CHAIRMAN MANDEL: You rephrased the question perfectly. Now you can answer it.

MR. KILPATRICK: Governor, a few years ago I would have said, really, no, because the national forums of the House and the Senate, the Vice Presidency, the military leadership in the case of Eisenhower, give a man so much advance recognition before he goes on the campaign trail that he is in a superior position. He has a head start ahead of any Governor before the primary campaigns begin. Lately, I have become persuaded that this may not be the case. The media, especially television, can now produce a recognition factor so rapidly that if a Governor comes along who has the capacity for leadership, the charisma, the appeal, the sense of something that he can offer the people that they want right now, I believe that in a year of good work and national exposure, such a Governor could gain the kind of reputation that would permit him to launch into a presidential primary campaign with some reasonable hope of success. I think maybe a corollary to that would be that you would want to have a little time of declining leadership in the House and Senate where no particularly strong candidates had emerged there. Given that combination of factors, yes, I can imagine a Governor becoming President.

CHAIRMAN MANDEL: Do any of the other panelists wish to comment on that?

MR. SPIVAK: I think that television has played a very important factor in giving exposure to people who are in Washington. So many of us originate from Washington. The Senators are always available, and when they make an exciting speech, why, we are likely to go after them in one way or another. I think that is one place where we haven't always exercised the responsibility that we should have. I think we should seek from people in government, of course. If more of you did more, why, we'd probably be after you harder. But I think the thing is changing, and, to directly answer your question, I think there is a very good chance that a Governor might not only be a candidate for the Presidency but might be elected President in '76.

CHAIRMAN MANDEL: Next question. Governor West of South Carolina.

GOVERNOR JOHN C. WEST: Mr. Chairman, I have two questions. I want to direct the first to Mr. Broder, and, if I get the anticipated answer, I want to ask a follow-up question. Mr. Broder, except for what might be termed a couple of accidents, namely, a bungled burglary and an arrest that was sort of accidental, in your opinion, would the Watergate episode have come to light?

MR. BRODER: That's a hard one to answer, Governor. I would like to be able to say flatly, yes, but I'm not sure that that's the case, although I think, as we learn more about this pattern of activities and we learn that Watergate was not a single incident but a part of a fairly widespread pattern, the likelihood that something was going to go amiss somewhere in that pattern is fairly high.

GOVERNOR WEST: Then that brings my follow-up question that I want to direct specifically to Mr. Spivak, but perhaps to all of the panelists. With all of

this intrigue, the political espionage and sabotage going on over a period of time, isn't it a rather bad indictment of the press that it was not uncovered sooner?

MR. SPIVAK: One of the things I think the press was fighting was not merely a concentration of power, but secrecy. There were so many papers that were classified, there was so much secrecy, and I think it was much more difficult to uncover. I think, as Dave said a minute ago, that something might have happened along the line; if it hadn't been Watergate, something else would have brought about some sort of an exposure of the thing that was happening in government. One of the other things that is very, very important is that too many of the people who surround the President had very little political experience. I think to govern this country a man must have political experience, must have contact with the public, must have some understanding and some feeling for what people believe and what people think.

CHAIRMAN MANDEL: Mr. Abel, would you like to comment on that question?

MR. ABEL: I have nothing to add, except just one small point. Governor West noted the bungled burglary and, indeed, that was the opening wedge. But I think if you go back and look at your newspapers in your own home States between July and November, you will find that in most States the fact of that bungled burglary and the exposure of it did not get a great deal of attention. It was, I think, the inspired efforts of, first, the *Washington Post*, and then the *Los Angeles Times* and a number of other papers, the *New York Times* rather late, I'm sorry to say, that kept focusing that spotlight on this little incident, and began looking for connections. So I think that, after a discouraging start, the press did a phenomenally good job. I would share David Broder's reservation about publishing grand jury transcripts. I think that's the area in which I could criticize what the press has done, but my own feeling is that, had the *Washington Post* been less diligent, had the *Los Angeles Times* been less diligent, the fact that there was a bungled burglary would not have led to the kind of major national issue that this has become.

CHAIRMAN MANDEL: Mr. Kilpatrick, do you want to comment?

MR. KILPATRICK: Very briefly. What we now mean generically by Watergate as a popular noun in politics is kind of divided into three elements. The first was the burglary, the second was the cover-up, and the third was everything else. We would not have had the second element at all if the first element had gone undetected. We were, as a matter of fact, onto a good deal of the third part, the everything else. For example, the bogus letter that had been sent to the *Manchester Union Leader* was a subject of very considerable press investigation long before elements one and two of Watergate began to come out. There was a great deal of coverage last spring on the matter of the ITT deal. Dita Beard, you remember, showed up on CBS in a famous interview. So the press was working on a lot of the peripheral aspects of Watergate before the burglary itself was disclosed.

CHAIRMAN MANDEL: Governor Exon.

GOVERNOR J. JAMES EXON: I will direct this question to Mr. Abel and, hopefully, the other distinguished members of our panel will also express their views. We have had a great deal of discussion recently regarding the powers of the Presidency versus the powers of the Congress. I am interested to know about that third branch, the judiciary. I happen to feel that, while I respect the Supreme Court and always have, this is supposedly a court of constitutional lawyers, conservatives, so to speak, and yet I feel that some of the recent decisions—and I refer specifically to the abortion issue, whether that is pro or con—I happen to feel that this was quite an invasion of the legislative processes. I am wondering if we shouldn't also, while we are concerned about the executive and the legislative, ask questions from time to time about the balance of that third of the three branches.

MR. ABEL: I think by all means the question should be asked. I don't personally feel qualified to shed much light on that aspect of it. Those of you who know the kind of thing I used to do when I was a working journalist know that it mainly had to do with foreign policy and national security affairs. I don't think I have ever written a story involving the Supreme Court, so I'd be glad to yield on that one to anyone else.

MR. KILPATRICK: Governor Exon, you are just talking like an ole' southern boy there. Yes, sir. I have undertaken to give advice and guidance to the United States Supreme Court on its successes for nearly 30 years now. I can say they haven't taken any of it. The abortion decision that you cite, whatever may be said of it in terms of social policy, was monstrous as a matter of constitutional law. I, at least, could find no roots whatever in the Constitution to justify that opinion, no coloration. I wish the two dissents in that case had been much stronger than they were, because it was a terrible piece of law. It is the kind of judicial activities that I used to condemn unceasingly during the Warren years, only to have that sort of activism defended by a good many of my liberal friends who couldn't have cared less about the constitutionality of it.

But the abuses of the judiciary are especially evil at the federal level where the judges serve for life. We can get rid of a President, get rid of a Congressman, get rid of a Governor, but there is no way under heaven that you can get rid of a bad federal judge. He is there. This is, I think, one of the great flaws in our constitutional set-up, and I know of no convenient remedy for it. None of the checks and balances written into the Constitution seem to be effective in this regard. We can hope simply for judicial restraint. We of the press can clamor for judicial restraint. But unless the judges choose to restrain themselves, I know of nothing that can be done about it.

CHAIRMAN MANDEL: Do any other panelists wish to comment on that?

MR. SPIVAK: The only thing I'd like to say is that we have always had difficulty in getting any judges to express any opinions, and they have always hidden behind the fact that they may discuss some case which would prejudice

the rights of some defendant. But I think that there are many areas, particularly in the case of the Supreme Court, where they can speak. I know we'd love to question a great number of them, and we hope maybe as time goes on that they will allow themselves to be questioned, as do members of the Congress and members of the Executive Department. I think it would be a good idea for more to be written about the Supreme Court and for more members of the Supreme Court to submit to questioning.

CHAIRMAN MANDEL: Before we go ahead with the next question, I'd like to make an announcement that we have just heard from the Vice President. He will be with us tomorrow, and tomorrow evening, and perhaps on Wednesday. I want you all to know that. He has accepted our invitation. The next question will be from Governor McCall.

GOVERNOR TOM MCCALL: This is addressed to all members of the panel. We asked in our message this year for an unequivocal shield law for the press of Oregon. We asked for incisive action as a shower of rebuke to those who were meddling with the press. We got it, it is signed into law. First of all, what are the chances of a national shield law, a meaningful one, being passed by Congress and, secondly, what comments would you have on the argument which is made against my position by our junior Senator from Oregon, Bob Packwood, that once the Legislature or government starts giving things to the press, it can start also taking them away from the press and might not only take away a shield law but a lot of other things with it?

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: My view is entirely my own. We don't have a party line about this at Columbia. I would have to say, Governor McCall, that I incline to Bob Packwood's view. I think the press's right to function in a free society rests squarely on the Constitution, and, while it may seem convenient to a great many of us at this point to write an explicit shield law, I share the view and the concern that any right that depends on an Act of Congress can be taken away just as it is given. Therefore, I would take my stand on the Constitution, which seems to me quite explicit on that point. If in the next month or year or two some newspapermen are going to have to go to jail to validate that right, then I would submit to you that American journalists have been ready to do that since the beginning of this Republic. I hope it doesn't become a mass movement into the jails, but I think a crucial case here or there, if needed, will be fought, and I have a little more hope than some that the Supreme Court will clarify this issue and clarify it without too much delay if the right case is made.

CHAIRMAN MANDEL: Is there any further comment by the panel? Mr. Kilpatrick.

MR. KILPATRICK: I didn't expect to find many things with which I would agree in the philosophy of the Columbia School of Journalism, but I certainly do agree with that. He says it is his own. Governor, the question went to the probabilities of a federal shield law. I think the probabilities are dim right

now. There was a good deal of enthusiasm for such an act early in the session. It has mostly leaked away now. Among the threshold problems they faced was one of definition, to whom would such a shield law apply. The problem was, I think, made vividly evident in a bill introduced in the U.S. Senate which was a result of long labor and that undertook to limit the shield to those journalists described as "legitimate newspapermen." I made the observation at the time that the power to declare a newspaperman legitimate is the power to define those who are illegitimate, which politicians do in familiar speech fairly frequently. But I would hate to see it written into law.

CHAIRMAN MANDEL: Governor Williams, do you have a question?

GOVERNOR JACK WILLIAMS: My question is addressed to Dean Abel. I read your magazine, the publication of the Columbia School of Journalism, and I believe you teach adversary press, or at least I have followed the development of adversary press, mostly learning it through the *Columbia Journalism Review*. Dave Broder mentioned antagonistic press, which I think is about the same connotation, antagonism. Adversary means enemies, almost means that you are locked in a battle to the death. One destroys the other if you carry it to its finest conclusion. What I am concerned about, does this adversary press or antagonistic press extend to the news columns?

MR. ABEL: Governor, I think there are a couple of points I ought to try to clarify before we go any further. We do not teach what you style "adversary press or antagonistic press." We hopefully teach people to be good, faithful, accurate reporters. The *Journalism Review* is not written by students at the school, nor, for the most part, by faculty of the school. It is written by professional journalists from all parts of this country, so that I wanted to make that clear beforehand. I have indicated, I think, in my early remarks, and I think Mr. Kilpatrick and other panelists tended to agree, that the adversary relationship that we speak of is part of the system that we are talking about in this country.

I would refer those of you who have an interest in this kind of thing to go back and read a letter from the First Continental Congress to the inhabitants of Quebec, dated, I believe, 1757 or something of that kind, in which those gentlemen assembled in Philadelphia were trying to explain to the residents of British North America why they ought to join the United States. Perhaps the most telling argument they made was in favor of freedom of the press, defined in the Eighteenth Century as a means not only of spreading, if you will, liberal doctrines—the word is theirs, not mine—appreciation of science, culture and all the rest, but also of shaming and intimidating officers of the Crown who overreach themselves, vis-a-vis the citizens. I don't have the exact quote here, but I'd look it up if I were you. I think you will find the notion that the press has a function here, a function of being skeptical, of investigating, of not taking everything an official spokesman says as the gospel, is even older than that Republic, and I think part of the very fabric of the Constitution for me.

GOVERNOR WILLIAMS: I feel you misunderstood my question. I have no question at all about the editorial column commentator's right to say anything he can within the laws of libel and slander, but there is a sanctity to news columns. Once the media lose that sanctity and that expression of faith that must be there, we are going to lose a great thing that our country has to have. I don't care about the different opinions, but we have to get our news pretty straight, pretty direct, and pretty well identified as to where it comes from.

MR. ABEL: I agree with you and you have just defined, really, what it is that we spend most of our time teaching at Columbia.

CHAIRMAN MANDEL: The next question is from Governor Meskill of Connecticut.

GOVERNOR MESKILL: This question is for any member of the panel who wishes to answer it. About a year ago, we had a panel of pollsters and opinion research people. One of the speakers made a statement which no one seemed to refute, to the effect that in the rank order of reputation as far as the public was concerned, the politicians came out pretty badly. We were way down on the totem pole. He made a statement that the only group lower on the totem pole than the politicians were the press. Now, my question is, we know what effect an image problem, a credibility problem has on us in our effectiveness as executives. Obviously, problems in this area that the press have must affect their effectiveness as well. I have no idea why it is so. I wonder if you gentlemen know why the press would be suffering from an image problem and, secondly, what should the press do about it?

CHAIRMAN MANDEL: Mr. Kilpatrick.

MR. KILPATRICK: Let me suggest two possible answers to that because, of course, the question has given those of us in the media a great deal of thought. The first of them may be self-serving but I throw it out for what it may be worth. There is something to be said, I think, for the proposition that the people tend to blame the messenger who brings the bad news, and when we are reporting so much on the incredibility of other institutions of government, on their follies and misfortunes and wrong-doings, some of that, I think, is imputed to the press itself. But, beyond that, I think a second reason lies in the question that Governor McCall just raised and that Dean Abel undertook to answer.

I think we of the press have forfeited a good deal of our credibility over the years and brought this miserable image on ourselves, in part because we have tended to lose a certain key element of the media, the very sanctity, the very integrity of our news column that has been described. This is a consequence of what has been called the new journalism or advocacy journalism, by which reporters put their opinions not in the opinion passages of the newspaper but directly into the news columns. We must, I think, in the journalistic professions resist that temptation on the part of young reporters and a few old ones in every way we know how. We have, I think, an even greater task of recovering our credibility than politicians, taken as a class.

CHAIRMAN MANDEL: Dave Broder.

MR. BRODER: I agree with Jack Kilpatrick's remarks and I would add just two additional thoughts. One reason that we have credibility problems is that politicians, when they have difficulties, want to say that the newspapers or television that reports their difficulties are a bunch of damned liars, so we have had very little help from you gentlemen and your colleagues in politics in maintaining our credibility. One reason that the Watergate issue did not become an issue in the campaign of last year was that the full force and majesty of the Presidency of the United States was summoned and marshalled effectively to tell the American people that the newspaper which was pursuing that story most vigorously was doing so out of narrow political motive and for selfish, partisan reasons.

But there is a more important reason why we have enormous credibility problems, and, Governor, it does certainly affect our capacity to meet our public commitments, as I think the Watergate case proves. This country would have been better off today if the *Washington Post* reporters had been believed in what they were reporting last fall, because then it could have become a matter of public debate at a time when the people had an easy way to render their judgment as to who they believed and who they wanted to manage the government of the United States. Today when that issue comes up again six months later, it is not very easy for the public to satisfy its desires to have honest, effective leadership. But the more important reason, I think, why we are in difficulty in the press is that we have failed, as Jack Kilpatrick has said, to meet our responsibilities. We have not honestly labeled our own product. We have not told people that we are not delivering a full, balanced, total news package every day, but rather a selected, partial, necessarily imperfect, and necessarily erroneous package of news, because we all operate under time and space pressures which make it impossible for it to be anything other than an imperfect package.

Secondly, we have, and here I think we are worse than you are, been flagrant in our disregard of our responsibilities to respond to the criticism that we have received from outside. If a political reporter gets criticism from the Republicans and the Democrats, he is inclined to think that that proves that he is playing it down the middle. It may also prove that he is doing such an outrageously bad job that he offends anyone who has any real knowledge of what is taking place, but that possibility is not one that he is very likely to examine. It is impossible for me to understand why great newspapers in this country today are acting like a bunch of maiden aunts when confronted with the terrifying prospect that there may be something called a National Press Council whose sanction includes nothing other than publicity, the very commodity in which we deal, that they are regarding this as an enormous threat to the freedom and independence of the press. We have a long way to go to make up for our own contributions to the incredibility of the press today.

CHAIRMAN MANDEL: Next question. Governor Salmon from Vermont.

GOVERNOR THOMAS P. SALMON: I address this question to Mr. Spivak and to any of our other distinguished panelists who might want to comment. Concerning some of the peripheral outgrowths of the Watergate situation, of the whole question of campaign excess, in general, including the question of campaign spending, improper utilization of campaign funds, the question is twofold. What kinds of national initiatives would you, Mr. Spivak, like to see this Republic take in an effort to curb these excesses and, secondly, what is your reasonable anticipation in terms of whether or not these initiatives could be enforced?

CHAIRMAN MANDEL: Mr. Spivak.

MR. SPIVAK: You have posed a question that I think a lot of people have been wrestling with for a long time. To be perfectly frank with you, I don't have a reasonable answer to it. The only thing I can say is that there has just been too much money around and, when there is too much money around there is too much cash around, and when there is too much cash around there are too many hands to get at the cash, and there is too much corruption. I think there has to be some limitation placed upon spending, but how the thing is going to be enforced, I honestly don't know. There have been too many loopholes and too many men who consider themselves honest who felt that it was all right to evade the \$3,000 that they are permitted to contribute by going to various other organizations, or by allowing friends or relatives to contribute instead of their contributing directly. I think a limitation must be established. I think you people who are in politics may have better answers than men who are in newspaper work or who are engaged in television. I have no answer to it.

CHAIRMAN MANDEL: Dave, do you wish to comment?

MR. BRODER: I have a couple of points. First of all, we ought not lose sight of the fact that we have made some considerable progress in this area. One of the reasons that we are learning about what happened in 1972 is that the campaign spending and disclosure law that went into effect on April 7 of that year has proved to be quite effective. But there are some further steps that can be taken. I have some qualms myself about the proposals to move to pure public financing, because it seems to me that the value of voluntarism in small contributions is an important value to try to maintain in our political system. I am attracted to the proposal in the bipartisan bill sponsored by Representatives John Anderson of Illinois and Morris Udall of Arizona, which would reimburse from the federal treasury up to a certain amount of small contributions to campaigns for federal office.

There is an important additional step that could be taken in terms of disclosure, and that is to set up an independent elections office, again at the federal level. The Senate has passed such a bill. If it can be maneuvered somehow past Wayne Hays of Ohio, there is a fair chance that the House would pass such a bill. But I think we are within sight, for the first time, of having effective

campaign limitations and disclosures, and I don't think we need, necessarily, be totally pessimistic on this front.

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: To a degree Mr. Broder has anticipated me. I would argue that the new campaign spending law has not had a fair test. We are all aware of the rather frenetic activity to roll up a lot of campaign money before that law went into effect, and we have been hearing a lot about it in the Watergate affair. It does seem to me that the sense of something seriously wrong that Watergate communicates to most Americans suggests that this is the time to move and move creatively, to deal with various aspects of the problem. One that troubles me most, and I don't have a clear answer to it, but I'd like to hear it discussed and investigated, is the cost of television time. Every one of you around this table must be aware of the degree to which running for statewide or national office requires millions upon millions of dollars, above all in the larger States, because of the cost of television time.

I would like to see explored a notion that is used in a great many other countries where time is allocated to representatives of the competing parties to state their views directly to the public. That is hard to do in a private system such as ours, but I don't think it is beyond the realm of possibility. I think the gentlemen who run the television networks are, on the whole, at least as public spirited as most of us around this table, and, if we could create a climate in which, preferably without legislation but with legislation if necessary, we could set up a system under which access to television, both locally, statewide, and nationally, was allocated in a fair way, without money changing hands or at a very much reduced price, I think you would immediately remove the need for that much campaign money.

It does seem to me that that is only one aspect of the problem. I perhaps, like some of you around this table, was looking forward to checking off my income tax return and seeing to it that whatever it was, a dollar or two, was allocated. I was like millions of other Americans who in the rush of filing the return couldn't find that appropriate line on the form. I think somebody in the government printing office ought to answer for that. It seems to me, this being the first year in which it was to be done, it ought to have been much more prominently displayed. I have heard complaints from taxpayers all up and down this country who said they wanted to do it and couldn't find it.

CHAIRMAN MANDEL: Governor Shapp.

GOVERNOR MILTON J. SHAPP: I would like to shift gears for a second into another subject. We have been talking about the adversary position, or at least all four of the panelists said that there is an adversary position between the press and those of us who are officials, and I agree with that. I am concerned, though, with the way that an adversary position sometimes shapes up, that is, a Governor, mayor, or any elected official can have a press conference to announce some major new policy in the field of corrections or education or

whatever it may be. At the news conference that is not really the issue that most of the reporters are there for. They may want to discuss Watergate or they may want to ask about some local scandal that is going on. So the whole content of what the official is trying to push forward and explain to the press gets buried back on page 15. Then an answer to one of the questions on a different subject at the press conference gets on page 1 because that is the intent of the press.

I might say since I have been out here I have talked to a number of the reporters and the first question asked has been Watergate and, even though that is not the intent of this Conference and, as Dave Broder said before, the Governors should be talking about a lot of state affairs, but the press seems to be more interested in pushing our views and trying to get this Conference more or less involved in the whole Watergate situation than in some of the very important other matters that we have interest in. I think that the press in this adversary position sometimes switches issues, and it is not really an adversary position, but they are interested in news and not necessarily in what the policy position may be. This also shows up in a different way. Newspapers particularly, and now some of the radio and television stations, are interested in really hot news and accusations that are made one way or the other about officials, and that will be on the front page in the newspaper and maybe a week or 10 days later, when those accusations blow up and are shown to be worthless, back on page 17 or 18, buried in the want-ad section, will be a two-paragraph story saying that Joe Blow's accusations proved unfounded.

I think that there is no way that any official can fight the press, at least below the Presidency. You said before, Dave, that the President used all of his powers to try to control the Watergate situation during the campaign, but there is no way that other officials can fight the press. We are just more or less caught along in a storm on many occasions, and I think the press has other responsibilities than those that have been shown in trying to interpret policy that officials may want. They may criticize it, that's up to them, but at least it should be given fair play, and also the stress on some of these accusations, at least when the truth is brought out later on, should be given as much play, even though the damage has been done by the accusations that have blazoned forth in the front pages.

CHAIRMAN MANDEL: Dave, do you want to respond to that?

MR. BRODER: I will respond briefly by saying, Governor, that part of your observation is that both public officials and reporters attempt to manage the news. I think that's unquestionably true. You have a story which you want to get across on a particular day that may or may not be the story which the reporters in Harrisburg are interested in pursuing that day. That takes us into, I suppose, the whole area of public relations techniques and how the news can be managed. I don't think as a reporter I have any expertise in that area, but I do think that there are ways in which in this Conference, for example, it is possible to shift the focus, which I agree with you often tends to be the case, and has

certainly been the case here in our discussion this morning, about national government matters to state government matters, and I think many of us who are regulars at these Conferences would welcome some changes that would shift the focus in that direction.

CHAIRMAN MANDEL: Does anyone else wish to comment?

MR. KILPATRICK: I'd like to comment if I may. It seems to me Governor Shapp's question reveals rather poignantly the great gap between politicians, on the one side, and the press on the other. We do have two completely different points of view that we bring to public affairs. For the voluminous report, the sort of thing that Governor Shapp is talking about on corrections, or reorganization of a state financial setup, or education or whatever, it may be a report he has worked on for months and he is consumed with it, and he believes this is enormously important. But we would perhaps have a different view. We have often found that political figures tend to have an overinflated view of the worth of their own projects, at least in our view, so we just don't think it's news. News, among whatever else news may be, at least is in part what interests people, and this great thick report on the reorganization of Pennsylvania government may simply not interest that many people.

But there is also another aspect where Governor Shapp makes a good point. We saw this, I think, vividly only a few weeks ago when Dr. Kissinger made a major presentation on foreign policy, and the *Washington Post*, I think in an editorial blunder, seized upon one passing comment by Dr. Kissinger having to do with the need for compassion for the Watergate defendants, and played that on page 1. This pretty effectively buried Dr. Kissinger's quite important statement on foreign policy. So we do make mistakes of editorial judgment in these matters, but I know of no way this can be resolved. We must make our own independent judgments on whether the Governor's big, fat report is or is not news. If we find they are not news, I'm sorry, it's not news.

CHAIRMAN MANDEL: Governor Anderson.

GOVERNOR WENDELL R. ANDERSON: I would like to ask the panelists this question, perhaps starting with Mr. Broder. How can we restore our people's confidence in our two-party system, how can we strengthen our two-party system? First that question. Then, secondly, leaving aside the issues raised by Watergate, what in your judgment are the two or three most critical issues facing our country?

MR. BRODER: Let me take the first one and I'll leave my colleagues to decide which two or three issues are the most important. I think we have a fair chance at this point to strike a blow or two on behalf of the two-party system. I think one of the healthy reactions to Watergate has been the almost unanimous declaration by Republicans and Democrats that these were not the doings of politicians, and I think that's substantially true. I don't think most people believe it's true at this point, but I think it is true, and where you start out with an honest proposition, you at least have the ability to sell it. There is a healthy

possibility, I think, that one of the offshoots of the campaign spending reform will be deliberate strategies to try to route money through regular party organizations rather than through these special ad hoc candidate committees, like the one that got into so much trouble last year.

But more important than that, I think, is what you can do, the men sitting around this table, because American politics is essentially state and local politics, and you are the heads of your parties in your States. That means that the possibilities that you have through your public office to strengthen the party at the state and local level is probably the most crucial element in the thing. That is where people's attention is centered, and that's certainly where they can perceive the reality of a political organization that actually functions as a transmission belt from the citizen level up to that public official. Where there are healthy parties you have a climate of public opinion in which people tend to believe that they really do have a voice in the way they are being governed. At the national level, and it did not begin with this present Administration, an ever-increasing number of people have come to believe the point that Governor Wallace made so effectively last year, that the government of this country was being run by a bunch who do not in any way reflect the wishes and the desires of us, the voters of our country.

CHAIRMAN MANDEL: Mr. Spivak.

MR. SPIVAK: I think one of the great problems today is that a citizen himself has not been sufficiently involved in the things that he can do. He talks about the big issues but doesn't do anything about them himself. He talks about inflation, but I think that the individual citizen has a good deal of control on a matter of that kind himself. He talks about pollution, but he doesn't hesitate to dirty his streets, to build high-rises, to overrun his sewerage. I think there are a great many things that the individual citizen can do and I think there are a great many things that the individual politician can do to get his citizens involved. I happen to come from an immigrant family and I can still remember that my mother and almost all the people on the street on a given day would wash the stoops of their houses, keep their streets clean, get themselves personally involved.

There are many things that citizens themselves can do, and there are many things, I think, that politicians can get the citizens to do to get them involved, and I think that this thing kind of intertwines. If you get your citizen involved he'll keep a better eye on you, you yourself will do a better job, and I'd like to see more and more of that. You asked about what the critical issues are. Of course, the cost of living has become one of the most critical issues of all, the inflation. I honestly don't know what you Governors yourselves can do about it. *You are all calling for tighter controls, but I think before you ask for tighter controls you are going to have to ask how you are going to be able to release them once you get them going indefinitely.*

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: I think, on the critical issues, obviously everybody has his own checklist. I happen to live in New York City, and I would have to put the decay of American cities right at the top of my list. We have to find ways to make America again a habitable place for the majority of its people. We have to decide, it seems to me, that this is among the highest priority items that confront us. Related to that are a lot of questions having to do with how we save what is left of our open space and our clean water and so forth. These are very difficult issues to get the public all that interested in.

I happen to be myself involved in a small battle out at the eastern end of Long Island to try to save what we think is worth saving out there, and it's astonishing the degree to which local officials—now, not speaking of state officials—have suffered from developmentitis, and are willing to inflict this on an area like ours. Forgive me for being personal, but it's something I know about, an area without sewers, without any means of basic disposal, sandy soil, which until now has been largely one-family homes on a plot of ground, suddenly we have condominiums sprouting all over the place, dumping their refuse into the ground and the ground water, and it's very difficult indeed to get our people worked up about that. I think these are the kinds of things that get very fundamental. A very massive job of education needs to be done here, and I wish more politicians would get into it, because it involves saving America, nothing less.

I think there are other related issues. The issue of mass transportation in the areas where we need it. I happen to live on the west side of Manhattan, and every morning I watch that parade of cars, one man in a car, riding down the West Side Highway from Westchester or New Jersey, choking up the city, a very inefficient way to get to work, and yet we do it. Now we are into an energy crisis and people keep asking what do we do about it. Holding speeds down to 50 miles an hour will do nothing about it. I think the day is coming when people like the mayor of New York are going to have to think very seriously about the kinds of tax measures perhaps that will actually penalize people who drive a car into Manhattan, and I'm sure this is true of other cities as well, above all cities like, say, Los Angeles which doesn't have a mass transit system of any kind.

CHAIRMAN MANDEL: Mr. Kilpatrick.

MR. KILPATRICK: My colleagues quite properly have addressed themselves largely to the topical issues of the day. I might wind up this part of the discussion by suggesting two others, one going to the kind of people we are, and the second major issue going to the kind of system that we have. On the kind of system, I think one of the great issues before America today lies in formulating restraints upon power, restraints upon power at every level. The power of the great corporations, the power of the great unions, the power of big government, especially at the federal level, the power of the press, especially the television networks. We have come into a time when we have great concentrations of power, and I think we inadequately understand how effectively to restrain them.

But secondly, on the kind of people we want to be, one of the great issues, I believe, is the restoration of those old American virtues that we sometimes tend to deride as the Puritan ethic, respect for law, respect for one another, the spirit of neighborliness, the honest day's work for the honest day's pay; all of those old American virtues that somehow seem to have slipped away from us in a permissive and confused time. Getting back to our beginning, I think, may be one of the great issues before America as we approach this bicentennial.

CHAIRMAN MANDEL: Governor Rampton.

GOVERNOR CALVIN L. RAMPTON: I'd like to return to the question of the shield law for just a moment. I am perfectly willing to concede that you should be able to protect your sources, and I sponsored such a bill which, by the way, didn't pass, but you do have a shield which I believe you do not deserve, and that is the shield of conditional privilege when you are sued for libel by a public officer. My question is this. Would the press generally be willing to lose their right of conditional privilege in exchange for the right to protect their sources, so that in a libel action against you by a public officer, he would not have to prove malice, as he now does, which is almost impossible to prove, but only have to prove falsity and, secondly, you could exercise your shield for your source there, but the presumption would be if you did exercise your shield, the presumption would be that you did not have a source and that you had made it up out of whole cloth.

CHAIRMAN MANDEL: Mr. Kilpatrick, would you like to answer that?

MR. KILPATRICK: Boy, that's a hard choice. I'll say this, Governor, on the first aspect of it. I would agree with you, sir, the great mischief has grown out of *Times v. Sullivan*. I thought there was a certain rationale for the original decision in *Times v. Sullivan*, but I think it has been carried much too far. I have said this many times. When I was growing up as a cub reporter I was so conscious of the laws of libel that, oh, I prayed over every sentence in a critical story with such meticulous care, because I was terribly afraid of being sued. That inhibition I think has largely been destroyed by *Times v. Sullivan* and I think it is most unfortunate. At the same time, I am sufficiently aware, if you will forgive me, of the power of Governors, mayors, police chiefs, to intimidate the press, that I would not want to give up a certain part of *Times v. Sullivan*. I don't believe I'd like to buy the option you suggest. If that's the alternative you submit to me, no, sir, I will stick with *Times v. Sullivan* and stand on the Constitution instead of a shield law.

CHAIRMAN MANDEL: Does anyone else of the panel want to answer that question? If not, I'd like to ask a question at this point. About a month ago there was a very interesting article in one of the journalistic magazines by a former reporter, who said that when he used the phrase "an unimpeachable source" or "a source close to the Governor" or "a source close to the mayor," that 90 percent of the time he was the source. Is that the common practice? We could start with Mr. Kilpatrick.

MR. KILPATRICK: I am sure there have been reporters who from time to time have fabricated a source or made one up or just imagined one, just as there have been candidates running for public office who have tended to enlarge upon things that weren't exactly that big. No, sir, I deny this. When we have sources that can't be quoted, yes, sir, ordinarily there is a source there who for good reason can't be quoted.

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: My own experience would tend to back up what Jack said. I have no doubt that there may be a reporter here or there who does quote himself and, if so, that's malpractice, and I would be the first to blast it. But where I have had to use that circumlocution from time to time it was nearly always because a living person who happened to be, shall we say, the Secretary of State or the President of the United States, did not wish to be identified as the source for the statement, and I went along with it, and I think the intelligent reader understood that I hadn't made this up out of the whole cloth. For example, on the beat I used to cover many years ago, this meant dealing frequently with high officials and I think now it can be told. A group of us used to meet every Friday afternoon with Dean Rusk and it was a social occasion supposedly. We would have a drink, chew on some peanuts and he would tell us what he thought about how the war was going and whether we'd ever get out of it and how. Most of those stories appeared in the newspapers of Saturday and Sunday attributed to a source of some kind, but I assure you that was a large, live source, and a knowledgeable one.

CHAIRMAN MANDEL: Dave.

MR. BRODER: I think what Dean Abel is referring to is something that we all know is a fact of life, which is that governments are strange vessels in which most of the leaks come not from the bottom but from the top. A distinguished predecessor of Governor Shapp first earned his reputation in Washington as the authorized leak for the State Department. There are occasional cases, I suppose the Watergate is one, in which a number of low-level government people really were leaking to the press because they suspected, and I think suspected with some justification, that their responsible superiors were not going to carry out their public responsibilities, but that's a rare instance. Most often the non-attributed source stories come from the top, not from the bottom.

CHAIRMAN MANDEL: Larry, do you want to comment?

MR. SPIVAK: In my experience, both in television and as an editor, I have never found a responsible reporter who made up a source and called it unimpeachable or anything else. I do think that when they say a source is unimpeachable it is unimpeachable and it comes from the top, and it comes only because the man himself does not want his name used, and the choice the reporter has to make is whether or not to use an important story without a source name, or not to use it at all. The whole question is the responsibility of the source, and I blame not the reporter, I blame the person who won't allow his name to be used but does want his story out.

CHAIRMAN MANDEL: Governor Holton.

GOVERNOR LINWOOD HOLTON: Mr. Chairman, I have another opportunity for the Honorable James Jackson Kilpatrick of Scrabble, Virginia. This is a little more pragmatic and probably comes out of some of my encounters in this adversary relationship between politicians and the press. It can be answered with a simple yes or no.

MR. KILPATRICK: Oh, that's the worst kind.

GOVERNOR HOLTON: Jack, is it really true that you have stopped beating your wife?

MR. KILPATRICK: I have had a chance to question you for two hours lately, and you ought to be able to get a better question to me than that one. I said when this whole business came up of being here today, I had grave misgivings about it when "Crihf" first called me, but I thought I have been questioning politicians now for 32 years and I can give them one morning to question me. That makes it fair.

CHAIRMAN MANDEL: Governor Briscoe of Texas.

GOVERNOR DOLPH BRISCOE: Mr. Chairman, I'd like to return to a question that Mr. Abel mentioned, and that's the energy crisis. First, what can we expect of the federal government in action to meet this crisis and, then, second, to each of the distinguished members of the panel, what do you think should be done to meet the energy crisis?

CHAIRMAN MANDEL: Mr. Abel, if you feel like you're able to answer that question.

MR. ABEL: No, I don't know anybody in the United States who is able to answer that question, and that's part of the peculiar nature of the question. The trouble is you need to lay about a thousand experts side by side to get a panel that is competent, because when you look at it for a moment, the energy crisis involves finite measurements of energy resources available, the cost of extracting them, the politics of the Middle East, the politics of ecology with regard to the Alaskan oil pipeline, the price of natural gas, whether or not we develop more adequate public transportation systems in our big cities, whether or not Detroit can somehow be persuaded to build less powerful cars and stop trying to sell us more power than we need or can use. It seems to me that what we are talking about here, if it's going to be a serious attack on the problem, begins to touch the standard of comfort of the American people all across the line. I'm not wise enough to give you a nice, neat, one-sentence answer to that, but I think these are among the areas on which we need to begin to think very hard and to make some plans. Some of these things can only be dealt with by the federal government. Others can conceivably be dealt with by local authority.

CHAIRMAN MANDEL: Do any of the other panelists want to try to answer that question? If not, Governor Noel of Rhode Island.

GOVERNOR PHILIP W. NOEL: I have one question that gets back to the credibility of the press and the credibility of government. Since those of us in government reach our people through the media, it seems to me that the first

priority is to reestablish the credibility of the press. I'd like to ask the panelists, since the media is basically a business for profit, whether they feel that there is a conflict between pure journalistic goals of some of those who work for the media and the profit motive of those who own the media, and whether that conflict is a great source of the lack of credibility that exists for the media today.

CHAIRMAN MANDEL: Dave, do you want to start off?

MR. BRODER: That's a fair question, Governor, but it is a difficult one to answer. There is one direct relationship in conflict between the profit motive and our capacity to do our job. In the press we have seen a real economic shake-out taking place, particularly in the metropolitan papers over the last 25 years, so that there are today many fewer voices available to the people. Here the inability of newspapers to make profits in competitive markets has seriously lessened the public's ability to find out from a variety of viewpoints what is going on.

On the other hand, I would have to say to you that I think that those papers that have survived the shake-up by and large are stronger papers financially and are able and in many cases are actually doing a better journalistic job than they could have done under the old circumstances. The problem that is I think most popularly thought of as being the most serious problem in journalism, namely, the publisher telling the reporter what it is that he is to write, is really not that much of a problem in our business anymore. The necessity under our system of sustaining the press as a financially profitable institution does limit the number of voices that we have, and when you are dealing with questions as tough as those that Elie Abel was mentioning a few moments ago, particularly in the metropolitan areas, the shutting down of any newspaper voice for profit reasons is a real loss.

CHAIRMAN MANDEL: Mr. Spivak.

MR. SPIVAK: I think one thing we ought to point out here is that all problems aren't solvable. In our personal relationships, for example, we haven't yet solved the problem of health; nor have we yet solved the problem of death. I think one of the troubles with too many of us is that we always want a pat solution, and we want to be able to add things up and find everything comes out exactly right. As far as credibility of the press is concerned, I think there is one conflict that should be pointed out. You blame the press to a large extent for dragging down the credibility of political officials. Well, somebody must be believing us, or that wouldn't happen, because so much of what you do and what you say comes through the press. I think there are an amazing number of people who, if you ask them whether they believe the press, will say they don't. But the fact is that they actually do believe almost anything that appears.

My problem with people is that they believe us sometimes too much, that they don't question us enough, that they don't read enough different papers. You follow just one paper, follow just one columnist and become addicted to

him. I just don't think that there is a complete solution. As for the profit system itself, for example, yes, there is a conflict. Papers that aren't profitable go up in smoke and then who is going to run them? Is the government going to run them? I think that newspaper owners have become much more responsible than in the past, and I think most responsible reporters will tell you that they are not interfered with. I know this much, we have been on the air for 25 years, we're not interfered with. We pick whom we want and nobody tells us what to do. We find that the networks have been very, very responsible, and frequently they have lost a good deal of money on an individual program. They lose money on it, sometimes on all of their public service programs.

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: Well, I have to echo Larry to a degree. I was 25 years a working reporter before I was seduced into the academy. Maybe I was lucky in my choice of employers, but I cannot recall a single instance in which a publisher or a network president said to me don't say this or do say that. I think that era is pretty much behind us, at least in the bigger media which have emerged from this period of shake-out that Dave Broder is talking about. Interestingly, David's boss lady was saying to me just the other day, when somebody was praising her for having had the guts to run very large risks in allowing the Watergate story to develop, her staff to develop it the way she did, and she said, I think only half jesting, "It would have taken more guts for me to walk down the hall and say to those editors 'lay off.' I didn't have that kind of guts." I think she was being unfair to herself. I think certainly today that this type of problem is no longer a major concern of the working journalist as I know him.

CHAIRMAN MANDEL: Mr. Kilpatrick.

MR. KILPATRICK: The problem still exists but I think it exists largely among the smaller papers. Among the media of considerable size, wealth, resources, the problem exists not at all. I think for example of the play that has been given in most of the newspapers that I read to Ralph Nader's complaints against the automobile industry. Newspapers rely fairly heavily on national automobile advertising. So far as I know, no newspaper of any reputable standing has failed to cover quite adequately the stories of the automobile recalls and the fight over emission standards and so on. The problem does exist, though, on some of the smaller papers and I think we do poorly to deny it or to minimize it. I don't know exactly how you cope with it. Where you have a small paper that may be dependent upon one or two major advertisers, there is a great source of pressure and it ought to be resisted. I'm sorry to say that sometimes it's not. I also should throw in this aspect of it, too. It's not a one-sided thing. All of us in the newspaper business have known cases of the weekly paper which tries to be a courageous weekly paper, only to find that its legal advertising has been cut off by government. So it's not altogether the fault of our side alone.

CHAIRMAN MANDEL: Governor Sargent.

GOVERNOR FRANCIS W. SARGENT: Mr. Chairman, I would like to backtrack, if I might. Mr. Abel referred to the problems of transportation and cities and the environment and crime in the streets and so on. Well, almost every State has a rusty piece of machinery to try to handle this. So most of us are trying to reorganize our governments in one way or another, and if there is any sexless subject to discuss with the public, it's reorganization of any kind. But somehow or other we've got to arouse public opinion. It's awfully hard to do it. You can't very well capsule it and have it ready for the 6 o'clock news. You find that the public has very little lasting interest in it unless you can somehow show that it is going to affect their pocketbook, and that's a bit of a reach sometimes, and I find this one of the most frustrating things.

How can we get a message like this across? How can we sell a complicated subject that does call for a certain amount of attention on the part of the reporters, a certain amount of attention on the part of the press? Is it possible to do it, or should politicians just walk away from it? Yet we really aren't in a very good position, most of us, to handle some of the problems that are emerging today. I wonder if the panel could give us any advice or spiritual guidance as to how we get the public to give a damn, because it does affect them very much.

CHAIRMAN MANDEL: Mr. Abel, would you like to start off?

MR. ABEL: Well, it seems to me you are talking about a communications problem, and it is as much a problem of the news media as it is of the Governors, I think. The news media are frequently the victims of their own perceptions of what the public is interested in or will hold still for. There is a degree of arrogance at work there. Maybe it's necessary, but I think it frequently denies at least a portion of the public the information that they need. A copy editor sits there on the desk and decides this story is of no interest to "them." We never know who "they" are. They are the people, the taxpayers out there, so I think there is a problem for the press here.

I think there have been cases in the past in which issues that seem to be in the category you're talking about were made dramatic, were made to seem relevant to ordinary people, generally through some genius at communication who managed to make these issues relevant. Whatever one may think of Ralph Nader personally and his lasting importance, here was a man who identified certain issues as being of national concern. He made them relevant by a degree of personal dedication and a certain genius at getting things in the papers and on the air. I think probably too many public officials, and I don't mean any invidious comment about anyone in this room, are content to lay down on the table of the pressroom a kind of undigested, mimeographed report and expect the press to do something exciting with it, when nobody has given them much help in trying at least to get through it and find out what there is in it that can somehow relate to the individual citizen, the individual taxpayer.

Journalists with a little help of this kind can do quite wonderful things. I myself years ago, working on the *Times* in the foreign policy area, had to deal

with enormously complicated questions of this kind and somehow managed with a lot of effort and taking more time than you are normally allowed in the newsroom, to try to extract from these documents something that is relevant and important. It's really a matter of skill and art, but I think the journalist needs help there and he needs it from precisely people like yourself and your appointees.

CHAIRMAN MANDEL: Does anyone else on the panel have a comment?

MR. SPIVAK: I just want to say this. I think the problem really is not the newspaper's problem. I think it is a problem of the Governors. Take specifically something like reorganization. There are other ways of educating your public, through forums, through magazine articles, through pamphlets, by getting groups together, through your schools, through other ways. There's not much point in publishing in the newspaper reorganization plans that nobody is going to read. I think, as I said, you have a job of making it more interesting, and you can through speeches do a great deal more than you have done. You can do more through the schools than you have done. I think you've got to find other means, but I don't think you can blame newspapers or the reporters for failure there.

CHAIRMAN MANDEL: Mr. Broder.

MR. BRODER: Governor Sargent, any Governor who can arrange live television coverage for bill-signing ceremonies, as you have done, obviously does not need public relations advice from us, but I want to take your question and bend it and take a minute and a half of time to talk about this Governors' Conference, because there are a couple of ideas that concern me as a reporter who shares with you an interest in state government, as to what we could do jointly to make your meetings perhaps more useful in terms of conveying to the public what it is that's happening in state government. I would like to see this Conference experiment with the possibility of opening each year with a "State of the States Address" by its Chairman, which would be a serious appraisal of what has been happening in state governments around the country, dealing with the questions of revenue sharing, reorganization, the relationships with their local governments and with the national government. I think one corollary effect of that would be that it would make it more possible to institutionalize something which I think we very much need in our country, which is a parallel for the State of the Union Address which the President has traditionally gone up to Capitol Hill to make each year. That's an important, symbolic action on his part, recognizing at the beginning of the year the validity of the shared responsibilities of the legislative and executive branches. I think we could institutionalize through this Conference a report on the situation of the States in the federal system by the man that the Governors have chosen as their leader for that year, and then we would have perhaps a chance to institutionalize a response to it by the President of the United States, who certainly has responsibilities in the federal system that are as important as his shared responsibilities with Congress at the national government level.

I would think if we could do that sort of thing, then it might be possible to open these meetings to something that has not occurred, and I have been coming almost as long to these things as Governor Rockefeller has been coming, and that is serious discussion at these meetings by the people who are the students and critics of state government. We were together at a conference that the Woodrow Wilson Center and the National Journal sponsored down at the Smithsonian Institution, and I think one of the impressive things there was the amount of serious academic thought that there is about state government, both among those who are defenders of it and those who are critics of it, and that's important because they have obviously direct access to the young people who are your constituents, and who are ultimately going to decide what is the role of state government in this country. At that meeting in Washington we heard a man who is a highly respected civil rights leader in our Nation's capitol say things about the incapacity of state and local governments that most of us who follow the Governors would not have believed possible, and I think one of the reasons for that is that Clarence Mitchell probably has never been to a Governors' Conference and has never been invited to discuss directly with you his views on the performance or the lack of performance of state governments.

Finally, and I would put this point most importantly, we hear a great deal about the States as laboratories of democracy. This kind of meeting ought to be the occasion when you can talk and show us what you are doing in some of the laboratories. I think those of us who are here as reporters, and I have no franchise to speak on behalf of my colleagues, would welcome it if you would pick out two or three good examples every year of what you think state government is doing well and that we ought to understand and look at. We should take some time to have the people in state government, and perhaps the reporters who have been covering that, talk about what has been happening in those States, so that we can share that with our readers on a national basis. Well, that's three or four ideas that are worth exactly what they cost you.

CHAIRMAN MANDEL: Governor Rockefeller.

GOVERNOR NELSON A. ROCKEFELLER: Mr. Chairman, it seems to me that all of us here as Governors are bound to feel very grateful to you for having organized this panel discussion today. I think it has been one of the most interesting and productive for all of us that we have had. My question relates to an aspect of Watergate which has not been stressed, but I'd like to ask whether as a backdrop this may not be one of the reasons for the tremendous attention which has been focused on this. At the present time in this country it seems to me that there is rather a widespread lack of sharp focus on the meaning of right and wrong, and this focus isn't as clear as it used to be in America. I think Mr. Kilpatrick referred to getting back to some of our fundamental beliefs. Therefore, could it not be that perhaps due to the system in fact working—through the press, and the Congress, and the judiciary, proving that the system is vital—that one of the most significant developments for the future of

America has taken place because it is bringing sharp focus on what is happening in one area, which could well be happening at various levels throughout this Nation, and which if it continues, is going to reduce the vitality and the great tradition that has been our strength as a free land?

CHAIRMAN MANDEL: Mr. Kilpatrick, would you like to start off?

MR. KILPATRICK: I can only add "amen" to what Governor Rockefeller says. I am not a pessimist, I am not a defeatist, I never despair about this Republic, but I believe you are quite right, Governor. The changing standards or declining standards of right and wrong probably are at the very bottom of the swamp, the underlying cause why we got into this mess. I think it is going to take a great national effort, Governor, and the press has a part to play in this. So do public officials, so do the churches, so do the educational institutions, to try to recover some sense of what is right, and not necessarily what is lawful and unlawful. I believe some of us have tended to lose sight of that in covering Watergate by concentrating on that which is unlawful. I think you are quite right, sir. We ought to concentrate more on just what is right and wrong. I couldn't be more with you, Governor.

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: I have to endorse what Jack said wholeheartedly. It does seem to me that we ought to be able to agree that getting the truth out on the table is perhaps more important than sending anybody to jail at this point. For this reason, I think the hearings of the Ervin Committee must be pressed through to the end, even if it does create some inconvenience for the Justice Department in its prosecution. I think it's something we have to get behind us, and I think what needs to follow perhaps, and will follow, is a recognition on the part of the people and the public officials that men who worked in such important positions in the White House and elsewhere ought to be men selected with some care, men with a track record, men who are capable of making a moral distinction. If I have a criticism to make of the men involved, it was that they seemed to me not to be aware, or not sufficiently aware that what they were doing was not excusable in the light of national security or whatever post facto alibi can now be invented. It seems to me Watergate is a terrible business, and yet it could be an opportunity for a kind of regeneration of our public institutions.

CHAIRMAN MANDEL: Larry.

MR. SPIVAK: We have spoken a great deal about the responsibility of government, the responsibility of Governors, the responsibility of the press. We haven't spoken enough about the responsibility of the people themselves. The truth of the matter is that this is a government of the people, and there has been just too much dependence upon others for salvation. There is a responsibility in the home, and I think parents have neglected that. There is a responsibility in the schools, and I think teachers have neglected that. I think we ought to get down to fundamental basics about the people themselves. Individuals can do a great deal. They made this country great, without anything at all, when they

first came over here. I think that they have a great deal more power than they ever had. We aren't going to make it by laws, we are going to make it by people themselves.

CHAIRMAN MANDEL: Governor Ray, did you have a question you wanted to ask?

GOVERNOR ROBERT D. RAY: I think after Dave Broder's excellent suggestions and comments the question I have might sound a little flat. But Larry Spivak a little while ago mentioned the importance of what people read and how they believe it, and I agree. I think they do believe it even though they often criticize what is being written; many times after they have had the experience of not liking the way it was reported, they have a little bit of the same problem that we have, only we have it daily. But it seems to me that with public officials and people in our position, there are some real safeguards and protection. First of all, we face an adversary approach when we run for office every two years or every four years, so that there is someone there to check whatever we do. Secondly, the free press does offer a great safeguard for the people of this country. But when someone writes a story inaccurately, or someone writes a story with a different emphasis than what it should be, based upon what the facts are, then how do you see it, you people in the business, as to where the safeguard is for the people who read those newspapers or watch television or listen to radio, believing what they hear, what they see and what they read?

CHAIRMAN MANDEL: Dave, do you want to answer that?

MR. BRODER: I think the only honest answer is that in most places today that safeguard does not exist. Where you have a competitive journalistic situation, one can say that at least people have a choice as to where they go, and a newspaper that destroys its own reputation for truth-telling might lose business. That's not the situation in most cities in the United States today. There is no competition there. Therefore, we have to take on the responsibility, which we have shirked up to now, of developing our own internal methods of criticism. That ought to include systematic measures for soliciting, examining and responding to the complaints of readers, and of those who are written about. A number of newspapers are trying to do that. Some newspapers are automatically calling people whose names appear in the paper and asking them was the story about you accurate; would you have any comments as to the balance and the fairness of the treatment; were there items omitted that you thought were important for the readers to know.

We have attempted at our paper, and we were not a pioneer in this, the Louisville paper was ahead of us, to set up a kind of an ombudsman operation, where there is a designated official of the paper to receive, solicit, examine and respond to complaints about its performance. These are just two or three of the devices that have been attempted. What is important is, I think, that the management of newspapers, which are private institutions, nonetheless recognize

that they have public responsibilities, and that they think systematically, which we have not done up to now, about how they discharge that public responsibility.

CHAIRMAN MANDEL: Do any other of the panel want to answer that question?

MR. KILPATRICK: Sometimes the problem goes in a different direction, where the report is accurate, but what is being reported is inaccurate. We have faced this ethical dilemma in our business ever since newspapers began, but I remember it vividly during the days of Senator McCarthy. What were we to do, we of the newspaper business, when a member of the United States Senate stood before an audience and said: "I hold in my hands the names of 120 card-carrying Communists in the State Department." Well, now, it was true that the Senator said that, but what he said was untrue. We are in a terrible position where we must report accurately on statements of public officials, and then when we undertake to set the record straight, we are charged with editorializing the news. There is no safeguard so far as I know that is going to deal effectively with that problem. That may not be exactly what Governor Ray had in mind, but these problems of reporting go across a wide spectrum.

CHAIRMAN MANDEL: Governor Kneip.

GOVERNOR RICHARD F. KNEIP: I'd like to make a couple of observations from what I have heard here this morning. First of all, Dave, I like the suggestion you have about making the National Governors' Conference more effective, but in doing that I think you need to recognize some other things. There isn't a Governor around this table today that wouldn't somehow like to devise a way of letting the White House know, for example, how we feel about impounded trust funds for highway construction, how many of us feel about environmental questions or housing problems or whatever. As it has happened down through the years, through a series of resolutions which I doubt are being read by the Congress or the President or anyone else, we are to the greatest extent ineffective, and so we would like to find a more effective way to get through to the national people. That leads me to make a comment, and I'd like a response if you wouldn't mind. In coming to this Conference, the greatest value of it is the personal discussion between Governors, finding out what each other is doing in the environment or in the health field or whatever, but I feel the national press doesn't adequately cover those innovative efforts. I don't know what the answer is, but in coming to this Conference I'd like as one Governor to go home and know that in a more effective way, and I just use that one example, that we could get the word to Washington that we want our highway trust funds. There isn't a Governor here that wouldn't agree with that in one way or another, and I dislike the route of the resolution in doing that.

I might say one other thing, something that's important to me. If you'd like to comment on it, you can. I am probably in disagreement with a lot of Governors around this table on this particular point. Watergate I know has been

talked about a lot here this morning, but I think there has been too much effort on the part of people to say and point with pride to the fact that these people that have done wrong are not elected officials. I for one hold that our responsibility as elected officials is to make good appointments and therefore we are responsible for those appointments, and I imagine every other Governor around here has had to fire someone once in a while. But if we are going to build confidence we better start at the top, and that confidence would be in accepting the responsibility that we have as Governors.

CHAIRMAN MANDEL: Does anyone wish to comment on that?

GOVERNOR HALL: Mr. Chairman, my question relates back to the energy crisis. We have experienced a year of inundation of the crisis potential, but within the last few weeks we have had serious allegations that perhaps the energy crisis is in some way manufactured. I'd like to know from any of the panelists if you have had evidence in your spheres as to whether or not there is any substance to the allegation that the energy crisis, in effect, has been manufactured, at least in part? Then I have a follow-up depending upon those answers.

CHAIRMAN MANDEL: Does anyone wish to answer that?

MR. SPIVAK: I have had no such indication.

MR. ABEL: Governor, I have heard the same allegation. I have heard it said that the energy crisis is a device that was invented by the American Petroleum Institute. I have no way of judging that. It does seem to me that when you get into the area of oil reserves, for example, there is a great tradition of people being somewhat less than candid about such theoretically definable matters as how many billion barrels of oil are in reserves in particular places. The countries that possess it tend sometimes to overstate the availability for reasons of bargaining. I think there is a need for a lot of investigation here, and I don't feel competent to do it. As I suggested, I think it cuts right across the board of human knowledge. I think the best thing to do for the moment is not call it a crisis. Let's call it the energy situation. I'm not sure it is a crisis yet.

CHAIRMAN MANDEL: Does anyone else wish to comment?

GOVERNOR WILLIAM L. WALLER: I'd like to, if I may, draw the panelists into a discussion over the present outlook for the national Democratic party, what you think must be done for '74 Congressional elections if the party of which I am a member must win its share of those elections, and what it must do by 1976 to be in the running for the presidential election.

CHAIRMAN MANDEL: We might have to get the FCC to give equal time on a question like that. If any of the panelists wish to answer they can. Go ahead, Mr. Kilpatrick.

MR. KILPATRICK: The thought had not occurred to me in coming to Nevada that my new mission in life was to tell the Democrats how to win elections. I am myself a Whig, sir, and I take no partisan position. I truly don't believe you are in quite as much difficulty as Governor Waller's suggestion may indicate.

CHAIRMAN MANDEL: Governor Bumpers.

GOVERNOR DALE BUMPERS: Mr. Chairman, what I really want to say is really more in the form of observation but I'd like some comments on the last part of it. First of all, I was interested in Mr. Abel's frustration at being unable to get his neighbors upset about an environmental situation in his area and, of course, certainly a part of the answer is Mr. Kilpatrick's earlier observation that nobody thinks that's news yet.

CHAIRMAN MANDEL: I think Mr. Abel was giving Governor Rockefeller a message. Go right ahead.

GOVERNOR BUMPERS: The other point I wanted to make, I think a lot of people in this country felt that this Administration had more or less effectively intimidated the television networks and to a lesser extent the writing press, and I would not denigrate the press for a moment, but I honestly feel if it had not been for a very courageous judge, John Sirica, that this whole thing might never have come out. I think a part of this, with notable exceptions of three or four newspapers in the country, I think most of them had, in effect, been intimidated to a very great extent and that it took a courageous judge before the press could get into it. Finally, there is one thing I have been fearful of since then. Because the press now feels that it has the "goods" on the Administration, in some instances they may possibly be overreacting. Certainly I hope that it will not overreact and further destroy its credibility. Would you comment on that, Mr. Kilpatrick?

MR. KILPATRICK: Let me comment first on the general matter of intimidation of the press by this Administration. The most peculiar thing is that I have yet to meet one single colleague in television or newspapering who will confess that he has been intimidated. It is always some other guy, somewhere else, some other time, and someplace else, somewhere, that is intimidated, but it is never the person you're talking to. I have talked with Walter Cronkite about this from time to time. He's not intimidated. Eric Severeid, he's not intimidated. I have yet to meet one man at CBS that will say, yes, I'm intimidated. So I think intimidation is one of these great myths.

As to Watergate specifically, while I give credit to John Sirica, a very strong judge, the press, notably the *Washington Post*, the *New York Times*, *Time Magazine*, *Newsweek*, had been pounding at this story in every conceivable way for months prior to the trial, and, yes, sir, I think the press would have broken this thing with the help of the other institutions, the Congress, the courts; we would have broken it in time even if Judge Sirica had not been sitting. I don't apologize for the performance of the press up to that point. As for the overblowing of this matter, there have been days when I opened the *Washington Post* and just groaned, because it went on for thousands upon thousands of words about Watergate, and side bars, and, you know, those little boxy things that make-up editors just love. I think it has been overdone in certain ways, but on the whole it has been a good performance.

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: I have another concern, and that is that the press, including papers that made no particular contribution to the fact-finding here, are now so overcome with self-congratulation that they think they have won the battle. This is not a battle that is ever won finally and forever. It is a battle that needs to be fought every week and every month and every year, and if I had one word of caution to my friends and former colleagues, it is don't throw your arm out of its socket patting yourself on the back. Stay on the job.

CHAIRMAN MANDEL: Dave.

MR. BRODER: Just one comment, in slight disagreement with Brother Kilpatrick. I think there is a problem of intimidation when you're talking about a licensed medium, and I'm not one who shares the conspiratorial view that there is a back room at the White House where a massive campaign to discredit the press and bring it to heel is being coordinated. I do think that spokesmen and officials in this Administration have been less sensitive than they ought to be to the fact that when an Administration controls the regulatory agency, the officials of that Administration ought to be very sparing in giving content guidance to that regulated industry. I believe, if we wanted in this country to create a federal office of television content, we have the wisdom and the procedures in Congress to create such an office. We have not done so, and I don't really know by what right Mr. Clay White sets himself up as a monitor on the performance and the content of television.

Secondly, it seems to me that what the Administration, through its appointees and its emissaries to the Corporation for Public Broadcasting, attempted to do in the area of public affairs broadcasting by that publicly owned network was unconscionable. It is not the President's network, he does not own it, it is not his to control, and it would strike me as being very inappropriate for us not to leave here on this record some expression of concern about the operations of the Administration in the area of public broadcasting.

CHAIRMAN MANDEL: Thank you. Governor Egan.

GOVERNOR WILLIAM A. EGAN: I would like to digress back a little bit again to the energy situation, and I will agree with Mr. Abel that it is a situation that the people of Alaska have been sitting on top of for a good many years now, but I think that I'd like to recall, too, Mr. Abel's statement that it's oftentimes the public servants of the area, the Governors and others, who don't get the message properly into the right places. I would like to say that it is my feeling that it is more difficult for the people from the smaller populated States, regardless of the importance of their resources or whatever to the Nation, to get the attention of the Nation. In this case of the energy crisis, we have one field in Alaska that contains an estimated reserve of crude oil of some 25 billion barrels in place, some 26 trillion cubic feet of natural gas in place. We know that geologically there will be several more large fields probably greater than that kind of volume, but until that crude oil production starts moving from that first

field to the people of the United States where it is needed, we are not going to have any possibility for development of the other large fields that can be quickly developed.

I recognize the misunderstandings that have gone along with this question, but I know that millions of people over this great Nation of ours have been led to believe that we have two choices, that we have either the Trans-Alaska Pipeline or we have a Canadian Pipeline, and I think that this situation that we're speaking of points out very vividly that we don't have two choices, we have one choice. There has never been application made for a Canadian line, a line that we know would cost something like \$7 billion to \$10 billion and encompassing a design engineering and environmental impact requirement in Canada of 10 years or more, but the Alaska line can begin immediately, bringing oil to the areas that need it most in the United States by moving it to the West Coast. The Middle West people will also get the benefit of that cheaper oil. I would just like to ask the panel, though, that if we make materials available, the facts available to them, would they have their staffs really review the material? I know of no experts that have been to Alaska or to the northern Canadian area that have said that the environmental impact work that has been done, which amounts to something way over \$30 million by the State of Alaska, the federal government and by industry itself, isn't a model of environmental planning. Based on the facts about the Trans-Alaska Pipeline, construction could begin tomorrow if the go-ahead were given. Thank you.

CHAIRMAN MANDEL: Governor, one of the panelists asked could you repeat that question?

GOVERNOR EGAN: I realize that was a short question.

CHAIRMAN MANDEL: They all said yes, and they authorized me to say yes for them.

GOVERNOR ARCH A. MOORE, JR.: I'd like to address a question to Dave Broder. You propounded to us so very freely as to how we could upgrade the National Governors' Conference, Dave. Were you thinking in terms of a presentation of the Chairman of, let's say, this Conference to a joint session of Congress?

MR. BRODER: No, sir, I was thinking of a keynote address for this session here.

GOVERNOR MOORE: You're speaking in terms of strictly talking to ourselves?

MR. BRODER: You have a few cameras and a couple of reporters here, all of whom are looking for stories.

GOVERNOR MOORE: The reason I asked the question, I wanted to explore whether or not you were thinking that perhaps maybe the States might be given the opportunity to make a presentation to the Congress. Two years ago we inquired of the leadership of the Congress as to whether they felt there could be anything gained by an opportunity being presented to the Chairman of this

Conference to make a joint presentation, essentially on the state of the States themselves, collectively to the joint bodies of the National Legislature. We came away feeling that in order for us to be successful, one of us would have to abdicate our colonial responsibility and go to one of the far-off reaches of the world and gain for ourselves a kingdom. Then we might perhaps have our beseechment properly heard. The real problem is that we find ourselves, in trying to get our story across, that not too many people are very interested in hearing us, particularly Senators and Congressmen, and I say that with a measure of respect, and I was hopeful that I could enlist you in the cause of advocacy journalism that really the States ought to be given at least one opportunity to propound their proposals before the joint national legislative assembly.

MR. BRODER: That bothers me, though, because it seems to me that this is in the pattern of saying that if it's important it has to happen in Washington. I would prefer to think that if we could get the Chairman of this Conference to overcome his natural modesty and take a half hour or 45 minutes at the opening of these annual sessions and deliver a substantive report, we would then have a significant contribution, for review by the media who are here, and through us to the country. Thus we might be able to institutionalize this Conference as a very important focus for annual consideration of that question. If we could do it here, it seems to me that that would be a better setting for it than running off to Washington for this kind of a function.

GOVERNOR MOORE: May I say, I couldn't agree with you more, but all of us are tortured with problems of trying to take ourselves out of the context that you put us into, and that's automatic with our convening. Now, all of us are political children, and you place us completely in that category in terms of which the media carries these Conferences. I agree with your observation that our Executive Committee and our Chairman might very well explore the idea, but I have pretty much reached the conclusion that it has just about as much sex appeal as—well, there is no need to go into that.

CHAIRMAN MANDEL: For sex appeal, Governor West.

GOVERNOR WEST: Mr. Chairman, I'd like to ask the panel generally and Mr. Kilpatrick in particular, if in their judgment Watergate is a legitimate and proper political issue which should be raised by the Democrats in the '74 Congressional elections and the '76 Presidential election, or is it such a matter of grave, national concern that a conscious effort should be made to keep it on a nonpartisan basis?

MR. KILPATRICK: I have to say, sir, that in my judgment it is indeed a legitimate and proper political issue to be brought before the people in 1976. This is the question of accounting for one's stewardship, and I would hope that the Democrats would go after it in good taste and with a certain compassion, but I think the Democrats would be elevating themselves to some almost divine levels of morality if they failed to seize an opportunity that has been handed to them of this sort, under the rules of traditional politics.

GOVERNOR WEST: How about Congressional elections of '74?

MR. KILPATRICK: That I think, sir, is on a somewhat different footing, but again I remember—I'm not telling any secrets out of school—back in the Fifth District of Virginia down on the North Carolina line and has practically no organized labor in it at all; well, Bill Tuck used to run for Congress by running against Walter Reuther. This was a pretty good tactic. I can imagine that if you run here and there against the party of Watergate it would be a perfectly traditional and accepted political gambit and I expect to see this come up.

GOVERNOR DUNN: Mr. Chairman, I found myself strangely warmed and pleased with the comments that we made earlier regarding returning to certain basic values. I don't know if any particular element in here, be they gubernatorial or members of the press, have any particular process by which we can go back to these basic values, but I'd like to make this observation. Public officials often tend to ignore laws that need to be enforced, as for example Blue Laws in some cities, as for example the liberalized use of marijuana in cities where it is obviously against the law, and it's difficult to say who should draw the guidelines for this return to basic values, but I'd like to ask the panelists in these waning moments about one particular item of national interest, and what the obligation might be in the minds of each of these men as far as the press is concerned. What about Daniel Ellsberg? What about what has happened in this instance and what about the press and the media's treatment of this man in the future?

CHAIRMAN MANDEL: Mr. Kilpatrick, would you like to start off?

MR. KILPATRICK: This is a long one, and I don't want to answer it at length, as you say, in these waning moments. I think that the press is seriously at fault in having blown Daniel Ellsberg into some sort of national hero. Effectively now, we aren't talking about a matter of law. So far as I am concerned, he was directly involved in the theft of government property, and to make that man into a national hero seems to me a disservice to all sorts of ideals and to the right conduct of government. I think the story had to be reported; of course it had to be reported. The Pentagon Papers themselves were news. Once he had taken them and had begun to peddle them, I confess I reluctantly go along with the decision of the *New York Times* and the *Washington Post* to publish them. They were about to be in the public domain willy-nilly; no decision not to publish them at that point would have prevented their exposure. So I think ethically the *Times'* decision was probably defensible. But by tending to condone Ellsberg's conduct in this and raise him to some level of higher law, I think elements of the press have been gravely at fault.

CHAIRMAN MANDEL: Mr. Abel.

MR. ABEL: I think there is a distinction to be made which has not been made very clearly between the role of Ellsberg and the role of the newspapers. I think Jack adverted to it but I'd like to expand a little bit. Ellsberg was, after all, at various times in his career a member of the government, and even in his Rand

Corporation days was cleared for access to top secret papers. It seems to me that the government would have been within its rights to prosecute him for that breach of trust or whatever you wish to call it. They chose to call it espionage, which I think was perhaps a mistake. But it does seem to me that the newspapers in question had every right and perhaps even a need to publish the papers once they came into their possession.

CHAIRMAN MANDEL: Dave.

MR. BRODER: Well, I'm tempted to turn around Jack Kilpatrick's observation a moment ago. He said he can't find anybody who is intimidated. I don't know where this notion that the press has made a hero out of Ellsberg originates. He has not been so claimed in any of the press that I have read. Coverage of his trial, it seemed to me, was, in the papers that I read, a model of balance. I have no particular problem myself in justifying the publication of those documents as a set of historical documents relating to the decision-making of the national government on an issue of great national consequence, and on which the people were very rarely consulted. I think it's important that they had access, that we had access to that historical record so that each of us could derive his own conclusions from it. I'm really not aware of any great effort to canonize Dr. Ellsberg or to say that this is a model of the sort of behavior that we want.

The difficulty that we have in government is that as long as responsible public officials are not willing to discuss regularly, frequently, and candidly their decision-making, then there is always going to be somebody at the lower level, not of an estimable quality, who will decide to take the law into his own hands. There is no way in a country like ours, thank goodness, that you can conduct large enterprises for long in secret, and if we can get the responsible leaders of our government to recognize that they cannot conduct foreign policy, they cannot wage a war, and they cannot even conduct a national election campaign unless they are willing to defend in public and disclose to the public the considerations that go into that strategy, then we are going to continue to have need for people like Dan Ellsberg. But I certainly would agree with you, Governor, that is not the model that we're looking for in this country. What we are looking for are public officials who recognize their public responsibilities.

GOVERNOR DUNN: You aren't suggesting that there is going to be a continuing need for the Daniel Ellsbergs if something doesn't shake loose in Washington to better suit your idea of what information should be made available, surely?

MR. BRODER: If we continue to have wars in which 45,000 Americans are killed without the American people being told honestly what the considerations were that led this country into the war, there will continue to be Ellsbergs, yes, sir.

CHAIRMAN MANDEL: Mr. Spivak.

MR. SPIVAK: I want to say I agree with Dave. I don't think he was made a

hero. I know this much, we interviewed him and we got hundreds of letters in opposition, and the things they said about him suggested vary strongly they didn't consider him a hero, and I think we only got one letter on his side. Secondly, as far as publication was concerned, I think if I were an editor I would publish with only one consideration in mind, and that is national security, and I don't think national security was breached. As far as Ellsberg himself is concerned, he told me that he knew what his consequences might be, he knew that he was breaking some laws and he was willing to take the consequences for breaking them. As Dave said a minute ago, as long as you have laws you are always going to have some people who break the laws, and if they break the laws, why, they may have to suffer the consequences. This was true of the whole civil rights movement, if you will. Frequently there are unjust laws, and a man by breaking them is able to highlight how unjust they are and change them. Frequently they are fair and just laws. I emphasize once again I don't believe any of us made a hero of Ellsberg.

CHAIRMAN MANDEL: We have time for one more question. Governor Carter.

GOVERNOR JIMMY CARTER: I'd like to address this question to Mr. Abel. I think one of the things that I have learned this morning is that the politicians and the President are mutually responsible for destroying the reputation of the other, and maybe we can learn from that to do something to enhance the reputation of each other. I have noticed, too, the almost unanimous agreement that the Governors don't adequately express their own views to the public and to the Congress. I feel that Governors ought to take every possible advantage to shape major legislation in the national government. I want to ask Mr. Abel, since he has done a great deal of writing on foreign affairs, about one aspect of what the Governors should do. I have just returned from a visit to the Common Market countries and to Israel and the Middle East, and I feel that through the Governors' efforts, which have in some instances already been exerted, that we can build a tremendous basis for future peace on economic development and mutual investment between the individual foreign governments and our own individual States, supportive of, of course, the federal government's responsibility in this field. I'd like to ask Mr. Abel, in his analysis of foreign affairs, to what extent he thinks that the Governors, not as a group, but individually, ought to involve ourselves in direct efforts to strengthen the friendship that exists between individual States and therefore cumulatively our Nation, and foreign countries whom I have found always eager to receive us.

MR. ABEL: Governor Carter, fairly clearly the Constitution requires the federal government to carry out international relations, and I don't think you would want to quarrel with that. It does seem to me that a good many Governors, including some sitting not very far from me at this table, do have views on international questions, do travel abroad, do get well received in foreign countries, and I think I can see no possible harm in that, and potentially a great

deal of good. I think the American people are getting a bum rap, in many ways, in many parts of the world, because our foreign policy has seemed to many on the receiving end to be unduly militarized, unduly concerned with military advantage. I have a feeling that the American people are as good at heart and as generous and as broadminded as they ever were, and there has never been a Nation that enjoyed that kind of reputation. I think the reputation has, to a degree, been damaged in recent years, and anything any of us can do as individuals traveling abroad, listening with sympathy, informing ourselves, is all to the good. I think it is very important.

CHAIRMAN MANDEL: Thank you very much, and at this point we will have to close the panel. I would like to express on behalf of all the Governors our deep gratitude to the members of the panel for the excellent job they did and for being here today. Thank you, gentlemen; thank you very much. Before you all leave, "Crihf" would like to make one announcement.

MR. CRIHFELD: Would you please pay close attention to this. It has to do with this evening's functions. I had mentioned at the aides' briefing that we hoped to do without tickets, but we have had too much pressure, so there are going to be certain ground rules. Regarding this evening's reception and dinner show, please note carefully the following:

First, a specific dinner show reservation has been made for each Governor and his wife. Reservation cards will be distributed to the Governors at this afternoon's session.

Point 2. Other official members of the Governors' parties will be admitted to the dinner show by tickets which will be distributed to the Governors this afternoon. No State is entitled to more than 10 tickets. This is in accordance with specific ground rules fixed by the Executive Committee and communicated in advance to all Governors.

Point 3. Guests of the Conference with green badges will pick up their tickets at the host state office. News media representatives will pick up their tickets in the press room.

Finally, a very important point, Governors and their wives will leave the reception promptly at 6:15 p.m. and proceed to the High Sierra Room. Other persons will proceed to the High Sierra Room at 6:30 p.m. Thank you.

CHAIRMAN MANDEL: Thank you all, gentlemen. We will now stand at recess until 2 o'clock, when we go into closed executive session.

## TUESDAY SESSION

June 5

CHAIRMAN MANDEL: I would like to call this meeting to order. The subject before us this morning is probably one in which most of the Governors have exhibited a great deal of interest. Energy policy has been a matter of great concern to all of the Governors of this country for some time. I am going to try to move as rapidly as possible into the program so that we can give all the time necessary for hearing our panelists. The way that we would like to handle the program this morning is that we have two guest speakers, one from the Petroleum Institute and the other from the Ford Foundation, both of whom have been very deeply involved in this entire problem. We then are going to call on a number of Governors and, in the interest of time, I hope the Governors will make their statements from their seats. We are then going to call on Governor Hathaway to come to the rostrum and speak for the Committee on Natural Resources and Environmental Management.

If our guests will please find seats now, we would like to get the program under way. I appreciate the cooperation we received yesterday from all of our guests who are here at the Conference. We would like to be able to proceed in the same manner that we did yesterday. I remind the Governors that if any Governor is interested in directing a question to the panelists when the question-and-answer period starts, just raise your hand and your microphone will be turned on. If the Governors will take their seats now and our guests will take their seats, we can proceed with the morning session. The first guest speaker that we have is Mr. Frank Ikard who is the President of the American Petroleum Institute. Mr. Ikard has been involved since 1963 as President of the American Petroleum Institute. He is an attorney and he is no stranger to the legislative process. He is a former Congressman from the State of Texas, and at one time served on the House Ways and Means Committee. He has long been concerned about our energy resources and the entire environmental problem. He is a member of the National Petroleum Council, a United States committee member for the World Petroleum Congress, and was a member of the United States delegation to the United Nation's Conference on Human Environment that was held in Sweden. Gentlemen, I would like to present to you Mr. Ikard.

MR. FRANK IKARD: Thank you very much, Governor Mandel. It is a real privilege to be here with you this morning and to have the opportunity to

discuss informally a series of questions that we feel are of the utmost importance. Certainly, we all know that available supplies of energy are getting very tight today, and I purposely avoided the use of the word "crisis." They can be even tighter, we think, in '74, if we continue along our present course. I think as a Nation we no longer are totally self-sufficient in terms of petroleum. More and more we must look to other countries to help meet the Nation's requirements of oil and gas. Technical, economic, and environmental factors have slowed the search for new oil and gas reserves in this country, both on land and offshore. Now, given these energy facts of life, I think we must all strive to achieve economies in energy, in its use in our homes, in transportation, in architectural design and construction, in business and industry generally, in agriculture, and, finally but not least, in government itself.

We believe that government and industry should together take the lead in developing full-scale programs to inform and educate the public on energy conservation and efficient use. First, the public must become aware of the importance of energy to the economy of this country. Energy is needed to help alleviate poverty, to rebuild cities, to build new housing and schools, and to create new jobs that will bring more Americans into the mainstream of American life. More energy also will be needed to solve the Nation's environmental problems: energy to recycle wastes, energy to build, operate, and maintain sewage treatment facilities, and to remove contaminants from fuels and energy sources. All of us must understand the importance of energy, wisely and carefully used, if we are to achieve these social, economic, and environmental goals.

Second, the public should be given, we think, concrete examples of how, and to what extent, they can save energy. We in the industry have developed and are putting into operation a comprehensive public information program on energy conservation. We will appeal to the public to be more thoughtful in their use of energy, in their homes, on the roads and highways, and at their jobs. We hope to work very closely with petroleum-consuming industries to encourage efficient and economical use of our products to the extent feasible. As far as the general public is concerned, we believe in the use of car pools and mass transit, in avoiding excessive speeds, and in more efficient home heating and cooling techniques; all steps that can be taken without radical change in our lifestyle. These steps, we think, can give us a much needed breathing space in which to tackle the fundamental roots of the energy supply problem. Our organization is placing great stress on energy conservation because we are convinced that it can, indeed, slow the rate of growth of energy demand. It could, in fact, make the difference, over the short haul, between a very tight energy supply situation and a manageable one.

We should, however, keep this objective in perspective. Energy conservation alone cannot solve the energy problem, nor can it take the place of efforts to develop, process, and distribute to the public the additional supplies of energy

they will require in the future. This brings me to the current energy supply and demand situation, and specifically as it relates to petroleum. Today in America, petroleum supplies 78 percent of America's energy needs. For the next decade, at least, petroleum will continue to be a major source of energy to this Nation. Each day some 16.5 million barrels of oil, or more than 750 million gallons, are being consumed by us Americans. On the average that's about three and a half gallons every day for every man, woman, and child in this country. Domestic resources supply about 70 percent of this demand. The rest, 30 percent, is imported. By 1980, U.S. demand for oil is expected to reach some 26 million barrels a day. At least half of this increased requirement will have to come from foreign sources. While consumer demand for oil has been moving steadily upward, available supplies have been declining steadily. Proven domestic reserves of crude oil have dropped from over 12 times annual production in 1960 to nine times annual production in 1972.

The same kind of downward trend applies also to natural gas, but to an even greater degree. A dozen years ago, proved reserves of natural gas stood at about 20 times annual production. Today, proved gas reserves are down to less than 12 times annual production. Now, these figures do not include the Alaskan North Slope oil and gas discoveries which won't be available to American consumers until transportation lines are approved and constructed. The supply-demand disparity for oil can perhaps best be illustrated by looking at petroleum's two major products—gasoline and distillate fuels. During the first 17 weeks of this year, refineries in the United States produced more gasoline than they did for the same 4-month period in '72. Each recent month has set a new record for production. Total gasoline output from January to April of this year set an all-time record for any quarter in the history of this country. Despite this great production, unprecedented consumer demand for gasoline has caused inventories to drop 10 percent below the level for the same period in '72.

Now, four factors have caused this sharp increase in consumer demand for gasoline. First, there have been record sales of automobiles. Detroit reports that for the first quarter of '73 car sales are nearly 20 percent above those for the first three months of last year. Second, the public desires and insists on gasoline consumption options, air conditioning, and all the power equipment that increase the use of gasoline. Third, the pollution-control equipment on late-model cars, brought about by environmental standards mandated by the federal government, has increased the use of gasoline by about 300,000 barrels a day. Fourth, there has been a sharp increase in sales to the public of vacation travel trailers, pleasure boats, and other recreation vehicles. The same sharp increase in rate of consumption is occurring with respect to the oil industry's second major product, distillate fuels. Distillates are those fuels that are used for home heating and the diesel fuels that are used in farm equipment and trucks and railroads. Despite substantial increases in production, distillate stocks were lower in every week from August 1 of last year through March 9 of this year than they were for the corresponding week of the previous year.

Overall, distillates, and the demand for distillates, has risen constantly over the last two decades, from just about 1 million barrels a day in 1950 to nearly 3 million barrels a day in 1972. Specifically, electric utility demand for distillates has increased dramatically. In 1967, distillates consumed by electric utilities were a really insignificant 8,000 barrels a day. By 1970, this had risen to 68,000 barrels a day, and last year electric utility demand for distillates was at the very significant level of 186,000 barrels a day. By way of comparison, the current use of distillate fuels by the electric utilities is equivalent to about 80 percent of the total daily distillate use by all of the American railroads. It is equivalent to about 41 percent of the daily distillate or diesel fuel use by all the trucks on American highways. It is equivalent to about 129 percent of all the diesel fuel used by the farmers of America. Clearly, diversion of distillate fuels to generate electricity is a completely inefficient, uneconomical and wasteful use of these fuels. Distillates should logically be used to run diesel engines in farm equipment, trucks and railroads, and to heat our homes, our hospitals, our schools and our small office buildings.

The sharply increased use of distillates by electric utilities has come about because of the unavailability of sufficient supplies of other energy fuels. Until recently, coal was a major source for the utilities, the major energy source. Today environmental restrictions on mining of coal, coupled with federal, state, and local regulations limiting the use of high-sulfur coal, have severely curtailed its use. In the last of the '50s and early '60s nuclear power was looked upon as the replacement for coal to generate electricity. But nuclear power plants are not being built to anywhere near the extent that we had projected they would. The result is that the gap they were expected to fill has created a vacuum which the oil industry has been called upon to meet. Natural gas was used until recently by the large consumers because it readily met air quality standards and regulations. It is now in tight supply in many parts of the country. So the burden has fallen on oil, both residual fuel oil and, more recently, on the distillate fuels.

We see no substantial slackening in demand for either gasoline or distillates, but, given present circumstances, the oil industry cannot continue to meet an annual growth of 7 to 8 percent. Domestic refinery capacity is already, for the most part, overextended. The problem, and the one point I am trying to make here, is that we have a runaway demand situation that must command our attention. Here is how the picture looks. In recent years, demand has been outstripping refining capacity. Some of this demand, especially for residual oil, will have to continue to be met through imports. But to minimize our dependence on imports, it is estimated that we will need, by 1985, the equivalent of 60 new large refineries in this country. Some of the needed refining capacity may be attained by expanding existing refineries. This expansion is now taking place, but there is a desperate need for new refineries, and not one is currently under construction in this country.

There are four major problems dealing with the construction of refineries.

First, the location. Refineries should be located near areas of large demand and close to port facilities that can handle both domestic and imported crude oil. The States of the Eastern Seaboard generate 40 percent of the U.S. petroleum demand, but have only 12 percent of the refining capacity. In the recent past, proposals to build new refineries in that area have met with great opposition and controversy. Second, the sources and kinds of crude oil run in refineries. Many people assume that a refinery can process any kind of crude oil. Actually, each refinery is designed to process specific types of crude. A company planning a new refinery thus needs to know with certainty the kind of crude it will have available for processing. Third, the quantities and types of petroleum products that will be required to meet air quality standards must be known. This especially affects the different types of gasoline the automobile industry will need for its '75 and '76 model vehicles. Fourth, the time and money required to build these new refining facilities. Even after site approval is obtained, it takes two and a half to three years to build a new refinery, and the costs run upward from \$200 million. Such costs can only be recovered in the marketplace.

The Nation should certainly be prepared in the event of an acute shortage to have some plan of procedure. Therefore, I think the federal government, the States, and industry should develop contingency plans. There will be a hearing in Washington next week on that and, as Senator Jackson has pointed out, there should be some overall federal plan that would take care of an acute situation which conceivably could occur, but I don't think yet has. In the meantime, there are several positive ways in which to alleviate energy supply-demand disparities over the short, medium, and long term. One short-term step, in the interest of both gasoline savings and highway safety, would be to consider action to lower speed limits for passenger vehicles on state highways, or at least strictly enforce present speed limits. Now, as one who has had some political involvement in my time, I realize that it is much easier for me to suggest that than it is to implement it.

Second, a short-term step could be for large industries in the various States and around the country to designate some senior officer to develop and coordinate energy conservation techniques and practices within their companies, and for an appropriate state agency or university to provide energy conservation technical assistance to small local businesses. A third short-term step would be to speed up utilization of nuclear power plants. I am told that no nuclear power construction or operating permits were issued in any of the States between early 1971 and mid-'72. Without these facilities, the equivalent of hundreds of thousands of barrels of oil would have to be found and used each day to generate electricity. A fourth short-term step would be to make maximum use of the flexibility provided under the Federal Clean Air Act as it now exists. This act provides for two years' extension to States in cases where necessary technology or other alternatives are not available or will not be available soon enough to permit compliance with the act. If environmental standards are prematurely

enforced, use of literally millions of tons of coal will be barred and, in turn, this could cause an additional demand for something in the order of 1.6 million barrels of oil each day.

These possible steps would help in the short run to balance the energy supply and demand. But the overall energy supply problem in future years will not be solved unless we look to longer range answers and initiate actions to solve them now. The medium-term or mid-term steps that we would suggest are these: One, and foremost, get the trans-Alaska pipeline started so that that huge development of reserves of petroleum on the North Slope will be available to the American consumers at the earliest possible date. Two, deregulate natural gas field prices which will encourage sufficient investment in that high-risk search for clean-burning fuel. Three, expand exploration and development of the potentially large reserves of oil and natural gas on land and under the Nation's Outer Continental Shelf, consistent—and I emphasize this—consistent with sound, workable environmental requirements. Four, act favorably on well-conceived deepwater port proposals, which can accommodate the increasing volumes of foreign oil imported in the very large crude carriers, again in compliance with and in keeping with sound environmental practices. Five, develop a realistic price program at the national level, one that balances the need to control inflation with the equally important need to develop sufficient energy supplies for the public.

Finally, the long-term steps that we would suggest are these: First, expedite private development and conversion of synthetic fuels into oil and gas. Two, accelerate, with appropriate levels of government support, more intensive research and development of other non-conventional sources of energy. Third, encourage development and the building of adequate mass transit systems. Now, all of us must and will be involved, as leaders, in decisions affecting the Nation's supply of energy and, admittedly, these decisions relative to the solution of this problem will not be easy ones. Nevertheless, I think it is important to remind us that a generation ago, for instance, one walked among us briefly but brilliantly, and he said, "It is time for a new generation of leadership to cope with new problems and new opportunities. For there is a new world to be won."

Certainly, we will win no new worlds, nor will we solve the problem and seize the opportunities unless we look beyond the status quo. And we all know too well that present conditions, the status quo, with regard to the Nation's energy supply situation is not good, and that it must be changed. These conditions and these questions can no longer remain unsolved. Thank you very much.

CHAIRMAN MANDEL: Thank you, Mr. Ikard. As I said earlier, when we conclude the presentations, I am going to ask each of the gentlemen to take a seat and answer any questions that you may want to address to them. They have agreed to do this. The next speaker that we have is Mr. S. David Freeman, the Director of the Ford Foundation's Energy Policy Project. He also is quite

conversant with the entire national energy policy. He was a former assistant director for energy and environment in the President's Office of Science and Technology and headed the energy policy staff, with responsibility for coordinating the entire energy policy on a government-wide basis. He is also a practicing attorney, was an assistant to the Chairman of the Federal Power Commission, and played a leading role in the planning and execution of the FPC's electric power and natural gas regulatory programs. Gentlemen, I'd like to present to you Mr. S. David Freeman.

MR. S. DAVID FREEMAN: Thank you, Governor Mandel. It is certainly a privilege to appear before what I consider the most important audience ever. I think Governor Mandel is suggesting that I am probably part of the problem. Let me say that I have been out of government for two years. The views that I express today are not the views of the Ford Foundation, they are my personal views. We are in the midst of the study and it will be completed within the next year. They are based on a lifetime working in the field of energy. For years the oil company ads told us that "a nation that runs on oil can't afford to run short." But now the companies are running short, and the Nation must figure out what to do about it. Much to our shock we find that no one is really responsible for fuel supply—not the federal government, not the energy industries, no one. Perhaps we can learn from a recent episode in the Soviet Union. A 12-story apartment building was completed but one thing was left out—the elevator. The architect was summoned before a court, tried, and convicted. His sentence was to live on the twelfth floor. Maybe if we cut off the elevators in a few key buildings in Washington, in Detroit and in Houston, too, we'd get the kind of attention that this energy problem deserves.

There is a hue and cry throughout the country among the special interest groups for a national energy policy, but, if you pin down the advocates, you find that what each one really wants is a national policy that goes his way. They state their case in softer and more eloquent words, but what it boils down to is that the energy industry is saying "up with prices and down with the environment"; the environmentalists favor "every form of energy except what we have"; the free-market people believe that the solution is to "soak the consumer"; the isolationists say "drain America first." The average consumer is bewildered by it all, facing sharply rising prices and an empty gas tank. His instinct suggests that the whole thing is a hoax. It is no wonder that much of the public tends to view the so-called energy crisis as a fake. After years of being subjected to the hard sell, urging they use more energy, they really find it hard to believe that the shortage is real, especially since everyone agrees there are still billions of barrels of oil and billions of tons of coal in the ground. If we haven't run out, why, then, are we running short? It is tempting to conclude that the fix is on and that it is all a giant conspiracy. I am certainly in no position to rule out conspiracy, duplicity, or even stupidity. But, in all fairness, it seems to me that the problem is much more fundamental.

I think that we are witnessing the end of an era. As much as we hate to face up to it, the joyride really is over. I think it is time we stop kidding ourselves by looking for an easy answer or a single villain. We are trying to continue wasteful practices of energy consumption, born in an era of abundant resources and callous disregard for the environment. Switching from dirty energy to clean is proving painful. But it will be much more painful if we don't make the switch. There is no one solution but several, and retreating from our new environmental standards is not one of them. And if it's villains you want, there are plenty of them, too. Until this spring when they started running short, the oil companies continued pushing their products, and yet they haven't built the refineries to satisfy the soaring demand. They cast the environmentalists as the villain for supporting pollution control laws and opposing oil drilling and refinery construction in prime recreation sites. But the oil industry seemed to be more interested in fighting than switching to sites where they could build, and it was back in 1953 that Los Angeles County first asked the American automobile industry to put emission controls on cars. Twenty years later, Detroit still can't do the job without making even hungrier gas-guzzlers.

The federal government, of course, must be included in any cast of villains. It continued programs to restrict imports in the face of growing shortages, and it has turned its back on the development of new sources and on the development of new energy policies to fit the new reality. But let us not forget Mr. and Mrs. Consumer, who might grumble about the shortages but drive a big car to the protest meeting, while leaving their air conditioners running 24 hours a day from May through September. In a sense, Pogo probably identified the villain in this drama when he said, "We have met the enemy and he is us." For decades this Nation has used energy like it was water in a rainstorm. We lived in a "plugged-in" society; the big car, the glass building, the industries that buy energy cheaply and use it lavishly. These are the hallmarks of our way of life. In recent decades energy was so abundant and so much of a bargain that neither the housewife nor the industrialist had any incentive to even think about ways to use less. On the contrary, promotional rates and inducements enticed you to use more, not less.

I think we have to face some of the cold, hard facts. One of them is that we have probably reached a turning point in the lifespan of the American petroleum resource. We have pursued a policy of drain America first for so long that we are now burning gas and oil faster than it is physically possible to find what is left and bring it to the marketplace in an environmentally acceptable way. And while there is lots of coal in the ground, we have so shamefully neglected the research and development of coal that we can neither mine it nor burn it in a socially acceptable way. Nuclear power can only meet a small part of our needs, and it has serious problems of its own. The solution is not to speed up licensing practices, but to speed up safety research and development and to perfect nuclear power so that it can be brought into the marketplace speedier. It is a sad

commentary on the priorities of the '60s that we face scarcity amidst abundance because we failed to employ our scientific and technological talent. Mostly when we think about energy policy, we consider only the supply side of the problem, and pay lip service to reducing demand. We assume somehow that we are prisoners of these projections of rates of growth in energy consumption for the '80s. The shortages are as much a result of wasteful consumption as anything else, and the time has come to recognize that the era of waste must come to an end.

Energy conservation is no longer just a desirable option; it is an absolute necessity. We have to do a whole lot more than just pay lip service to it. And when it comes to policies to conserve energy, I believe that the State House can play just as important a role as the White House. For most States, supplies of energy are out of your reach, except perhaps for the sun and solid wastes. But energy consumption does take place locally. Each State can pursue policies that can make a lot of difference in how much energy is really needed in your State. I think it is fair to ask, Is it really possible to get by with less energy? The answer is an unqualified yes. We can get by with less growth in energy consumption, because a lot of what is used goes out the window, up the stack, and out the exhaust pipes of our cars. No one would think of throwing money out the window, but that is what most of us do every day as we overheat glass buildings in the winter and overcool them in the summer. Over 85 percent of all the energy we consume in this country is used in three specific areas, to heat and cool buildings, for transportation, and in industry, and there are major savings available in all three areas. The experts tell us that with economical and available methods of insulation and with well-designed and operated heating and cooling systems, the energy requirements for new buildings can be reduced by 20 to 40 percent, and we can reduce the requirements for existing buildings by half that much.

In the transportation sector, the opportunities for saving are, if anything, greater. The large private automobile epitomizes our waste of energy. The very idea of being driven in a carriage by a team of 300 horses should seem ridiculous even for a king, or even for a Governor, yet a goodly portion of America has the mechanical equivalent driving them to work each day. There are also major opportunities for savings in the industrial use of energy, and here the key is the pricing system. Market forces can do their work. For years we have been told that more energy and a higher standard of living go hand in hand. Talk of conserving energy thus raises questions about jobs, about economic growth, about enjoying our air conditioning and other comforts. But our way of life doesn't depend on continuing the waste. The real threat to our economy and to our comforts is the growing shortages, and these shortages are resulting from wasting so much of the energy that is available.

It is no threat to our economy to add more insulation to new buildings or existing buildings, or to build cars that travel more miles per gallon rather than

less. It is no threat to employment for industry to make the investments that would significantly reduce the amount of energy needed to make a pound of steel, or a ton of paper, cement, or chemicals. It is no threat to our economy to modernize the public transportation systems so that people will no longer be the prisoners of their cars in getting to work or going shopping. It is no threat to our economy to build separate bike paths for the 13 million bicycles that were sold in the United States last year; more bikes than automobiles. Many people would ride them to work if there were separate bike paths so they didn't risk their lives on the city streets. It is no threat to our economy to put enough money into the railroads of this country so that people can travel by rapid rail on short trips between the major cities rather than by air, which takes two or three times as much energy. None of these measures threaten our economy. None of these measures threaten jobs. On the contrary, they are all needed to improve the quality of our lives, to avoid an air pollution crisis, a real crisis, that hovers over the cities of this Nation, and to enable people to get to work on time and without frazzled nerves. In short, a program of conservation is needed to avoid both the energy crisis and the environmental crisis.

The States and localities have a big handle for conserving energy that is rarely recognized as part of the energy picture, and that handle is implementing some sensible land use planning. As long as housing continues to grow in the shape of larger and larger circles, ringing our existing metropolitan centers, we are just building more and more travel by personal automobile into the American way of life for decades to come. And, unfortunately, the only form of energy available for the foreseeable future to run a car is oil. Since the United States appears to have about peaked out in oil production, it means larger and larger imports which may not be available in the quantities projected a decade hence. Thus, transforming land use plans into action programs to shape the pattern of growth is a key element in solving the energy problem, as well as improving the quality of life.

Many state and local governments are doing innovative reexamination of their past growth policies, with a hard look at the hidden costs of unplanned development. One of those hidden costs is all the wasted energy that unplanned development is building into our system, and energy issues should be included in these reexaminations. What we need is not to halt new development but to channel it in ways that provide people of all economic levels with opportunities to live, work, and play in discrete areas, instead of flowing in and out of the center cities each day like the ocean's tides. States also effect energy policy through their land use authority in the siting of energy facilities. The so-called energy crisis is being used to push the streamlining of approval of power plants and oil refineries. Streamlining is a good idea, but railroading surely is not. Approvals without public debate and without consideration of the alternatives, without consideration of the safety problems, these could be tragic. State and local governments represent the people who must live with these new facilities,

and live with them for many, many decades. The time spent in building environmental protection and safety into the projects and in selecting the best site in the public interest is not an unnecessary delay. It is an essential step in building these huge developments in a Nation that would otherwise quickly become "America the ugly."

The actions that I have been speaking about thus far will, of course, have their greatest impact in the years to come, but it is in the years to come that we face the greatest danger. But they will begin to have some effect immediately. Collectively, these viable conservation measures add up to significant savings. We could cut our projected growth in energy consumption by as much as 30 percent each year, and more in the years to come. By 1985 the savings could be some 25 quadrillion BTU's. In today's terms, that is more fuel than all our domestic oil wells produce. It could be the difference between these projections that are making energy doomsayers out of a lot of people and adequate supplies. Yes, energy conservation can make a difference, a big one. Perhaps one way for each state government to get a handle on the energy problem would be to establish an office of energy conservation. This office would compile the projected demand and available supply for the coming months and years, develop the conservation steps required to balance the energy accounts, and in case of shortages allocate the supplies that are available to the priority users. Energy cuts across all the departments in state government, and only when you bring it all together can you determine just how much energy is really needed in your State, how much is available, and what special measures are required to make ends meet.

As a part of such a program, the state utility commissions could perhaps make rules that would require all new buildings to meet stiff insulation requirements before they would be served by the utilities in the State. The same utility commissions could require that the utilities offer insulation service to existing homes and the payments could be made over a length of time with a savings from the insulation offsetting the cost of the payments in the utility bill. The transportation agencies could undertake a variety of measures to improve the mileage of automobiles and to reduce the number of miles traveled. As to industry, the pricing policy of the state utility commissions could make a great difference. If the brunt of rate increases was placed on industrial consumers, they would have the greater incentives for energy efficiency and, at the same time, this would relieve residential customers of the price increases that could only add to their burden of inflation.

Raising the gasoline tax is being discussed in Washington as a means of encouraging people to burn less gasoline. In my view, if the funds could be devoted to energy research and development and building and maintaining public transportation, such a tax could help solve the energy shortages now and in the future as well. I realize that no one wants to pay more for gasoline, but the tax would really be, in effect, progressive, if the revenues were put to such uses that benefit the people. Enactment of such an earmarked tax, I think,

would be a giant step forward toward adopting an effective national energy policy. Such a tax would be far better than price increase that would only swell the oil company profits. All of these measures, and many more, will be needed to help balance our energy accounts, but it is still going to take huge quantities of fuel to meet future requirements. We could expect energy conservation to buy time, but eventually we will need additional supplies, cleaner supplies.

The United States can no longer afford to go slow in developing cleaner and more abundant sources of energy. We need a much stronger energy research and development program. We need it to clean up the environment. We need such a program to avoid shortages. And we need such a program to improve our bargaining power so that we import out of choice rather than because we have no other option. Foreign policy considerations aside, even the Middle Eastern barrel eventually has a bottom, and eventually is sometime by the turn of the century, and by then some 7 billion people will be inhabiting the earth, and they will all be needing cleaner, more abundant sources of energy. They all want to join the high-energy civilization. Ladies and gentlemen, I think America stands at a crossroads in facing the energy problems. Certainly we ignore the current shortages at our peril. But I think that there is an even graver danger in pushing the panic button and turning our back on the progress that we have made in the last few years in cleaning up the environment. Let us not forget for a moment that it is the production of energy that is polluting the air in our cities and endangering human health; and it is the production of energy which has left us ravished landscapes in many areas of the East which is being repeated in the West; and it is the production and transportation of energy which is polluting the oceans and poses a danger to our coastal zones.

No one wants to turn out the lights in order to clean up the air, and certainly the Governors of the States will be faced with all sorts of demands to relax air pollution standards and take other measures, or be faced with not enough fuel. Perhaps an enactment of a tax on each pound of discharge in excess of standards would take the profit out of pollution and spur the availability of clean energy. But, in any event, in my view, it is neither necessary nor wise to give up on the environment in order to balance our energy accounts. The Nation does have a choice. An active program of energy conservation is the key ingredient to avoiding shortages without sacrificing our environmental goals. "Saving energy, saving money" can be the consumer's watchword as well. If, at the same time, we launch a research and development program with Apollo-type commitment and funding, this Nation can avoid the problems that the energy doomsayers suggest may occur. Unfortunately, current federal policy in this area can be most charitably described as too much talk and too little action.

The word "crisis" in the Chinese language consists of two symbols, one meaning "danger," the other "opportunity." Let us avoid the danger by seizing the opportunity. Now can be the time when this generation of Americans begins to turn away from a blind devotion to the bigger-is-always-better philosophy.

After all, we are the trustees for future generations in protecting the basic resources with which this Nation has been so abundantly endowed. Let's begin measuring our progress by the quality of what we leave behind rather than by how much we burn and devour. Avoiding a real energy crisis is going to take leadership; it is going to take money; and it is going to take a change in some of our wasteful habits. The people in this audience, I think, can supply the leadership for energy conservation and saner growth in our States, and your voice in Washington can help provide the money and programs for cleaner energy. The time for action is right now. Thank you.

CHAIRMAN MANDEL: Thank you, Mr. Freeman. I was particularly intrigued by your idea of an office of energy conservation. Knowing that you are a resident of Maryland, I assume that that was an offer on your behalf to take over that task in the State, and I will be seeing you after the meeting is over. We have also asked as part of this panel for the various Regional Governors' Conference Chairmen, if they so desire, to make a short comment on what has happened in each region, and then we are going to open this discussion for each of the Governors or any of the Governors to ask questions of the panelists. First I would like to call on Governor McCall of Oregon, Chairman of the Western Governors' Conference.

GOVERNOR MCCALL: Mr. Chairman, Fellow Governors, Mr. Ikard, and Mr. Freeman: Yesterday's forum got to the question of whether this should be called an energy crisis, and Elie Abel suggested a more accurate term might be an energy situation. I would say, granted some newsmen and some politicians overwork the word "crisis," but wouldn't you believe that, segmentally and geographically, at least, there is an energy crisis? For example, in our State there is a crisis to the Oregon farmer who is limited to 12 percent of the fuel he used in the same quarter in 1972. It is a crisis to Pacific Northwesterners who, because their snow went to California and Nevada last winter in the form of rain, face almost certain power brownouts beginning in August or September.

I think Governor Carter would concur with me that it is also viewed as a looming crisis in Israel, where we just visited last month, and where the fear is that oil-short America might sell out to the Arabs. And, incidentally, the ultimate trade-offs could pit Idaho, for example, against Israel. By that I mean the salmon might be blockaded if we have to go to the development of the 39 percent of our hydroelectric capacity that is left undeveloped in the Columbia Basin, at the cost of the great salmon runs going to Idaho, versus the threat to the future of Israel as the keystone of strength in the Middle East. We have prepared, through an energetic task force working for 18 months, a 145-page report that was climaxed and concluded and rounded in shape for this Conference. We have it before each Governor in the form of a digest that tells of our problems and tells of the various suggestions, including a great many dangerous ones that ought to be assessed in terms of how much they would prove to save in terms of conservation, such as washing and drying dishes by

hand, such as cutting down on the speed limit, such as the matter of how you use your refrigerator.

These affect a great number of private aspects of your life but, generally, we came to the conclusion that a national policy is very necessary; that in the meantime we should cooperate through regional action among the States; that we should use the individual States with their power base and their knowledge of their own problems. But it has to be a regional concept among the States, because while we are trying to build up our reservoirs, Governor Reagan, so that we can be in a position to defeat the power brownout in August, the building up through our conservation methods possibly entitles California to use that water while we are building it up as surplus water for energy. So we are tremendously concerned that we work as States on our individual problems, and as regions; then, of course, that we contribute to a national policy coming up from the grassroots of the States.

CHAIRMAN MANDEL: Thank you very much. Governor Meskill, Chairman of the New England Governors' Conference.

GOVERNOR MESKILL: Thank you, Governor Mandel. We in New England have a problem, I think, that is even more critical, because we are one of the highest consumer areas as far as the amount of energy consumed per person. We also have absolutely no known supplies, although there are reports of offshore oil. Some of the conservation measures that we are involved with as Governors include accelerating improved methods of mass transit facilities and trying to improve automobile efficiency. While some of our Legislatures have gone home, I think most of us are not anxious to call them back to change the speed limits. We are considering the requirement of insulation and ventilation of buildings, things which have been mentioned earlier. Measures such as these could save us about 15 percent of our total New England energy use by 1980, and this is the equivalent of about five years' growth. It could help stabilize the importation of foreign energy over the next decade and a half. In New England, where energy is expensive and hazardous to obtain, this becomes particularly important. In Connecticut, we have embarked upon a three-point program stimulating the greater use of car pools and highway interchange parking lots. We have increased express commuter service, and we are also going to provide the necessary technical assistance to private employers to help them set up car pooling and express bus service for their employees.

It is pretty difficult to legislate controls in these areas because of the wide range of circumstances that pertain to individual situations, but some States have introduced legislation. Many of the costs of energy consumption, of course, do not fall on the consumer directly, but they fall on society as a whole. We are talking here about air pollution from hydrocarbons, hot deoxygenated streams that are detrimental to fish life, and some tarred coastlines that we have incurred as a result of petroleum products being delivered to our shores. One of the areas covered in proposed federal legislation is consumption labels on high-energy

impact appliances. Labeling on appliances is not going to be very effective unless there is a uniform national rating system that supplies the consumer with information on the energy input and work output relationship. There is also a large potential for energy conservation through improvements in the transportation field, both private and public.

The President's energy message and the events that it precipitated probably had more impact on New England than on most other parts of the Nation. Removal of petroleum import quotas and the substitution of a fee system designed to encourage the building of refineries offer some economic opportunities in an area such as New England, which imports 27 percent of its total energy from foreign sources. This 27 percent, incidentally, is twice the national average. But before any energy sources are developed in New England, the New England Governors must have the right to review proposed facilities to make sure that they allow both economic growth and environmental protection. In addition, we in Connecticut support the adoption of uniform design and operating criteria for all facilities in New England, and we want to know that they are as environmentally tight as they are commercially feasible. There is also a widely held belief that areas off the New England Coast contain commercially attractive deposits of oil and gas, but no one is anxious to tackle the environmental problems associated with developing an offshore supply if it actually exists. The alternative of too much reliance on foreign supplies, however, forces us to consider the offshore potentials. The Massachusetts Institute of Technology has recently completed an intensive study of some aspects of offshore development.

We are also concerned about the question of whether our utilities are taking full advantage of potential interconnections with the electrical systems in adjoining regions, both in the United States and Canada. Our New England energy policy staff has encouraged industry to strengthen interregional interconnection capacity as a means of reducing reserve capacity requirements, and both this staff and our public utilities commissions have promoted cooperative work with Canadians in developing a well-integrated system across the international boundary. Power is being interchanged between the United States and Canadian systems on a daily and a continuing basis for the benefit of both nations, and opportunities for further cooperative effort in such areas as an international transmission grid are being explored. The New England Governors and the Eastern Canadian Premiers are working together to find mutually advantageous solutions to our common energy problems, and a meeting is scheduled for later this summer which will involve discussions of such questions as continental security, offshore oil, tidal power, electrical power interchange and transmission, and a host of other energy-related matters. We believe that this cooperative effort at the state and the provincial level provides an ideal way to implement and make optimum use of agreements reached at the national level.

CHAIRMAN MANDEL: Thank you very much, Governor. The next is

Governor Ray, who is Chairman of the Midwestern Governors' Conference.

GOVERNOR RAY: Mr. Chairman, Fellow Governors: I think as we talk about the Midwest we have to realize that in the 15 Midwestern States we have 44 percent of the Nation's coal, and we have enough coal in this country to supply us for about 500 years if we were able to take that coal and desulphurize it and strip it from the land economically and environmentally in acceptable ways. We are researching methods by which we can do this. A year ago, at our Midwestern Conference, we decided to undertake a research program, and experts in the respective States are working together right now to help solve this particular problem. If that is solved, of course, it will go a long way in helping to meet the crisis, the so-called energy crisis.

But Governors don't have the luxury of being able to wait for a long period of time for any solution. Last year we found that we had a very severe shortage of fuel, and we had a long, cold winter that started very early, we had a lot of corn that had to be dried, and we didn't have the supply. One of the amazing things about it was that no one had an inventory, no one knew where the supply was, to what extent it existed, how much we had, or how much we didn't have. We didn't have any facts, figures, or any information. The industry couldn't provide it for us. The State of Iowa actually went into the oil business. We received cooperation from several major suppliers. They furnished about 3 million gallons of No. 2 fuel oil so that we could provide about 65 communities that would otherwise have been totally out of supply for such necessary purposes as keeping our hospitals warm and keeping our schools open and keeping some businesses in operation.

We have a different problem today, however. We survived the winter crisis. Now we have to plant the crops. We are going to get those crops planted, we are going to look ahead to cultivating those crops and harvesting them. Previously we were able to get some cooperation out of the industry itself. Now, as we talk to those oil companies, we get the answer that the policy committee, the gas and oil policy committee in Washington, is telling them what they can and can't do. They are trying to comply with those voluntary orders and, therefore, they have no source and no supply that they can distribute to us. So when there are emergencies we are told merely to contact the federal government.

It seems rather inconsistent to me to have these people continue to tell us that the States are in the best position to handle any kind of an emergency, and yet, when we had the very mechanism that worked very successfully last winter, they would not call upon us to use it. I would hope maybe during the question-and-answer period Mr. Freeman would comment on what he thinks might be a solution to meet the emergency, the crisis that exists today, not just the long-range one; and we really have to talk about both.

CHAIRMAN MANDEL: Thank you, Governor. Next is Governor Shapp of Pennsylvania, Vice Chairman of the Mid-Atlantic Governors' Conference.

GOVERNOR SHAPP: Thank you, Governor Mandel. A question arises

often, Is this crisis real or is it manufactured? During the past few months, I have had occasion to sit down with the chief executives of many of the oil companies of this Nation, and I am convinced that we are facing a real crisis in two ways: First, a crisis of fuel but, secondly, unless we do something to turn our efforts to developing our own domestic sources of fuel, we are also going to be compounding the dollar crisis abroad to the extent that within the next eight to 10 years, unless we find other means of developing fuel sources other than oil, we will be building up balance-of-payment deficits of \$18 to \$20 billion a year just for fuel. I believe our energy problems can be solved without major alterations in our society, but it is going to take considerable planning, and a definite need to see the problem and move ahead on an emergency basis.

Specifically, I suggest a four-point program. I propose, as so many others have done, that a national energy council be formed at once, with total authority over the production, distribution, and use of all forms of energy, and remain in authority as long as necessary. Second, I propose that all fuels be divided into two categories, according to their use: (a) transportation, (b) non-transportation. Third, petroleum should be limited in its use to supplying only transportation fuel. What residuals remain after refining should be used to supplement non-transportation fuel needs and for the petrochemical products, but these should be no more than a normal byproduct for the amount of gasoline needed to keep automobiles, trucks, planes and farm equipment moving. Fourth, our dwindling supplies of natural gas should be restricted to unique uses, such as fuel for special types of manufacturing and chemical processes, and hydroelectric power and nuclear energy should be limited to production of electricity.

Coal is the main source of energy, as Governor Ray pointed out. It is the one source of energy we have in this Nation in sufficient quantity to serve the economic and total needs of our people for the next 400 or 500 years. Therefore, I propose that all non-transportation energy, all energy for industrial and commercial uses, should be limited to coal. We can get gas from coal, we can also get oil from coal, and we can also burn coal for our power plant requirements. Let me give you one statistic. The United States is currently consuming about 69 quadrillion BTU's. Of this, only about 10 percent of the BTU's represent gasoline used for transportation; 20 percent are for coal for various purposes, and a large percentage of this, 48 quadrillion BTU's, are for all other energy and fuel sources, natural gas, fuel oil, hydro and nuclear power and so on. We can use coal for this other 70 percent. This would call for a three and a half times increase in production of coal. The question arises, Can we do this without destroying our environment? The answer to that is yes. In my own State, Pennsylvania, we have adopted the strictest strip-mine laws and mining laws in the Nation, and we are today able to take the coal from the ground without destroying the land and also without ruining our water supply.

Coal is a very important part of the life of Pennsylvania, but, if you come to

the areas of the State where we are mining, you will find that under today's procedures, we are able to mine the coal, get it out of the ground and into use. This leaves pollution problems of use of coal, and we are also working on programs in this direction. We have gone a long way toward solving the problem of using the domestic fuel that is available to us, and, if there was a research program expanded for liquefaction and gasification, we could also, therefore, develop more oil and more gas from our coal. We have a crisis on our hands, and I suggest that the United States move forward, as it has done so many times in other periods of crisis, with a massive program to attack the real problem. Coal is our answer, and I suggest we move in that direction.

CHAIRMAN MANDEL: Thank you, Governor. Next is Governor Wallace of Alabama, the Chairman of the Southern Governors' Conference.

GOVERNOR GEORGE C. WALLACE: Mr. Chairman, I think it has been pointed out a number of times that the United States, with 6 percent of the world's population, consumes slightly more than 30 percent of the world's energy and, of course, the demand for energy in this country is doubling almost every 15 years. The Southern States with their abundant natural resources, water, minerals, and energy, and a favorable climate, really comprise the last frontier in the Nation for future industrial development, development that is particularly dependent upon water and energy as close-by resources. Even though our States have had phenomenal industrial growth in recent years, we are still somewhat behind some other regions of the country. I feel it is our responsibility to be ready for the future by knowing what our resources are, where they are, and how they can be used most effectively to provide the greatest benefit for the most people for the longest period of time. In the early stages of the South's development, there was plenty of water, good land, and abundant energy resources; first wood and water for power, then coal, and finally oil and gas. With increased industrial development came an increased competition for our resources, and now serious problems have begun to plague us.

With our resources still relatively undeveloped, we have an opportunity to plan for the management and development of resources in a way that will allow us to protect the environment and preserve our land as a place to live. The energy crisis that we talk about is still turning its eyes to the South in search of a solution. The mining of coal, considered by some only a few years ago to be a dead industry, once again has become a very vital source of energy for our Nation. Coal mining, however, creates pressures on the environment that must be given maximum consideration. States that have coal resources are striving to develop the legislation that will make it possible, as the Governor of Pennsylvania has stated, to extract the resources in areas where the land can be reclaimed and mining practices developed that will not jeopardize the environment. And, of course, if our States do not pass adequate legislation, the federal government will. Several surface mining acts are proposed in Congress at the

present time, and likewise we in Alabama, with a coal reserve in excess of 30 billion tons, are striving for equitable surface mining laws.

I have had discussions with Dr. Edward Teller about the degasification of coal, and the fact that it can be used to make oil and gas therefrom. Dr. Teller says that there are two States in the Union that could carry on this project, and they are the States of Alabama and Wyoming. We, of course, are not sure what the costs will be, but he says that it will be relatively reasonable in a plan that he outlined to me. Not being a man with a scientific mind, I will not, of course, express and discuss the details with you. But it is an interesting proposition by Dr. Teller that the State of Alabama is considering and will discuss further with him, because we have in excess of 30 billion tons of coal in Alabama available.

The trend of exploration for oil and gas has gradually moved further eastward and also into our part of the South. In recent years, two of the largest oil discoveries in the United States have been on the North Slope of Alaska and in Florida, with the latter field expanding and extending into Alabama. Several newly discovered fields in the South have added important oil and gas reserves that already are feeding into the energy sources of our Nation. Whether you know it or not, Alabama is fast becoming an oil- and gas-producing State. However, our new discoveries and all others in the United States have not yet proven enough to keep pace with increasing demands. Therefore, we are presently importing vast quantities of crude oil to meet our needs. It seems that in the future we will have to rely more and more on these imports. However, the experts have advised me that there are more reserves of oil and gas to be found in our own country, and I believe that it is our responsibility as Governors to see that the political, economic, and social climate are healthy for the encouragement of exploration and development of these resources. It is also our responsibility to see that this development is done in an efficient manner, without waste, and without jeopardizing the environment.

Of course President Nixon indicated in his energy message in April that the federal government is tripling the number of offshore leases on the Outer Continental Shelf. At the present time only about 2 percent of the federal offshore acreage is leased and these acres supply about 17 percent of our Nation's petroleum. I am told that vast quantities of oil and gas are yet to be discovered in the Outer Continental Shelf on both federal- and state-owned lands. Our States should watch this exploration and development closely, because we have an important responsibility to share in supplying energy. We also have a responsibility in our individual States to make sure that our coastlines and estuaries are protected and that the States share equitably in these new discoveries.

There will be times, especially in the immediate future, when supplies of fuel for certain purposes will be short. It is hoped that the government's recently announced voluntary allocation plan for crude oil and petroleum products will get us through this period with a minimum of inconvenience. It is our

responsibility as States to conserve our present energy resources and to strive for the wise and efficient use of these resources. We have already started planning toward this objective in Alabama. We ought to, in talking about the crisis, keep it in the proper perspective. We must remember that oil, gas, and coal have increased the carbon dioxide of the earth's atmosphere by about 5 percent, but at the same time these energy sources have provided the average citizen with 50 times the worldly goods of his frontier counterpart. The development of mineral resources has created a system with the work week half of what it used to be, the life expectancy 50 percent greater, and the average annual income increased manyfold. The environments in the world have changed before, and species like man have either adapted or perished.

It is our responsibility to move ahead by supplying positive leadership, directed toward adequate knowledge of our resources and, with this knowledge, effectively develop them and maintain the leadership of our Nation and in the community of nations. I suggest to any coal-producing State that it might want to discuss the very intriguing plan of Dr. Edward Teller about degasification of coal, with a water system used to provide oil and gas from the coal that is now in the United States.

**CHAIRMAN MANDEL:** Thank you very much, Governor. Before I call on Governor Hathaway, I'd like to ask all of our guests here to find seats and try to keep the conversation at a minimum. I am going to ask the sergeant-at-arms to see what he can do to keep the noise factor down. Governor Hathaway, Chairman of the Committee on Natural Resources and Environmental Management.

**GOVERNOR HATHAWAY:** Thank you, Mr. Chairman. Your Committee on Natural Resources and Environmental Management has worked diligently to put together a policy statement on energy which will be submitted to the Conference tomorrow. This Committee is made up of the following Governors: Ford of Kentucky, Milliken of Michigan, Carter of Georgia, Waller of Mississippi, Curtis of Maine, Egan of Alaska, Salmon of Vermont, and Haydon of American Samoa. The Governors have met on four separate occasions; their staff task force has met several times more than that. We have had testimony from a number of Governors. We believe that the policy statement incorporates the concerns expressed here this morning. I would like to take at this time the opportunity to read the policy statement which we will present. It calls for a national energy policy.

The National Governors' Conference expresses deep interest in the problem of providing adequate energy to meet our national needs without causing irreparable damage to the environment or the rapid exhaustion of national resources. We are determined to achieve the dual goals of secure supply and resource conservation, recognizing the potential conflict between them. To that end, a national energy policy must be developed and implemented. Because such a policy would have great impact on the States, and because no national policy

can be successful without the full cooperation of the States, the Nation's Governors must be involved in its formulation and execution.

To accomplish this end, the National Governors' Conference hereby directs its Chairman to designate the Committee on Natural Resources and Environmental Management to serve as the energy committee of the National Governors' Conference, having responsibility for assisting the States in resolving their energy problems and to work with the federal government in formulating national energy policy and developing and implementing a strategy for its achievement. As part of its responsibility, the energy committee shall:

Monitor and evaluate the effectiveness of federal programs in achieving the National Governors' Conference policy on energy matters; act as the permanent and continuing representative of the National Governors' Conference to advise with the federal government on the solution of the energy problems; collect and report to the federal government the recommendations of the Nation's Governors toward the solution of energy problems; report to each member of the National Governors' Conference critical information which will enable each Governor to respond intelligently to his constituents; and cause a current report to be made by a member of the energy committee, if requested, to each Regional Governors' Conference at its annual meeting.

Our policy is a dual one, energy conservation and an increase in the domestic supply, the goals that I detect from the comments here this morning.\*

That is the statement, Mr. Chairman. We will offer it to this Conference tomorrow. If I may, I would like to make a few other comments. We have attempted to address both the problems of conservation and a secure domestic supply. With regard to the latter, if we are importing, as we are projected to do, 60 percent of the petroleum products of this Nation by 1980, we will have a deficit balance of \$25 billion. That poses a very severe problem, I think, to this Nation, especially in view of the political volatility of the Mid East which would be supplying a great deal of that resource. So in the long range, your Committee feels that we must improve the domestic supply situation. There is no need, really, to be pessimistic about that supply. As has been mentioned by several speakers this morning, we have tremendous coal resources. In my State of Wyoming alone we estimate 540 billion tons, which would supply the world's present consumption for 300 years. In the States of Colorado, Utah, and Wyoming, we have oil shale reserves in place. They are 17 times the present world known crude reserves. The trouble is we haven't been getting down to the technology to develop those reserves and to do it in a manner that does not deteriorate the environment.

So we must speed the research that will permit us to use these resources. We must use the Alaska petroleum and other petroleum that is still to be found on the Outer Continental Shelf and in many of the States of this Union. The real

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\*Governor Hathaway also read the proposed policy statement on energy conservation. For text, see Appendix VIII.

problem, as was pointed out and pointed out very appropriately by Mr. Freeman, there has been too much talk and not enough action; there have been too many studies accumulating dust on shelves. We have not applied the technology that America is capable of to meeting these problems. Very honestly, I believe that most of these major decisions have to be made at the federal level. I think the President has made a good start in his energy message, but he has the problem of coordinating 60 or 70 federal agencies that are involved in energy matters. Many of the recommendations of this Committee will require Congressional action. The time has come to move to make hard decisions.

It is the hope of our Committee that the Governors can have a real input into these decisions, because we are close to the phone and close to the people and we get the complaints much more rapidly, I think, than they do at the federal level. We have made preliminary investigations which indicate that the Administration will be very happy to communicate with the Committee of Governors, and we hope that our Committee can be productive in developing a national energy policy and implementing it and in relating to the 50 States of this great Nation. Thank you, sir.

CHAIRMAN MANDEL: Governor Williams has a question.

GOVERNOR WILLIAMS: I would like to ask, Stan, was it by intent or inadvertently that the statement does not mention future sources of energy? I can appreciate why it would be by intent, because we have an immediate problem, but we do have solar and atomic energy.

GOVERNOR HATHAWAY: We did mention them, Jack. I may have left a couple out, but we mentioned shale oil, coal gasification, coal liquefaction, nuclear, nuclear fusion, tar sand, solar energy, geothermal, MHD.

CHAIRMAN MANDEL: We have concluded with the presentations by the Governors. Each of our panelists is seated at opposite ends of the head table. I have been requested by a couple of Governors to be called upon to ask questions. First, Governor Hall of Oklahoma.

GOVERNOR HALL: I have a short statement, Mr. Chairman and Fellow Governors, regarding our situation as one of the Nation's leading energy-producing States. We had a very pragmatic approach, we felt, to meeting the problem of an emerging energy shortage. We found that an advisory task force was a good way to approach this problem. I have asked my staff to pass to each of you a copy of the statute just passed in our State creating this body. We did something unique; we gave them a six-month deadline in which to produce a State of Oklahoma energy policy that would interphase with all of the industrial activities, the agricultural activities, and relate to the national situation. They must complete that preliminary work and present to our Legislature in January 1974 a plan for an energy policy for Oklahoma.

I agree with Mr. Freeman that there has been too much talk and too little action. I think the time to set time limits and to make activity meaningful is now. There are enough reports in the files, and I'm sure Mr. Ikard will back this

up, on which we can base any number of conclusions. I believe that the reporting time is over and now is the time for action. Governor Wallace mentioned a very interesting feature of something that is going on right now. We have completed, thanks to the work of Gulf General Atomic and Stone Webster, a feasibility study on one of the first pilot plants in the history of this country in gasifying coal by the liquefaction method. We hope to have that plant in operation sometime between 1974 and 1976. The feasibility of that has been shown to the point that we can produce an MCF unit of synthetic natural gas for about 95 cents.

Dr. Teller visited Oklahoma recently and we were pleased that the type of projection he is giving on the use of atomic power has been in our thinking for the last two years. We are now ready to implement such a program. Being a State in which our agricultural pursuits represent 52 percent of our gross state product, we are very concerned about whether or not the wheat harvest in 1973 will receive the proper amount of fuel allocations that are necessary to bring what will be a bumper crop to a point where it can be usable for the world. In anticipation of a possible shortage that was projected by some members of our Department of Agriculture, we wired each of the major oil companies operating in Oklahoma and asked them to allocate additional fuel for the purpose of this harvest. I have asked the staff to give you a copy of the response from one of these companies, which is typical of all; they all wanted to help. They all said that they would make available during these harvest months additional allocations of fuel to make certain that the harvest could be completed.

The question that I wish to put, Mr. Chairman, is one of the most important ones. It was faced by the Eisenhower Administration; it was faced by the Truman Administration. It directly affects not only the price of gas, but also the development of our reserves. My question is about the deregulation of natural gas, allowing it to seek its own price level. Oklahoma, for example, is a State in which we are discriminated against. The average price allowed by the Federal Power Commission for natural gas in Oklahoma is 15.5 cents. You can compare that with each of your own States now. In Michigan, I think it is 37; in California, 35. We feel that if the Federal Power Commission would take all regulations off of natural gas and allow it to seek its own price level, the amount of money that could be generated for the development of the reserves would make it possible to meet the natural gas problem within the next few years. I would like to direct this question both to Mr. Ikard and to Mr. Freeman as to what they think the potential in this Congress is for passing a bill to deregulate natural gas; and whether President Nixon would sign it or veto it.

CHAIRMAN MANDEL: Mr. Ikard.

MR. IKARD: Well, Governor, having been a member of Congress, if I learned one thing it is not to predict what they are going to do in any given time span. I do think that the problem you raise is a very real one. Natural gas is probably the most attractive energy source we have. It burns clean, it is

environmentally perfect, and under the present price structure it is the cheapest form of energy we have. So we have artificially accelerated a demand for the most desirable energy source to the point that we have pushed our reserves to a dangerously low level. The Federal Power Commission has recognized that in their recent rulings, of which I am sure you are aware, and the President recognized it in his message. The several Congressional committees have announced that they will shortly be having hearings on this question. I can only assume that a problem like this will receive attention and that the Congress will act on it at some point. Not this year, I would say, but I think during this Congress, which is through next year. I can only assume, from what the President said in his message, that he would sign a bill.

CHAIRMAN MANDEL: Mr. Freeman.

MR. FREEMAN: I have a somewhat different perspective on the question of deregulating natural gas prices, and perhaps it is because I worked at the Federal Power Commission in the early '60s. But it seems to me that it is a bit much to expect that at a time when the government is trying to control inflation across the board, we are going to carve out a hole in the ceiling for gas, especially at a time of great shortages. I understand the issues, and I have heard them debated on both sides, and I think one can argue that perhaps if there were no price controls then supply would be forthcoming more rapidly. But, in effect, prices have been decontrolled for the last three or four years. The Federal Power Commission has a procedure where they are not putting the ceiling on the price of natural gas. I think one of the easy answers that we have been reaching for is that somehow federal price controls have been inhibiting a massive flow of natural gas that otherwise would occur. I am not that optimistic that removing of FPC regulation would make that much difference.

I don't know that the case has been made that there is competition sufficiently strong among gas producers with respect to price to warrant decontrol. It seems to me that in a time when we are controlling the price charged by industries that are clearly in the competitive area, the chances and the case for decontrolling natural gas is rather weak. My own feeling is that the solution to the energy problem lies in other directions. Don't forget that it is the environmental concern over offshore drilling that has been inhibiting the drilling for oil and gas, and that no matter how high the price of gas we wouldn't be likely to be increasing that. There has been no dearth of bidding in the offshore area when leases have been offered. I think that I am willing to be persuaded but I have yet to hear the case for instant decontrol that is persuasive in a time of growing inflation in the country.

GOVERNOR HALL: Let me respond briefly to that. A year ago, as a member of the Interstate Oil Compact, I personally sought an audience before the Federal Power Commission and was turned down. Since that time we have entered, in many cases, on the legal side of the question. But the problem is that artificial barriers allow the consumers in certain areas to receive a lower price;

and that, in effect, is going to have the ultimate effect of not developing the resources. For example, we are now drilling in the State of Oklahoma at 25,000 and 26,000 feet. A well of that depth will not repay itself under the allowable price that the Federal Power Commission has set. Now, when a Governor of a sovereign State asks for an audience before a regulatory commission of the federal government and is not even given the courtesy of a letter from the chairman, then I think something is wrong.

MR. FREEMAN: I agree.

CHAIRMAN MANDEL: Governor O'Callaghan.

GOVERNOR O'CALLAGHAN: Several good ideas have been put forth this morning by Mr. Ikard and Mr. Freeman and the Governors, such as not using distillates for producing electricity because of the low conversion factor. But Mr. Freeman did have one part of his talk that disturbed me, and I am sure that it probably disturbed some other Governors. As you know, some members of Congress, some members of the Administration, and some members of the press are talking about raising the gasoline tax to encourage people to burn less gasoline. I notice that the Governors' Committee wisely avoided this pitfall. Mr. Freeman says it would be excellent if such an earmark tax could be used to promote energy research and the building and maintaining of public transportation, and so on. For us to go back into this pitfall, Mr. Freeman, would be deadly. We aren't getting the money back now that we are putting into a so-called trust fund to build roads, and to give the national government some more money to impound would be foolish.

MR. FREEMAN: I am not for impoundment, and, if there is any question about how the money would be used, then the tax goes into a completely different category. But I don't think it is beyond the power of the Congress to see to it that money is spent for the purposes for which it is intended, and I haven't given up on the Congress of the United States.

GOVERNOR O'CALLAGHAN: I haven't given up on it yet either, but I have some serious doubts because the money has not been forthcoming.

MR. FREEMAN: Perhaps if such a proposition were proposed by the executive branch there might be some feeling that they would carry it out.

GOVERNOR O'CALLAGHAN: But the original trust fund was proposed by the executive branch.

MR. FREEMAN: I am certainly not going to try to defend the executive branch.

CHAIRMAN MANDEL: Governor Curtis.

GOVERNOR KENNETH M. CURTIS: Yesterday morning we spent a great deal of time talking about the credibility of Governors and politicians and the credibility of the news media. I just wonder a little bit about the credibility of the oil industry, based on past performance. It seems incredible to me that the oil industry couldn't see four and five years ago that this shortage was coming. Four or five years ago they were fighting hard to retain the oil import program

which has proved not to work, which has proved that it has cost the consumers of this Nation over \$40 to \$50 billion. In 1969, the New England Governors got together in an attempt to build a 300,000-barrel-a-day refinery in the State of Maine, to try to solve the problem that we could see coming. We had the oil industry and the federal government descend upon us like we were attacking something sacred, and we were not given an opportunity to build such a refinery.

So I would like to ask Mr. Ikard and Mr. Freeman to comment first on that point, as to where has the oil industry been, are they telling us the truth today? Secondly, Mr. Ikard speaks of the need for realistic price controls. Representing a consuming State, I'd like to know how high in cents or dollars the industry views a realistic price for a gallon of gasoline. I think these are some very valid questions, particularly when we look at the profit statements of the major oil industries, for the consumers to ask. Why are they being told that we are going to have gasoline at 80 or 90 cents a gallon? I would like to know how much the oil industry feels is a realistic price.

CHAIRMAN MANDEL: Mr. Ikard.

MR. IKARD: In the first place, Governor, I think your question about credibility is a valid one. Let me assure you that we recognize very well that we do not have the kind of credibility we would like to have. Now as to why we didn't foresee it, if I might say, sir, we foresaw it but people weren't listening to us. In my own case, through the years, in testimony before Congressional committees and other groups, I have indicated that we felt the supply situation was one that deserved the attention of the federal government. Frankly, during the last three or four Administrations, that has not been the case. So while I would not argue with you about our credibility, if you will examine the record, you will see that we have talked about this subject through the years. This is something that is frustrating, as you must understand, when we talk about these things and people say to you, why haven't you told us about it, when we feel that we have been talking about it for a long time.

About the refinery in Maine, the organization I am with had no position on it. However, as you indicated, the industry did oppose it. I think you will find that the opposition was not so much to a refinery as it was to the fact that that particular project amounted to what some people thought was a windfall to a particular organization. If it had been opened, opened to building refineries, I think the opposition would have been nil. But it was the fact that it was a particular kind of a project that others would not have been able to participate in that caused the opposition.

Now to the price of gasoline. In my speech, when I said a realistic price control program, I was speaking of the fact that the twenty-odd largest marketers in this country are presently under price control, while the other marketers in the country are not. Now, we may shortly reach the point where we will see the so-called small markets raising the prices that the so-called majors

or larger marketers cannot raise. I was simply trying to say that I thought any kind of price controls should be realistic and should apply across-the-board to all marketers, rather than to a particular group.

It is impossible for me to tell you what the industry thinks is the proper price of gasoline. In the first place, if I did, I am sure that I would be served with a subpoena before I left this room for an antitrust violation. But I will tell you that, in my judgment, any suggestion that gasoline is going to sell for 80 or 90 cents or \$1 is absolutely unrealistic. I don't think that is going to happen. I have no way to know what the price will be, but I think that's an exaggeration. I don't think that gasoline prices will in any way reach the level that you indicated. Let me hurriedly say by way of qualification that that is my personal opinion and I do not speak for the industry for obvious reasons.

CHAIRMAN MANDEL: Mr. Freeman.

MR. FREEMAN: I don't think it is up to me to speak about the credibility or the veracity of the oil industry. I do think that Governor Curtis' question raises a rather fundamental issue and one that I alluded to in my talk—who is responsible for fuel supply in this country? We have laws, I think, in each State where a utility is responsible to keep the lights on. They have a franchised area and they are a public utility. But when we get to basic fuel supply, we have operated under a competitive system in this country up to now that has served us reasonably well. I think that when we have a situation where the fuel producers rightfully say that from their point of view the incentives are not sufficient to drill, what they are really saying is that we produce fuel only if it is economically feasible to us, and we are the judge as to what is economically feasible. I think that is perfectly legal under the present circumstances, and as far as I know there is no collusion. But I think it leaves the country out in the cold if we are going to be facing year in and year out shortages. What I think the situation raises is really a rather fundamental question. After all is said and done, Who is really responsible for getting the gasoline to the gas tank?

CHAIRMAN MANDEL: Mr. Ikard.

MR. IKARD: I am afraid that I must differ with my good friend, Dave Freeman, here about the fact that the oil industry has been free to develop the supplies, and that we have elected to do that only when it was economically feasible. I think this is fiction. In the first place, there has been no offering of the offshore lands for development. The industry has been ready, willing, and anxious to develop. As I am sure the Governor of Alaska will agree, it has been a very frustrating thing to get the resources out of Alaska to the lower 48 States. The industry has done everything they could do to accomplish that, by way of research and development from an environmental standpoint. If we are looking for someone to blame, there is plenty of blame to go around. I certainly think the industry must assume a substantial share of it. We are not blameless, I am not suggesting that, but to indicate that this has been solely our responsibility, I think is somewhat unfair.

MR. FREEMAN: I certainly didn't mean to do that. The federal government is right up in there with you.

CHAIRMAN MANDEL: Governor Carter.

GOVERNOR CARTER: Mr. Chairman, all of us realize that for the last 15 years or more the geologists, the environmentalists, governmental agencies, power companies and oil suppliers, and many others have recognized the approaching fuel crisis. It has now gotten to the point where the consumers can see that the crisis is on us. I think this is an indictment upon us all that we still have, to be perfectly frank, a slapstick approach to how to deal with a crisis that touches each life in such a vivid way. A year or so ago I was the Chairman of the Natural Resources Committee of this body and tried as best I could to discern at the federal level with whom I should deal as a representative of the Governors on matters involving energy. This past fall, as a matter of fact, to inject a personal experience to illustrate a point, I sought unsuccessfully to get an audience with Mr. Ehrlichman or Mr. Haldeman or someone who could speak for the Administration on the energy problem. I finally got an appointment with Mr. Kenneth Cole, who, I was told, would be the proper one. When I arrived in Washington he was not available and I talked to a fine young man, Jim Falk. I asked him who was the person or persons responsible for defining the Administration's policy toward the energy crisis. He told me, with a great deal of pride, I might say, that they had just established a top-level, tri-member body to enunciate the Administration's policy. The chairman of it was Mr. Ehrlichman, and the other two members were Mr. Shultz and Mr. Kissinger. As is obvious to us all, Mr. Kissinger has his hands full dealing with negotiations with the Vietnamese, with the recent meetings with Mr. Pompidou and others; Mr. Shultz is struggling mightily with the inflation problem and with the devaluation of the dollar and so forth; and I think Mr. Ehrlichman has now left government service.

Yesterday we had a meeting of the Natural Resources Committee, of which I am still a member, and there was a spokesman there for the Administration, whom we interrogated some few minutes. He said that the responsibility for the energy problem in Washington was divided among at least 60 different federal agencies. I asked him who had taken Mr. Ehrlichman's place as chairman since he has been gone for a number of weeks. He said that this decision had been made, but it was still secret and it was not going to be divulged until later this month. The reason for the inquiry by Chairman Hathaway and others was to discern a person in the national Administration who could speak with some degree of authority on who could be the concentration point for the collection of data and the divulging of the policies of the federal government. We have no national energy policy, and I believe that this is a devastating indictment on the management of our Administration because this has developed into a crisis stage without adequate preparation on the part of consumers or the producers of the varying degrees of fuel, kinds of fuel.

There have been many fine suggestions made this morning. Governor Shapp

suggested, for instance, that there be a massive effort made similar to the NASA project, to coordinate research and development which, as you know, in the field of energy in recent years has been devoted primarily to atomic power reactors. This has not yet been done. The President's speech on energy, which was delayed several months, was nonsubstantive in nature and did not mount a massive attack on a crisis that is becoming more and more obvious to us all each year. There is a parallel problem within our National Governors' Conference. I proposed to the Executive Committee Sunday afternoon that, because of the acute nature of the energy crisis and because I as one of the 50 Governors could not discern which of the several Committees of this body are specifically responsible for energy, that a special Energy Committee be developed for one year at least, and that it have exclusive responsibility for the collection of information among the Governors and for being the spokesmen for the Governors as a group. I have to say that my own motion did pass the Executive Committee but, at the same time, the Natural Resources Committee, of which I am also a member, has voted that it be given exclusive right or authority or responsibility for the energy crisis.

Governor Sargent, who sits on my left, is the Chairman of the Transportation, Commerce and Technology Committee. He feels that this Committee, because of its nature, ought to be responsible for the energy problem. So in a way we Governors are to the same degree culpable as the national Administration in not concentrating our efforts on this situation. I hope that this Conference, before we adjourn, can set up a special Energy Committee, the members of which can be appointed by the new Chairman, with membership divided between producing and consuming States, so that every Governor will know that the Chairman of that Committee is the one through whom he should orient his efforts to speak for the Governors as a group. I have no quarrel inherently with any one of the Standing Committees. As the Chairman of the Natural Resources Committee for a year, I know that my trips to Congress to testify were divided among things such as strip-mining, air pollution, water pollution, land use planning, and solid waste disposal. The Natural Resources Committee has a broad gamut of responsibilities. I think we ought to concentrate on this effort. To come down to a question, I'd like to ask Mr. Freeman if he can tell us what is being done now at the national level to assure that we have a single policy developed which will be obvious to us all and will put us on the same basis as many other countries much more lacking in fuel supplies than we, who have a predictable supply and consumption projection for future years and who don't look on the fuel situation as a crisis.

CHAIRMAN MANDEL: Mr. Freeman.

MR. FREEMAN: Governor Carter, I'm not privy to the Administration's secrets, and I don't know what they are planning. I have some personal views as to what needs to be done, and I think I alluded to them in my talk, and other Governors have mentioned them. Obviously one of the first steps is to get

someone in charge at the national level, and to get an agency together, a NASA-type agency, with the exclusive responsibility of developing energy resources, new sources of energy, and perfecting the existing sources. So I think that an energy research and development agency with a strong man in charge of it is one of the first steps. Perhaps the Energy Policy Council which the Senate passed a week ago would provide a vehicle where you would have people working full time, six or seven days a week, on the job, and who would be accountable to the Congress. I think that, with the passage of the Energy Policy Council, you would have a visible, focal point in the executive branch. With the establishment of an energy research and development agency, where you would take the nuclear power and all the scattered fragments of work in the Interior Department and the Science Foundation and everywhere else, you would get a critical mass of talent and initiative and dedication and get some timetables. I think the most urgent thing is to decide that we have to clean up coal by 1978 and put whatever effort into it to get the job done. That's the way we accomplished the moon shot. Twenty-five percent increases in very small budgets don't impress me one bit.

CHAIRMAN MANDEL: Mr. Ikard, would you like to respond?

MR. IKARD: Yes. I agree completely with the fact that the whole energy management situation is so fragmented at the federal level that it is difficult to understand it. Certainly you are led into a maze of offices that is incredible sometimes. I do know that the Administration has suggested a cabinet-level post of energy and natural resources which would centralize most of these activities in that body. The other proposals that have been made are those, as Mr. Freeman indicated, for an energy council. The important thing is to get one of them done, because, until we do, we won't have any central direction.

Now, in effect, I strongly endorse a massive research program, but my experience dictates that we should have a sense of caution. The creation of a so-called independent agency and giving it a blank check will not allow us to walk away and say we have solved the problem. It is very easy on occasion to make the analogy with the moon shot. If we have gasification of coal and the ability to distribute it in this country in 10 years, we will be very fortunate. We may have the process in '78 but we will not have the facility to distribute the product around the country in less than 10 years. I think it is best to keep these time frames in mind. There was much said this morning about the way of American life and how we have to change it, and I think one of the ways we are going to have to change is that we can't at the federal level throw \$3 or \$4 billion at a problem and get instant solutions.

CHAIRMAN MANDEL: Governor Andrus.

GOVERNOR CECIL D. ANDRUS: Mr. Chairman, first a question to Mr. Freeman, if I may, and then very briefly a response depending upon his answer. Mr. Freeman, can you tell those of us here on the Committee how much money is expended by, let's say, the energy companies in advertising; such as

"electricity is cleaner" and "natural gas is faster?" How much money has been expended in the past year in advertising?

MR. FREEMAN: I don't have those figures. I do have the feeling that the industries are tapering off very drastically in those advertisements, but they can't stop the appliance manufacturers from continuing to advertise. So the promotional advertisement appears to continue, although I think the utilities are about to stop.

GOVERNOR ANDRUS: The reason for my question, as Governors have mentioned before, is the pitfalls that may exist. In the energy crisis statement that Governor Hathaway mentioned earlier, there were suggestions that state utility commissions should amend their regulations to encourage increased utility industry expenditures for research and development. That is fancy language that could be construed to mean grant them a rate increase. The only thing I submit to my fellow Governors here is that our public utilities commissions have in the past approved expenditures, construed as the cost of doing business, for the advertising of using more energy. I caution you to be very careful when you grant an increase for exploration and research and development without taking into consideration an equal reduction in the amount that perhaps in the past has gone to promotional aspects. Otherwise, the consumer is going to be paying for both sides of the problem, I think unfairly. In my State the advertising still appears on television every day about using more electrical energy in home heating and so forth. Then they have a rate increase before our public utilities commission for moneys that would be used for research, development and exploration, and the same consumer is paying both bills, which seems just a little bit ridiculous. So I caution you, when you look at your energy statement, that your public utility commissions are cautioned adequately against duplication.

CHAIRMAN MANDEL: Governor Williams.

GOVERNOR WILLIAMS: About 40 years ago, Harry Leon Wilson wrote a book called "The Wrong Twin." The essence of it is there is a catch to everything. To make my point, in reading some of the suggestions for conservation, I find one that we don't buy frozen food any more. That busts up the frozen food business. Another is that the TV be turned off from 5 to 7. Some would applaud that. Cut refrigeration in your homes 10 percent below the outside temperature. That means in Phoenix in the summer you go from 116 to 106. Cutting out all outdoor light, which means you will have the darkest nights and the clearest stars you have ever seen. You have to look at the trade-offs. As I listened to this discussion, there is a classic clash between two systems, the free market and the socialist system. We have screwed up our energy because we have been trying to put government controls on it, and maybe the free market and the marketplace won't work any more.

But I can see so clearly as we discuss this, we are going one way or the other, and my hope and belief is that the marketplace and the private suppliers

of fuel and energy can do everything possible to bring near-term supplies to the maximum. I am told, for instance, the public utilities are doing all they can to produce power because they are concerned about the prospect of additional government regulation and control if they fail. The major oil companies, with their rationing advertising and public statements, appear to be taking action to alleviate the problems caused by the shortage. The energy problem needs to be reconciled with other related problems. I think this Nation is going to have to determine what its priorities are. We must have sufficient fuel and energy to meet our growing needs, and we must have a clean, healthy, esthetic environment. However, we have probably killed more people in one year on the highways than we have killed since the beginning of this Nation through environmental dangers.

I think we can have both. I think we can have a good, clean atmosphere. We have recently developed an environmental and economic model in our State by means of computers. In your modern methods you put all of the various factors in and you come up with an answer from which to make decisions. Today and in the near future I feel our obligation is to keep the Nation moving. For some very complicated reasons, this movement seems to be in jeopardy. This has been a rich and rewarding and very brilliant discussion today, and I compliment Mr. Freeman, with whom I do not agree completely, but he certainly laid it on the line. Sometimes I think in environmental matters, for political reasons, we are afraid to point out, and I think that Governor Wallace mentioned it very well, that we have done magnificent things in this Nation. We can still do great things. But we have to be careful to watch our priorities, and remember there is a catch in everything.

**CHAIRMAN MANDEL:** Gentlemen, this topic is so important to all of the Governors that we have gone far beyond the time that we have allocated for it. We still have two more topics to take up, so I think, if we take just about five more questions, this will be about the limit. Governor Reagan had asked earlier to be recognized. I have Governor Reagan, Governor Love, Governor Lucey, Governor Dunn, and Governor King. Then I think we are going to have to cut it off at that point. Governor Reagan.

**GOVERNOR RONALD REAGAN:** Mr. Chairman, I know that we always talk a great deal about using a tax to prevent someone from doing something, and I agree with Governor O'Callaghan's earlier comment. I am much concerned lest we turn automatically to this idea that by taxation we can take people off the roads and we can bring about a conservation. I wonder sometimes if we have the courage in the political world to face the idea of using taxation as an incentive to get someone to do something instead of not to do something. Right now there is a whipping boy that has been around for several years. We have mineral depletion allowances. It is my understanding they cover everything down to sand and gravel. But the only one we ever hear about is the oil depletion allowance, and that is now consistently called and accepted as a loophole, somehow something that should be closed and eliminated.

I don't know whether it is working effectively or whether it has become a loophole for some individuals. But we must have the political courage, in these positions we hold, to face up to the problem and suggest that perhaps the answer is to find a way to use it, and if it is not working properly now, to make it work properly based on the incentive of actually achieving an accomplishment; to encourage the oil industry, as it once was encouraged, to go out now for more exploration and more opening of these supplies of gas and oil. I don't see how this can be construed as in some way throwing a windfall to someone else. If it is necessary to find a way, as I say, to tie it to actual effort and accomplishment, perhaps this is the way we should go with less talk on using the tax as a penalty.

CHAIRMAN MANDEL: Governor Love.

GOVERNOR LOVE: Mr. Chairman, what I have to say will be very brief and perhaps a little bit repetitive. I hope not. In looking at this situation and in discussing it earlier, whether crisis is the right word to name it, I would suggest that most of us agree that there is a current crisis. I would suggest that perhaps the greatest crisis this society has ever faced will be facing us in the future. I say that because, if you think through what would happen if we must allocate energy, I know of no way it can be done other than by an all-powerful government which would intrude its decisions into everybody's private lives.

I agree that we must be talking for the short term on conservation but, if we give up and say that we cannot try the kind of innovation, technology, that we have heretofore brought to problems, then I think we really stand the chance of a complete change, not only in our convenience, perhaps lifestyle, but in our whole system of governmental organization. I think what I have to stress is that the thrust of our approach must be affirmative, positive, optimistic; to look for the kind of solution which would not make necessary what I think is an unacceptable kind of result.

CHAIRMAN MANDEL: Thank you, Governor. Governor Lucey.

GOVERNOR PATRICK J. LUCEY: I have a short request of Mr. Freeman, since we will be discussing and voting on this national energy policy statement developed by Governor Hathaway and his Committee tomorrow and presumably Mr. Freeman will not be with us. I would like the Governors to have the benefit of his comments on the question of whether or not we should, in fact, build the trans-Alaska crude oil pipeline or whether we should consider some other alternative to getting oil from the North Slope to the continental United States.

CHAIRMAN MANDEL: Mr. Freeman.

MR. FREEMAN: My views on that issue, which are personal, are on the public record. I happen to think that our government committed a major blunder three or four years ago when this issue first came up by not sitting down with the Canadian government and working out whatever negotiations were needed to facilitate an energy corridor to link Alaska with the United States. It is not just the oil, it is also the gas. It seems to me that the transportation route across Canada for oil offers the United States the greatest advantage of providing

an energy highway to open the oil resource, not only of Alaska, but of northern Canada, especially since the major deficit area for fuel is in the Midwest and not the West Coast, and the major environmental problems are going across the earthquake zone in Alaska and the tanker run between Alaska and the West Coast. So I have felt for some time that we missed the boat; we missed a wonderful opportunity to develop not only a policy for the United States, but to work out better relations with the Canadian government. Now the situation has deteriorated. I am not in government and I don't know for sure what can be worked out with the Canadian government, but from an environmental and an energy point of view, the Canadian route is patently superior, in my view. But we certainly need to develop the oil and gas resources in Alaska.

CHAIRMAN MANDEL: Governor Dunn.

GOVERNOR DUNN: Mr. Chairman, I just wanted to make one inquiry. There has been some comment about culpability here today; we have had a good interchange, but I think we need to put our emphasis on capability. I think you have a good policy statement here, Governor Hathaway, but I think there are reservations in my own mind about it. Will we have the opportunity tomorrow?

CHAIRMAN MANDEL: That will be discussed tomorrow. That is why I don't want to get into the ramifications of that policy statement. It will be before the Conference tomorrow. Governor King.

GOVERNOR BRUCE KING: Mr. Chairman, as Chairman of the Interstate Oil Compact Commission which has some 30 States as members, we would like to take this opportunity to invite each of you to attend the summer conference in Governor Hall's fine State, at Tulsa, Oklahoma, beginning Sunday, June 10, through June 13. We will continue to discuss these same subjects. I also would like to personally invite Mr. Ikard and Mr. Freeman to be present. The gentleman from Alaska is very anxious to make a statement, something in rebuttal, I think.

CHAIRMAN MANDEL: We will give you a few brief moments, Governor Egan, to make a statement. Then we have to go on with the other subject.

GOVERNOR EGAN: This really isn't what I was going to say, Mr. Chairman, but in the light of the statements made by Mr. Freeman, and I certainly enjoyed his presentation, I would like very much to have Mr. Freeman review the expert analyses by people that we have in Alaska. We have made them available throughout the Nation with respect to the problems in the North, by people who are experts on the North, both on the Alaskan side and the Canadian side. For many years the United States government, as well as industry and representatives of Alaska, have been in contact with people in the Canadian government. The Canadians have indicated no interest in that kind of a line. It goes through a 1,200-mile environmentally difficult area; contrary to the Alaskan area, much more difficult environmentally. The cost of such a project and the delays involved would take us to the 1980s before such a pipeline could be completed, if studies and design and engineering were begun now.

I would like to point out, too, that I am not in bad with the oil companies. I think Mr. Ikard would be the first who could say that that is a correct statement. I am presently involved, as Governor of Alaska, in litigation with many of the major oil companies, litigation as a result of legislation that I pushed through our Legislature a couple of years ago, for the environment and the financial well-being of the people of Alaska in the years to come. But I will say that the industry has done nothing other than look at the Alaska route. I will point to the Manhattan Project, where they had hoped to haul large volumes of oil safely above the Arctic Circle by ship. They did look at this route. They found in the beginning that it was an almost impossible route, the Canadian route going to Edmonton, and that if there were to be such a route it would take years of technological improvement. I do take vigorous exception to Mr. Freeman's statements. I don't know if he has ever been in that area, in the northern Canadian area, for any length of time, or in the Alaskan area. I would invite him to come and visit and be my personal guest in Alaska, on his own, this summer. Go into the areas and then come in and make a report. There is really only one way to move the Alaskan oil swiftly and safely to market, and that is through the trans-Alaska pipeline to Valdez and on down to a tanker route that will be monitored such as no other route has ever been monitored in the history of this Nation.

**CHAIRMAN MANDEL:** Thank you very much, Governor. If I keep recognizing Governors, these panelists are going to be invited all over the country. I would like at this time to conclude this part of the session and thank both of our panelists for having participated. I think they did a great job; I think it has been most enlightening, and I think we owe them a debt of gratitude for being here.

At this time we are going to go on through the rest of the program, but I would like at this point to ask any of the Governors who have an individual resolution to propose to the Governors' Conference, under the rules, to make an announcement so that there will be no problem of parliamentary procedure. Governor Bumpers.

**GOVERNOR BUMPERS:** Mr. Chairman, I would like to give notice that in tomorrow's Plenary Session I will move for a suspension of the Articles of Organization to consider two resolutions entitled, respectively, "Resolution on the National Economy," and "Resolution on Federal Revenue Sharing," copies of which I believe are before all of the Governors, and if they are not they will be very shortly.

**CHAIRMAN MANDEL:** The Governor of Guam.

**GOVERNOR CARLOS G. CAMACHO:** Mr. Chairman, likewise I am placing notice that I will be asking tomorrow for the suspension of the rules to place a resolution also.

**CHAIRMAN MANDEL:** Governor Hall.

**GOVERNOR HALL:** Mr. Chairman, I will be asking for a suspension of the

rules on the "Bicentennial Commission Resolution" that was approved unanimously by the Executive Committee.

CHAIRMAN MANDEL: Governor Waller.

GOVERNOR WALLER: I will have a brief resolution on the energy crisis.

CHAIRMAN MANDEL: Any others? Governor Noel.

GOVERNOR NOEL: Mr. Chairman, I'd like to give notice that I'll be asking for suspension of the rules to introduce a brief resolution concerning the economic impact of military base closures on the several States of this country.

CHAIRMAN MANDEL: Are there any other Governors that wish to serve notice now of introduction of resolutions? Now is the last opportunity, gentlemen. If there are no further announcements, I'd like to proceed with the program. As you all see from your schedule, the next topic for discussion is "Education Finance: Challenge to the States." We are very fortunate to have with us this morning the distinguished attorney who has been involved in following the process of educational financing for a long time. Of course I refer to John E. Coons who is a Professor of Law at the University of California at Berkeley. He has over the years published articles on school finance and its problems for the States, and I'd like to ask Mr. Coons if he'd now step forward and give a presentation to the Governors on the challenge in school financing. Mr. Coons.

MR. JOHN E. COONS: Thank you very much, Governor. It is a great pleasure, and a great surprise for me to be here. As some of you may have noticed from the newspapers we did lose *Rodriguez*, and that you should invite me to come and talk about school finance, even after that event, is a surprise as well as a pleasure. Gentlemen, I will try to outline for you what I regard as the basic problems in school finance from the point of view of the States. I trust that some of you will be interested in hearing something about the legal situation as it now stands. You know that *Rodriguez* is over with. The Supreme Court has spoken, and I suppose that for another 10 or 12 years, depending upon events over which none of us have any control, the Supreme Court is not likely to change. I think, however, that the majority opinion in *Rodriguez v. The San Antonio Independent School District* bears close examination from the point of view of the State Supreme Courts and from the point of view of you gentlemen who now have the primary responsibility.

Mr. Justice Powell did not say that education is not important; he didn't say that the systems, over which you preside, are just and sensible systems. He said, indeed, that they are chaotic. His colleagues said they are both chaotic and unjust in 49 of our States. He also pointed out that the Fourteenth Amendment and the federal Constitution do not mention education. You, however, upon examining your constitutions will find that all of them make some reference to education, most of them in glowing terms, most of them in the kinds of terms that I suspect if Mr. Justice Powell were on your Supreme Court would cause him to think that education was indeed fundamental. Some of you have already,

I think, experienced attention to these problems from your own supreme courts. Governor Cahill is not here but his supreme court on April 3 in a unanimous decision decided that education in New Jersey is very special and, furthermore, that the historic New Jersey system for financing education is unconstitutional. The court has not yet given us a clear picture of what is going to happen, it has not decided precisely by what standards the system should be judged, but it is clear that the system is going to be given close scrutiny by the New Jersey court. In Michigan there is expected momentarily a decision of a similar issue. Whether it will resolve the issue one way or the other in the New Jersey sense, of course, is unpredictable. The State of Wyoming shortly after the *Serrano* decision gave evidence that its supreme court is also interested in the problem. Arizona is another, and the State of Washington in two weeks will hear arguments before its supreme court on the question of whether the Washington constitution forbids the kind of system which is now employed there.

Of course, the mother of these cases, *Serrano v. Priest*, is still lumbering along in the courts of California. Some of you may be aware that it was originally decided on demurrer which means that it was decided hypothetically by the California Supreme Court and sent back for resolution of the facts by the trial court. That trial has now concluded, the case will go to judgment probably in October or November. A year from now we will know whether the largest State in the Union has adopted what has come to be called physical neutrality, that is, the notion that a child's public education ought not to be the result of whether he lives next door to an oil well. It is my personal prediction that the California Supreme Court will follow its original decision in *Serrano*, will announce that the California constitution, if not the federal Constitution, requires physical neutrality. What does all this mean in terms of the underlying values which have moved some judges and not others? Well, I can tell you at least what the plaintiffs in *Serrano* had in mind, and they are centrally two things. One is fundamental justice for children and taxpayers, especially children. You are all familiar with the current marriage between the wealth of your school districts and the kind of spending which is available for children. We clearly do not have an antitrust problem in education. There has been no price fixing that I have noticed. Spending in California has ranged from \$500 up to perhaps \$3,500 at the extremes. California perhaps has been more polarized than other States, but the pattern has been very clear. The pattern is one of high spending, on the one hand, with low taxes and low spending with high taxes. That, it has seemed to the plaintiffs and to some of the judges, is fundamental unfairness, both in violation of education and in taxpayer equity.

But the second point, it seems to me, is just as important, and is one which has been badly misunderstood by the press; I trust not here, but it bears reiteration, and that is that *Serrano* stands for an increase in local control. It is not a homogenizing, it is not a uniformity kind of principle. There is nothing in these cases which suggests that there be uniform spending around the State from

district to district. Indeed, quite the opposite. And if you look at your districts now, in whatever State you come from, with the possible exception of Hawaii and maybe Utah, how much local control can we talk about? It is local control only for those who enjoy the incidental neighborhood wealth, either commercial and industrial or high residential value per pupil. *Serrano* speaks to these kinds of problems, then, with the simple formula that spending per child ought not to be a function of wealth. But that kind of formula, which is merely physical neutrality, permits any kind of deviation which has any relevance to education in the spending per child. In terms of local control, you can see that it means two crucial opportunities for you. On the one hand, if you choose and if your legislators choose, you can adopt, of course, a centralized, full state assumption model, and within that model you can have all the variations you want in terms of spending. You can give more for gifted, more for disadvantaged, more for urban problems, and so forth.

You can, if you wish, increase local control by giving it to the districts without any strings whatsoever, or as limited a string as you choose to put on. But if you choose, even under this kind of a model of constitutional law, you may adopt a district power option in which all of the school districts can decide how much they are going to spend. They can indeed have control of their budgets. Some of you may be familiar with systems known as district power equalizing. The fundamental apparatus is this, that above a state-provided minimum adequate for all children, the districts may be given the choice as to whether they want to add on, just as they are now, except that no longer would the incident of district wealth determine how much that add-on will be. No longer will rich district "X" be able to add on \$1,000 with a half a percent of local property tax, while poor district "Y" can add on \$100 with another 2 or 3 percent. As a hypothetical, you might consider a \$600 or \$700 state base, with the option for the districts to add on at the rate of \$25 per child with another mill, that is, one-tenth of 1 percent on the local rate. Thus all districts with a taxable value of \$25,000 per pupil, by adding a mill would raise \$25; but if you were poorer than that, you would be subsidized the difference; if you were richer, the excess would be recaptured. The outcome would be that all districts taxing at any given level would spend the same amount, but the level of that spending would be up to the district, either to the voters or the board as the structure of the system dictated. The recapture problem is a politically difficult one, but it can be soluble, in my judgment, in a number of different ways.

First of all, I think some of you may have been familiar with redistricting. It used to be that we did it for redistricting the franchise. It is no more difficult to redistrict wealth, property wealth, by redrawing boundary lines than it is to redistrict the franchise. Maybe that's a poor analogy, but in any event that option is available. Your districts have been going through it no doubt over the last half century in terms of consolidation. In addition, however, if you split the tax between industrial and commercial property, on the one hand, and

residential property, on the other, and taxed industrial and commercial statewide, you would have squeezed the spectrum of district wealth to a point where in most States district power equalizing would operate without any significant recapture. Kansas has adopted a system already without such filigree in which I believe the State has equalized up to perhaps the 90th percentile without going beyond and leaving the last 10 percent without recapture. Now, if the States go on in this way to adopt a kind of physically neutral system, it should not be supposed that the other kinds of paraphernalia that you would wish to incorporate are not available. For example, in California if we were to decide that we wanted to take into account special urban needs, there is nothing in any of these formulas which prevents you and the Legislature from adding on, both for municipal overburden as well as for the special kind of educational burdens, that is, disadvantaged children and the other attendant kinds of urban educational needs.

The federal role in this, of course, is yet to be defined. I trust we can talk about that at least briefly here. I would say that for my part it would be distressing to think that any federal role would usurp what strikes me as fundamentally both a state prerogative and a state responsibility. But there are many ways in which the federal government can employ its vast resources which do not involve this kind of usurpation. It is possible, for example, that the federal government could begin in some small way to equalize the power of the States to spend. That is, to reward States that make significant effort against their own wealth in precisely the way that a district power equalizing system would reward districts for making effort against their wealth. The principle ultimately is very simple. It is the principle that more effort generates greater spending, that they who try the hardest ought to be able to spend the most. Some have compared it to the protestant ethic. In any event, it seems to me a fair idea. The other parts of the federal role, as complex as they are, I won't take much time with except to say that I think first and foremost the federal role ought to be an experimentation. There is an enormous opportunity for Congress, for the National Institute of Education, and for other federal bureaus to fill up the gaps in knowledge concerning the efficacy of money or the kinds of programs which children need. It is going to be hard to get the dollars right to the children. We have discovered how difficult in the administration of Title I it is to be sure that the money really gets to the child. We can do it by segregating children, that is by setting aside the disadvantaged and treating them separately, but that again involves a policy dilemma.

I would urge two kinds of things. I would urge, first, that the structure of public education be reexamined so that money for disadvantaged children will be spent in ways which are additional to the daily instruction of other children. I think that both social and economic integration can be achieved at the same time that these extra dollars can be channeled to the kids that need them most. But I would also urge you to consider the following. Even if you take care of the

problems of fairness in the distribution of our educational resources, as *Serrano* would, and even if you continue to supply decentralized government to make the local decisions, you still have not given much regard to an important value, and that is choice: individual, human choice. Sometimes I think people tend to forget about these things. You and I are rich. We can choose private schools if we desire. But for the average man, and particularly for the poor man, there is no choice. His child goes to the school to which he is assigned. There he will be taught the public education, whether he wishes it or not. The ideology that you and I may prefer for our own children in public schools is not a matter of choice to him. I respect on behalf of the poor the same kind of independence that you and I take for granted. *Pierce v. The Society of Sisters* in 1926 said that you and I could enjoy it. It is possible that this kind of difference can be respected for the poor with the same kind of spending that is now devoted exclusively to the public part of our education. Of course I'm referring to vouchers; there are vouchers and there are vouchers, and I am not now extolling the virtues of segregated academies. I am asking you only to consider the possibility of giving to individual human beings money or its equivalent to make their own decisions about the kind of education that their children should have.

There is a kind of malice in this country about the efficacy of money and government. I think that's good in a way. Maybe we are rediscovering original sin in what has been happening to us in the last couple of years. I think I have heard some of it here this morning. On the other hand, although we have begun to lose some faith in what government can do by pushing people around and telling them the kinds of things that are good for them, we ought not to draw from this kind of disappointment over the years the message that government can't do anything good. One thing that government can do is to give persons opportunities to carry out their own life interests. It seems to me that the States and the federal government ought to be interested in trusting more in people to carry out their own self-interest, but providing them with the opportunity to do so. I know that that message may come as a veiled threat to some of the persons who administer our public education, but in closing I would simply say that, after all, they ought to be consoled with the notion that the system was not originally designed for them. Thank you.

CHAIRMAN MANDEL: Thank you very much, Mr. Coons. We have asked a number of Governors to participate, and I would like to call on Governor Wendell Anderson of Minnesota for a statement.

GOVERNOR ANDERSON: Two years ago in Minnesota we had the same problems that were described in the *Serrano* case and the *Rodriguez* case. We had school districts where real estate taxes were relatively very low, but the number of dollars they could raise and spend per pupil was very high. Of course we had other districts where real estate taxes were almost confiscatory and yet the number of dollars being raised per pupil was very low indeed. A year ago I made specific reference to a tax bill. We decided to try to shift dramatically

away from real estate taxes on to nonproperty state taxes. We raised some \$581 million of new monies at the state level from nonproperty tax sources. That was the painful part of it. We raised our state income tax and corporate taxes approximately 20 percent, we raised the tax on liquor 25 percent, we raised the tax on a pack of cigarettes a nickel and some other things that were also unpopular in terms of raising revenue. We were able, in terms of spending that money, to do some things that were, I think, very proper and well received.

We increased the maintenance support for local school districts from 43 percent to 70 percent. In 1970-71, the figure that the State used in terms of average number of dollars spent per pupil was \$404. We were able to raise that figure to \$788 in the current fiscal year. Our state appropriation for school aid has doubled in the last three years. We have increased it from \$650 million to \$1.3 billion. In a typical school district the taxes were 21 percent higher two years ago in order to raise and spend 39 percent fewer dollars per pupil. As a result of the shift onto state taxes, we were able to reduce the disparity there in terms of taxes by 60 percent. We have a plan now so that we are increasing the spending in the low expenditure districts to the state average, and that will be fully completed in the next six-year period. We have a very unique problem, I think as most of you do, in our core cities. Two years ago we tried and we were not successful, in my judgment, in terms of pumping enough additional funds into the core cities to recognize the expensive and unique problems that they had.

Just two weeks ago I signed our new tax bill and school aid formula bill, and you might be interested in this. If a school district has a concentration of AFDC families of 10 percent or more, each one of those AFDC children is counted an additional 85 percent for school aid purposes, so in a school district with that kind of concentration, an AFDC pupil unit is worth \$1,458 in terms of state support instead of the \$788 figure. That's an increase of \$670. There are some other measures that relate to this that I think are significant. Prior to 1971, real estate taxes in Minnesota had been going up an average of 15 percent each year. In fact, in 1969 it was 20 percent. In 1972, as a result of the shift, we were able to reduce real estate taxes in terms of statewide average by 11½ percent. We feel in the next two-year period that we are going to be able to maintain that gain. In addition, we were able to eliminate personal property taxes in Minnesota. Moreover, in the tax bill I signed just two weeks ago, we are freezing real estate taxes on senior citizens. If the senior citizen has a tax on his home of say \$500, the tax on that home will remain the same for as long as that senior citizen lives there. If the local school district wants to raise the tax on that home, they can do it, and let's say they raise it \$200. That \$200 would come from the State from nonproperty sources. In addition, we have a special tax relief program for senior citizens who earn \$6,000 or less, and that relief goes as high as 90 percent.

Two years ago the fight was very difficult, very controversial, particularly as it related to raising revenue. I offer two statistics for whatever value you may

choose to give. Of those legislators who voted for the school aid formula and the tax increase two years ago, only 7 percent were defeated in the '72 election. Of those who voted against the tax increase and the school aid formula, over three times that number, some 22 percent, were defeated. I don't suggest that was the sole issue in the campaign, there perhaps were many, many issues, but it is very clear that those legislators who voted for the tax bill and this type of reform were not precluded from continuing in public service. Thank you very much.

CHAIRMAN MANDEL: Thank you, Governor. Next is Governor McCall from Oregon.

GOVERNOR McCALL: Mr. Chairman, Members of the Conference: I want to thank Governor Anderson for coming to Oregon and campaigning for my plan, which is a big one that got away, and also Governor Milliken, who is at the Wailing Wall with me on the same subject. It took us eight years to develop a tax program that would reform the educational finance system and would take all of the property taxes for operating schools off our homes, and that's exactly what we got through our Legislature in good style. It took it off renters as well as homeowners and put most of it on ability to pay taxes, the very same principle that Wendy worked out so well in Minnesota. We said at the same time that the balance between individuals and business shall remain just what it is, which was about 50-50. We established constitutional limitations on what the districts would spend, and this was part of an enriching process, part of an equalization process. Forty-six percent property tax relief on homes across the State; 80 percent of all taxpayers getting some relief; 90 percent of all Main Street business; 95 percent of all senior citizens; and all people in the State up to \$17,000 income. The whole problem was that it sounded so unbelievably good, it had its own credibility gap, and so consequently about 70 percent of the people it would have helped resisted the urge of the pocketbook nerve and they voted it down.

I believe all of you would be interested in the local control thing, because Wendy said they pasted his plan with that all over Minnesota, and Professor Coons mentioned that it did take its toll tremendously, especially in Oregon's cattle country. I think it is completely specious, because school boards in our State are not managers, they are mendicants, who spend all their time going around having as many as five elections to see whether those schools are going to stay open. That's each year. They don't pay any attention to quality, they don't pay any attention to management or curriculum. By giving them an assured income, still having the people vote on capital expenditures in each district, they would have an opportunity to produce quality education.

We are now facing a question all of us have wondered about, and that's how deep runs the publicized property tax revolt. Last time on the sales tax in '69 we got whopped eight to one; this time the plan went down about four to three. We are improving a little bit, but we only carried three counties: the two counties where our largest universities are located, and the third is Coos County down on

the southern coast which has the highest property tax rate in the State of Oregon, and I think probably one of the highest in the West. So the point where they will go into the unknown is the point where the tax on homes really becomes onerous by any measure, and that point we determined in this election in Oregon is \$37 plus per thousand. Otherwise the people would rather stay with the crumbling system, the majority of them, in preference to sweeping innovation, no matter how promising that innovation might be.

So now there is no time left in 19 months to do a sweeping program such as this again, and so we certainly regret that, but we also got the message from the Supreme Court that we have a sad system, a system that is obsolescent and crumbling. But the Supreme Court said it's up to the State Governors and the state legislators to correct that system. There is a better way, and I hope when we work on it in our State and those of the others of you work on it in your State, let's always keep in mind what I think is an inviolate principle. That's the *Serrano* principle that no child should be cheated of a decent education because of his place of residence, because whether it is in statutes or in court decisions, it should live in the conscience of every concerned American.

CHAIRMAN MANDEL: Thank you, Governor. Governor Milliken of Michigan.

GOVERNOR WILLIAM G. MILLIKEN: Thank you, Mr. Chairman. I think there is no one in this room who would disagree with the idea that every child, wherever he may live, whether it is in the central city or in rural areas, in whatever State, is entitled as a matter of right to be educated in a classroom unit of reasonable size, by a competent and adequately paid teacher, and with instructional materials and facilities which are suitable to accomplish the job. I have always felt, and I suspect most of you do too, that money alone does not assure educational quality, but I am equally certain that money is an absolutely essential ingredient, and that as a matter of practice in this country we are supplying that money on a very inequitable basis. For example, in the State of Michigan under the present school aid formula, there is a disparity in support per student, depending upon the district and depending upon the wealth, from as low as \$500 per student to a figure as high as \$1,500. Since I have been Governor of Michigan one of the primary objectives of my administration is to fundamentally reform the educational system, and we have had a rough and rocky road in the process of trying to achieve that end.

About three years ago I appointed an educational reform commission, and I took the unusual step of appointing myself as chairman of that commission. We worked for months in coming up with a program and a plan. That plan is very similar to the plan which was ultimately adopted in Minnesota, very similar to the plan which Governor McCall has recently advanced in his State and which has been defeated. It essentially called for removing the property tax for school operating purposes, and having the State assume the basic responsibility for financing education through a distribution formula which would return the

money to the districts, and which would retain local control. I campaigned statewide for a constitutional amendment which would accomplish that end, and the question was defeated by a substantial margin in November of last year. I was defeated, I believe, largely because many of the opponents attempted to tie in the emotional issue of bussing, which was a dishonest and specious argument. It was defeated, I think, because of the feeling many people had that it would remove local control. But, as Governor McCall has said, it really would have enlarged and expanded upon the idea of local control, because school districts would then be able to devote their time to the things that really count in terms of educational quality. And I think it was defeated because the public was confused by this issue, which obviously was one of the most complex issues ever presented to the people of Michigan. When in doubt, and when confused, the public generally tends to vote no.

We were faced, then, with the problem of what to do. How could we achieve educational quality and equality? I have recommended to the Legislature as of February of this year an equal yield formula. It is very similar to the formula described by Professor Coons; he calls it power equalization. The State guarantees the yield of millage up to 22 mills at \$38 per mill. The system which I have recommended for Michigan will enable us over a three-year period to phase into a system which, in our judgment, will meet all of the court tests and in the process will enable us to achieve these objectives without jeopardizing the State's fiscal strength and fiscal integrity. The formula produces equal dollars regardless of the wealth of the district, and it does, as I have indicated, in our judgment, meet all of the court tests that may be applied to it. It does not mandate exactly equal spending per student throughout the State; but it does guarantee, on the millage which is levied and which is decided upon at the local level, an equal yield.

We believe that this approach, combined with a new approach for a circuit breaker on the property tax, will make it possible for millage votes to succeed, because we are saying that this new circuit breaker approach will take the excessive burden off the property tax and make it more possible and more likely that the voters will approve millage votes at the local level. I believe very deeply that a State has the primary responsibility in the field of education to assure equity and to assure equal opportunity for every student in the State. This proposal is now before the Michigan Legislature. I expect a favorable treatment of it within the next 10 days or two weeks, and if we are successful in accomplishing this objective, I think we will have moved further ahead in achieving these goals in education than we have ever moved before in the history of Michigan.

**CHAIRMAN MANDEL:** Next is Governor Rampton of Utah.

**GOVERNOR RAMPTON:** A few minutes ago Dr. Coons said that 49 of our States had chaotic systems of supporting the school system or their school programs, excepting only the State of Hawaii. Later he was kind enough to say

"and maybe Utah." I would like to describe the new formula we have just adopted in Utah, and have Dr. Coons respond as to where the unfairness is, if there is any, or where the chaotic situation is. We have adopted an entirely new school finance formula which, whether it is the best in the country or not, certainly departs further from the established method of securing equalization than any State has gone, I believe. We do require the local districts to levy certain mill levies, 28 mills to be exact, with the provision that the State will bring the yield up to a guaranteed level. As there is no school district in the entire State that meets the guarantee from the required mill levy, it means that we do achieve equality there. We do permit the local district, on an extra effort, to go above the basic guarantee, but not to exceed 10 percent, and actually none of them are now exceeding 6 percent above the basic program. We adopted the 10 percent limitation largely on the recommendation of the study that was made by the Advisory Commission on Intergovernmental Relations at the request of the President of the United States about a year ago. So we do get equal money per weighted student, and I am going to talk about that weighted student in just a moment.

Governor Milliken mentioned a few minutes ago that equal money doesn't necessarily mean equal opportunity, and certainly that is true, and I think all of the court cases that have passed on this have recognized this fact. Of course there are certain students and certain school districts that have high cost factors, where in order to get equal opportunity, you must have more dollars. In an attempt to get at this, we have used what we call a weighted pupil method. In other words, an average pupil will be assigned a weight of 1; a kindergarten student who goes only part of the day will be assigned a weight of .55 of 1. As you go into other areas, various types of educationally disadvantaged students will be assigned additional weights, up to 3 and 4. Also, we know that small rural districts, where the classroom load is necessarily going to be low, the cost per student is going to be higher there because of the necessity of distributing the instructional cost of a classroom over fewer students. So we have a weighted factor for the small rural districts. In addition to that, we have additional weighting for vocational students and so forth. I wouldn't maintain that our weighting system is the result of an exact cost study. On the other hand, it is more than a guess because we have done the best that we could, in the period that we had to consider the bill, to assign actual weightings based upon cost differences.

To get down to the question of the maintenance of local control, I know gross figures don't mean much to you, but we put into our total school program in Utah, or will in this coming year, \$216 million. Of that, \$166 million will come from the state level, state support at the discretion of the local school boards. So far as the property tax is concerned, only 32 percent now comes from the property tax. The balance, most of what comes from the State, will be raised from individual income taxes, corporate franchise taxes and, to some

extent, from the sales tax. Now, with that explanation, Dr. Coons, why is it unfair or chaotic?

MR. COONS: I think you have liberated Utah from chaos, Governor. I think there is still some inequity.

GOVERNOR RAMPTON: Point out where the inequity is.

MR. COONS: What I wasn't sure of in your description, and perhaps my understanding of the Utah system is incorrect, is whether there was an opportunity for a ten mill add on for the school districts. Is that correct?

GOVERNOR RAMPTON: There is an opportunity for a ten mill add on, but no school district has accepted that full amount. The full ten mill add on would only amount to about 10 percent of the total program if the districts utilized that entirely. As I say, nobody has gone above six mills, so the differential will be only about 6 percent. Furthermore, I might point out that the districts that have utilized this add on or this extra district effort, and this must be approved by the voters in the district, are largely those districts where they have the high cost per student, and so I feel that the ten mill add on certainly does not throw us very far out of balance, and yet does give some incentive for extra local effort.

MR. COONS: I think that helps to clarify one of the really basic kinds of structural questions, because you can see with the ten mill add on which is unequalized, except I think it is up to \$4,000 that you have equalized it, you do provide an opportunity for wealth to reassert itself. But if in fact, as you say, it is cut off at 10 percent, you cannot add more than 10 percent of the 28 mill budget, then of course one has to at some point come to grips with reality and say, well, perhaps that's the closest one can come to it politically in striving for a system in which everybody has the same opportunity to raise money.

GOVERNOR RAMPTON: I'd like to point out also, doctor, I think you were involved in the *Serrano* case, and the assumption seemed to be there that the districts with the most underprivileged children, educationally disadvantaged or whatever you want to call it, would be the central city districts, and that the most affluent districts would be the suburban districts. I don't know what the situation is now in California, but I think that is not true generally throughout the States in this country. One of the most affluent districts in Salt Lake as far as the money that would be raised per child per mill is the Salt Lake City District where we have the greatest number of disadvantaged students. A suburban county just south, or just north of Salt Lake, which is very largely a suburban community, has the highest income per person in the State of Utah, but the lowest yield per mill in property tax per student. So I think you made certain basic assumptions in the *Serrano* case that don't carry out throughout the Nation as far as taxable wealth is concerned.

MR. COONS: Governor Mandel is nodding at me, so I guess I can respond to that and say that while there are remarks in *Serrano* that do suggest that, they are exaggerated; that is to say, that the pattern of the relationship between

private wealth and public wealth, that is, between school district wealth and the wealth of its residents is, indeed, chaotic, and that some of the districts in California, for example, which are city districts, are very poor, some are relatively rich, many are in the middle. Los Angeles is about average, and San Francisco is relatively wealthy. One of the problems is that defining poverty for this purpose is not easy. It has been the habit of writers in this field to describe those people as poor who are so described by the federal welfare programs. I would suggest an alternative, and that is when we speak of poverty we really mean an inability to purchase something. Now, the inability here is the inability to purchase the substitute for public education, and if that is the test, if that is the kind of test that an economist would apply, it seems to me that a very large number of people are poor in that realistic sense who were not counted in the *Serrano* kind of paraphernalia that was presented to the court.

GOVERNOR RAMPTON: I'd like to ask you, having been involved in the *Serrano* case and some of the other cases, to clear up a point which I think arises from perhaps too hurried a reading of the decisions. The *Serrano* case and others would seem to attack the property tax per se. Isn't it just the fact that the property tax happened to be there and is the villain is the reason that it's attacked? If you used any other tax, sales tax, income tax, and you collected it and spent it on a limited geographical area, would you not have just as great an inequality as you would have using the property tax?

MR. COONS: Yes. As far as I can tell, the property tax is alive and well under every constitution, and there was never any intention in *Serrano* or the related cases to suggest otherwise. Property tax it seems to me personally is a perfectly plausible way to raise money if it is properly organized. It needs a grand reorganization in my view. I personally would prefer, in measuring local effort, your kind of system or the kind of system I was talking about before. I would prefer a local income tax locally chosen, a surtax on a progressive state income tax, as a better measure of local effort. On the other hand, to stick with your question, the property tax is certainly constitutional.

CHAIRMAN MANDEL: May I make an observation at this point and exert the prerogatives of the Chairman. I think the reason, and this is just a personal opinion, that so many of these problems when they go on the ballot are defeated by the public, is that the public sees no relationship between the increased cost of education and any increase in the quality of education. Everyone is concentrating on putting dollars in education, but the public doesn't see that quality going up as the dollars are going up, and they are getting increasingly disturbed. This was vividly pointed out within the last year when there was a nationwide survey made of 147 school districts on quality of education; ten of them in Maryland were surveyed. Out of the 147, one school district in Maryland finished tenth in the Nation in the quality of education that it was giving to its children. It happened to be the school district in Maryland that was spending the least per capita for its school children's education. It was spending

the least dollars on education and finished tenth in the Nation on quality of education that it was giving its children.

I think all of these cases have diverted us from the main question, and that is in improving the quality of education. The necessity that we put dollars in doesn't mean that we are benefiting our school children, and I think if along with the effort to equalize dollars we were doing more about changing some of the systems and improving the quality of that education, we'd have more success with the public on the ballot when they have to vote on school issues. But I think the public feels at this point that the dollars are not necessarily helping the school children, and that's the big problem. I think more effort ought to be concentrated along those lines, as we are worrying so much about school financing and not worrying about the quality of education. I just wanted to make that comment. Governor Exon.

GOVERNOR EXON: Mr. Chairman, this discussion has been particularly interesting to me this morning because last Friday my veto of a so-called school aid measure, supposedly giving some tax reform, was sustained by only one vote in the Legislature. I vetoed this bill because I felt it wasn't tax reform at all. It was an unfair shift, in my opinion, of the tax load from the haves to the have nots. It provided no renter relief, among other things, for example. I would like to pose these three questions to any of my colleagues who have addressed this subject already, or others that might be commenting on this.

First, in all cases where you have passed or tried to pass some tax reform rather than tax shifting, have you guaranteed relief for renters when you force an increase in the sales and income tax for aid to education and proposed tax reform? Second, have you provided the same percentage of relief in all of these plans to corporate and business real estate interests as you have to homeowners? Third, did you place limits on school budgets on the amount that they could be increased in the various excellent plans that have been already outlined?

CHAIRMAN MANDEL: Does anyone wish to answer the questions proposed by the Governor? Governor Williams.

GOVERNOR WILLIAMS: We gave some tax relief some years ago, about \$67 million for our State, and that's a substantial sum. We put a 10 percent limitation on the increase in the school budgets without a vote of the people. It was not satisfactory because within three years they have just gone right back up to the top and absorbed everything. They are back where they were.

CHAIRMAN MANDEL: Dr. Coons wanted to reply to some of the observations I made.

MR. COONS: With respect to the relationship between cost and quality, I think it is perhaps important to recognize that at least *Serrano* did not suggest any particular level of funding. It didn't say that you should spend more or spend less. Indeed, it didn't even suggest that you had to spend at all, although I think that's implied under the California constitution. It simply wished to divorce whatever spending the States did from the incident of a child's residence

in a high wealth district. With respect to the very complex question of the relation between achievement and money, I profess a lack of expertise. However, it won't stop me from at least making a couple of brief observations. One is that the measures that you have heard described are measures of the relationship between dollars spent and very specialized, standardized achievement tests. They do not purport to measure a great many things that are very important in a child's life in school. Nor do they measure the opportunities that he will have in a high-spending school district to learn French or astronomy or all of the other kinds of opportunities that most of us take for granted. In the end, I think that the question must be, in fairness, not really what any individual child will learn if we add another hundred bucks to his education, but rather the opportunity to learn.

Government ought not to be in the position of dispensing vastly different kinds of opportunities on the basis of such irrational kinds of contraptions as the location of an oil well, or a big factory. That just does not have any kind of relationship to a child's deserved opportunity.

CHAIRMAN MANDEL: But, Dr. Coons, should government be in a position of dispensing money to a system that's proving not successful, the same as it dispenses money to a successful system?

MR. COONS: Of course not, and that's why I think, as I said in my original remarks, that one must look very carefully at the structure of education and, indeed, give to the people who are the consumers a good deal more to say about the kind of opportunities they are going to have. They have had very little to say. We have a very large and very tight educational bureaucracy, a lot of good people are in it, but it seems to me that it does not provide sufficient flexibility and variety for the experiences that people would choose if they were free to choose them like you and me, because we happen to have the resources, personal resources to buy private education.

CHAIRMAN MANDEL: Governor Shapp.

GOVERNOR SHAPP: I have been listening to the discussion this morning, and I found it very interesting and illuminating. I think that Wendell Anderson, I have read his report, has done a tremendous job up in Minnesota. I have listened very carefully to the comments by the Governors of Michigan, Utah and Oregon and by Dr. Coons, but I don't think that we are dealing with the real problem. I remember when I was in college I had a professor, Dr. Martin, in electrical engineering, and one day we were doing an experiment and we couldn't keep the darn equipment from overheating. He just sat back there grinning at us while we were working on it, had a pipe in his lips and just sat there looking at us struggling to find out what in the hell was causing the overheating. Finally he came up and he asked if we had the right motor, and at that point we started to realize what the real problem was, that the rest of the equipment was overheating because we had the wrong motor altogether. What I am going to talk about today is not the details of our present system. I'd like to plant the seed for

a future program in this country to finance education on a basis that will guarantee quality education all the way from kindergarten through Ph.D. and perhaps even beyond. I have passed out to all of you a little booklet, you have it in your file, called NETF, standing for National Educational Trust Fund, and inside of that is also a brief description of this plan. I would appreciate it if you would take this back, study it yourself, take it back to your financial people and your education people and let me have your views.

What is the basic problem? The basic problem of financing our system of education is wrong, and it is so wrong that our cities are going broke all over the country and yet they are unable to finance education. At the present time 52 percent of the funds for financing education come from the States, 41 percent from local sources and 7 percent from the federal government. I don't know what the ratio is in your States, but in Pennsylvania for every dollar that our individuals and businesses send to Harrisburg, four dollars flow down to Washington from these same people, and education represents well over half of our total budget. When you consider such a small share of funds being spent by the federal government for our major expense, I think you can see part of the problem. But the other part of the problem which is more basic is this. We are treating education today as an operating cost of government when in truth education should be considered as a long-term investment in developing our people. If AT&T were to take their investments for 15 to 20 years and try to finance them out of current operating revenues, they'd go broke. Well, that's what education is doing to this country. We are going broke because we are trying to finance a 20-year investment in our people out of current operating revenues. I suggest, therefore, that we establish this National Educational Trust Fund to operate along the same idea as the Highway Trust Fund. Remember back in '56, it was established and money was put in, billions of dollars from the federal government, and then it was repaid by the gas tax and also a tax on accessories.

I'd like to do the same thing with education. We can have a National Educational Trust Fund set up that would help the States put money into the schools. Then the recipients of the educational process, after they have received their vocational or academic training, when they are working, would pay a small surcharge on their income tax back to the federal government to replenish the fund. The studies we have made show the fund can be self-liquidating within 15 to 17 years, and through such a fund we can greatly expand the educational facilities of all of our schools, particularly in the elementary and in vocational training facilities. There is proof of this in the G.I. Bill of Rights. At the end of the war, World War II, the federal government spent \$19 billion in the G.I. Bill of Rights, and by the end of 1967, and my figures are now five years old, by the end of 1967 we had already collected back \$65 billion in extra taxes from the people who had taken advantage of the G.I. Bill; in other words, they had over a

three to one return by 1967. The return for an investment in education in our people is so enormous that we can afford to make any size investment in education and get this money back on a revolving basis, and if we do we'll save enormous billions in welfare, crime and other problems that plague this Nation.

As I say, I would greatly appreciate your studying this proposal. Let me have your thoughts, because it's in its initial form, but I do believe that if we are going to solve the educational problems in this Nation, we must have a system that avoids taxation without representation. That's what we have today when you tax property of people where there is no relationship between the funds from a building, from an oil well or from a wealthy family's home, or from a senior citizen's property to support education. I would like to have your thoughts on this. I just wanted to plant this idea at this Conference.

CHAIRMAN MANDEL: Thank you very much. We have been running a little behind. Does any other Governor wish to comment on this subject? Governor Noel, and then we'll go on to the next topic.

GOVERNOR NOEL: I have just one observation, Mr. Chairman. The State of Rhode Island, I think, led the way in a system which was known in those days by another name, but a system similar to power equalizing mentioned by Mr. Coons. We have long had a formula of providing state aid to local districts where we take into account the variables of the total assessed valuation of real property within each district, and the mean family income within each district. Over the years state aid to the local districts has varied from a minimum of 30 percent to a high of perhaps 60 to 70 percent, and this has had a tendency to equalize spending in the 41 school districts in the State. The tendency has been stronger under that system than under any other state system with perhaps the exception of Hawaii, and yet in the State of Rhode Island, where the expenditure per pupil is very close between districts, we still have great disparity, great disparity in the quality of education that's offered in each of the 41 districts.

So I just caution you and leave you with one thought, that if you provide a system of equal dollars per pupil per district, you are not with that one change going to create a system of educational equality throughout your State. We have been living with this formula for over 15 or 20 years, and it has not accomplished that desired result, and I think there is a conflict that exists. Politically it makes great sense to talk of the retention of local control. Maybe you have to say that to sell the program, but there is a conflict that exists between the concept of the retention of local control and a system that will ultimately result in a quality of education among the districts within the State. That's a very hard issue that must be faced by all of us if we are really talking about equal educational opportunity for all children. Our experience has been that equal dollars per pupil per district does not in and of itself lead you toward equal educational opportunity.

CHAIRMAN MANDEL: Thank you very much, Governor, and at this point I'd like to thank Dr. Coons for being with us today. We have one other topic

before us. As you know, Secretary Weinberger will be with us tomorrow to discuss special revenue sharing. He has been gracious to allow us to have his Under Secretary today to speak to us about "New Directions in Welfare and Social Services." I don't think I have to go into any long or lengthy introduction of the next gentleman; he has met with us before, he has been very open with us and been very helpful to our staff and to our office in Washington in trying to resolve some of our problems. I'd like to go right into the next portion of the program by calling on Frank Carlucci, the Under Secretary of HEW.

MR. FRANK CARLUCCI: Thank you very much, Mr. Chairman. Distinguished Governors, Ladies and Gentlemen: We have just passed through a period of the most intensive debate and public scrutiny of the welfare programs ever to take place in this Nation's history. This debate, the debate over the family assistance plan, raised issues that it now becomes clear must be resolved if we are to move on to basic structural reform of the system. Chief among these issues is the proper administration of the existing Public Assistance Law. The debate over AFDC demonstrated all too clearly that the American people have specific and long-standing grievances with the administration of welfare. In particular they want to know why rules for determining who is and who is not eligible for welfare are not evenly and consistently applied; why so many recipients of welfare are either overpaid or underpaid; and why so-called work incentives now in force do not have the desired effect of moving people off the welfare roles.

Major structural changes in our welfare system will not become live options until the emotions raised by these grievances have been dissipated, and the way to dissipate the emotions is to deal with the grievances. The clear and immediate task ahead of us can, therefore, be summed up in three goals:

- (1) Close every loophole that allows ineligible people to get on welfare;
- (2) Make sure that, within tolerable limits, no one is overpaid or underpaid; and
- (3) Make certain that the limited resources available go to those who are truly in need.

Everyone agrees with these goals, and with your help, here is how we plan to get to them. First, we will eliminate the present 25 percent error rate in welfare payments and eligibility determinations. Each state welfare agency will make an initial survey. Then, starting next January 1, we will strive to keep errors within specified tolerance rates over an 18-month period. Step by step we will bring that error rate down to under 5 percent. This program was not a unilateral creation out of Washington. It was decided upon only after many meetings and comments with you and your staffs. And when we put a regulation out for comment, we pay attention to the comments, and we have stronger and better regulations for it. During discussions over quality control regulations, for example, it became obvious to us that a significant factor in the high-error number was other federal regulations. As a result, we issued proposed regulations

making changes in fair hearings, eligibility determinations and overpayment procedures. These regulations should greatly strengthen the management capability of States under the AFDC program.

You also made valuable contributions when our social service regulations were proposed. The initial draft of our regulations set income eligibility for social services at 133 percent of a State's welfare payment level, but you pointed out that this might force many working mothers back onto welfare because they might not be eligible for day care. That made sense to us. So we upped eligibility for free service to 150 percent of the payment standard, and subsequently added a \$360 disregard. This removed an incentive for potential recipients to become actual recipients. And, on top of that, we instituted a sliding scale of child care subsidies for working mothers above that level. Now a working mother can receive day care while earning up to 233-1/3 percent of the standard. This means that mothers in New York can earn up to \$9,308, and in California up to \$8,792, and still receive day care subsidies.

Under these provisions, federally supported child day care will continue to increase. It was over 500,000 day care hours last fiscal year; it will be almost 700,000 hours this year; and next year it will reach almost 1 million. The whole point of our social service regulations was to simplify and clarify and to concentrate dollars on the truly needy. You will still have your full state entitlement up to your statutory level, but some retargeting will be required. How fast you get to your statutory level will depend on how fast you can retarget.

I'd like now to discuss just briefly the new program of supplemental security income for the aged, blind and the disabled. As you know, this program provides up to \$130 a month for individuals, and \$195 for couples. That's more than about half what the States now pay. It goes into effect next January 1. And the Social Security Administration will be ready for it by that date. But we need your help. Each State must decide for itself whether to supplement this federal guarantee and, if so, by how much. We trust that States with higher payment levels will use money freed up by the federal floor to supplement, as many of you have already indicated you will. If you do, and if you opt for federally administered supplements, you may also benefit by the hold harmless provisions. This guarantees that your State's fiscal liability will not exceed the January 1972 level as a result of increased case loads resulting from more liberal federal eligibility criteria. Up till now you have been awaiting our decisions on the hold harmless level, how to calculate it and what variations would be allowed under federal administration of state supplementation. These decisions have now been made and spelled out in a letter to each of you. They provide:

- (1) A realistic determination of hold harmless based on your actual 1972 money payments for basic needs, special needs and, at state option, domiciliary care.

- (2) They provide payment differentials for two geographic and five living

arrangements variations.

(3) They provide a wide range of medication options to allow you to design a program covering most of your current recipients without substantially increasing state costs.

These variations allow, we think, considerable flexibility to meet your special requirements. After the program gets under way, we will probably be able to allow additional variations. But the overriding need is to see that the checks get out on January 1. For this reason, the variations that we allow have to be consistent with reasonable administrative tolerance levels. These decisions should enable you to plan your state budgets. In order for us to meet our payment deadline, we need your decisions on supplementation, the mode of administration, and the variations you might want by August 1. If you need help, I hope that you will call on your HEW Regional Director, or Bob Carleson, the special assistant to the Secretary for Welfare who is here today. Bob works closely with the regional offices and has full authority from the Secretary to deal with you or your staffs on welfare matters.

There is one more issue involved in the SSI program, and that is the food stamp question now before the Congress and, as you know, the Administration strongly supports the cashing out of food stamps for SSI recipients. But legislation now pending in Congress, and I'm told that it is due on the floor of the Senate today, would restore the food stamp option for those in the SSI program who are eligible for it. Should that legislation be enacted, it would provide strong incentives for States to omit the cash-out value of food stamps for all SSI recipients. And should that come to pass, about 3 million aged, blind and disabled Americans would be deprived of the cash value of the food stamp bonus since less than half of the people who are eligible for food stamps apply for them. Many don't know they are eligible, and many of them who do find them a demeaning symbol at the supermarket check-out counter. So repeal of the cash feature adds up to giving stamps back to one-half of those who are eligible in exchange for denying to every SSI recipient the actual cash value of the stamps. We think that's a bad exchange and we hope you'll agree.

That sums up our present direction in welfare and social services, but there are future challenges to consider as well, and we will need to work closely together to meet them. The resolutions prepared by your Committee on Human Resources at your last Conference show that we share many common perspectives. For instance, we both see a need to mount comprehensive programs. And we both see a need to divide responsibility on the basis of what level of government can best perform the task. Also, we both see a need to establish priorities in human resource development. If we can live by these principles, rather than moving with the daily pressures that we all have on us, we can resolve the more fundamental issues in the present welfare system. One of these issues is the haphazard mix of cash and service benefits. This fragmentation produces widespread inequity, with some people getting more than others,

depending on where they live and how well they understand the welfare system. I am referring to federal programs like food stamps, rent subsidies, Medicare, Medicaid, veterans benefits. Some of these non-cash programs go only to those on welfare or with very low incomes; the result is some of these families on these programs can't afford to leave welfare. Cashing out, or providing equivalency, would seem to make more sense than the hodgepodge we presently have.

Another problem involves those "Catch 22" situations which have the deplorable effect of making it as profitable, or in some cases more profitable, not to work than to work. We also need to examine the effect of the presumed work incentives imposed over the years. While these were meant to provide a stimulus for people to get off of welfare, they may well be exerting the opposite effect. With no real work requirement, we have found that many persons may simply decline work and thus get welfare benefits that meet or exceed income from a job. Our present system of exempting income has created in many of our largest States such generous disregards that working welfare mothers earning a substantial wage still receive some welfare subsidy, and thus are not free of the welfare system. The workings of our welfare system also may contribute to family break-up. I believe it is wrong when fathers are permitted to avoid their responsibilities for maintaining their families. When we support through welfare the family of a man who has left his children, we should use every reasonable means available to see that he meets his moral and legal obligation. But we should also work to insure that a family head is given the opportunity to have a job with wages that will meet his family's needs without welfare. Another serious problem is the "notch," where people discover that earning \$1 more makes them ineligible for many benefits. Each of these major problems needs to be examined intensively. The President has asked Secretary Weinberger to do just that, to take a fresh look at the entire welfare system and to come up with new suggestions on how to proceed.

Secretary Weinberger has asked me to convene a federal interagency task force for this purpose. The task force is presently meeting, and later on this year we expect to get its report. As we probe these new directions in welfare, I think it is important to keep before us one observation. There is nothing in the slightest incompatible between a soundly managed welfare system and having a sense of compassion for those the system was meant to help. A better managed system will be a more equitable system. It is just as simple as that. And I believe that the American people want that, as well. They want to help those in need, but they expect people to work when work is available; and if they refuse to work, then they should not be eligible for welfare. As we study the problems before us, we will be vitally interested in getting your views. You're at the firing line of these problems, and if anyone can help point the way to solutions, you can. So our policy and our practice will be to seek your views. We want an open dialogue that leads to common understanding and mutual consent. There is only one way to reform welfare in America, and that is together. Thank you very

much.

CHAIRMAN MANDEL: Mr. Carlucci has agreed to answer some questions, and as soon as we can get to them we will. Governor Anderson of Minnesota.

GOVERNOR ANDERSON: Sir, I was puzzled by one thing that you said. You said that information is now available which would allow us to intelligently put together our budgets. Letters are going out to the Governors and apparently the facts are now available. My Legislature went home 10 days ago, as they have done for 114 years. Our budget is completed until July 1 of 1975, so what good does this information do us? I think to suggest that we now have information to prepare these budgets isn't really very realistic. It's too late.

MR. CARLUCCI: Is your present payment level higher than \$130 for single individuals, Governor?

GOVERNOR ANDERSON: Yes.

MR. CARLUCCI: Well, then, this information will be necessary for you to make some decisions on supplementation. We face a very real practical problem. We had to get information from the States before we could make decisions on the adjusted payment level which in turn determines the hold harmless level. Secondly, we had to take a look at what kind of systems we had the capacity to put into place before we could make a determination on what kind of state variations we could allow. Had we tried to get these decisions out to you in the absence of that information, we could have had a colossal failure. In some States I am told that a number of Governors have received advance authority from their Legislature. Is it possible for you to call yours back in session?

GOVERNOR ANDERSON: It's a wonderful suggestion. Thank you for mentioning it.

CHAIRMAN MANDEL: Governor Exon.

GOVERNOR EXON: Mr. Carlucci, this is in the area of social services. You did not mention the mentally retarded. This question has specific reference to that. My question is do you, the Administration, intend to continue to finance mentally retarded programs in Nebraska and elsewhere, at least at the same level as in the past?

MR. CARLUCCI: Well, I can state that the regulations allow an otherwise eligible female who has a mentally retarded child to be eligible for day care under the social service regulations. Our initial draft has been modified to allow day care services to be provided to the mentally retarded, even if it is not work related. I can't address myself to every individual case in your State, but we have modified the regulations in connection with the mentally retarded consistent with the law.

GOVERNOR EXON: Let me ask a little bit further now. I'm not asking about day care. I'm talking about the community-based mentally retarded programs, of which Nebraska has been a recognized leader in this area. In fact, people from all over come into our State and we have taken advantage of the federal programs in the past to the benefit of our mentally retarded. Can you say

at this time that Nebraska would continue to receive what we have had in the past from the federal government for the total mentally retarded programs?

MR. CARLUCCI: I'd have to examine your specific situation before I could make that kind of categorical statement, but there are other mentally retarded programs. People can qualify for services for the mentally retarded under social services programs, but the other programs are ongoing programs as well and are not affected by the decisions that we have made on social services, so those programs should be able to continue.

GOVERNOR EXON: My point is that we have received allocations from your people in Kansas City, whom we get along with very well. We have been told in our meetings in Washington, D.C., and elsewhere, that there is not going to be any cutback in these programs, that we are going to have as much or more for social and welfare-related programs as received in the past. I just keep making the point that we can't seem to get those answers, at least as far as Nebraska is concerned, and I don't know whether any of the other Governors around this table are similarly situated, but we have not had this cleared up. Yet, we are going into a new fiscal year period in less than 30 days, and it places this whole program in some rather serious jeopardy. My Legislature went home Friday. I will have to call them back into special session, I guess, to fund programs that the federal Administration is withdrawing, at least as far as mentally retarded programs are concerned in Nebraska.

MR. CARLUCCI: I know of no substantial withdrawal of federal programs regarding the mentally retarded, but I'd be glad to have someone sit down with you and your staff immediately and work out your specific situation.

GOVERNOR EXON: I'd be very happy to do that.

CHAIRMAN MANDEL: Governor Walker.

GOVERNOR DAN WALKER: We in Illinois have had our differences and our problems with your department, in common with all the Governors. This is not a question but a statement. I'd like to throw a compliment your way. We have had some problems in connection with quality control and I want to say publicly and in the presence of the other Governors that the Secretary, Mr. Carlucci, Mr. Carleson, and all others of their staff have been very cooperative with us, coming out to Illinois to work with us personally, taking our calls and enabling us to cut through the red tape, and I want to say a public "thank you" to the department for helping us get our system under better control in Illinois.

CHAIRMAN MANDEL: Governor Bumpers.

GOVERNOR BUMPERS: I want to concur in what Governor Exon said. When I first became Governor of Arkansas we had 20 community-based mental retardation centers and as a result of the social services programs we increased that to 82. We did that for a number of reasons, not the least of which was backing away from a common philosophy that had prevailed in our State that all mentally retarded children ought to be institutionalized. We have now backed away from that and we are taking care of almost twice as many children in

community facilities as in our institutions for mentally retarded children. The head of the department tells me that we may have to revert back to approximately 20 community-based facilities and drop the 62 that we have started in the last 18 months to two years.

The question I really wanted to get to is that tomorrow there will be a policy statement submitted to the Governors from the Human Resources Committee citing as a historical background of this whole thing that when social services was open ended, it was the Administration's belief and apparently Congress' belief that if it was left open ended the demand in the 1972-73 year would reach something like \$4.6 billion, and then when the Congress was considering this, they got bogged down and in joint conference committee put a \$2.5 billion limitation on it. This policy statement goes ahead to say that under the present regulations HEW had promulgated, it now seems that \$1.3 billion would be the most that could be expended of the \$2.5 billion.

My questions are twofold. One, does that sound like a reasonable figure to you and, two, do you think that violates Congressional intent since they put a \$2.5 billion limit on it? I suppose I could sum that up by saying Arkansas has one hundredth of the Nation's population and we as a rule of thumb normally think if a \$2.5 billion appropriation comes through, we'll get 1 percent or \$25 million, and I'd like to think if we get \$25 million we'd be in excellent condition. But right now it is our belief that even the \$1.3 billion figure which is included in the policy statement to be submitted tomorrow is way in excess of the amount the States will be able to utilize under the new guidelines.

MR. CARLUCCI: Governor, that \$1.3 billion figure is apparently yours, not ours. I don't know where it came from or how it was calculated. Our best estimates, and we can't provide an accurate estimate until we get all the information from the States, is that actual expenditures will be considerably more. But I think there is a fundamental misunderstanding here. The issue is really not how much money will be spent. The issue is on whom will it be spent, because you can all get up to your statutory ceiling. First of all, the regulations do not go into effect immediately. That, in effect, gives you a 14-month period to retarget. I cannot imagine that you wouldn't have enough people in the categories of eligibility listed in these regulations to get you up to your ceiling. The point is that to get there you are going to have to retarget, possibly away from some middle-income people who have been receiving these benefits, to those people who are directly related to the welfare system, and that's the purpose of the social services program. So all the regulations do are to try and force a retargeting of the funds. How much of an adjustment that will require in an individual State depends on how closely the existing social services programs were geared to people on the welfare roles.

GOVERNOR BUMPERS: The fiscal year in Arkansas starts in less than 30 days.

MR. CARLUCCI: But you have the period during the fiscal year to

retarget, in effect, because the funds will be available throughout the fiscal year.

GOVERNOR BUMPERS: Funds will be available on what basis, though; on the past criteria or under the new regulations?

MR. CARLUCCI: The funds will be available under the new regulations but you under these regulations can spend up to your statutory ceiling.

GOVERNOR BUMPERS: What is our statutory ceiling?

MR. CARLUCCI: I don't know the exact figure, but nationwide it is the \$2.5 billion ceiling that you spoke of.

GOVERNORS BUMPERS: Does that mean you are going to give us the amount we feel we are rightly entitled to?

MR. CARLUCCI: We will give you every dollar that you spend on a qualified recipient under these regulations. We cannot control the outflow of dollars. That's precisely the point, that this is an entitlement program, and as long as people are eligible and apply, we have to give you the dollars up to your statutory ceiling.

CHAIRMAN MANDEL: Bob, would you like to respond to that?

MR. CARLESON: Yes. The statutory ceiling, Governor, is actually based on a population distribution of \$2.5 billion, so if you are exactly one one-hundredth on the basis of population, then I would presume your ceiling is in that neighborhood. The \$2.5 billion is actually reallocated to the States through the Congressional act on the basis of population. It is not just a \$2.5 billion ceiling, it actually is 50 ceilings, because that amount is allocated to each State and the State can spend up to that amount on any of the eligible social services. A year ago I was with the State of California, and I know we were concerned about some of the impending changes and so forth, and one thing to keep in mind, probably one of the most constraining elements is actually in the law itself which indicates that with the exception of five particularly excluded areas, the money is to be spent 90 percent on welfare recipients and applicants. This is actually in the law.

I recall the advice I gave to our counties in California about a year ago when Congress passed the act and before we knew exactly what HEW was going to do. The advice I gave them was that during this fiscal year, if they could tend to concentrate their efforts on recipients and applicants, they'd be in good shape for the year. But I think that with this lead time that we have gotten from the act, and with the information that the States have now, most of them should be able to reach their ceiling, because there are an awful lot of people that are eligible under these regulations that apparently haven't been receiving services in the past.

MR. CARLUCCI: To answer your specific question, your ceiling is \$23,747,000.

CHAIRMAN MANDEL: I think the question that the Governor really is trying to get an answer to is: Will the \$2.5 billion be available from the federal government to all the States, regardless of what their ceiling is?

MR. CARLUCCI: The answer is yes, as long as people qualify under the social services regulations, and they will take effect in fiscal year 1974.

GOVERNOR BUMPERS: Mr. Carlucci, the additional point is that under the regulations that are presently constituted, that \$24 million limit means nothing to us. Based on a very detailed calculated study which we have done, I am advised we cannot possibly use \$10 million under your current regulations.

MR. CARLUCCI: Governor, are you telling us that you do not have people who would fall under these eligibility criteria who could utilize these funds, that you do not have enough people under the standards that we have set forth, for example, 150 percent plus \$360 disregard for day care eligibility that could be available to utilize the \$24 million?

GOVERNOR BUMPERS: Well, to answer your question as concisely as I can, the answer is yes.

MR. CARLUCCI: Then maybe the formula allocation is wrong.

CHAIRMAN MANDEL: Governor O'Callaghan.

GOVERNOR O'CALLAGHAN: Mr. Carlucci, I'd just like one comment on that. Maybe the standards are wrong. I would like to talk to you a moment about quality control. As you know, the State of Nevada ranks very high in quality control. There are two types of quality control, agency and client error. I think we ought to be penalized for agency error, but we find it very difficult to comply with client error, to be penalized for that. This seems rather difficult to be penalized for client error. Agency error is fine.

MR. CARLUCCI: We think, Governor, that the system we have worked out doesn't really penalize you. We have set, in effect, joint goals and we are going to get to these goals by stages, six-month periods, starting with an assessment of what your present error rate is, and then providing you with the technical assistance. I don't think anybody would dispute the thesis that people who are not eligible shouldn't be on the welfare rolls and that people shouldn't receive overpayments, no matter who is at fault, and what we have developed we think is a joint program, a goal-structured program rather than our initial regulations which would, in effect, have penalized you.

GOVERNOR O'CALLAGHAN: I think the big problem is going to be to develop some method to prevent additional client error, and I don't believe that has really been developed yet. We have developed it for agency but not for individuals.

MR. CARLUCCI: We think the revised regulations we have out on eligibility determination and fair hearings should give you substantially increased management responsibility to deal with that error.

GOVERNOR O'CALLAGHAN: But this deals with it after the fact, not before the fact. That's the problem.

MR. CARLUCCI: Let me ask Bob if he'd comment on that.

MR. CARLESON: One of the key proposed regulations is the one that eliminates a lot of the artificial HEW requirements that kept us, when we were in

the States, from verifying on initial application. I think we pointed out when I was with the States to HEW that with those regulations it was contributing to the error rate. With the new proposed regulations, and assuming that they will be adopted in substantially the same form, the States will have a tremendous amount of flexibility they didn't have on initial verification of eligibility. I think the manner in which we fill that gap is going to make the greatest difference.

**CHAIRMAN MANDEL:** I have a request from three more Governors to ask questions and then we are going to have to cut the program off. Governor Shapp.

**GOVERNOR SHAPP:** I would like to comment on the question Dale Bumpers raised just a moment ago about the funds we are getting and about whether we can utilize all the funds that you say are now going to be available to us. We had a human services conference out in Pittsburgh a few weeks ago, and some 900 or 1,000 representatives of the various organizations and individuals who are involved in the delivery of all kinds of services to people attended this conference, dealing with mental health, retarded children, education problems, day care, senior citizens, you name it, and they were represented, and almost without exception—I spent some time personally at his conference, and we had four of our cabinet officers there—almost without exception we got complaints about the regulations and the guidelines that are being set up, to such a point that it is not just confusing but it is obstructing the whole program.

The first time I have heard that the \$2.5 billion is going to be funded to that level is when you just said it, because we have been trying to get that information from Washington. We have one other problem. By court order every retarded child in Pennsylvania now has to receive equal education and this means putting some in the public school systems, but also by court order we have to open up special schools, and we still haven't resolved just how we are financing that with HEW. I may be wrong in what I am going to say, but I do believe that you have sat around down in Washington and among your own little groups down there, figured out what you wanted to do with these regulations and guidelines, and you really haven't been out talking to the people at the delivery end of the program to find out what the problems are, and then work it back to yourselves to determine what is going to be the most effective, efficient and fairest system of distributing these funds.

**MR. CARLUCCI:** Governor, we did try to consult rather widely on these regulations. In the State of Pennsylvania, a person would be eligible for services at an income level of \$5,634. Then in the day care area they would be eligible for subsidized day care on a sliding scale of fees up to an income of \$8,764. The purpose of this program, let me reemphasize, is to help get people off the welfare rolls and to keep them off the welfare rolls. This means that the social services program has to be targeted on low-income individuals. Previously it had not been. There have been many middle-income individuals who have been benefiting by social services programs. This is not a program designed for the

mentally retarded. Mentally retarded can qualify with certain income eligibility criteria, and we have made liberal allowances on the work-related requirement. We are simply implementing the statute which says this program has to be directed at low-income individuals, and the income limits set for Pennsylvania under our regulations do not seem to be unreasonable.

GOVERNOR SHAPP: We're talking about two different things. You're limiting your conversation to one specific point. You are in the Department of Health, Education, and Welfare. We have a broad scale here, and what I am referring to when I talk about human services is a much broader scale than just the limits you are putting on the program. I repeat what I've said, I just don't think that the programs you have worked out have taken into consideration the opinions from our people. Yes, you have asked for opinions, but generally speaking the opinions we have offered to you have just been discarded.

CHAIRMAN MANDEL: Governor Evans of Washington.

GOVERNOR DANIEL J. EVANS: We had extensive correspondence when asked about regulations on social service machinery, and I'm afraid I have to share with Governor Bumpers the feeling that in our State it is going to be very difficult to get up to the targets that are now made possible by the \$2.5 billion ceiling, and if we do, it will be at the expense of changing our own priorities rather radically in order to match up to what we think are unduly rigid requirements. It is my view that with the Administration's enthusiasm for special revenue sharing, here was a tremendous opportunity administratively to say we're not going to spend over \$2.5 billion but within that limit each State ought to have the maximum flexibility to get at the social service problems of their own States. But instead, I think the regulations which were laid on us are far too restrictive. It is my understanding, and you can correct me if I'm in error, that the limitation regulations on former and potential recipients are more restrictive than the Congressional act, at least in those six areas which were exempted in the Congressional act. It is my view that, in order to live up to the desire to get people off the welfare rolls, the best way to get them off the welfare rolls is to keep them from ever getting on there in the first place. If we can engage in some services that will prevent people from getting on welfare rolls, we're a lot better off than working with them after they are on and trying to get them back off.

It is our understanding that the definition of mentally retarded itself is unduly restrictive and will keep us from engaging in the kinds of community programs for services to mentally retarded that we would like to utilize. The eligibility restrictions on alcoholics and drug abusers are going to make it more difficult for us to get at those target areas which I think all of us agree are high-priority target areas. Day care, including mentally retarded individuals, is going to make it more difficult for us to get at some areas where I think clearly the target area concept would be useful. Indian and migrant farm groups are other examples. Why not allow the utilization of the target area concepts in those cases where such a very high percentage of the people involved clearly are

former or potential recipients who could justifiably use some of these social service programs? I guess my plea has been and still is, because we are now making the same plea to Congress and to the finance committee at their request, that we be given greater flexibility and let's use the concept of revenue sharing where we can do it administratively and allow the Administration to show us by example that special revenue sharing really is a reasonable thing to do.

MR. CARLUCCI: There are indications, of course, that the finance committee has had second thoughts. When we were originally directed a year ago to focus more directly on the AFDC recipients, what we tried to do was to eliminate a certain class of abuse. For example, I understand that the Secretary of HEW was eligible to receive social services simply because he lived in a geographic area where there was group eligibility. I think you make a very legitimate point with regard to migrant groups and Indian groups, and I'd be willing to take a look at those on a case by case basis. What we are trying to do once again is to weed out the middle-income people who would not be potential welfare recipients and who might be able to participate in a program due to the very liberal system of determining eligibility, including the five-year definition for potential, which is why we cut that back to six months.

CHAIRMAN MANDEL: Governor Evans of Washington.

GOVERNOR DANIEL J. EVANS: I guess we can come back to exceptions and, you know, in each individual case try to ameliorate some of the problems we are running into, but it seems to me what you are really saying is that at the federal level you are substituting your judgment of priorities in place of those of us who are running our various States, and I think we have a better sense of priority within our States than perhaps HEW does. What I'm pleading for is perhaps a better joint sense of trust in the abilities of those at the state level to look at their own priorities, and in having some flexibility to deal with those priorities. Collectively I think we can come a lot closer to reaching the national goals that you seek and I think we seek as well.

CHAIRMAN MANDEL: I might add that the Secretary will be here in the morning at 9 o'clock, and we can continue to make some of the suggestions that you are making this afternoon. Governor Andrus.

GOVERNOR ANDRUS: Mr. Chairman, I recognize that we are going way overtime, and as I look around the table I regret that more of our colleagues are not here because, frankly, this is by far the most important meeting we have had to date in the National Governors' Conference. Just for the sake of getting it into the record, Mr. Chairman, there are a couple of comments I'd like to make. I agree with Governor Evans wholeheartedly in the statement that the HEW people, through regulations that are much more restrictive than the legislation, have substituted their sense of priorities for ours. When the regulations came out they publicized and put them out for hearing. They did recognize some of our requests, but then they redrafted them and they did not come back to hearing again. They are coming out now without the opportunity for other comments

that we might like to make. But three weeks ago, on May 15, Senator Long, who is the chairman of the Senate Finance Committee, had before his committee five of our Governors, among other people, and pointed out that at that point in time one of the States, I believe it was Governor Exon's if I'm not mistaken, went to HEW and said that there wasn't a State that could meet these restrictions that had been placed on this particular program and still use the \$2.5 billion. The HEW official said, and I am quoting, "Yes, that is correct, but if they meet that restriction the money is there." Well, Senator Long made it very, very clear, gentlemen, and I want it in the record here today, and I'm quoting the Senator, "We ought to make it clear that when we said that the States were to have \$2.5 billion we meant, yes, they get \$2.5 billion, and that the States should have sufficient latitude so that they can judge between the relative priorities where they can use the money to the best advantage."

Going back to what Governor Dan Evans said a while ago, we know what the problems are, the point being that we know what the priorities are in our given States. In the State of Idaho the Secretary would not be eligible for welfare services, I am confident, but the priorities nevertheless should be left to us, and I don't require an answer because I have asked it and expressed my concern before. In Mr. Carlucci's release of today's remarks he says that "The whole point of these social service regulations is to simplify, clarify, and concentrate dollars on the truly needy." I guess maybe we are overly suspicious and our policy statement tomorrow will speak to this, but I suspect, not speaking for the other Governors, I suspect that it is more to reduce the amount of money than it is to look out for the needy. Gentlemen, if I'm wrong you can easily prove me wrong by letting us set our priorities and letting us have our share of that \$2.5 billion. Thank you very much, Mr. Chairman.

CHAIRMAN MANDEL: Thank you very much, Governor, and thank you, Mr. Carlucci. Before we adjourn for the day, Governor Holton has an announcement he'd like to make.

GOVERNOR HOLTON: I would like to have a meeting of the Republican Governors Association right over here past this platform on the way out. It will take a couple of minutes. To the members of the press, you are welcome to come by but before you get your adrenaline up all we are going to do is select nominees for the Executive Committee.

CHAIRMAN MANDEL: "Crihf" also has some announcements.

MR. CRIHFELD: First, regarding departures, don't forget that you should plan on leaving the Sahara Tahoe two hours in advance of airline departures. Check at the transportation desk to make necessary arrangements tomorrow. About tonight's state dinner, arrangements for the program are slightly different than they were yesterday. We again have distributed reservation cards for the Governors and their wives. The good news is that members of the official parties will not need admission tickets. Their blue badges will get them into the dinner show. The media representatives and guests, red and green badges, will need

admission tickets, and will get them in the same manner as yesterday, either in the press room or in the host state office. Here is a major switch. The Governors and their wives will go in last instead of first, at approximately 7 p.m. All others should be in their seats by not later than 6:30 p.m. There will be a march in of the Governors, but they will not be introduced individually as in the past.

The Mid-Atlantic Governors will meet in Room 207 immediately following this session; it will be very brief. It includes New York, Pennsylvania, West Virginia, Maryland, Puerto Rico, Delaware and New Jersey. The Southern Governors' Staff Advisory Committee will meet in Room 206 at 2 p.m. this afternoon. Democratic Governors will meet tomorrow morning promptly at 8:15. This will not be a breakfast session. The meeting room will be announced by message in your hotel mailboxes.

Concerning committee policy statements. All of the six Standing Committees are trying desperately to perfect and process their proposed policy statements. We are advised that all committee proposals will be placed in the Governors' rooms by approximately 4 p.m. this afternoon. These all have the approval of the Executive Committee for floor action tomorrow. Also, text copies of all proposed resolutions under the suspension rule will be included in the packet.

**CHAIRMAN MANDEL:** The meeting is adjourned.

## WEDNESDAY SESSION

June 6

CHAIRMAN MANDEL: Gentlemen, this morning's program will start off with a discussion entitled "Restructuring Federal Assistance Programs," in other words, special revenue sharing. I think we are very fortunate to have such distinguished guests with us to talk about special revenue sharing and to answer questions. But first, Governor Holton has asked for a point of personal privilege for ten seconds. Will somebody time him.

GOVERNOR HOLTON: Mr. Chairman, Fellow Governors: I am the only Governor here who will be leaving this session as his final one at the National Governors' Conference. I will have to leave a little bit early and will not be back next year, but I do want to say how wonderful it has been to work with you during the four years that I have been in office. Many thanks, Mr. Chairman.

CHAIRMAN MANDEL: And let me say to you on behalf of all the Governors, that we really appreciate having had the opportunity to work with you as Governor of the Commonwealth of Virginia. We appreciate the contributions that you have made to the Governors' Conference, and we know that it is only the constitution that keeps you from coming back.

GOVERNOR HOLTON: Thank God for the constitution.

CHAIRMAN MANDEL: I wasn't going to say that. I was going to let you say it. We have with us the Honorable Caspar Weinberger, Secretary of the Department of Health, Education, and Welfare. I think none of us need any introduction to "Cap" Weinberger. All of you know his background, his service in state government as well as having been a former legislator, and also now his service with the federal government.

We have James Lynn who is Secretary of the Department of Housing and Urban Development. A native of Ohio, an attorney, he has been with the federal government since 1969, has served in many capacities, as General Counsel to the Department of Commerce, Under Secretary of the Department of Commerce, and now as Secretary of the Department of Housing and Urban Development. Also Ken Cole, who all of you are familiar with, who is the Executive Director of the President's Domestic Council. Mr. Cole has been Deputy Assistant to the President for Domestic Affairs since 1969.

I might say, before we get into the program, that we had hoped to have Mr. Ash with us, but other pressing matters have made it impossible for him to

attend. He sends his regrets, we realize the conflicts he has, and we can understand that. Without getting any further into any introductions—I have been given another note before we start the program. Governor Exon, do you have a telegram?

GOVERNOR EXON: Mr. Chairman, thank you. I am passing around a telegram that many Governors have requested that we all sign, giving best wishes to our colleague, Governor Cahill, who was unsuccessful in a primary election yesterday. It is being passed around to any who wish to sign this telegram. Please do so, and Mr. Carihfield will see that it is forwarded on to Governor Cahill this morning.

CHAIRMAN MANDEL: Thank you very much, Governor. And now without any further ado, I'd like to call on Mr. Weinberger.

MR. CASPAR W. WEINBERGER: Thank you very much indeed, Governor Mandel. I appreciate being introduced by you and appreciate very much the opportunity to be here. I thought I would talk just a little bit about some of the restructuring and some of the new directions, and then having carefully identified the nearest exist, I will be glad to offer to try to take your questions. I will be happy, really, to do that and hope that I can be helpful. The first point that I would make is one that I think is essential, because there has been some basic confusion about it. There seems to have been some feeling that the many new directions on which the Administration is embarked were all part of a concerted plan and that general revenue sharing is some kind of a smoke screen. If so, it is a \$6.2 billion annual smoke screen, and it's very real, so I don't think it is fairly described as that. But there have been some who have said that it is part of a plan under which we were to give with one hand and take away with the other. And very clearly it was not, as I think perhaps is better understood by this audience than any in the United States or elsewhere. Each chief executive does have not only the obligation but the duty, the necessity, of examining all of the programs being run by his State or his country, as the President did, in determining whether some of those should continue or whether some of them should be enlarged, or whether some of them should be terminated or sharply reduced, and President Nixon does have that continuing responsibility.

Almost a year ago he directed me, when I was budget director, to review the entire gamut of federal programs, which ran in excess of 1,400 at that time, with this exact idea in mind, totally separate from the thrust to get revenue sharing, general revenue sharing, which was a very real thrust and a continuing one. That thrust continued, had continued for the three and a half years, and even longer before then. So that was on one track.

But on the other hand, the need to examine all of these programs to determine whether or not they should continue or whether or not they should be terminated or enlarged or reduced was also a necessary task of any chief executive, and it was a task from which the President did not shrink. We did do that and we did make some recommendations. In addition, there was an

overriding importance in doing it last year because of the upward dynamism of federal spending. I know this is not the case in any of your States, but it is the case in the federal government, that there is an enormous upward thrust of expenditures caused by just a continuation of existing programs.

CHAIRMAN MANDEL: Pardon me for interrupting, but some of the Governors are saying that they aren't able to hear because of the activity and movement in the rear of the room. I would appreciate your cooperation. The last several days you have cooperated with us beautifully, but would all the guests please find seats. Would the sergeant-at-arms keep the conversations and the noise to an absolute minimum. Sorry to interrupt you, Mr. Weinberger.

MR. WEINBERGER: So there was a necessity to make this reexamination because of the very simple fiscal facts that we found and, to this extent, I am trespassing a little on what Roy Ash planned to tell you. When we looked at not only the 1973 budget, but also at the 1974 and 1975 budgets, what we saw very quickly and very succinctly was an absolute necessity to increase federal taxes by something in the neighborhood of 21 to 22 percent had we not taken the action we did to examine and make recommendations for the termination of several existing federal programs. So there was that thrust going forward on a second track. At the same time, as I said before, we were strongly urging the allocation of over \$6 billion a year for general revenue sharing. The two were not in any way connected, but they were both very important initiatives of this Administration. At the same time, on a third track, we were looking at ways of delivering various forms of federal assistance and federal programs in a more effective way than before. But, in any event, we did find it very necessary to make this examination, and with the special revenue sharing programs some consolidation was inevitable.

The fact is that some of the programs that were being delivered in the subject areas of special revenue sharing were also programs that were recommended for termination because of their basic ineffectiveness or their basic inequity. One of them, and I know it is a sore subject but I see no reason not to speak frankly as I have always done, was the impacted school aid, where federal aid to education was allocated not on the basis of need or educational requirements but was allocated on the basis of whether the pupils' parents worked for the federal government or not, so there was not all that degree of logic in such an allocation. So we were faced then with two or three different requirements. One requirement was the absolute necessity to hold federal taxes at least level for at least two or three years. The other was not to encourage more inflation by overspending. The next was to insure that all of the programs we had, given these limitations and ceilings which had not been factors before, were the most effective and reaching the people most in need. Finally, the absolute determination of the President to follow through on the new federalism, which is the idea of transferring both money and decision-making power much closer to the people, that is, to the state and city and county

governments, and to the school districts. So that was the basic rationale for what we are trying to do.

I think it is quite fair to say that because we were trying to do so many new things at once, this has undoubtedly caused some confusion and some misunderstanding, but I don't think anyone should continue to be misled as to the purpose or, as we see it, to the ultimate results. We do believe that the ultimate results will be infinitely better from the point of view of the ability to deliver federal dollars relatively unimpeded and unhampered by a great many narrow boundary lines and the ability to place decision-making authority much closer to home, because we in this Administration do not share the feeling we hear expressed so often in Washington that States are simply not competent to handle these important things. We do not share that viewpoint. We have exactly the contrary viewpoint. I had the great honor and privilege of working with Governor Reagan for two years as his finance director and it was my continuing impression and is at this time that we did many, many things in California a great deal better than we are able to do in Washington. In any event, all of these are factors which grow the number of decisions. Decisions of this kind mean change and change always means trauma, because people who are familiar with what there is at the present time are worried and uncertain as to whether it will continue. And when you combine this with the need to make some actual eliminations of federal programs, which we did do on the basis of effectiveness, whether or not they were getting the dollars into the areas of greatest need, then naturally you were going to have misunderstanding and uncertainty and suspicion and unhappiness.

Let me concentrate for the moment on a couple of the things that we thought were necessary to do, but within the ceilings and the fiscal policy that we felt had to be adopted to prevent more taxation and more inflation caused by government spending. The normal quick response is, why don't you take it out of defense. It isn't really possible to take it out of defense anymore because defense expenditures have stayed level during the four years of the President's term, while Human Resources Programs have gone from \$62 billion to \$127 billion. So the quick, easy answer that you should reverse your priorities isn't applicable. Our priorities have been reversed albeit virtually unnoticed. What we tried to do, then, was decide on some reductions that could be made or hold some programs level, which is the more usual answer, in order to free funds within these ceilings for new things. One of the new things we wanted to do was, first of all and for example, in the education field. We wanted to add very substantially to the amount of student aid as opposed to the amount of aid that would filter through an institution, where a fair amount of it would be lost through overhead and administrative costs. So we asked for a billion dollar expanded program for student aid, direct student grants, more than enough to take care of students qualified to go to college but who cannot for economic reasons.

We are working very vigorously in our department on a national health initiative program that we hope will be submitted to the Congress in the fall. That program will eliminate money as a barrier to quality health care for people who are unable to buy their own. We are trying and have already made the first steps in what I believe will be a substantial improvement in the welfare system by our new quality control regulations which can insure not only equitable payments, freeing some dollars that were going to ineligible people or going in the form of overpayments, to go to people who need it most. Here again we want to work as closely as we possibly can with you; and in this area I think we have already been able to be of assistance to some States and we stand ready to do a great deal more.

Let me talk now about educational revenue sharing for about two or three minutes. Educational revenue sharing is again based on the same pattern. It is a pattern under which we want to eliminate 32 narrow categorical programs ranging from such things as special grants for overhead projectors to steam tables for cafeterias, under which the national Congress has to sit as some sort of national school board to decide whether all of these things should be granted in this high detail for each one of these special purposes. Instead of that, we'd like to consolidate these into five broad areas—the Vice-President is entering now. Mr. Vice-President, very nice to see you, sir.

CHAIRMAN MANDEL: Gentlemen, we are very honored to have with us this morning the Vice-President of the United States, and while I know he has asked that he not participate or take any active role in any of the meetings of the Conference, if Mr. Weinberger will excuse us for a moment I'd like the Vice-President to step up and just say hello to some old friends. Vice-President Agnew.

VICE-PRESIDENT SPIRO T. AGNEW: Thank you; thank you very much, gentlemen, for that warm reception, and thank you, Marvin, for giving me this chance to say hello to many of my old friends, some of whom I have known not quite so long but feel nonetheless very friendly with, too. You know, you're going to be my Governor again in about two more weeks, so I have to be very deferential to you and I intend to do that. We in Maryland are very proud that our Governor is Chairman of the National Governors' Conference. We think it reflects a great deal of credit on our State, and I'm pleased to have this chance to be here, not to participate in this meeting, but to listen a little bit to the structured presentation and the free discussions that might follow it.

I want everyone in the room to know that although at the moment I have no formal ongoing assignment in intergovernmental relations, my continuing responsibility to be close and available to Governors, mayors and county officials is still in effect, and I am being very, you might say, low-key in saying to you that I'm interested in performing that function, because I feel it is very important that there be someone at the executive level in Washington who has been through these difficult problems that you face day in and day out in

running state government. So please consider me available for consultation, available for counseling and in any other way I can be helpful I want to be. Thank you very much.

CHAIRMAN MANDEL: Thank you very much, Mr. Vice-President. As I said earlier, our panelists will answer questions. The Vice-President is not a panelist. He will not have to answer any questions, but we will give you the privilege of asking some, if you want, Mr. Vice-President. One other thing, and then we'll go on with the program. I, too, would be very interested, and I think all the Governors would be very interested if we had someone at the White House level who has served as Governor who could work with the Governors in their day-to-day problems, and we hope that there will be this opportunity for someone like yourself who has served in the capacity as Governor of a State to work with us at that level, and I'm hopeful that that will happen, Mr. Vice-President. We'll now go on with Mr. Weinberger.

MR. WEINBERGER: Thank you, sir. We had just reached educational revenue sharing, and I don't want to belabor it because I'm sure you are familiar with it, but I want to point out what seems to us to be, and particularly to one who has worked at the state level, the very real advantages of it. Instead of having to waste a substantial amount of time and manpower and effort on applications for individual grants under these 32 narrow categories, under our proposal you would have a regularly computable, automatic check that would be written from Washington and which could be spent over five broad areas: the disadvantaged; vocational education; education for the handicapped; the impacted aid program that would be left; and for the so-called special services. Regarding the amounts involved, a lot of confusion has arisen because there seems to be an assumption that special revenue sharing automatically brings a cut with it. But the amounts would be entirely up to the Congress, and would be voted in the normal way by the Congress, and we haven't even asked any authorization limit or total in the bill. So the amount involved would be a separate decision each year, but the regularity of it, the computability of it under automatic formulas would be something that you could not only know in advance and thus eliminate a lot of the uncertainty that we have this year and have had in previous years, but it would be something that would free a lot of your manpower so that they could devote themselves to education and not to grantsmanship. It also would free a lot of people at the federal level whose first task is to reject every application and then go back through it and ask for some more semicolons and about a year later grant it. So we would look forward to it as much as you would and it can be a real partnership.

Inherent in a change, of course, is the reluctance of the Congress to move toward any change of that kind. Though we submitted the bill early in March, and it was flagged in the budget that was submitted in January, there has not been any Congressional action. Consequently, because we have asked for termination of the existing federal aid to education programs so we could fold

them into this new revenue sharing program, a lot of people seem to be under the misapprehension that this means the end of federal aid to education with consequent sharp losses in revenue to the States. It does not. It means we are asking for a much better form of federal aid to the States, and we very much hope the Congress will adopt it. If the Congress does not adopt it, obviously we are going to close that gap in one way or another. I have spent all of last week and a portion of the weekend trying to work out such arrangements, and it is not in any sense a difficult task. What is difficult is to maintain the momentum to get a change or improvements. If you believe as I do, and as we have heard from many others, that this form of special revenue sharing would be an improvement and something that would give you and your school superintendents and others a very much desired and needed degree of additional freedom and flexibility, then with your support I think we can get it passed as we did general revenue sharing. But there will not be any situation in which States or school children will be deprived. The purpose of it is to improve federal aid and the delivery of federal aid to education at the state and local level.

There are a great many other things that I could talk about, but I don't want to encroach on the time of the others, and for that reason I am only going to mention one other major point, and that is in our own department. As you know, the Congress last fall added a duty which at the present time is performed by the States and 32,000 people, and that of course is the administration of the adult categories in welfare which will become federalized after January 1, and we hope to do this with substantially fewer people because of the economies in scale that the Congress believes can be obtained by doing it nationally. We are in the process of trying to be of as much assistance at this point to you as we can and operate it on a real partnership, and we are developing units within our department to deal with and discuss matters of great importance to you. It is the biggest single task that the civilian side of the federal government has ever been called upon to do, and we will have the checks in the mail by January 4, which is the date they have to be there. But there are 6,200,000 checks and it is a monumental task and obviously one that we are not in the least interested in causing any delay to you or to ourselves. So it is not only because we want to operate in a partnership fashion that we are doing everything we possibly can to be of help to you. At the same time, we do try to undertake this massive new task that the Congress has imposed upon us.

The other thing that I want to mention is our effort to slim down the department and make it a more effective instrument for you to work with, and the related decentralization program. We have now under way major decentralization programs through which the 10 regional offices of the department will be given vastly increased duties and powers: the power to make grants; the power to make final decisions on a number of programmatic matters; and specific instructions to deal with and work with the Governors and the local officials so that they will not have to undergo long delays while Washington makes up its

mind. So that's what we are trying to do. That's a very short summary statement. I will be delighted to try to expand on it if there are any questions that you might have. It will have a major beneficial effect, we think, not only on our own internal operations but on the programmatic activities of the department, because we believe it can and will result in the making of decisions based on consultation with the Governors so that we have the benefit of your advice and your recommendations.

So this new federalism that we are trying to put into effect isn't folding the tent in Washington. It's trying to move responsibilities to the proper level. It's trying to recognize the major and absolutely essential role that the States have in the federal system, and it's trying to redress a balance that we think was out of balance for many years with the power flowing to Washington instead of back from Washington to the people. In our own department, just as one small final closing example, we now have a new policy under which we invite and encourage the applications for waivers for various of our regulations because we are extremely anxious that States be allowed to experiment and do as many of the things that the law will possibly permit us to authorize them to do. We will, of course, retain federal power as required to offer truly national programs, civil rights matters where the law imposes very clear obligations on the federal government, and where there is a clear federal priority, such as certain forms of education that I mentioned for the disadvantaged and the handicapped, vocational education and so on. We will retain this. We are not closing down the federal government. What we are trying to do is redress a balance and bring into partnership with us the people who are closest to the problems.

So when you hear a lot of criticism to the effect that all we are trying to do is save money, it is not correct. We are trying to stay within totals that will not require us to increase the taxes that your constituents and ours will have to pay. We are trying to stay within fiscal limits that will eliminate any possibility of more inflation caused by the federal government. We are at the same time trying to insure that we devolve the power and the funds necessary to enable States to meet their problems without requiring an increase in taxation, and within those limits we necessarily have to target the federal funds at the people who are much more in need than some of the beneficiaries in the past, and this does bring about change, and a change is always, as I said, a difficult thing to accommodate to. But we think it is a necessary and a vital change and a change that could bring about a very substantial improvement in the work that you and all of us are dedicated to doing. Thank you very much.

CHAIRMAN MANDEL: Thank you, Mr. Weinberger. As I said earlier, Mr. Weinberger will be available for questions at the conclusion of the program. I have just been handed a note that I think even Mr. Weinberger will be interested in, and that is that just five minutes ago the Senate Finance Committee voted to report out legislation to delay implementation of the social service regulations until July 1, 1974. Next I'd like to call on Mr. James Lynn.

MR. JAMES T. LYNN: Thank you, Mr. Chairman. Mr. Vice-President, Governors, Guests: It's an honor and a privilege to be with you this morning. I have looked forward to this occasion for some time to discuss with you the Administration's policies and programs for community development. I last had the opportunity to address a group of the Nation's Governors a little over three months ago at the White House. At that time, I spoke, of necessity, in general terms about the Administration's approach to community development. Since then a series of statements and proposals, including the President's March 8 Community Development Message and follow-up proposals, have been put forth. These last weeks have done much to settle the dust. I hope that my brief remarks today can dispel some of the remaining doubts that you may have about our future directions and current plans. I will touch on four specific areas: the Better Communities Act, the Responsive Governments Act, the Disaster Preparedness and Assistance Act, and highways and mass transportation.

Before plunging into the specifics, however, I think it is useful to sketch the landscape. Two background themes stand out as essential to a proper perspective. The first is the inescapable need for overall budgetary responsibility. The President's spending decisions this year, and his budget proposals for next year, recognize the economic facts of life; that we have a vigorous economy, that excess government spending could do untold damage in the form of higher taxes or runaway inflation or both. It is human nature to resist distasteful facts, and it is politically popular to point to other government activities over which we have no responsibility and about which we may have little knowledge and insist that they bear the full brunt of any belt tightening. But we all know, and I think we should all candidly make clear, that the inflated buck has to stop somewhere.

The second theme of the landscape is in brighter hues. It is a theme that ties together all of our community development policies and programs. It is the integrating theme of the new federalism. The new federalism, to borrow a phrase, turns me on, not because my secretarial prerogatives are being turned over to others, and not because it will advance any partisan causes. It turns me on because it is the best hope we have for community betterment. It turns me on because I firmly believe that it is a better way to serve the people of this country. To reach the goal of community betterment, the new federalism is dedicated to two obvious but surprisingly revolutionary principles. First, that our Nation's communities, their problems and their aspirations, are diverse. Second, that accountability of the people is the best method of assuring that our communities' needs will be met. The new federalism is rooted in the most basic of our political values, that the American people are capable of judging what is best for themselves, and that locally elected officials are the best barometers of local needs.

The centerpiece of the new federalism in the area of community development, the area in which I deal, is the Better Communities Act. The proposal has been in the hands of Congress almost seven weeks, and a great deal

has been done to make its provisions known. It is a special revenue sharing proposal that is pivotal to establishing state and local authority for priority setting. It will do away with seven tired, red-tape laden, priority distorting urban categorical programs—model cities, urban renewal and the rest—and instead will give cities, other local governments and States \$2.3 billion beginning July 1, 1974. The money would be distributed objectively, by formula, on the basis of local needs. State governments, for the first time, will have an important and expanding role in community development. In the first year they will receive nearly 10 percent of the \$2.3 billion for distribution within your States for community development. Over a five-year period, your share will increase from 10 percent to somewhere between 20 and 25 percent in the fifth year. At a \$2.3 billion funding level, this means the States' share would be around one-half billion dollars. Half of the funds received by the States will be spent in metropolitan areas; the other half can be used to address community development needs anywhere in your State. With respect to particular projects, the decisions will be yours.

Let me digress at this point for a moment. I have heard some complaints with respect to the Better Communities Act about the proposal to pass the bulk of the federal funds directly through to cities and counties, rather than funneling it through state government. I would urge each of you to profit from the experience of the federal government. Just as each of you has had cause to be frustrated and irritated by second-guessing from the federal bureaucracy, please consider that locally elected officials and, more importantly, the citizens of your States in your metropolitan centers might, with equal justification, rightfully rebel against too much second-guessing from the state capitol. To put it another way, the new federalism has a parallel at the state level, and you must ask, as we have asked ourselves: Which level of government is most accountable to the will of the people directly affected by the decision involved? Sometimes that will be you, but sometimes it will be the mayor or city council. Out of an excess of zeal to serve the people, we must all be on guard against the mentality that we are the only ones who know what is best for them. To be somewhat less philosophical, I'm sure also that you are fully aware of the political facts of life.

Let me move on now to my second item, the Responsive Governments Act. I'd like to quote from President Nixon's Community Development Message to Congress on March 8. "The ability to plan and manage is vital to effective government. It will be even more important to State and local governments as they are freed from the restraints of narrow categorical Federal programs and must decide how to spend revenue sharing funds." The President promised that the Better Communities Act would have, as companion legislation, a Responsive Governments Act to assist state and local governments with their new planning and management workload. We expect to send the Responsive Governments Act to Congress this month. The act will build on HUD's Comprehensive Planning Assistance Program, the 701 Program, which we have had for many years. I

might emphasize that I am going to offer this morning our general observations and some probabilities that aren't quite nailed down. In fact, we at HUD have intentionally delayed the process of finalizing the bill to get the input of this Conference. I enthusiastically solicit your views at this time. We want first of all to remove certain flaws in the 701 Program. President Nixon touched on this in his Community Development Message when he called attention to the difficulties States have in coordinating planning and management activities. Under 701, your offices at the present time administer the programs for non-metropolitan districts, counties, and cities under 50,000 in addition to statewide planning and management. HUD, on the other hand, provides direct assistance to metropolitan agencies and cities over 50,000. We feel the States should have broader responsibilities for the entire program. I would like to have your views as to exactly what those responsibilities should be.

We are also considering whether the matching fund requirement should be dropped, and I'm leaning heavily toward the affirmative. We are also interested in using planning and management assistance as a tool to insure that revenue sharing money is wisely spent. We want to make sure that state and local governments can develop increased capacity to analyze their opportunities and options in deciding how to use revenue sharing funds. The President's requested \$110 million for the Responsive Governments Act in fiscal 1974 is about a \$10 million increase from this year's 701 level. Funds very likely will be allocated to the States on a formula basis roughly akin to the present allocation system. States however might be given increased discretion to vary funding among categories, to make decisions about the amount of money that would go to a given applicant. Our intent in this regard is to increase your discretion over allocations of assistance within your States, but without disruptions in ongoing programs, and without forcing decisions on you before you're staffed up to make them. In fact, our general approach to the Responsive Governments Act is for your wishes and your capabilities to govern your increased involvement.

I would offer three final points of emphasis on the Responsive Governments Act. First, the scope of the program is much broader than the Better Communities Act alone. The planning and management assistance we're talking about is assistance in handling all the resources a State or city has at its command. Second, we will soon be deciding on administrative changes in the current 701 Program that will enable us in the immediate future to move smoothly toward the Responsive Governments Act approach. As our ultimate directions are finalized, we will be taking advantage of the flexibility in existing law to move surely and steadily toward the new system. And finally, let me emphasize my interest in your active involvement here, both in suggestions for administering the existing 701 Program and in helping to determine future policies. I share my progress report with you partly to inform you, but mostly in pursuit of your counsel.

And now the next item on my agenda. In his Community Development

Message, President Nixon promised to make 1973 a turning point in the quality of governmental response to natural disasters. Early in the year, as the first step toward that goal, he sent to the Congress Reorganization Plan Number 1 of 1973. The plan abolishes the Office of Emergency Preparedness and transfers all disaster assistance functions to HUD, where I intend to administer them by creation of a new Federal Disaster Assistance Administration. Incidentally, the man I propose to appoint to run this Administration is Tom Dunne, who, in recent years, has been a top official of the Economic Development Administration at the Department of Commerce and who has the skills, experience and desire to do a first-class job. In addition, the President, on May 8, sent to Congress the Disaster Preparedness and Assistance Act of 1973. The responsibility for disaster assistance is presently too fragmented among too many agencies. The proposed act will eliminate separate disaster declaration authorities now located in the Farmers Home Administration and the Small Business Administration. All future disaster declarations will be made by the President at the request of the Governor. The new act also establishes a single revolving fund for all disaster loans and a single disaster fund for other kinds of disaster assistance, such as low-income and emergency housing grants.

Secondly, the new act rests on the proposition that States, local governments and private individuals should assume a larger role, both in preparing for disasters and in distributing federal assistance once damage has occurred. It is of great interest to you, of course, that the new proposal makes the state government a primary management instrument in future disaster operations. State governments will receive federal funding for temporary housing assistance, for grants to needy disaster victims, for unemployment payments, and for recovery programs, such as debris removal and repair and restoration of facilities, streets, bridges and utilities. The federal government will also provide you with technical assistance to help you carry out these duties. States will also receive federal grants for up to 75 percent of the estimated cost of restoring public facilities and community services, including for the first time public recreational facilities and private nonprofit emergency, utility and custodial care facilities, as well as private nonprofit hospitals and schools. It is important to note that these grants need not be used to rebuild the facilities that have been damaged, even though the estimate will be based on the replacement costs of the projects that had been destroyed. But instead that lump sum total can be used to construct new facilities that incorporate new approaches to community services.

The States, incidentally, are not required to provide the other 25 percent to be eligible for the federal grant. Further, in each disaster, 25 percent of the federal grant can be advanced to the State immediately. One or two more features of the act. It requires recipients of disaster assistance to obtain insurance against future losses as a condition for receiving disaster assistance, again provided that insurance is available, adequate, and necessary. It provides, for up to 30 days, total federal funding of emergency assistance required for life

saving, public health, and safety, upon the request of a Governor and without a formal disaster declaration by the President. It establishes a single disaster loan and loan guarantee program for individuals, the loans to be made, on a government guarantee basis, by local financial institutions at interest rates set by the Treasury. It authorizes loans of up to 10 percent of a community's annual operating budget to help meet extraordinary expenses created by a disaster, and it expands the disaster loan program for major employers, including government employers. Quite obviously with the Disaster Preparedness and Assistance Act as with the Better Communities Act, the state governments must establish appropriate administrative machinery. That's why the new act authorizes federal grants of up to \$250,000 per State, with no matching funds required, for development of your preparedness capability. These grants can be made available to you immediately after the legislation is signed into law, and here again in your task of setting up shop we'll be glad to supply technical and managerial assistance on a continuing basis.

Now that I've talked at some length about how we propose to get there from here, in the figurative sense, let me get a bit more literal for a moment. That is to say, a word on highways and mass transit. As a part of the Highway Aid Legislation package, we've requested the Congress to let us use about 20 percent of the annual authorization total from the Highway Trust Fund for such urban transportation projects as bus lanes, parking lots, bus purchases and, subject to local option, capital investment in mass transit, including rail projects. The Administration is committed to completion of the interstate system and our proposal to provide flexible use of the urban system fund does not in any way reduce this commitment. If local officials opt to use a significant percentage of the urban fund for non-highway uses, and if Congress permits these projects to be liquidated from the trust fund, then it could conceivably stretch the period it will take to complete the urban segments of the interstate system. Here are the specifics. We're asking \$3.65 billion for the urban system, to be allocated as follows: \$1.1 billion for fiscal year 1974, \$1.2 billion for fiscal year 1975, and \$1.35 billion for fiscal year 1976. I might also mention that similar authorization for the rural system would amount to \$1 billion annually for each of those same three years.

Finally, we have proposed an increase in the contract authority of the present Urban Mass Transportation Capital Program administered by the Department of Transportation. That program, to refresh your recollection, is directed at modernizing and restructuring urban transit systems toward the goal of effective and efficient commuter operations. Specifically, our proposal to the Congress would increase the contract authority of this program for capital grants and planning assistance from \$3.1 billion to \$6.1 billion, to be effective through 1977. In addition, we propose that the federal share would be increased from the present 66-2/3 percent to 70 percent. Taken as a whole, our highway and mass transportation proposals are in the new federalism mode. They call for

expanding appropriate state and local decision-making authority in ways that will allow locally elected officials a greater voice in addressing the overall surface transportation needs of their communities.

I have gone on at some length about specifics, but I want to close by standing back from the trees and looking at the forest. The common thread running through the full range of the Administration's Community Development Program is, of course, the new federalism. Each of the trees is important in itself, but the forest is more important than any one of them. As I stand here today, that forest may be in danger. We run the terrible risk of having the new federalism become a political football. I, for one, don't think it can take all the kicking around. Because the new federalism is new, because there are skeptics and critics who think you in state and local government aren't up to the job, because there are many who have selfish, vested interests in maintaining the old federalism approach of the '60s, a political football may become a fragile bubble. Too much kicking around by its friends will result in a bursting that will only delight its enemies. You as Governors have a stake in seeing that this doesn't happen. The people of America's communities whom we are all chosen to serve have an even larger stake in the outcome. So I close with a plea. Let's work together to bring about the new American revolution. Let's set aside the acrimony that confuses the public and confounds our hopes for progress. Let's instead move forward in mutual understanding and stand on the common ground of a federal system that renews the capacity of government at all levels to better serve the people of this country.

CHAIRMAN MANDELL: Thank you, Mr. Lynn. And now, gentlemen, Mr. Ken Cole.

MR. KENNETH R. COLE, JR.: Thank you very much, Mr. Chairman. Mr. Vice-President, Governors: It is a pleasure to be here with you in this beautiful setting, and I want to thank Governor O'Callaghan for providing it. It is truly an outstanding place. I have been looking at my watch and I see that at least as my schedule indicates, we are running a little short on time. I think we will probably get more out of listening to you and hearing your questions than perhaps you'll get out of listening to us or letting us talk to you, so I want to be very brief and just make a couple of points, some related to the items on the agenda and some not so related. One thing I wanted to do, which is on the wires, I believe, and perhaps many of you are aware of it, the President today announced the appointment of Melvin Laird, former Secretary of Defense, as Counselor to the President for domestic affairs, and Mr. Laird's responsibilities will be the overall formation and coordination of domestic policy. He will have cabinet rank, he will sit in on national security council meetings, and he will, in my judgment, make an immense contribution to the work of the federal government as we go on.

The President also announced that General Alexander Haig will be retiring from the army effective, I believe, August 1 of this year, to become assistant to

the President, and here again I think that this is a great, great step forward. General Haig and I have known one another for going on my five years now in Washington and I believe that he and former Secretary Laird will make a great contribution. The President also announced that Ron Ziegler will be appointed as assistant to the President for communications. In that role he will assume many of the responsibilities formerly carried out by Herb Klein and, in addition to that, he will remain as press secretary to the President and will continue to carry out some of those responsibilities, as well.

One of the other things I want to touch on is what we have been hearing about how somehow the federal government has come to a screeching halt. This just couldn't be further from the truth. Let me tell you that we who have been back there working are working on the same kinds of issues that you have been talking about here in Lake Tahoe—community development, land use, law enforcement, highways, education finance, welfare, social services, special revenue sharing, and I guess what has been Topic A out here is energy. I have read your resolution on energy, I understand that you are going to appoint an energy committee. I just hope that as soon as this committee is appointed, and as soon as the committee is ready, we can get together with the committee and discuss the energy situation. It is an absolutely critical problem. The President is working very hard on it together with his advisors. We need your help, we welcome it and we want to get together with you.

Lastly, the point I want to make is that in my judgment we are at a watershed in American history. We can either continue doing business the same way as it has been done with more and more power flowing to the federal government, the bigger federal spending and higher federal taxes, or we can start to reverse this power. We can start to reverse it so that Governors can play a bigger role in the way their States are run, so that mayors and county officials can play a role in the way their cities and counties are run, and all of this in my judgment works to the benefit of the people of our country. The issue really is in your hands and in the hands of state and local officials. This year the issue focuses on special revenue sharing. There are a lot of people who want to continue doing business the same old way. We believe that you all want to change. If you want that change we have to have your help; we have to have your help with the Congress to get this legislation passed. We want to work with you on it, we want to meet with you on it, we want to talk with you about it, and we want to work together to get the Congress to pass this legislation which means so much to you and to the rest of the people in this country, and we look forward to continuing that relationship. Thank you.

CHAIRMAN MANDEL: Thank you, Mr. Cole. And now as we have done before, the panelists have agreed that they will answer any questions. Will you raise your hand if you have a question and direct it to the individual that you would like to have respond, we can go right ahead now with the questioning period. Governor Curtis of Maine.

GOVERNOR KENNETH M. CURTIS: Mr. Cole, I don't really want to sound impertinent, but I have been coming to many of these conferences in the winter and summer where we are told about the Governor's role and the areas of cooperation. One thing that came to my attention very recently was the fact that, as many well know, Maine is the State in New England that has the highest rate of unemployment, the lowest per capita income, yet we find that without being consulted at all we are the only State in New England that gets zero funding under OEO for the next year. We never seem to get a chance to make any input and this is what bothers me, particularly at a conference where we are informed of the Governor's role.

MR. COLE: Governor, I'm not sure of the details as to why you aren't getting any funding. I can't answer your question here this morning, but I would be happy to get together with you or talk with you about it on the telephone and let's see what we can do with the problem. I don't know if we can help, but we want to take a look at it.

CHAIRMAN MANDEL: Governor Kneip.

GOVERNOR KNEIP: I have the same concern. My State is the only State in the Denver Region that had the same thing happen to it and the unusual part about this is that our State was given an award, and we were held up as a special project for the entire country by the federal people, and yet when the new funding level came out ours was the State that was excluded. We were told that our program was a special image for the entire country, and I just thought it was worth noting.

MR. COLE: Well, once again I am going to have to talk with you about it personally. I'm not familiar with your specific state problems. I'm familiar with what we are doing with OEO generally but if there are specific problems let's get into it.

CHAIRMAN MANDEL: Governor Salmon of Vermont.

GOVERNOR SALMON: I have a question for Mr. Lynn. During the special White House briefing earlier this year, we chatted very briefly on the whole question of substantive initiatives on the part of the Executive Branch as impacting on the housing situation in this country, and I didn't hear housing highlighted during your prepared remarks. What specific initiatives can the Governors of this republic look for in the upcoming fiscal year?

MR. LYNN: As you know, the President stated in his Community Development Message of March 8 that he had instructed HUD to undertake an extensive study of our existing housing policies, not just on subsidized housing but the federal role as it impacts on housing our people generally; whether the various roles we take are complementary or conflicting. Secondly, to make recommendations to the President with respect to what those federal policies should be. Third, what programs we should have to carry them out. He promised that he would have his policy recommendations in this regard to the Congress by

September 7. I can say to you that we within HUD are on the track by way of getting our recommendations and study to him to make that announcement, to make his policy recommendations to the Congress on or before September 7.

In the meanwhile, we have been processing the applications on subsidized housing until we reached the designated level of processing subject to the suspension and, secondly, we have been looking at literally hundreds and hundreds of situations to assure ourselves that Governor Romney's promise when he announced the suspension would be carried out. You will recall he said we are going to keep our commitments where commitments have been made. I have already honored many of those commitments and in the weeks immediately ahead, the next week or two, we'll be announcing a good deal more. We intend to honor those commitments. As a result of the continued processing of the applications, I am quite confident that our subsidized housing rate for the period immediately ahead, say through the period ending fiscal '74, would be at an annual rate of some 250,000 units. So we do have an active program and a high level of housing, both subsidized and unsubsidized, while we complete the study and give Congress an opportunity to respond. I should add the Better Communities Act is not intended, let me repeat, not intended to be our housing initiative. I found some confusion in that regard, that people have thought we are proposing the Better Communities Act as something in lieu of our housing policies. They are entirely separate and we'll have our separate policy initiatives ready by September 7 as far as housing is concerned.

CHAIRMAN MANDEL: Governor Carter.

GOVERNOR CARTER: I believe that this question on housing gets to the center of a concern that many Governors have concerning special revenue sharing and other questions. The substitution that seems to be attempted by the Administration is to remove the long-standing contractual agreements, sometimes called categorical grants, that have been evolved by Congress over years and sometimes decades, and substitute for them administrative decisions that quite often are made in secrecy and with very little cooperation from the public or input by Governors or others who are concerned. The Administration's recent decision on housing illustrates this along with many others. My understanding of the present situation is that although the Administration has been in office for more than four years, the decision was made to stop the approval and financing of housing for low- and middle-income Americans, except where commitments had specifically already been made, and put the entire housing construction program in limbo. Subsequent to that, a portion of the program would, in effect, be the replacement for the one already cancelled.

In Georgia we have had very little inclination in past years to make long-term advance commitments. So, in effect, our efforts for low- and middle-income housing have come to a screeching halt, and we estimate that in the next 18 months this will cost us about \$300 million in housing construction.

Thus, Mr. Lynn, wouldn't it be better for the Administration to devise a substitute housing program, consult with Governors and others who are concerned, assure that the Congress does approve the substitution before the existing housing program is terminated? This leaves us with no housing program and no definition yet about what the Administration's proposal might be, and certainly no assurance that Congress will approve whatever the Administration ultimately comes up with.

MR. LYNN: Governor, I think I have touched on the subsidized housing rates that we think will provide a good transitional period. Also I might say from where I sit, that September 7 date is a looming date, and we intend sticking by it. As far as the situation of consulting with the Governors, not only did we go through the regular rigamarole of putting a notice in the Federal Register that we wanted the views of all interested national groups on where we should go from here as to federal policies, we personally contacted every major organization that we are aware of to give us their views, to assist us in the study. We do not believe by any means that the expertise in this area resides solely in HUD or in the federal government for that matter. So far we have had over 500 responses from various groups totaling over 8,000 pages which we are going over very, very carefully. I did note with interest your proposal that's contained in your resolutions and of course that's one of the options among other options that we are looking at in our study. To the extent that the Governors' group would like to have follow-up meetings with us, we would most certainly welcome it.

CHAIRMAN MANDEL: Governor Thomson of New Hampshire.

GOVERNOR MELDRIM THOMSON, JR.: Mr. Chairman, I'd simply like to say that perhaps some of the Governors should follow the old adage and biblical admonition that I have, "Seek and ye shall find." I came in as a new Governor and I have sought help from Arch Moore, for example, and Jack Williams, and found them very willing to give help, and what I received was very worthwhile. I mention that because then there came a time when I had to know more about our relationship with the federal government, and I want to say that my experience with the gentlemen who have been at the White House level and in the various departments has been a very refreshing and gratifying one. I would mention only two instances. In OEO when it came time to plan to phase that out, we sought help in Washington, they sent help to us, and we believe we have a good program going now to make use of all available monies that we can get from OEO but, at the same time, we are phasing it out and expect to have it phased out in our State by August. More important than that, when we needed some help at the time that we were trying to get our budget through the Legislature, they were coming up with an increase very substantially over what I had indicated was needed for welfare. I called Bob Carleson in Washington. He very kindly sent up two of his experts who stayed with us and worked until well beyond the midnight hour for three days in helping us get information that I

could present to our appropriations committee. So I want to be one of the Governors who says that we definitely in New Hampshire are getting excellent cooperation, and as far as we are concerned, we look upon this whole new federalism as a means to eventually get rid of the financial crutch that we have had to walk with from the federal government for so long, and if we really want to be sovereign States, then I think part of the role and responsibility must rest on the States themselves.

**CHAIRMAN MANDEL:** Governor Reagan.

**GOVERNOR REAGAN:** I would like to preface my question with the remark that I think that we have heard today that a great many of the fears and worries about the loss of categorical grants are more than offset by the proposals of the Administration for revenue sharing. If we really mean what we have been saying at these conferences over the years of wanting more autonomy and more responsibility for programs, plus the means to carry them out, here it is in our hands if everyone of us, regardless of affiliation, will begin beating on his Congressmen's heads and telling them that this is what we want and that we are fed up with the red tape that we have had over the years. We have been assured that the new grants exceed in amount the amounts that we have been getting under categorical grants, so there is no reason for the fear that has been expressed by so many that we are going to be left out in the cold on any of these. My question is directed to "Cap" Weinberger. I don't want to put him on the spot on this, but the announcement that you made, Mr. Chairman, with regard to the Senate Finance Committee's action about delaying for a year the implementation of the social service welfare regulations, I wonder if "Cap" is prepared with a reply as to what this may mean or how this may figure now in all that we need to know to plan.

**MR. WEINBERGER:** Yes, Governor. We knew that the proposal was pending in the Senate Finance Committee. It is a little ironic, because the entire limitation, ceiling and call for tighter regulations on social services came from the Senate Finance Committee and was adopted by the Congress as a whole. That ceiling, as you know, is higher than has ever been the case before; it is a \$2.5 billion ceiling and that's more than was spent for social services in the past. At the same time that ceiling was passed, and, as you know, it was made part of the general revenue sharing bill under the familiar legislative tactic that when they know a bill that the executive is very interested in, they tack other things on it so it all has to be signed and that was part of that bill, and along with the ceiling was a call for our department to adopt regulations that greatly tighten the existing provisions for spending of social services money. It was described by many as a sort of trapdoor in the treasury because there was literally no rule, there were no eligibility requirements, and the Senate Finance Committee, and eventually the Congress as a whole insisted that there be. For example, with many of the social service regulations, the Congress said that 90 percent of the

beneficiaries had to be either on welfare or very near the welfare level, and we responded with what are now three sets of regulations.

The first draft was published in February, and I think there were some things that needed changes in it, and we did make those changes. For example, we followed a Senate Finance Committee recommendation that no private funds be allowed to be donated to breed federal dollars for social services. I think that was wrong and we eventually changed it. But we had also set eligibility levels perhaps too low, again trying to comply with Congressional intent. We changed those eligibility levels. We were required, however, with day care and with others, to insure that day-care services, for example, be provided to mothers who were employed or who would be able to seek employment, the idea being to help people get off welfare or if they were off to help them stay off. All of these regulations we now have in final form, and we made a couple of changes in them as recently as two weeks ago. We are trying to comply with the direction of the Congress, and we believe now we have accomplished that.

There are a great many people who will be unhappy because they are middle- and upper-income people who have been receiving the benefit of these social services. That was one of the abuses that led to the Congressional action of last October, and those changes are reflected in the regulations. I suspect now that the pressures of some of these people have been sufficient to try to persuade the group that originated the whole change, including the ceiling, that perhaps these should be changed. At least that seems to be the purport of the resolution that came out this morning. I don't know what the rest of the Congress will do with it. It is very hard to estimate what their action will be, and I gave up trying to estimate activities of legislative bodies 12 hours after I entered the California Legislature, so I don't know what they'll do. We have on the books regulations designed to take effect July 1 that comply with the intention of the Congress. The ceiling on social services is higher than ever before. Any State that will submit eligible programs up to the extent of their individual ceiling and, as you know, there are 50 ceilings, not just one national one, any State that submits eligible programs up to its ceiling imposed by the Congress will get the full amount of money.

Whether or not the resolution purporting to stop the effective date of the new regulations will be enacted all the way into law or not I don't know, but we are prepared as of July 1 to move to the directions of the Congress that are on the books, and that is that social service money be targeted toward the poor and toward the low income with the idea of also insuring that it is work oriented to make certain that the people receiving social services are people who are being helped to stay off welfare as a result of those expenditures, and that complies fully with the Congressional intent. What will happen now, I don't know, but this resolution we know is being discussed.

CHAIRMAN MANDEL: Governor Exon.

GOVERNOR EXON: Mr. Chairman, I'd like to direct this question to

Secretary Lynn. Mr. Secretary, aside from the details of the programs that are now being advanced under the title of new federalism, and harkening back to your excellent talk to the Conference this morning, I believe that there is a concern by, I dare say, a majority of the Governors around this table that the programs being advanced at this time diminish the role and influence of the Governors and of the State Legislatures. Not that we want power and control, but we too are concerned about the relationships of the state government with the cities and the counties which are subdivisions of the state government. Do you maintain that the present direction of new federalism does not diminish the role and importance of the States, the Governors and the Legislatures, regarding the distribution of funds?

MR. LYNN: I certainly do so maintain. Let's look at the history, for example, of community development revenue sharing. The proposals in the Congress, as well as the Administration bill two years ago, really had no provision for a state role at all. The bill that got through the House of Representatives committee to the Rules Committee, the bill that got all the way through the Senate had nothing in it for the States, except so far as HUD in its own decision-making process decided to give the state funding. If we look at our existing categorical grant programs, there is nothing in them for the States at the present time. In fact, if you look at the total amount of funding we have done under our categorical grant programs that would be replaced by the Better Communities Act as far as States are concerned, it's very little, and what we are doing is coming up with a proposal whereby, for the first time in community development, a large amount of money would go to the States for community development purposes. As I said in my prepared remarks, by the fifth year, at a \$2.3 billion funding level, a half a billion dollars approximately would be for the States.

Secondly, as I mentioned regarding the directions we are exploring for 701 funding, the tendency I'm leaning toward is to give the States that want to have it in the transitional period much more authority in the areas of 701 spending, not just for the categories that they presently have, but for all of the categories. As far as the Responsive Governments Act is concerned, our direction is toward recognizing the need for increasing state opportunity and responsibility on overall planning for the State. States are a natural place for a very large role in this regard; you have the highways, you have other land use obligations and challenges, and we believe the state roles should be enhanced; and I think the programs that we have proposed certainly put our money where our thoughts are in that regard.

CHAIRMAN MANDEL: Governor Shapp.

GOVERNOR SHAPP: I would like to address myself to the other side of that coin, and respond to some of the things that Mr. Weinberger spoke about just a few moments ago. I share the view that the federal government should not do what the States can do better, but I think such a pet slogan is being overdone

today. Turning some of the problems over to the States and to the cities, as the federal government is trying to do today, is not going to solve our national problems, because there are many things that only the federal government can do. I am going to refer here specifically to a national investments plan which is sadly lacking at the present time. This lack is the cause of many of the problems that our States, our cities, and the people in the Nation are now facing.

We need federal programs in many areas, and nothing the States and nothing the cities can do can take the place of these federal programs. I go back to two Administrations over the last four decades when Franklin Roosevelt came to office in 1933, we faced the greatest depression this Nation had known, and F.D.R. developed federal investment programs. And then again in 1961 when Jack Kennedy became President, he came in with federal investment programs after we had three depressions in eight years in the previous Administration. Kennedy came in as did Roosevelt, with programs for manpower training, housing, and accelerated public works projects. During the entire Kennedy Administration there was absolutely no inflation. The wholesale price index did not vary plus or minus 1 percent during that entire period. It had not varied much during the last few years of the Eisenhower Administration when there were no public investments, but under Kennedy's programs all of the indexes favorable to our national economy went up, and all the indexes that are unfavorable to the national economy went down. We cut unemployment and profits went up; length of workweek went up; there was no inflation.

There are many things that only the federal government can do for all of us, and fragmented programs such as we are witnessing today will only lead to further stagnation and more national confusion. I think that the Nixon Administration, by putting the responsibility for some of their investment programs all over the country is heading in the wrong direction, and this is one of the causes of unemployment and continuing rampant inflation. New federalism is a grand slogan, but the way it is functioning will prevent this Nation from generating economic vitality and will continue to lead us on the path to nowhere at a time when most of the other industrial nations in the world have their national investment plans moving ahead rapidly and are taking over our markets. We speak a lot today about the energy crisis. Just add up all the crises that we face in this Nation. We face a transportation crisis, we have a stagnant economy, we have a crisis in urban affairs, unemployment is still high, we have a crisis with inflation and education and certainly with our international monetary programs. Actually we have a crisis of compounding crises. Reacting to one crisis after another seems to be a hallmark of this Administration. I think better planning is needed. We must recognize that there are many things that demand federal action and should not be passed on to the States and cities. States and cities too often lack ability to handle these programs except on a piecemeal basis.

CHAIRMAN MANDEL: Governor Love.

GOVERNOR LOVE: I have two questions. The first is a matter I think mainly of reassurance. It is my understanding on the impact funds, that indeed the amount that was allocated and appropriated is going to be carried through and paid out in this current fiscal year.

MR. WEINBERGER: That is correct.

GOVERNOR LOVE: I saw some press accounts that the school districts which budget on a calendar year basis are only going to get one-half of the funds, and at the end of this fiscal year.

MR. WEINBERGER: Yes. I think it will actually run a bit more than one-half, but essentially that is correct.

GOVERNOR LOVE: The other question is to Secretary Lynn. As a result of the fairly recent court decision on the Clean Water Act, and regarding the amount of funding that has been impounded or not allocated, is there any change in the Administration's attitude on the amount of money for sewers and so on that is going to be allocated under that program?

MR. LYNN: No, there is not.

CHAIRMAN MANDEL: Governor Bumpers.

GOVERNOR BUMPERS: Mr. Chairman, I certainly would not want to try to summarize the sentiments of most of my colleagues here, but I think that it would be safe to say that there are no Governors seated around this table who don't subscribe to and heartily endorse the concept of block grants. I think the problem with the Governors has been: (1) there has been no lead time to allow them to plan and deal with their Legislatures based on these programs that are being submitted; (2) we never get a list of the categorical grant programs that are being supplanted by special revenue sharing; and (3) these programs are conceived and presented to the Congress, and then we are urged to help pass them after we have had nothing to do with them, with no input or assistance in the planning of them.

Specifically, in the manpower program, it seems to me that the special revenue sharing program there presents unnecessary conflict among the States and the counties and the cities. The Administration says that it has been dealing with 10,000 contractors in the manpower field, and I certainly sympathize with the Administration in wanting to cut that number significantly. But the net effect is that the States are then left with a very small amount of money to deal with the problem. We are also asked to develop a statewide comprehensive plan dealing with manpower, but with no veto power over any city or county which chooses to go its separate way and ignore the state plan.

In the field of social services, yesterday Mr. Carlucci told us that in my State of Arkansas the state limit will be \$23.7 million. I can tell you categorically that, under the present regulations, it would be impossible for us to spend more than 50 percent of that amount. So these are things that I think concern all of the Governors here. I think most of them would like to support these concepts.

These are underlying currents and I think I would be remiss if I didn't bring them to your attention.

CHAIRMAN MANDEL: Mr. Weinberger.

MR. WEINBERGER: With respect to special revenue sharing, we did publish in the budget on January 29 the plans for publication and development of the special revenue sharing bill, and there has been at least that degree of notice. With respect to the last point you raised, all I can say is that yours is the first governmental unit I have ever heard of that says that it is unable to spend the amount of money authorized by the Congress. The ceiling that has been fixed by the Congress for each individual State is a matter of statute. It was based on a number of factors, I think probably not all of them logical, in the last days of the conference committee consideration of the general revenue sharing bill. But the simple fact is that the ceiling was accompanied, as you know, by provisions that required us to change the regulations and change the thrust and direction of the social services funds so that they would be targeted toward much more needy people than are receiving them at present. We have not had this kind of complaint from other States, that they are unable to spend the amount up to their ceilings. These ceilings carry a larger amount than was spent by States in the previous year, and that's why it has been puzzling to me to hear the outcry about the amount of reductions in social services. As far as day care alone is concerned, we will be providing almost twice as many day-care center hours of care; so that the dollars are there, the regulations are there to comply with the Congressional intent, and this I might say is one of the comparatively few programs on which the President and the Congress were in full agreement. That's why we drafted our regulations in the way that we did, and why we changed them after the original Congressional intent appeared to be even narrower than apparently they wanted. In any event, that program is in place, the state ceilings are in place, the regulations are in place as directed by the Congress, and whatever the States certify as eligible programs under those regulations, that amount will be honored up to the ceiling.

CHAIRMAN MANDEL: Mr. Weinberger, at yesterday's meeting a number of the Governors indicated that, within the regulations, they could not comply in order to spend the amount of money that has been granted. In addition, I think it was Governor Andrus who read some excerpts from a hearing before a committee where Congress said that these were not the kind of regulations that Congress intended to be adopted.

MR. WEINBERGER: Governor, I would suspect it was probably the Senate Finance Committee, but it would also probably be true that the individual who made that comment (and this is not the Congress as a whole as you know) was one of the many who opposed any ceiling at all.

CHAIRMAN MANDEL: It was the chairman of the committee, if I'm not mistaken, who proposed the limit in the first place.

GOVERNOR ANDRUS: That's right.

**MR. WEINBERGER:** He proposed the limit in the first place but he is also the man who proposed that we prohibit the allocation or the use of any privately donated funds, and he did make a change on that, but after we made our regulation change.

**CHAIRMAN MANDEL:** But he was the one that said that the regulations had gone far beyond what was intended by Congress in adopting the limit. The Governors feel that the regulations have put them in such a tight restraint that, even though you have allocated the money attempting to comply with the regulations, they will not be allowed to spend the money. One Governor made the comment that "It looks like the regulations," and I'm just repeating to you because I know you weren't here, "the regulations were purposely drawn so that the money couldn't be spent."

**MR. WEINBERGER:** No, sir. The money is earmarked and can't be used for any other purpose.

**CHAIRMAN MANDEL:** That's what they said, it couldn't be used at all.

**MR. WEINBERGER:** It is exactly like the money for interest on the national debt. It can be used for no other purpose, but all of it can and will be used as authorized. If there is some feeling in the Congress that they want to change their minds on the regulations now, obviously that will be their privilege. But when they tell us that 90 percent of the beneficiaries of many of these social services have to be people on welfare, we have no alternative, and we understand what they were trying to do. If the volume of mail from the people who are in middle- and upper-income groups now benefiting from social services bothered Congress, and they want to change their mind, that, of course, is their privilege. But I don't think the department or the Administration should be faulted for complying with what was clearly last October a substantial alarm at a program that had grown from something under \$200 million to something over \$6 billion if it had been allowed to go its course unchecked.

**CHAIRMAN MANDEL:** Governor Dunn.

**GOVERNOR DUNN:** First of all just a general statement. I am tremendously uplifted and gratified to see the enthusiasm and the conviction that these three participants have registered here today. I think we are on the right track nationally, in putting responsibility in government back where it belongs. Mr. Weinberger, may I make this one comment. I think I can tell you without any reservation, and on the basis of a very in-depth look by my commissioner of welfare, that not only can we not spend the money that's going to be made available under this new ceiling for social services in Tennessee, but additionally we aren't going to be able to continue to spend the dollars at the rate we are presently spending because of the regulations as they have been adjusted. I am going to have to substitute state dollars for the funds I have been using that were made available under federal auspices. I don't know in Tennessee about any upper-income and middle-income people receiving benefits. I'm just very frankly not aware that such a situation exists.

MR. WEINBERGER: Governor, this was the thrust of a lot of the testimony before the various committees last fall shortly before the ceiling was adopted, and I don't make the claim that it is in any sense a universal practice, but it was the discovery of this or the awareness of it that did lead to the guidelines and the statutory directions which we have been attempting to follow. If those guidelines and directions are changed, why, we are not going to interpose our will against the Congress, obviously not. But at the moment it is our understanding and my strong feeling that what we have done has complied with what was very evident Congressional intent of last fall. If people who were benefiting from some of the social service programs feel that they now cannot do so, and this pressure leads to a change by the Congress, that will obviously be another story. But this was the intention with which they were drawn up and I do appreciate your comments very much.

GOVERNOR DUNN: I want to add to them just momentarily. I lifted out of context some of your words a few moments ago. You said something to the effect that there would be some encouragement under certain circumstances for deviations from rigid regulations. We are going to be a very devious State in Tennessee, I want you to know that.

MR. WEINBERGER: We welcome application for waivers, Governor.

CHAIRMAN MANDEL: Mr. Cole would like to respond.

MR. COLE: I'd just like to add a footnote to some of the things that have been said here. If I may address myself to Governor Bumpers' comments with regard to, first, consultation on various special revenue sharing bills and, secondly, on the manpower revenue sharing package itself. I believe that we have had in the neighborhood of from 15 to 20 meetings with representatives of the Governors' Conference in Washington on these bills in the period between January and June of this year to get your views. We also now have to get the views of mayors and county officials and state legislators. Our legislation reflects probably a combination of a lot of things. We can't guarantee any one group that we are going to deliver for them exactly what they want. In some instances it represents a compromise, but the fact is that we have consulted, we intend to continue consulting, we are anxious for all of your constructive comments. If you want to come and get together with us we are more than ready to sit down and meet with you and talk about it. If we can make improvements we are going to do just that.

On the manpower revenue sharing, one of the things that has been communicated to me before I even came out here last night was your concern with regard to these regulations that are now in the drafting process. I want to say they are in the drafting process, they have not been promulgated yet; when they are promulgated they will be available for comment, which I believe is about a 30-day period, and then final regulations will be drafted. We recognize your dissatisfaction with the current form of the regulations. I am going to go back to Washington. If Charlie Byrley or other representatives want to meet with

us back there, or if some of you Governors would like to come in, we can get together with you and if there is a way to put it together we are going to try to do that. I have to now get back to the balancing act that I talked about a minute ago, and that has to do with mayors and county officials. We have to think about them also. They have had a role in this. There is a question about what their role ought to be, and this is a matter that ultimately will be resolved in what is the legislative process that takes place in the Congress. Our desire with manpower revenue sharing is to try and implement this through regulations, through a test period, see how it works, see if we can make refinements, and then propose legislation which will kind of set this in concrete, if you will.

Lastly, Mr. Chairman, if I may say in response to Governor Shapp's remarks, he made an eloquent plea, in my judgment, for continuing to do business in the same old way. I think as we look at it where we are, one of the reasons that we have all these problems is the fact that the federal government is trying to do everything for everybody, and we just don't believe that's going to work. So we are trying to get power back into the hands of the locally elected officials, officials who are closer to the people. The major success we have had to date is the passage of general revenue sharing, and the fact is these same categorical programs that require all this federal involvement that Governor Shapp is endorsing are still on the books, and they are not solving the problems. So we are proposing a change. We want to get power back into your hands so that you can begin to solve these problems, because the way we are doing it now just plain isn't working.

CHAIRMAN MANDEL: Governor Carter.

GOVERNOR CARTER: I just wanted to respond to Mr. Weinberger's statement that Arkansas was the only State in the Nation that was not going to be able to spend its funds, and it was apparently a surprise to many that Republican Governor Dunn from Tennessee has the same problem. We have the same problem, and I think that almost every State in the Nation does. My own belief is that the Department of HEW has not only recognized this is a universal problem but even anticipated it and deliberately caused it. We had in January or February a meeting in Washington at the request of HEW to discuss proposed regulations for the social services. At that time we were trying to cut back to the \$2.5 billion limit that the Congress had imposed. The budget officers of all the States who attended were informed that \$2.5 billion would not be the figure used by the Administration, but that a lesser figure of \$1.3 billion would be used. The HEW representative who was making the explanation, or perhaps it was OMB, said that it would even be difficult for the States to come up with qualified recipients under the new regulation to spend as much as \$1.3 billion. This is not a surprise to anyone. It has been a matter of great controversy for quite a while. On May 15 we had a group of Governors who went and met with Senator Long, the Chairman of the Finance Committee from which this legislation originated. They are very eager to restrict any waste of federal funds

and to quote from Senator Long from the record, he said "We ought to make it clear that when we said that the States were to have the \$2.5 billion, we meant, yes, they get the \$2.5 billion, and that the States should have sufficient latitude so that they can judge between their relative priorities where they can use the money to the best advantage."

MR. WEINBERGER: Do you want a response to that, Mr. Chairman?

CHAIRMAN MANDEL: If you would like to.

MR. WEINBERGER: I would like to say two things. First, there has been a change in HEW since January, and secondly, there is no such intent, nor was there ever any intent to draw regulations in a way that required the spending of less money than was authorized by the Congress. The regulations were drawn in good faith in an attempt to comply with what the Congress wanted, and if Senator Long feels that they are tighter than he wanted last fall, he certainly can express himself in many ways.

CHAIRMAN MANDEL: I have three more Governors that have asked to be heard. Governor Noel.

GOVERNOR NOEL: Mr. Chairman, I'd like to make one observation. I have been struggling with this problem now for about four months as a new Governor. We start with a concept, a concept of new federalism, a transfer of responsibilities from the federal government to the state levels, and find that most of the Governors support the concept; but then the problems start to develop in the very inadequate way that the transitional period is being handled; then problems begin to develop in the formulation of the programs themselves as evidenced by the most recent remarks by Governor Dunn and Governor Bumpers concerning HEW. It appears to me that what is happening is that the Administration is attempting to transfer responsibility to the Governors, but in the formulation of those programs the Administration is not taking direction from the Governors to whom they wish to transfer the responsibility. Unless the Governors have a stronger voice, and perhaps the mayors and the county officials, not only in the development of the special revenue sharing programs themselves, but also in the development of a strategy, a programmatic way to get from where we are now to the new federalism approach to these problems, unless that relationship is very strong and the input is very meaningful, I don't think we are ever going to get there. I think what is happening is that a concept is initiated with some support, but it is quickly being bogged down with a whole series of problems that are going to spell its demise.

CHAIRMAN MANDEL: Governor Reagan.

GOVERNOR REAGAN: I hate to sound like a Johnny One Note on this, but I have to say again from hearing this that I do not believe as Governors we are making a proper distinction between what is the responsibility of Congress for what it has done and what the Administration has done. The Secretary has pointed out to us several times what the Congressional intent was. With the advent of OEO, the original idea was that Governors would have a final veto on

all poverty programs. It was the Congress, in my understanding, that changed that and said, well, yes, you can veto but in 30 days bureaucrats in Washington can overturn your veto if they so choose. I think that we need to learn a little more and make sure to whom we should direct our attention. It is awfully easy, because the Administration has a high visibility, to direct everything at the people who are in charge of the programs, without checking to see whether the real villains are in Congress. There is no question but that the mayors have had a great deal more lobbying influence in Washington than we have had with regard to getting direct access to federal funds. They have that lobbying power because in each one of the major cities there are any number of Congressional districts, and they go to their Congressmen and they get these Congressmen to carry the ball for them.

We of course are only one in the State as a Governor, and the Congressmen feel far more beholden to the increasing number of districts. They don't view us as representing all of those districts. Also, I can't help but remark that perhaps we need to get a little more valid information for ourselves on facts and statistics and figures. California right at this moment has an unemployment rate that is lower than the national average, and this is the first time that has happened in the last 20 years in California, where the unemployment rate at the moment is the lowest it has been, except for wartime, in the last 40 years in the United States. In the Kennedy years, the average rate of unemployment was greater than the depth of unemployment that we reached two years ago in the last recession. The only time unemployment came down to the present level or lower was when we revved up and escalated the war in Vietnam. The only time before that was the Korean War, and the only time before that was World War II. I find that having a war to reduce unemployment is a price I don't care to pay.

CHAIRMAN MANDEL: Governor Kneip.

GOVERNOR KNEIP: First of all, Mr. Chairman, I'd like to thank the Secretaries for being here, because later this morning we are going to be dealing very directly with the special revenue sharing which I think is of concern to all the people. I might preface my remarks, though, by looking to some of the statistics just put forth by Governor Reagan. I wonder how many years we'd have to go back to find an inflationary rate of 30 percent on food as we saw in the first quarter of this year. But that's not my interest. I just dislike having the record not put entirely straight. I'd like to go back just a little while, and recall what Mr. Cole talked about. The Governors of these States, at every National Governors' Conference that I have attended, have been endorsing general revenue sharing, and we were given a lot of thoughts on that. We were told these are new funds and that's been reiterated today. But I'd like to look to the record and just take my State as an example and tell you why I can't support special revenue sharing at this time. I'm like Dale Bumpers, I agree that a lot of the problem is lead time. We are being told things after the fact. My Legislature went home at the end of March, but I must have had some 16 or 17 categories where

one member or another of my Legislature came to my desk prior to the conclusion of that legislative session and in an emergency sense wanted dollars picked up for either impounded areas or program change areas, library funds for example.

We are losing two thirds of our services unless we go to our contingency fund in the next 30 days. Under the OEO program, we talked about new federalism and a new relationship between the feds and the State. My State was the first to respond to that. I fully endorsed it, and I do think we need the decentralization of authority and power as the Administration is talking about it, but talking about it and doing it are two different things. We responded, and created a model rural development district. We had six regions in the State; we brought in mayors, the city councilmen, the county commissioners; we sought to bring it right to the grass-roots level; and we went so far as to say no dollars would go into any area unless it had the approval of those boards. And yet, in trying to be some kind of a model for the Nation we have now lost our OEO funds. I hope that can be reversed. We talked about federal-state relationships. We were the last to pass or conform to the highway beautification proposal. We signed everything under the sun, passed a proposal that, in effect, is a model for the country. It is better than what most States had passed the year before, and under the Congressional act we were guaranteed we had the right to go to court, which we did. We lost the court action and some \$3.5 million dollars was held back. I even had the personal guarantee of Mr. John Volpe, he is no longer there, that their intent was not to hold those funds.

What I am trying to tell the Secretaries is that we are always talking about a relationship between the federal and state governments. I am now going to use as a perfect example of bad planning one instance, and perhaps one of the Secretaries could respond to this. We talk about hold harmless. I think the hold harmless clause as we hear it under special revenue sharing is just not spelled out as a lot of us would like to see it. I will give you an example. The City of Sioux Falls, at the end of a five-year period under the present proposal that's before the Congress, would lose two thirds of its HUD funds. That's a fact, and yet the hold harmless clause as it applies under that act is going to last some three years in my State. I can only tell you that rural States like South Dakota are going to take a shellacking under this special revenue sharing, and I for one, while I support general revenue sharing, am going to be very slow, very slow to support special revenue sharing when I can categorically list item after item where we are losing dollars or they are changing the programs. I think it is important that we tell you Secretaries, because what you seem to intend and what's happening in my State are two different things.

**CHAIRMAN MANDEL:** Mr. Lynn and then we are going to have to cut this program off.

**MR. LYNN:** I believe on hold harmless you are referring to the formula under the Better Communities Act?

GOVERNOR KNEIP: Yes.

MR. LYNN: Let me say within the funding levels that we have proposed at \$2.3 billion, which is some \$200 million to \$300 million more than the sum total of recent program levels for the seven categorical grant programs that would be replaced, that we have tried to apply as much justice as we can. We believe that the hold harmless formula that we have come up with does that. Some of the cities do get reduced entitlements. Of course there are other cities that go up substantially. Why? Because it is based on a needs formula. It is based on poverty counted twice, it is based on housing, overcrowding and, last of all, on population. When we looked, though, at the fundings of various cities that give rise to hold harmless we found very erratic behavior. In other words, over the five-year period of the hold harmless there may have been one or two years (and they may be the most recent ones) where that particular city has had very high funding, but if you look at the five-year period it has gone up and down like waves in the ocean. One of the things we are assuring here, which is so vitally important, both to the cities and to the States, is that you are assured of a level of funding over a period of time. There is no assurance under our present categorical grant programs that the city that you have mentioned would get one third of what they got last year under a continuation of the categorical grant program.

GOVERNOR KNEIP: But where you are wrong, Mr. Secretary, and I need to say this about my particular State, is that there is only one of our cities that even qualifies for the program, so all of the cities that are presently receiving funds are shortchanged. They will no longer have any funds, and I don't know how anyone can describe that except as a total loss to my State. The program as I see it developing is purely for your large, urban areas and rural America loses out. I would also say that this is totally in contrast to the national population growth program as spelled out by this very same Conference.

MR. LYNN: There isn't any doubt, Governor, that this is primarily an urban oriented bill. It was intended as such, even though there is \$250 million per year by the end of the fifth year to be spent anywhere in the State that the Governors decide to spend it. As the President said in his Community Development Message, we tried through rural revenue sharing to get that kind of approach through the Congress. We failed. We have instead a Rural Development Act of 1972 that we are going to try to live with, that we are going to try to orient more toward the States as best we can. I think we all should address ourselves to what is the best way of handling the rural problem. The President said, "We'll try to live with what we have on the statute books. If we conclude they won't work, we'll be coming up again with a new proposal."

CHAIRMAN MANDEL: Maybe, Mr. Secretary, part of the problem is the old cliché that the Secretaries propose but OMB disposes. Gentlemen, at this point we have really exceeded our time. I think it has been very interesting, and we owe a deep debt of gratitude to these gentlemen for coming here. I thank

you on behalf of all the Governors. Mr. Vice-President, we have been delighted to have you with us.

Before we get into the regular business part of the session, I would like to call on Governor O'Callaghan. The Governor is going to have to leave very shortly. Before he does leave, I would like to express thanks to him for an excellent program, for an excellent Conference. He does have a motion that he would like to make, and I shall extend him the courtesy of making that motion at this time. Governor O'Callaghan.

GOVERNOR O'CALLAGHAN: Mr. Chairman, I move to have the rules suspended so that I may introduce this resolution calling for unanimous consent.

"WHEREAS, the National Governors' Conference is a focal point of nationwide interest and commands the elite of the press corps to report its diverse and historic activities; and

"WHEREAS, hundreds of national and local media representatives report the Conference's findings accurately and objectively during the four-day event; and

"WHEREAS, It is the conviction of the Governors here assembled that one man stands out as a monument to his peers and as a guiding beacon to his admirers; and

"WHEREAS, this man has devoted more than 40 years of his life covering meetings of the National Governors' Conference with a flair that has made him a landmark of achievement in an industry filled with professionals, a man regarded by all sides of the media fence as dedicated, unselfish, and truly the dean of the National Governors' Conference School of Journalism;

"NOW, THEREFORE, BE IT RESOLVED by the National Governors' Conference assembled at Lake Tahoe, Nevada, on June 6, 1973, that we Governors of these United States do pay tribute to Earl C. "Squire" Behrens as the man hereinbefore described."

CHAIRMAN MANDEL: The Governor has asked unanimous consent to introduce that resolution. Is there any objection? If not, the resolution is before us. What is your pleasure? The "ayes" have it, and the resolution is adopted.

GOVERNOR O'CALLAGHAN: I have two pleasant tasks to attend to today. One is to drive several hundred miles this afternoon to speak to a high school graduation, and the other pleasant task is to present this plaque to "Squire" Behrens. The plaque reads, "The 1973 National Governors' Conference Golden Pen Award to Earl C. "Squire" Behrens for 40 years of journalistic excellence in reporting the National Governors' Conference, 1933 to 1973, Lake Tahoe, Nevada."

MR. BEHRENS: Mr. Chairman, Governor O'Callaghan, Members of the Conference: I have been here, as you know, for 40 years. I have learned, I have listened to many speeches, and I will use the words of a poet who said, "Sometimes silence is more efficient than words." Thank you very much.

CHAIRMAN MANDEL: Thank you very much, "Squire," and congratsula-

tions. Gentlemen, we will now move into the business session. I am going to call on the Chairmen of the six Standing Committees to report on their activities and their policy statements. I think that copies of each one of these have been distributed to all of you and, in the interest of time, if we could get into the policy statements, adopt those that you gentlemen feel are noncontroversial, and then we can take up the controversial sections individually. The first Chairman we will call on is Governor Francis Sargent of Massachusetts, Chairman of the Committee on Transportation, Commerce, and Technology. Governor Sargent.

GOVERNOR SARGENT: Mr. Chairman, Fellow Governors: I am pleased to submit the policy statement of the National Governors' Conference on Transportation, Commerce, and Technology. The members of our Committee are: Governor John West as Vice Chairman; Tom Meskill; Tom Judge; Jim Exon; Mike O'Callaghan; Milt Shapp; and Dan Evans. Our Committee met this week and reviewed the progress to date. Two major concerns emerged from our deliberations; first, the clear need for passage of a comprehensive federal aid highway act. Many States now face very serious problems as a result of the failure of the Congress to pass a highway act last year. The Governors' Conference has advocated passage of legislation that would give the Governors the tools and the dollars to solve each State's transportation problems. Your Committee has testified before the Congress in behalf of the Governors. In addition, there have been many meetings in Washington with both the Administration and Congressional leaders to help develop the kind of balanced transportation program advocated in our policy statement. There is no legislation before the Joint Conference Committee of the Congress, but deadlines are approaching that will bring a halt to many of our States' highway programs. For this reason, our Committee has made the passage of this legislation top priority.

The second major issue to emerge from our Committee's deliberations is the impending railroad crisis. Within the next five months, six railroads in this country will be forced to shut down. Two of these could be out of business within the next 30 days. Our Committee is persuaded that the executive and legislative branches of government must begin intensive efforts to develop effective legislation to deal with this crisis. We have incorporated these concerns into a telegram that our Committee has unanimously adopted and which is attached to our policy statement. This telegram will be sent to the President and to the leadership of the Congress. We expect that they will accept our offers of assistance to help solve these national problems. In addition to this telegram, we have incorporated two new sections into our policy statement. They reflect our concern over the impending shutdown of railroads in the East, and the very serious freight car shortage in the Midwest. I want to personally thank the Governors from the Midwest who worked with our Committee on this problem.

In addition to the highway and rail problems, our Committee has also confronted the serious problems facing many of the Nation's mass transit

systems. The Committee has agreed that it is time for federal assistance to these systems. Therefore, we are advocating federal operating assistance from the general treasury as a new section of our policy statement. Our Committee has also analyzed the problem facing many States in the development of their statewide airport and airways systems. We have recommended that 10 percent of the Airport-Airways Trust Fund be returned directly to the States for the continued development of state airport systems. Mr. Chairman, I do want to spend a moment or two in closing to talk about the Nation's energy crisis that we have heard a great deal about since we have been here and that we hear a great deal about across this country. This problem is being explored in depth at this Conference, at Regional Governors' Conferences, and at both the Republican and Democratic Governors' Conferences. It has serious implications for our Nation's transportation systems—ground, sea, and air. It is clear that the National Governors' Conference must embark immediately upon a major effort to systematically analyze this critical national problem. Since the energy crisis cuts across all of the areas assigned to our Committee—transportation, technology, and commerce—we hope to be a part of the Governors' Conference's efforts to find solutions to this particular problem.

In summary, I want to sincerely thank the members of the Committee and their staff assistants who have worked very hard since our winter meeting. Through their efforts we have been able to present the National Governors' Conference position to the Congress and to the Administration. I believe that we have established the National Governors' Conference as a major force in the determination of national policy. In addition, we have been able to convey to our national leaders the important roles that Governors play in the developing of solutions to these problems. Mr. Chairman, I move the adoption of all of the policy statements as approved by the Committee, and also, pursuant to the direction of the Executive Committee taken last Sunday, in the back of your document is a resolution that was submitted by Jim Exon relating to the matter of impoundments which has provided a severe impact on many States. This is a non-partisan matter. I don't believe that it calls for a vote on the rules. It was submitted in timely fashion; it was approved by the Executive Committee of the Conference and, Mr. Chairman, if it is appropriate, I think it could be adopted as the Conference adopts the report.

**CHAIRMAN MANDEL:** The Chairman has moved the adoption of the policy statements. Is there any discussion?

**GOVERNOR DOCKING:** Question.

**CHAIRMAN MANDEL:** The "ayes" have it. The policy statements of the Committee on Transportation, Commerce, and Technology are approved. Next we will call on Governor Robert Docking of Kansas, Chairman of the Committee on Crime Reduction and Public Safety.

**GOVERNOR ROBERT DOCKING:** Thank you, Mr. Chairman, and my Fellow Governors. The members of the Committee for which I am reporting

include: Governor Jack Williams of Arizona; John Love of Colorado; John Burns of Hawaii; Meldrim Thomson of New Hampshire; William Cahill of New Jersey; Bruce King of New Mexico; and Dave Hall of Oklahoma. I appreciate very much their diligence and hard work, the time and the effort of their offices, and the work of the task force to this important Committee. All Governors' Committees face issues critically important to all of us as Governors, but certainly the elimination of crime and disorder in our Nation ranks as one of the primary concerns of the people of America and for us as Chief Executives of our respective States. We can be encouraged by recent Federal Bureau of Investigation statistics which show that, after an uninterrupted 17 years' escalation of crime in America, during 1972 it declined 3 percent. Further, these statistics indicate that 95 of the Nation's 154 large cities, with a population of 100,000 or more, report a decrease in serious crimes in 1972. I am personally proud of the fact that in Kansas two of our largest cities were included in the FBI report of reduced crime, and the serious crime rate in our capital city of Topeka dropped 14.6 percent compared to the previous year.

We cannot stop here. The primary purpose of our Committee is to accelerate this reduction of crime and, in an effort to reach this end, the Committee on Crime Reduction and Public Safety is proposing for your consideration four new policy positions. The first new policy statement reaffirms our support for the Law Enforcement Assistance Administration. It endorses the Law Enforcement Revenue Sharing Act, and calls upon Congress to give the act prompt, favorable consideration. The Omnibus Crime Control and Safe Streets Act and the statutory authority for LEAA end this month. Our key contribution on the legislative front, therefore, is to give full support to the proposed law enforcement revenue sharing bill. On behalf of the National Governors' Conference, I testified in support of this bill in March. Lt. Governor Brickley of Michigan and representatives of Governor Holton and Governor Ford also testified. Governors Shapp, Briscoe, Sargent, McCall, Meskill, Judge, Andrus, Egan, Wallace, Salmon, and Lucey submitted statements for the record. This bill retains the basic principles of federal-state-local relationships in the crime control area and gives the States more authority and responsibility for setting priorities in solving their law enforcement problems. It replaces the block grant program with special revenue sharing, and emphasizes increased and improved federal and state management. It eliminates grantee matching requirements and dispenses with the requirement of prior federal approval of state comprehensive plans.

Another of our policy positions endorses the findings of the National Advisory Commission on Criminal Justice Standards and Goals. The chairman of this national commission was Russell Peterson, former Chairman of this Committee. Last year in Houston we adopted the following position, which I quote: "The National Governors' Conference applauds the objectives of the Commission and urges the Commission to formulate realistic, concrete stan-

dards, goals and a timetable to help criminal justice planners assure the most productive return on every federal, state and local dollar committed to the reduction of crime." Our Committee believes the commission has met the recommendations of the Governors' Conference and has provided the necessary goals, standards, and timetables. In reviewing other positions of the National Governors' Conference in the area of criminal justice, it is clear that the positions of the commission on nearly every issue are consistent with the Governors' Conference. The commission strongly supports criminal code revision and sets out standards for these revisions. The commission also calls for increased use of summons and citations in lieu of police arrests, and seeks numerous improvements in the operations of police courts and corrections systems. These positions parallel policy positions of the Governors' Conference. There is a strong emphasis in the reports on community involvement, drug abuse prevention, treatment and control, and the prevention and control of juvenile delinquency. We are not recommending that the Governors' Conference endorse the report and standards in the reports of the National Advisory Commission on Criminal Justice Standards and Goals. We do call on each State to review its criminal justice system against the reports of the National Advisory Commission and to make the changes that are appropriate in that State. Many recommendations in the report have proved to have had an impact on reducing crime. The Governors' Conference, by adopting this statement, places itself strongly behind a concerted state-by-state effort to reduce crime in the United States.

I now turn to our policy position on the National Institute of Justice. Last November the Governors received a letter from my predecessor, Russell Peterson, concerning a proposal being developed by the American Bar Association concerning state courts and law reform. While the ABA proposal for this national institute has not been fully developed and publicized, it appears to undermine state and local control of law enforcement and criminal justice systems. Some institute advocates would substitute a new public corporation for an existing federal agency, the LEAA, and would inject federal decision-making into local law enforcement activities. More than one half of the Governors responded to Governor Peterson's letter. The response was unanimously opposed to the National Institute of Justice's concept. The Governors also unanimously recognized that within each State managing and improving the courts are primarily the responsibility of state government's judicial branch, and recognized the necessity to ensure adequate funding. Our Committee believes the Governors want to work with the courts in their own States, with assistance from the LEAA, rather than relying on federally controlled institutes. Our policy position reflects this. Our emphasis is on supporting the state-controlled LEAA program rather than rejecting a proposal which has not yet been finalized. The National Association of Attorneys General, Lieutenant Governors, Chief Justices, and many other organizations have adopted a position similar to our Committee's posture.

Our final policy position endorses the On-Site Assistance Program being carried out by the Defense Civil Preparedness Agency headed by former Governor Davis. This program is designed to assist state and local governments in developing improved capabilities to respond effectively to national disasters and other emergencies. A brochure concerning this project has been placed on each of your desks. Last year we adopted a policy position concerning model disaster legislation. We urged that each Governor review the proposal and submit relevant provisions embodied in the act to the next legislative session in an attempt to strengthen and update existing disaster legislation. Seven States have enacted legislation based on provisions of the example act. An additional 10 State Legislatures actively considered new disaster legislation. Hurricane Agnes caused \$3.2 billion in damages. The Mississippi River recently reached its highest level in history. The Midwest has sustained heavy flood damages. It is important that we have the prevention preparedness and response mechanisms to deal effectively with disasters. Each of you have a copy of the report of the Subcommittee on the National Guard. The members of the Subcommittee are Governors Hall, Williams and Love. As Commanders-in-Chief of our State National Guard, I think it is very important that we review this report. It emphasizes the increasing dependence of our Nation on our National Guard and the problems that face us in maintaining its strength. Mr. Chairman, unless there are objections, I move that all of these policy position statements as presented to you and the Governors be approved.

CHAIRMAN MANDEL: The Governor has moved the adoption of the policy statements of the Committee on Crime Reduction and Public Safety. Is there any discussion?

GOVERNOR LOVE: I second the motion.

CHAIRMAN MANDEL: Governor Love seconds the motion. The "ayes" have it and the policy statements are adopted. The next Governor we will hear from is Governor Calvin Rampton from Utah, Chairman of the Committee on Executive Management and Fiscal Affairs.

GOVERNOR RAMPTON: Mr. Chairman, Gentlemen: The members of our Committee, besides myself, are: Governor Ray, Governor Tribbitt, Governor Askew, Governor Anderson, Governor Dunn, Governor Moore, Governor Lucey, and Governor Camacho. The Committee is proposing two changed policy statements and two new policy statements. The two in which we recommended change are those dealing with general revenue sharing and with sub-state district development. The change in the general revenue sharing policy statement merely recognizes the fact that the principle is now law, and we direct ourselves very generally to the question of reporting procedures under general revenue sharing. It is the intention of the Committee to make certain specific recommendations to the Treasury Department in this regard, because, as you are all aware, a man almost has to perjure himself at the present time to give the certificate which is required, simply because there are some things that we have to certify to that we

just can't determine. We will attempt to bring that to the attention of the Treasury Department in the next few weeks. The sub-state district development policy statement is changed. It has been circulated to you. There have been no major changes made in it during the Committee meetings here, so it is largely in the form in which you received it some weeks ago.

We have proposed two new policy statements. They have to do with property tax relief and reform, and with federal budgeting. The property tax relief and reform policy statement did undergo some changes during our meetings here on Sunday and again yesterday morning. The original policy statement which was distributed to you stated flatly that we believed there was no place for the federal government in the matter of property tax administration. The modification would adhere to the principle that property tax administration and policy is exclusively for the States, but that some of the bills now pending before the Congress which would give some financial aid to the States in revamping their property tax system and some encouragement to them to do so, probably would be in the public interest. The last proposal, federal budgeting from a state perspective, is one of the proposals that was referred to our Committee by the Executive Committee on Sunday. This was adopted by the Committee with only minor variations and received a unanimous vote from both sides, both Democratic and Republican.

In addition to the policy statements that we have here, the Committee did hear at its last meeting on Sunday from various individuals who discussed the problem of keeping your state retirement systems actuarially sound when making allowances for a cost-of-living increase. As you are well aware, most of our state retirement systems are actuarially sound in that, if the program cut off tomorrow without any additional income into them, they would pay out over the years to the retirees. The social security system, of course, does not pretend to do that. The social security system regards itself as being actuarially sound if, in fact, the annual income equals the annual outgo. We have asked the Council of State Governments, recognizing this is a matter that concerns not only the Governors but the legislators as well, to prepare and distribute to the Governors and to the members of the State Legislatures various alternative methods by which we could provide for a cost-of-living increase in state retirement plans and still keep them actuarially sound. You will be receiving that information very shortly. Getting back to the policy positions, Mr. Chairman, I move the adoption of the two amended policy position statements and also of the two new policy position statements.

CHAIRMAN MANDEL: Governor Evans.

GOVERNOR DANIEL J. EVANS: Mr. Chairman, I don't want to delay, but in the new statement on property tax relief and reform Governor Rampton mentioned that apparently the statement was changed during the course of the last meeting of the Committee. I would just like to bring to this body the actions of the Advisory Commission on Intergovernmental Relations on which I serve.

After an extended debate, that commission did reject the concept of even federal incentives in the better assessment practices; in other words, the fundamental policy that in property taxes, at least, there should be a separation between state and local administration and federal involvement of any kind. I share that concern and, frankly, after listening to some of the debate earlier this morning on regulations imposed at the federal level when there is a federal presence, I think it would be far better for the States to use their own incentives to improve assessment practices and, therefore, Mr. Chairman, I would move that paragraphs 2, 3, and 4 be stricken. This would have the effect of not recommending a federal involvement but, instead, retaining to the States the responsibility for the administration, the assessment, and the improvement of our property tax structure. The rest of the statement is, I think, good.

**GOVERNOR RAMPTON:** Governor Anderson testified before the Senate Committee on a bill which would provide some incentives. I would like to ask Governor Anderson to respond to Governor Evans' comments in view of the fact that you did testify in support of that bill.

**GOVERNOR ANDERSON:** Mr. Chairman and Fellow Governors: I did testify some time ago on a specific piece of legislation sponsored by Senator Muskie and Senator Percy. I thought any encouragement that the federal government could give that would provide incentives to the States to provide a better reassessment procedure that would help the States reduce the pressure on property taxes would be desirable. I find no problem with the language that is in the present resolution.

**CHAIRMAN MANDEL:** Governor, is your motion in the form of an amendment of the policy statement?

**GOVERNOR DANIEL J. EVANS:** Yes, Mr. Chairman, that's what it would be, an amendment to strike, and I do understand Governor Anderson's feeling that we should offer such incentives as are necessary to get good property tax administration. I thoroughly agree with that. In our own State several years ago we appropriated from the state level \$10 million to assist all of our county assessors in doing just that. I just think this is an area where the States and the local communities ought to bite the bullet, and we don't need to have federal incentives, we just need to have the willingness to undertake the responsibility.

**CHAIRMAN MANDEL:** Governor Rampton.

**GOVERNOR RAMPTON:** Governor Evans, I will have to say that the point of view which you express was originally mine, but, after having reviewed the Senate bill and seeing supporting documents on that bill, I feel that the passage of that would not compromise the States' administration of the property tax. It would give encouragement to a greater uniformity of property tax assessment practices throughout the country and, for this reason, I feel it is highly desirable that this bill be passed. So I really had my thinking on it changed in the last 10 days on this matter.

**CHAIRMAN MANDEL:** The question now before the Conference is the

amendment offered by Governor Evans to eliminate certain paragraphs from the policy statement. A vote of "aye" will be in favor of elimination of the paragraphs; a vote of "no" rejects it. All those in favor please raise their hands. Five. Opposed? The amendment is rejected. The motion now before the body is to adopt the policy statement.

GOVERNOR SARGENT: Question.

CHAIRMAN MANDEL: The "ayes" have it. The policy statement is adopted. Thank you very much, Governor Rampton. Next we will call on Governor Gilligan of Ohio, Chairman of the Committee on Rural and Urban Development.

GOVERNOR GILLIGAN: Mr. Chairman, Fellow Governors: Your Committee on Rural and Urban Development is composed of the following Governors: Governor Holton of Virginia, who is Vice Chairman; Governor Kneip of South Dakota; Governor Link of North Dakota; Governor Holshouser of North Carolina; Governor Bond of Missouri; Governor Walker of Illinois; Governor Noel of Rhode Island; and Governor Edwards of Louisiana, who, unhappily, was unable to be present at this Conference. Beginning with the determination to develop a more effective means of using to the fullest advantage the experience and practical wisdom of the Governors of the 50 States in the formulation of national policy and national legislation, your Committee on Urban and Rural Development designed a very detailed questionnaire which was distributed to each Governor and which has been made a part of the Committee's report and policy statement. The questionnaire was intended to provide the most up-to-date, comprehensive survey ever attempted of the views of the Governors in the areas of housing and community development. I am pleased to report today that nearly 80 percent of the Governors responded to this questionnaire. I am equally pleased that the results indicate wide areas of agreement on the role of the States in community development, housing, and planning and management. Indeed, the consensus was stronger than many of us might have anticipated. Regardless of party affiliation or the size of the State, the Governors are strongly in favor of a much more active state role than is possible under the current patterns or in the legislation pending before the Congress.

Specifically, most of the Governors want federal block grants which, together with state grants, would be allocated to local government through state-determined systems in accordance with state plans and statewide priorities. Clearly the returns reject the notion that the localities would be subject to arbitrary state action in the distribution of funds. On the contrary, the Governors indicate a determination to develop further a strong state-local partnership and to move in that direction through such devices as uniform sub-state districts, state support of regional planning agencies, and state participation in land use planning. One thing is clear. State red tape and uncoordinated state bureaucracy are not the answer to federal red tape and

uncoordinated federal bureaucracies.

The opinions expressed in the questionnaire returns strongly influenced the drafting of the policy statements now before you. The new statements on housing policy and community development flow directly from the consensus of the returns. The statement on housing reads as follows: "A new housing subsidy delivery system should be established of federal block grants to the States for housing assistance, and state governments should be given the broadest possible discretion to review and approve local projects, and to allocate such money to a wide range of state and local housing programs. A transitional federal administrative structure should remain to deliver housing assistance to States developing their own delivery capabilities. In the interim, until new housing subsidy programs are enacted, existing and new state housing programs should be considered 'specific program commitments,' and their potential as a basic unit for a new housing delivery system should not be allowed to atrophy in the immediate future. The existing federal FHA mortgage insurance (FNMA and GNMA) programs should be preserved and coordinated with the state block grant programs. The Nation's goal of providing greater access to housing through vigorous enforcement of equal housing opportunity laws should be maintained. All levels of government should continue to pursue efforts to achieve technological innovations in housing production and marketing methods, and particular attention at the state level should be paid to simplified housing codes, landlord-tenant relations and efforts to develop housing management training programs. All housing subsidy and assistance programs should be funded and implemented at a level adequate to meet the housing needs of the Nation."

The statement on community development reads as follows: "Rational state community development policies cannot become a reality unless the States provide the link between various local community programs. Congress and the Administration should, therefore, adopt a program of community development assistance which assures that: (1) Federal funds for community development activities, both rural and urban, be in the form of broad block grants to the States, allowing them to develop and operate their own state systems for setting and directly implementing community development priorities; and (2) At the same time each State effectively implement its system for establishing state goals, ordering priorities at state, regional, and local levels, and preparing the procedure for achieving these through a comprehensive community development effort. Without such reasonable state involvement, it will be impossible to meaningfully coordinate and implement any comprehensive growth, development, and land use policy."

Most important, we now have via the results of the questionnaire and the policy statements a means of using the opinions and the experience of the Governors to influence national policy. We are resolved through continuing discussions with mayors, members of Congress, and the national Administration to increase the role of state government in this area. Mr. Chairman, I am happy

to report that the policy statements before you are unanimously recommended by the members of your Committee on Rural and Urban Development for approval. I so move.

CHAIRMAN MANDEL: The Governor moves the adoption of the policy statements.

GOVERNOR NOEL: I second it.

CHAIRMAN MANDEL: The motion is seconded. Is there any discussion?

GOVERNOR RAMPTON: Question.

CHAIRMAN MANDEL: The "ayes" have it. The policy statements are adopted. Thank you, Governor Gilligan. Next I would like to call on the Vice Chairman of the Committee on Human Resources, Governor Cecil Andrus of Idaho.

GOVERNOR ANDRUS: Thank you, Mr. Chairman, Members of the Governors' Conference: The Committee on Human Resources is comprised of Governor Rockefeller who is Chairman; myself; Governor Bumpers, Arkansas; Governor Reagan, California; Governor Bowen, Indiana; Governor McCall, Oregon; Governor Briscoe, Texas; Governor Hernandez-Colon, Puerto Rico; and Governor Melvin Evans from the Virgin Islands. I would like to say, first of all, Governors, that Governor Rockefeller, who would be here giving this report this morning, had to return to his State. He was present during all of the meetings of the Committee and participated in all of the considerations of the report that you have here before you this morning. Before we get into the report, I would like to commend the staff involved in cleaning up all of our policy statements. As you are aware over the last few years we have accumulated this material but have not been as selective as I think we might have been in removing some of the material that was outdated. They have brought our reports up to date and have prepared them for us here today. I think they have done an outstanding job, and to them we owe a debt of gratitude.

There are 10 policy statements embodied in the report of the Committee. Most of them are as you have seen in the past and as they were discussed at the Midwinter Conference. Briefly covering those areas, the first is our preamble which is an attempt to outline basic principles that set the tone for policy statements in specific program areas. On the welfare reform program, our statement expresses support for federal assumption of welfare payments to the aged, blind, and disabled. In this policy statement we attempt to assure the Department of HEW that the States will cooperate to meet the January 1, 1974, deadline for implementation of this program. Considerable revision had previously been made in the health policy statements, partially in response to the current debate in Congress and as between Congress and the Administration on these issues. You have had all of these before you for some months, and they are unchanged.

The statement on education is unchanged from what you had at the Midwinter Conference. With regard to narcotics and dangerous substances, the

proposed policy statement expresses concern that any action that would reduce these programs and resources would severely diminish the ability of the States to deal with this exceedingly complex problem. There is no change in the position on age of majority. The Committee proposes in a new draft that the National Governors' Conference urge revised federal programs to provide non-discriminatory treatment for the people of the Commonwealth of Puerto Rico and the Territories in all human resources legislation. In a new statement on program administration, the Committee urges that "Each state should develop and administer all of its programs in a completely non-discriminatory manner." Now, Mr. Chairman, with regard to the manpower policy statement within this report, there is no change in the first part from what you and your staffs have had before you previously. But in a later portion there are some changes. To bring you up to date, we had a representative of the Secretary of Labor appear before our Committee with proposed regulations on manpower. I can tell you that the Committee took very strenuous objection to some of the proposals that were given to us and, in a unanimous decision of the Committee, came forth with this new part. I will cover it briefly for you. "Following careful examination of the basic plan for an administratively established manpower revenue sharing program presented to the Governors by the Secretary of Labor on June 1, 1973, the National Governors' Conference finds it unacceptable," and then the reasons are listed. Primarily they are that this proposal calls for the States to develop comprehensive statewide manpower plans, and to review and comment on the plans of local government who would be prime sponsors in this regard, which is a change. But, although the States would have responsibility to come up with the comprehensive plan, we would not have an opportunity to see that the local plans would follow the state comprehensive plan. As was reported to us by the representative of the Secretary of Labor, approximately 65 percent of the money would go to other units of government, the rest to the States, and I assume that the Governors are familiar with that proposal. Your Committee unanimously went on record in opposition to such proposals. Mr. Chairman, it is my intent to hold back the policy statement on human services program reform because there was a dissenting vote in this instance. I will cover that in a later motion. My motion now is that the remaining policy statements which I have described be adopted.

GOVERNOR GILLIGAN: I second it.

CHAIRMAN MANDEL: The motion has been made and seconded that all policy statements except the one on human services program reform be adopted.

GOVERNOR REAGAN: Mr. Chairman.

CHAIRMAN MANDEL: Governor Reagan is recognized.

GOVERNOR REAGAN: Mr. Chairman, I wanted to ask, yesterday in Committee I was opposed to the incorporation of a resolution into this report.

CHAIRMAN MANDEL: The Chairman is holding that one for later discussion.

GOVERNOR REAGAN: I couldn't find it. Thank you.

GOVERNOR DOCKING: Question.

CHAIRMAN MANDEL: The "ayes" have it. Those policy statements are adopted. Governor Andrus.

GOVERNOR ANDRUS: Thank you, Mr. Chairman. In the remaining resolution we had a dissenting vote within the Committee. I thought it only fair that the member of this Conference who placed that dissenting vote have an opportunity to discuss it, the Governor of California. But, before we get into that, I would like to mention my regret that many of you were unable to hear the comments of Mr. Carlucci yesterday, because these are the very things that we have been discussing at this Conference. They have extreme weight, have impact upon each and every one of our States in a very dramatic sense. The history of these changes now. In all openness and candor, I think we should point out that this came originally to us in the form of a resolution that had been submitted by the Governor of Georgia. It went to the Executive Committee and was then referred from the Executive Committee to our Committee on Human Resources by an 8-0 unanimous vote. We held several meetings on the subject matter. Governor Rockefeller pointed out that what we did was to depoliticize your resolution, Governor, and the Governor of New York and myself were involved in this endeavor, so that it could be supported by our Committee. It was, then, in the final meeting that the Governor from California raised an objection, voted against a portion of this resolution. Mr. Chairman, I think at this point in time, in order to put it in a proper parliamentary perspective, the best thing for me to do right now is to move for adoption of the policy statement as you find it in the report of the Human Resources Committee.

CHAIRMAN MANDEL: The motion has been made and seconded for adoption of the policy statement on human services program reform. Is there any discussion?

GOVERNOR REAGAN: Mr. Chairman, I don't mean to oppose this on the basis of trying to analyze it point by point. Governor Rockefeller is not here, and in the Committee he did express also his concern that, while technically the Executive Committee sent this over to us, and this they can do, it almost indicates a weakness in our rules structure with regard to resolutions being proposed without time for us to actually study and go through them. I am delighted and pleased that the Committee has chosen to separate this and let us vote on a division of the question. When we met the other day, this was discussed, and I expressed my belief that I am in favor of the policy statement and would vote for it, but I would hate not being able to vote for it because of what I think is a circumventing of our provision with regard to new resolutions. What we are, in effect, doing is taking advantage of a technicality to adopt a resolution that I believe requires more study and consideration. I would like to have consultation with my own staff in the Human Resources Department on

the various facets of this. So I am opposed on that basis and believe that it should come before this body as a separate resolution.

**CHAIRMAN MANDEL:** The motion before the house is the adoption of the policy statement. Is there any further discussion? The Governor of Georgia.

**GOVERNOR CARTER:** Mr. Chairman, since the only objection to it is that the Governor from California thinks it is a circumvention of the normal procedures, I would like for the Chair to express himself on whether or not this does comply completely with policies that have been followed in past Conferences and also which have been followed in many of the other Committees in this present meeting. If there is no objection to the substance of it, I think the matter can be resolved by the Chair.

**CHAIRMAN MANDEL:** There was no circumvention at all. In fact, it followed the rules exactly. The only thing the Executive Committee did, rather than adopting this resolution and forwarding it to the Conference, was to send it on to the Committee where it could be worked on and, if they felt it necessary, be amended. Instead of sending it right on to the Conference, as it has the authority and right to do under the rules, the Executive Committee sent it to the appropriate Committee handling that subject matter. The Committee has now presented it to the body as a whole, so it has followed exactly the rules of the Conference in presenting this resolution.

**GOVERNOR REAGAN:** Mr. Chairman, I didn't want my remarks to be taken as saying that this circumvention was in some way contrary to the rules. I think it was Governor Rockefeller who brought out that perhaps we have learned here that it is possible now to have basically a circumvention of the spirit of the rules regarding resolutions by doing this. I completely acknowledge that this is within the rules and that the Executive Committee acted within its prerogative in sending it over there. But, in effect, it winds up with a resolution being incorporated in a policy statement. As I say, Governor Rockefeller suggested that maybe we had discovered a loophole in our own structure with this. I don't find any fault with the substance, and I am only objecting to the technicality. I chose to object on this matter because I believe that this resolution requires more study than any of us have had opportunity to give, and I would want to talk to my own people before taking a position. I am sure there are things in there that I could agree with, and I also see a few things that cause me great concern. But that should not be the basis upon which we rule, if we simply are asked here to pass upon something that we have not had opportunity to analyze and study with our staffs.

**CHAIRMAN MANDEL:** Governor Carter.

**GOVERNOR CARTER:** I would like to say that this is a subject matter that relates to every State, and it is one that has been debated in quite some depth. The entire resolution refers to the social services regulations, and the purpose of the entire resolution, if you read it, is to give the States some additional leeway in, I think, a very conservative manner, to spend the \$2.5

billion that the federal government has approved. I might say that it was drafted by Georgia, after consultation with several of the States, and was submitted strictly in accordance with the rules of this Conference. I also would like to say that after it was given to Governor Rockefeller's Committee I never had occasion to go before that Committee nor to try to pursue the passage of the resolution, although I believe that it ought to be passed.

There was almost a unanimous decision that the resolution was a good one and, as has been pointed out by Governor Andrus, there were three meetings of the Committee held during which time I think the Governor of California was not present. He came in on the fourth meeting, and perhaps that is one of the reasons that he didn't have an opportunity to go into it as deeply as some of the other members. But I think the point is that this is a matter that is of great interest to all Governors. It is not a very controversial thing; it just expresses in a very conservative and quiet way the fact that the States ought to be permitted to spend the money that Congress has allotted to them. The substance of it is what I am interested in and we were very careful to comply completely with the procedures of the Governors' Conference itself.

CHAIRMAN MANDEL: Governor Andrus.

GOVERNOR ANDRUS: Mr. Chairman, Members of the Conference: First of all, one thing that I neglected to mention was that the Governor of California, when he opposed this portion of the policy statement, made it clear that he was objecting on the grounds of the procedural opportunity, needing more time, not any other action. The rest of the Committee that had been involved in this felt that it was, in fact, an emergency situation, and that we could not wait another year to include it. I think the Governors at this Conference collectively have won a victory this morning in the action that we heard reported out of the Senate Finance Committee that the activation of the rules and regulations could possibly be forestalled. This is what we have all collectively been asking, to give us some lead time. That is what this points to. We needed this input. I think we have it. Mr. Chairman, I could spend a great deal of time, but I know that we are late already. I move that debate be closed.

CHAIRMAN MANDEL: The question now before the Conference is the adoption of the policy statement. The "ayes" have it. The policy statement is adopted. Thank you, Governor Andrus. The next Committee that we will hear from is the Committee chaired by Governor Hathaway of Wyoming, Chairman of the Committee on Natural Resources and Environmental Management.

GOVERNOR HATHAWAY: Thank you, Mr. Chairman, Fellow Governors. I assume, Mr. Chairman, you had us report last because you expect the most amendments in the report of our Committee on Natural Resources and Environmental Management. I named the Governors yesterday who worked diligently on these policy statements. Because of national attention to the environment and to the growing energy problems of this Nation, we probably have more language in our report than any other Committee. I read yesterday in

full the policy statement on energy. We think that it is a fairly comprehensive one. I would agree with the statement of Governor Carter yesterday that there has been some culpability on the part of Governors. I think we should have had an energy policy statement of this Conference last year, because the problems were arising then very rapidly. It was the feeling of the Committee that because problems of environment are so entwined with the problems of developing new domestic energy resources that this Committee is the proper one to handle it. However, I think the most important thing is that we create a standing mechanism to communicate with the federal government and between the Governors of this Nation, and probably jurisdiction is not the important item.

Other new matters that we have addressed include surface mining, where we call for broad federal guidelines, setting minimum standards but permitting the States to enact their own strip-mining laws, which will be different in many cases because of the differences in climate, the differences in topography, and the ecology of the respective States. We have a new statement on powerplant siting, calling upon all of the States that have not done so to develop procedures and plans and certification procedures for powerplant sites; and we ask that this authority be left with the States except in certain matters of overriding national interest where other alternatives would dictate that the federal government should be involved in those siting procedures. We have a new policy statement on solid waste disposal which, again, essentially calls for federal minimum standards, national goals, with most of the authority vested in the States to carry out the execution of solid waste management programs.

May I cover briefly some amendments to existing policy statements, first with respect to land use. I am advised that the Interior Committee will be reporting and that the Senate will be voting on land use in the next few days. Our Committee recommends against cross-over sanctions, feeling that land use will be one of the most difficult programs that we have ever attempted to implement nationally, and that the penalties of cross-over sanctions are not only unfair but unworkable. We ask the Governors' Conference to endorse this position, and we believe the States can develop adequate land use planning without sanctions. With regard to coastal zone management, we merely call for appropriations to fund the Coastal Zone Management Act that has already been passed. With respect to water pollution, amendments are offered which essentially call for a release of appropriated funds, funds that have been impounded, to permit the Governors of the States to continue water pollution control programs, to implement them, and to adequately use the money that has already been appropriated. One final matter that we touched on is wilderness areas. There is concern in some States that we have too many wilderness areas; in other States, not enough. We urge a greater equalization of the wilderness concept, and we recommend incorporation of criteria that consider multiple use of public lands, as well as the pure preservation of our wilderness systems. So that we may get these matters on the floor, Mr. Chairman, I move the adoption

of the policy statements of this Committee.

GOVERNOR WENDELL H. FORD: I second it, Mr. Chairman.

CHAIRMAN MANDEL: The motion has been made and seconded to adopt the policy statements of this Committee. Governor Lucey.

GOVERNOR LUCEY: Does that include the energy statement?

CHAIRMAN MANDEL: It includes the energy statement.

GOVERNOR LUCEY: I had understood the Committee had agreed that on the question of moving petroleum products from the North Slope in Alaska, that the Governors' Conference position would be one of neutrality as to whether it be trans-Alaskan or trans-Canadian, and that the language would say an Alaskan crude oil pipeline, and that the word "trans" be eliminated. I would find that personally acceptable, although I am personally opposed to the trans-Alaska pipeline. The language I see before me does include the definite article, "the Alaskan crude oil pipeline," and down a few more lines it says, "the trans-Alaskan pipeline." From the best information I can get from Governor Milliken and others—Governor Milliken is not here but has authorized me to reflect his point of view—this does not reflect the decision of the Committee.

GOVERNOR HATHAWAY: I believe that Governor Milliken's motion in the Committee, Governor Lucey, was to strike the word "trans." We did that in the first part of Paragraph 2 but not in the second part. The intent was to say "the Alaskan pipeline" without saying "trans."

GOVERNOR LUCEY: What is your interpretation of the meaning of that amendment?

GOVERNOR HATHAWAY: My interpretation of the meaning is that we are talking about an Alaskan pipeline.

GOVERNOR LUCEY: In other words, a pipeline to transport petroleum products to the other States on the North American continent without taking a position as to the route that would be followed, is that correct?

GOVERNOR HATHAWAY: No; I think we were saying that we felt that the Alaskan pipeline had to be built.

GOVERNOR LUCEY: Obviously, Governor Milliken was not just trying to shorten it. I mean, it wasn't in the interest of brevity that he was trying to remove the word "trans." It must have had some significance.

GOVERNOR EGAN: Mr. Chairman, I sat alongside of Governor Milliken, and he offered the amendment that the word "trans" be deleted. There was no amendment offered to delete the word "the" and add the word "an," but the language "an early start" was not interfered with at all in the Committee that day. Mr. Chairman, the word "an" was never submitted to the Committee.

CHAIRMAN MANDEL: Governor Carter said he made the motion and that it was adopted by the Committee. The Chairman says that he agrees with that, that it was "construction on an Alaskan crude oil," instead of "the."

GOVERNOR LUCEY: I wonder if Governor Carter could tell us what significance he places on the motion he made.

GOVERNOR CARTER: I have to say in honesty that I did not notice that "the trans-Alaska" was in there twice. The intent of the motion was to avoid any expression of preference between the Alaskan route and the Canadian route, but to emphasize the fact that we do need a pipeline built at the earliest possible moment to bring Alaskan oil to the United States.

GOVERNOR LUCEY: Will the Chair confirm that the final printing of this policy statement will reflect the position, reflect it as stated by Governor Carter?

CHAIRMAN MANDEL: I think I would have to rule that if the Committee says that the proper language in paragraph 2 is "an" instead of "the," that we would have to change the report to read "an" to conform with the adoption of the Committee report. Governor Moore.

GOVERNOR MOORE: Mr. Chairman, of course, that reserves the right to the Governors now in Conference to alter the statement.

CHAIRMAN MANDEL: Absolutely. We are just trying to confirm what is before the Conference at this moment and what should be before the Conference in paragraph 2. I will read it. "A priority need in developing petroleum self-sufficiency is an early start of construction on an Alaskan crude oil," instead of "the Alaskan crude oil." That is what is before the Committee at this moment. And also where it says "trans-Alaskan pipeline," the word "trans" should be eliminated. That is before the Conference at this moment. The motion has been made to adopt this policy statement. Is there any discussion on the adoption? Governor Carter.

GOVERNOR CARTER: I have an amendment to offer. As I expressed yesterday, and I have tried to talk to all of the members of the Committee since then, I feel very strongly that we need to have a group of Governors and a Chairman of the Committee with exclusive responsibility for the energy matter itself. At the same time, I respect very deeply and understand the position taken by Governor Sargent this morning, who is the Chairman of the Transportation, Commerce, and Technology Committee, and also the policy proposed by the Natural Resources Committee, that those two Committees not be excluded from participation in discussions relating to energy. So in order to accommodate, hopefully, all of these inclinations, I would like to make a motion for an amendment. I believe everyone has a copy, and I will read it.

"To accomplish this end, the National Governors' Conference hereby directs its Chairman to"—then delete the part in parentheses—"create a special Committee to deal specifically with the energy crisis. This special Committee would be appointed by the new Chairman for one year, with option for renewal." I might interlineate here by saying that this is a motion that was passed by the Executive Committee. To continue, "Membership may be drawn from the Committee on Natural Resources and Environmental Management and the Committee on Transportation, Technology, and Commerce, and may include such other members as the Chairman of the National Governors' Conference determines." Then it continues on with the same language that the Natural

Resources Committee has.

The essence of this amendment is that a special Committee be formed, with a Chairman who would be identified as the spokesman on energy matters for the Governors' Conference; hopefully, that a few Governors could be assigned to this Committee with exclusive responsibility for energy, and that the new Chairman of the Conference would select, in addition to that, members from the Natural Resources Committee and the one that relates to technology, transportation and commerce.

CHAIRMAN MANDEL: An amendment has been offered and seconded. Is there any discussion of the amendment? Governor Waller.

GOVERNOR WALLER: I would like to object to this proposal by Governor Carter for a very simple reason: Time. If I understand the policy statement, it would be adopted as a work product of the Natural Resources Committee and then turned over to a Committee later to be named by the new Chairman. I think that every one of us recognizes that the time element involved with the energy crisis is probably the most critical subject that has been brought before the Conference, and we are talking about meeting again in February or March before the Conference could adopt any changes or effect the work of this Committee toward establishing liaison with Washington. The policy statement that was read yesterday and referred to again today proposes that the present functioning Natural Resources Committee would report to the area Conferences later this year, I assume in September. So I think Governor Carter again is offering to do what the federal government has spoken very precisely on today, that is, fragment our effort.

We have environmental management responsibilities; we have natural resources responsibilities. There is no way to reach into the framework of this Committee and pull out the function of energy, because energy itself, offshore exploration, refineries, transportation and all of the adjuncts of it, are right, foursquare in the functions of this Committee. As a member of the Committee for the last 18 months, I object to the Committee's losing its present work effort, and its momentum and productivity, by saying we will have a new Ad Hoc Committee to be formed at some later date with membership unknown and the work of the Committee as a body politic unknown. We will probably be paying 80 or 90 cents a gallon for gasoline between now and then and having the hue and cry of our constituents. In my State we have a task force already funded and already functioning, and I would like personally to see some of the work ongoing in the several States funneled through this Committee now and not later. I think if the members of the Conference will just think with me, we are talking about the esthetics of a new Committee, yet we have a Committee that has already adopted a fairly complex and comprehensive policy statement. So I think we are delaying the work of the Conference.

CHAIRMAN MANDEL: Governor Carter.

GOVERNOR CARTER: Mr. Chairman, I certainly agree with the concerns

expressed by the Governor of Mississippi. I might point out, however, three very quick points. One is that this is not an unprecedented occurrence. At the time when the National Governors' Conference became acutely interested in revenue sharing, a special task force was established to devise the Governors' policy on revenue sharing and, as you well know, the interrelationship between the States and the federal government had long been a matter of concern to several of the Committees involved, so this is not something new, the formation of a task force or special Committee for a limited period of time to deal with a particularly important issue. I think that perhaps since this year happens to be the moment when the national Congress and the Administration are evolving policies, as observed in the newspaper in New York, allocation of oil to refineries and so forth, the Governors need to speak with a unified and strong voice. Also, since the Natural Resources Committee, which I happened to Chair a year or so ago, has such a wide diversity of responsibilities that are all equally important, like water pollution, air pollution, solid waste disposal, land use planning, coastal zone management, and so forth, an exclusive concentration or attention ought to be placed on the energy problem.

Secondly, to answer Governor Waller specifically, all the Committees will be completely reconstituted immediately following this Conference by the new Chairman. I would guess that a number of changes in memberships would be in prospect, and, at the same time that the new Conference Chairman has determined the membership of other Committees, he could interrelate them with membership on this Committee itself. The last point that I'd like to make is that the policies that have already been adopted by the Natural Resources Committee and by others that relate to energy or any other matter would not have to be reconsidered. They are permanent policies, and this energy Committee would have the responsibility of carrying out the very policies which the Natural Resources Committee has already evolved very, very well. I happen to be a member of that Committee, as well, and so there would not have to be a reshifting of gears or repetition of any effort that the Governors have made so far.

**CHAIRMAN MANDEL:** Is there any further discussion on the motion?

**GOVERNOR WALLER:** I have a question of Governor Carter. Are you implying that the Conference can transfer, by indirection, this policy statement to a Committee yet to be formed and let the new Committee take over the policy statement of the Natural Resources Committee?

**GOVERNOR CARTER:** I am not really sure about the word "indirection." I am certainly implying, I think, that the Chairman would agree that when this new Committee is constituted, its responsibility would be, among other things, to carry out the policies that have already been determined.

**CHAIRMAN MANDEL:** Governor Salmon.

**GOVERNOR SALMON:** Very briefly, Mr. Chairman, as a member of the Natural Resources Committee, who in committee articulated a point of view

very similar to the one that Governor Waller has articulated this morning, I, too, have taken some soundings at this Conference. There is no question but what the whole question of energy has preempted the field on the domestic side in the last several days. The amendment offered by Governor Carter represents a kind of a compromise. What it says, in essence, as I read it, is this: That if the Governors of this country really want their share of the action in terms of input on the federal level, we should make this effort through a visible, hard-hitting, special type of Committee; that we think the whole question of energy is a special kind of concern. Sensing a very strong sympathy for this resolution among my colleagues, despite some personal reservations on the subject of changing horses somewhat late in the day, I would hope that this Conference would support the proposed amendment of Governor Carter.

CHAIRMAN MANDEL: Is there any further discussion? The amendment offered by Governor Carter is now before the Conference. As you know, it takes a three quarters vote of the Conference to adopt the amendment. A vote of "aye" will adopt the amendment. A vote of "no" will reject it. I think we had better have a show of hands. All in favor, please raise their hands.

MR. CRIHFIELD: Seventeen.

CHAIRMAN MANDEL: Opposed?

MR. CRIHFIELD: Nine.

CHAIRMAN MANDEL: We have a vote of 17 to 9. I think the rules provide that you need three quarters of those voting. The motion has been rejected.

GOVERNOR WALLER: I have before the Conference another amendment that I would like to offer at this time. We have referred several times, fellow Governors, to the fact that the importation of crude oil is vital to the continued supply of energy. If you would look among your papers now and follow with me, I would like to cover this amendment very briefly. It would fall on page 9, at the end of paragraph 2. The amendment is exactly as follows:

"In recognition of the fact that 80 percent of the proven oil reserves in the free world are located in the Mid East and North Africa nations, the United States government should determine the advisability and desirability of seeking from them a limited treaty or a limited favored-nation agreement to assure to the United States a continuous source of foreign oil, rather than relying completely upon the present commercial agreements."

Now, it is obvious in my State, being a production State and having new refineries under construction, that the hysteria of the crisis arises from the contracts with the rulers. For example, Gulf's contract with a certain sheik can be cancelled, whereas I think a treaty or either a limited favored-nation agreement would take out the hysteria. Anyway, we are being indefinite. We are simply suggesting that the federal government look into this possibility, not recommending it. I think it is innocuous, but it does point to the need for treaties or the need for bilateral agreements between nations and not the fast

moving and fast, shall we say, cancellation of contracts between a given nation and a given oil company or a consortium of oil companies. Mr. Chairman, I move the adoption of this amendment as read, and I believe every Governor has a copy of it.

CHAIRMAN MANDEL: The Governor has moved the adoption of the amendment. Is there any discussion? We had better again have a show of hands. All in favor please raise their hands.

MR. CRIHFIELD: Eighteen.

CHAIRMAN MANDEL: Opposed?

MR. CRIHFIELD: Nine.

CHAIRMAN MANDEL: According to our computer over there, not having received a three quarters vote, the motion fails. Are there further amendments? Governor Egan.

GOVERNOR EGAN: Mr. Chairman, in order to clarify and clear the air on the discussion that was raised by Governor Lucey, I would like to offer a motion that this Conference adopt the Natural Resources and Environmental Management statement appearing in Item 2 on page 9 as it appears before us at the present time, as it appeared on our desks this morning.

CHAIRMAN MANDEL: Governor, I think I would have to rule that in order to change what was the Committee report, you would have to offer an amendment to the existing Committee report.

GOVERNOR SALMON: Mr. Chairman.

CHAIRMAN MANDEL: Governor Salmon.

GOVERNOR SALMON: To put the issue on the table, Mr. Chairman, in the form prescribed by the Chair, and assuring the Conference that I am a member of this Committee and agree fully with Governor Carter in terms of the desire of stated neutrality in terms of where this pipeline location should be, I would move that paragraph 2 on page 9 of the report be amended by striking, in line 2, the words "on the" and inserting the words "of an," and by further amending paragraph 2 in line 7 by striking the words "the trans" and inserting the word "an."

CHAIRMAN MANDEL: Governor, I would again have to rule that the motion would be out of order. The only way that the language can be changed is by a motion to amend the Committee report, and I think you'd have to amend the language as the Committee has offered it.

GOVERNOR SALMON: Mr. Chairman, I'd like to withdraw my amendment.

CHAIRMAN MANDEL: Governor Holshouser.

GOVERNOR JAMES E. HOLSHOUSER, JR.: Do I understand that the language that we have in the written form should be changed?

CHAIRMAN MANDEL: Let me read it to you. "A priority need in developing petroleum self-sufficiency is an early start of construction on an Alaskan," it says "an." Now, down in line 7 I think it is where it says "the

trans-Alaskan." It should say "the Alaskan pipeline." The word "trans" should be eliminated. In order to change that language, we would have to have an amendment offered from the floor. Governor Williams.

GOVERNOR WILLIAMS: For the purpose of simply clarifying it, I will reverse that motion and simply move that in line 2 of paragraph 2, the "an" be changed to "the," and in the appropriate line, the same paragraph, the "an" be changed to "the trans-Alaskan."

GOVERNOR EGAN: I second the motion.

CHAIRMAN MANDEL: The motion is made and seconded to change the word "an" to "the" in line 2 and to incorporate the word "trans" in line 7. Is there any discussion? Governor Egan.

GOVERNOR EGAN: Mr. Chairman, I would like to speak briefly to that proposed amendment. The proposed Alaska pipeline project is ready to move ahead now once final approval is given. With its seven-year time advantage over any conceivable routing through Canada, the Alaska pipeline will enable the Nation to receive at least 3.4 billion barrels of Alaska oil prior to the time that oil could even begin to flow through any Canadian pipeline, plus at least a \$17.5 billion savings on our balance-of-payments deficit. In addition to easing our Nation's energy emergency, it will also reduce the flow of at least that amount of American dollars to Mid East countries and will help strengthen the American dollar itself. Further, I would like to say that using any conceivable Canadian pipeline route—and I would like to point out that no one has indicated any interest in a Canadian pipeline route—this would also delay the time when natural gas from Alaska's North Slope can be delivered to the Midwest and other areas of our Nation critically needing it. This is so because the estimated 26 trillion cubic feet of natural gas, interlaced within the already discovered huge crude oil pool at Prudhoe Bay cannot begin to move to market for up to two years after crude oil begins its movement to market. This is so because gas reinjection for maintenance of field pressure must be determined and resolved after crude oil starts to flow.

If the Alaskan pipeline is built within the next three or four years, allowing Prudhoe Bay oil production to begin, natural gas could be available for the Midwest from that field or another field. Otherwise Alaska natural gas, too, will not be produced until many years hence, following completion of any proposed or conceivable trans-Canadian oil pipeline. In the face of all of these drawbacks and uncertainties, the suggestion of shutting down for a year or more while we study a Canadian route or anything else like that, however well intentioned, is foolish and even tragic for this great Nation of ours in these critical days of energy. It is a mystery to me, Mr. Chairman, that so many so-called experts can presume to claim the superiority of a Canadian routing when no specific route has ever been conceived or even proposed. For example, the distinguished Mr. David Freeman yesterday, after so quickly asserting the superiority of a Canadian route, told me afterwards that he had based his remarks on things he

had read suggesting that a Canadian route was possible. Likewise, Mr. Freeman spoke casually and matter-of-factly regarding establishment of a so-called United States energy corridor through Canada. He might take the time to familiarize himself and all others with the maze of Canadian legal and political complexities that would confront such an undertaking if it were feasible and desirable.

Even a pipeline alone running through Canada to carry Alaska's oil to the lower States would almost surely require a treaty ratified by the United States Senate and requiring the equivalent Canadian approval. As an indication of just how difficult that would be, United States and Canadian authorities, after two years in negotiations, have not been able to reach an agreement which would govern the mutual concept of the two nations in the event an international crisis cut off sources of imported oil upon which they now depend. The scope of the Canadian National Energy Board's authority to regulate a Canadian pipeline carrying Alaska's oil to the Nation could cause very difficult and strenuous negotiations, to say the least. It appears that the Canadian Board has the authority to force a trans-Canada pipeline to come out of Alaska to carry large quantities of Canadian crude on short notice. Such actions would summarily shut off Prudhoe Bay oil to the American Midwest after that region had become critically dependent upon the oil. Similar legal problems exist in the United States laws. For example, the dissenting court of appeals judges on the right-of-way question in the trans-Alaska pipeline case pointed up another very serious problem concerning Canadian control of a pipeline running through Canada.

Because of the United States citizenship requirements for obtaining right-of-way permits over public lands, Judge McKinley wrote: "A United States pipeline under Canadian control could not acquire a grant of any right-of-way in the United States." Such a permit would be required, of course, for the segment of the Canadian line that crossed Alaskan lands to reach Prudhoe Bay. These are only a sampling of the major legal complexities a Canadian pipeline route would face. In addition, there would be provincial and local political and legal considerations that could greatly delay pipeline construction. Also the form of a native claims land settlement, an issue which has already been resolved in Alaska and which took many, many years, has yet to be proposed in Canada. The natives are proposing that in Canada at the present time. Lands totaling 400,000 acres along a suggested Canadian routing have been frozen pending preliminary court rulings in the Northwest Territories regarding a claims settlement procedure.

For all of these many reasons that I have touched upon, and there are many more, a Canadian pipeline at this time is really just a pipe dream. Attempts to switch to a Canadian route can only be further damaging to the United States of America, and it could only aggravate its already critical energy problems. To avoid these pitfalls, it seems to me that we should pursue a very logical plan of action that has taken shape during this Conference and which has been

enunciated here yesterday by Governor Hathaway and other Governors and get under way with the trans-Alaska pipeline at the very earliest opportunity. Thank you very much.

CHAIRMAN MANDEL: Governor Hathaway.

GOVERNOR HATHAWAY: Mr. Chairman, I would like to support the position of the Governor of Alaska and the motion of Governor Williams. A year ago Governor Egan offered to this Conference a resolution to get on with building the Alaska pipeline. One of the great problems of our energy crisis is that we aren't making any decisions, and they aren't ready yet to build another pipeline somewhere else; there is no site for it. I think we are derelict in our duty in not supporting the Governor of Alaska on this proposition.

CHAIRMAN MANDEL: Governor Exon.

GOVERNOR EXON: Mr. Chairman, as I read the resolution, we are not taking a position on which way we should go. I am not an expert on this matter at all. I think I am going to vote against the amendment offered by Governor Williams because I feel that the report of the Committee adequately points out that we do not set ourselves up as Governors as experts. We are saying, let's go ahead as quickly as we can on this matter under the best possible means. Therefore, I think it is wrong for us to be trying to direct how this oil should come down from Alaska which we all need so very, very much.

CHAIRMAN MANDEL: Governor Shapp.

GOVERNOR SHAPP: I just support the same views as mentioned by Governor Exon.

CHAIRMAN MANDEL: The question now before the house is the amendment that has been offered to change the word "the" to "an" and to incorporate the words "the trans-Alaskan pipeline." A vote of "aye" will support the amendment, a vote of "no" will defeat the amendment. All those in favor say "aye."

MR. CRIHFIELD: Twenty-one.

CHAIRMAN MANDEL: Opposed?

MR. CRIHFIELD: Nine.

CHAIRMAN MANDEL: Requiring a three quarters vote, according to those who have voted, the vote being 21 to 9, the motion would fail. If anyone desires to have a roll call, as you know, under the rules that is provided for. Governor Waller.

GOVERNOR WALLER: I think we should recount here.

CHAIRMAN MANDEL: If anyone requests a roll call, we will be glad to call the roll.

GOVERNOR EGAN: Mr. Chairman, I would ask for a roll call.

CHAIRMAN MANDEL: Is he sustained by nine other members?

MR. CRIHFIELD: There are plenty.

CHAIRMAN MANDEL: Will the Secretary please call the roll. Point of inquiry. Governor Carter.

GOVERNOR CARTER: I just want to make sure that I understand what the vote is. A vote of "aye" means that we are specifically calling for the trans-Alaska route, is that correct?

CHAIRMAN MANDEL: That is correct as I read it. A "no" vote would reject that amendment and leave the policy statement as originally written. (The roll was called by the Secretary.)

MR. CRIHFIELD: Twenty-three "ayes" and twelve "nays."

CHAIRMAN MANDEL: The motion fails. The amendment is not adopted. Governor Love.

GOVERNOR LOVE: Mr. Chairman, I would like to offer a further amendment. On page 11, the first portion of paragraph 9 presently reads: "There is need for a federal mandatory petroleum allocation program that goes beyond" and so on. I don't know what the intent of the Committee was, but "A federal mandatory petroleum allocation" reads to me to mean a call for rationing. I would be opposed at this time to rationing of petroleum products on the basis that I think it might compound rather than alleviate the problem. I therefore propose that paragraph be amended to read, "There is need for an allocation program that goes beyond," and so on, leaving out the words "mandatory petroleum." I move the amendment.

CHAIRMAN MANDEL: The amendment has been moved and seconded. Governor Hathaway.

GOVERNOR HATHAWAY: Governor Milliken of Michigan offered that amendment and I am sorry he isn't here. It was not the intent of the Committee that we have gas rationing. I think it was the intent of the motion and the policy statement that the present voluntary allocation program had to be shored up to assure the priorities set forth in that program. I am inclined, however, to agree with Governor Love that the word "mandatory" could be interpreted in a strict sense as going into rationing, and I would support his view in that respect.

CHAIRMAN MANDEL: Is there any further discussion of the amendment? The amendment, as I have it recorded here, and I hope Governor Love will check it before we vote on it, "There is need for a petroleum allocation program," leaving out the words "federal mandatory." Is that correct?

GOVERNOR LOVE: Yes, that's all right. I accept that.

GOVERNOR LUCEY: I would like to direct a question to Governor Love.

CHAIRMAN MANDEL: Governor Lucey.

GOVERNOR LUCEY: With the amendment you are proposing, what would be the sense of that sentence?

GOVERNOR LOVE: All that I am attempting to do, Governor, is to remove any implication that we are, indeed, calling for a mandatory rationing or allocation.

GOVERNOR LUCEY: Would the sentence mean anything at all with that change?

GOVERNOR LOVE: I admit that I worry a little bit that it goes on to say

that we call for a better program of allocation to meet the needs. We don't say it is mandatory. If your position is there can be no better program without making it mandatory, I suppose your point is well taken. I don't believe that is necessarily true.

GOVERNOR LUCEY: I am sitting with a state government where only 30 percent of our gasoline requirements are assured and 40 percent of our fuel oil for the next year, and just from the standpoint of my own public responsibilities, I think it is awfully important that the word "mandatory" be retained.

GOVERNOR LOVE: That's the difference in viewpoint we have. I believe that if we attempt to get into a mandatory thing at this time that it might result in greater problems and greater shortages on the current basis than attempting to do it, as we are so attempting in Colorado, through voluntary allocations.

CHAIRMAN MANDEL: The amendment now before the Conference is to, in effect, eliminate the words "federal mandatory" from that paragraph. A vote of "aye" will eliminate the language; a vote of "no" will defeat the amendment. The "nays" have it. The amendment is defeated. The question now before the house, if there are no further amendments, is the adoption of the policy statement of the Committee. The "ayes" have it. The policy statement is adopted. Thank you all. Under the rules any individual member can signify his intention to offer to the Conference individual resolutions. Those resolutions require a three quarters vote to be considered by the Conference, and they are now in order. We will take them up in the order that each Governor indicated his intention to offer a resolution. The first Governor was Governor Bumpers.

GOVERNOR BUMPERS: Mr. Chairman, pursuant to both written and oral notice as required under Rule I of an intention to today move to suspend the Articles of Organization for the purpose of presenting two resolutions, I do now hereby so move the adoption of the following two resolutions. The first one is titled "Resolution on Federal Revenue Sharing":

"Our experience with General Revenue Sharing has been unsatisfactory because it has been used to hide cuts in federal domestic programs instead of being recognized as a new resource to address current needs as intended and promised. Sound urban and rural development, land use and environmental strategies, transportation and manpower plans as well as other development policies can only be adopted on a state- and regional-wide basis.

"Proposals for special revenue sharing, like the Better Communities Act, would retard progress toward a state-local partnership by fostering unnecessary conflict between the States and their large cities, unduly limiting the discretion of Governors and State Legislatures concerning the expenditure of public funds for state and local purposes, and undermining program analysis and project review at the state level.

"Special revenue sharing programs will not offset the loss of federal funds for programs already stunted, killed or threatened by the President's unilateral actions. The funds for special revenue sharing would in some cases total less than

the funds allocated for programs to be replaced. The time gap between the suspension of programs and the earliest possible date by which new legislation could take effect is so great that it is producing fiscal and programmatic chaos at the state and local level."

GOVERNOR MOORE: Point of order, Mr. Chairman.

CHAIRMAN MANDEL: Point of order.

GOVERNOR MOORE: My point of order is that we have not agreed to suspend the rules yet. The substantive character of the resolution is a matter which should await suspension of the rules.

CHAIRMAN MANDEL: I don't think he is debating the resolution. I think he is merely reading the resolution for which he has made the motion. Upon conclusion we will vote as to whether or not the resolution will be before the body.

GOVERNOR MOORE: We can all read.

CHAIRMAN MANDEL: I would certainly hope so. The gentleman will continue and then we will take the vote.

GOVERNOR BUMPERS: "At a minimum, we urge Congress to adopt continuing resolutions to fund threatened domestic programs in fiscal 1974 at present levels." The second resolution—

CHAIRMAN MANDEL: Now just a moment. We will take each one separately. On Resolution No. 1, the question now before us is suspension of the rules for allowing introduction of the resolution.

GOVERNOR FORD: Mr. Chairman, roll call.

CHAIRMAN MANDEL: The gentleman has requested a roll call. It needs 10. The request for a roll call is sustained. Will the Secretary call the roll. (The roll was called by the Secretary.)

MR. CRIHFELD: Twenty-four "ayes"; twelve "nays."

CHAIRMAN MANDEL: The motion is defeated. The resolution is not before the house.

GOVERNOR FORD: Second resolution.

CHAIRMAN MANDEL: The Chair recognizes Governor Bumpers.

GOVERNOR BUMPERS: I hope for more bipartisan support on this one. This is called "Resolution on the National Economy."

"This Nation is undergoing its worst economic crisis in a generation. That crisis demands plain words and decisive action. And, speaking plainly, the Nation has failed to adopt affirmative policies to control inflation, and to reduce unemployment.

"Early this year, the President announced that he intended to hold inflation to 3 percent this year. The annual rate of inflation during the first quarter of 1973 was 6 percent—more than double the rate for the last quarter of 1972. Food prices increased at an unbelievable annual rate of more than 30 percent in January, February and March. People on low and moderate incomes are becoming desperate in the face of inexorable price inflation.

"Despite an announced intention by the national Administration to reduce unemployment to an average rate of 4.5 percent this year, and despite a real growth rate of 8 percent in the Gross National Product during the first quarter, unemployment remains at 5 percent. It shows no sign of declining. That rate is unacceptable.

"The American economy must be placed back on the right track and that means a halt to the soaring cost of living and a reduction in the unemployment rate. Vigorous and immediate steps are required by the national Administration. We urge the implementation of effective and equitable controls to stabilize rents, prices, wages, profits and interest rates."

CHAIRMAN MANDEL: The question now before the Conference is to allow the introduction of the resolution.

GOVERNOR LUCEY: I request a roll call.

CHAIRMAN MANDEL: Request has been made for a roll call. It has been sustained by nine other members. The Secretary will call the roll. (The roll was called by the Secretary.)

MR. CRIHFIELD: Twenty-three "ayes"; twelve "nays."

GOVERNOR RAMPTON: Mr. Chairman, I think it should be pointed out to Governor McCall that he has just missed a perfect opportunity to change parties.

CHAIRMAN MANDEL: If anyone desires to change his vote, he may do so now. If not, the motion is defeated. The next resolution is from Governor Hall.

GOVERNOR HALL: Mr. Chairman, I would like to read the resolution, "American Revolution Bicentennial."

"WHEREAS, the American Revolution Bicentennial commemoration should and must be a nationwide event, encompassing 200 years of American experience and involving all our people; and

"WHEREAS, the federal government has cooperated in the establishment of state bicentennial commissions to assure such results; and

"WHEREAS, a nationwide commemoration involving all of our people will require funding which rightfully should be shared by the federal government and the States; and

"WHEREAS, the resolution passed May 15 by the National American Revolution Bicentennial Commission called for support of grants to States and Territories from appropriated and non-appropriated funds;

"NOW, THEREFORE, BE IT RESOLVED that the Governors of the States in conference assembled strongly endorse federal government appropriations of matching funds to the States for bicentennial grants, total funding on specific state projects with national ARBC approval, and continuation of the \$45 thousand grant to state commissions for operational expenses for the years 1975 and 1976."

CHAIRMAN MANDEL: The question now before the Conference is to allow the resolution to be introduced. The "ayes" have it. The resolution is

before the house. The motion now is to adopt the resolution.

GOVERNOR THOMSON: Second.

GOVERNOR LUCEY: Question.

CHAIRMAN MANDEL: The resolution is adopted. The next resolution was offered by the Governor of Guam.

GOVERNOR CAMACHO: Mr. Chairman, I move for suspension of the rules for the purpose of adopting "Resolution for Presidential Voting Rights for Guam Citizens."

GOVERNOR EGAN: Mr. Chairman, I second the motion.

CHAIRMAN MANDEL: The question now is to allow the introduction of the resolution. The "ayes" seem to have it. The resolution is now before the Conference. Is there any discussion? Governor Evans.

GOVERNOR MELVIN H. EVANS: Mr. Chairman, I would like to make an amendment to insert after the word "Guam," "and the Virgin Islands."

GOVERNOR THOMSON: Mr. Chairman, I second it.

CHAIRMAN MANDEL: The motion has been made and seconded to amend the resolution to include the words "Virgin Islands." Is there any discussion of the amendment?

GOVERNOR HALL: Question.

CHAIRMAN MANDEL: The "ayes" seem to have it. The amendment is adopted. The motion now before the body is the adoption of the resolution as amended. Is there any discussion? Governor Docking.

GOVERNOR DOCKING: With all due respect to my friends, the Governor of Guam and the Governor of the Virgin Islands, I think we are perhaps opening up a pretty broad question on voting for the Presidency of the United States. With the electoral college that we have, I think it would open up, "How about Puerto Rico" with so many other people. I realize that there seems to be an inequity in the present situation, but I cannot in good conscience, without a good deal more study or more thought into how this would affect the country and other areas, vote in support of this resolution.

CHAIRMAN MANDEL: Governor Evans.

GOVERNOR MELVIN H. EVANS: Mr. Chairman, I would like to speak to that. First of all, I would like to suggest that failure to correct one inequity when we have two inequities is wrong. I reject the concept because Puerto Rico might be in the same situation. Puerto Rico is in a position to ask for this right if they want to. I do not know whether they have. I don't think we should take any action predicated on their asking or not asking. Now, for being States or not in voting for the President of the United States, I think it is a serious indictment of a system if people who are asked to give their lifeblood and die in wars can't vote for the leaders. The Virgin Islands happened to have, along with Guam, the highest per capita instance of death in Vietnam, whether we liked the war or not. Therefore, it seems to me that it gets a little bit to the heart of democracy to say we can die but we can't vote for the leaders who may or may not carry us

into a war.

**CHAIRMAN MANDEL:** This Conference did adopt the same resolution for Puerto Rico two years ago. The Governor of Alaska.

**GOVERNOR EGAN:** Mr. Chairman, I would like to say that this is merely asking that the people of Guam, the American citizens of Guam, and the American citizens of the Virgin Islands be extended the cherished right of the ballot box in Presidential elections. The people of Guam can come over and make their residency in California or Alaska or Hawaii or other States, Alabama or Arkansas, wherever, and vote for the Presidency. I think that this is merely extending the American way to our possessions.

**CHAIRMAN MANDEL:** Governor Bumpers.

**GOVERNOR BUMPERS:** Mr. Chairman, with all due respect to both the opponents and proponents of this, this resolution is not debatable, is it?

**CHAIRMAN MANDEL:** The resolution itself is debatable, yes. The motion that is not debatable is the motion to be allowed to introduce the resolution. Once the resolution is before the body, it is debatable. The Governor of Guam.

**GOVERNOR CAMACHO:** I think we should point out at this time the inequity that exists because of the lack of voting rights for citizens of Guam. Now, any one of you could vote for the President as long as you are a resident of the States, but the minute you become a resident of the Territory of Guam you lose that voting right. Conversely, I could come and establish my residency in any of the 50 States and would be eligible to vote.

**CHAIRMAN MANDEL:** Is there any further discussion? The question now is on the adoption of the resolution as amended. The "ayes" seem to have it. The resolution has been adopted. The next resolution is that offered by Governor Briscoe.

**GOVERNOR BRISCOE:** Mr. Chairman, this resolution honors the Texas Rangers on their 150th anniversary. There are seven of them here as special emissaries for this meeting, and they were in charge of security for the Sixty-fourth Annual National Governors' Conference held in Houston last year. I would appreciate favorable consideration of the resolution.

**CHAIRMAN MANDEL:** The question now is to allow the introduction of the resolution. The "ayes" have it. The resolution is now before the house. Is there any discussion?

**GOVERNOR DOCKING:** Question.

**CHAIRMAN MANDEL:** The question now is on the adoption of the resolution. The "ayes" have it. The resolution has been adopted. The next resolution is that of Governor Noel.

**GOVERNOR NOEL:** Mr. Chairman, I would like to ask for approval to bring this resolution to the floor. It reads as follows:

"WHEREAS, in most instances the closing of military installations has a profound adverse impact upon the employment rate and the economic base of States and regions within States; and

"WHEREAS, the closing of defense installations in the State of Rhode Island could represent a loss to the economy of that small State of over \$1 billion and may result in statewide unemployment of 15 percent or more; and

"WHEREAS, as we strive for lasting peace throughout the world further military reductions could affect many of our States;

"NOW, THEREFORE, BE IT RESOLVED that in planning any action that has the potential to create major economic and employment problems within a State or region, the federal government should consult with the State affected to develop a reasonable program of implementation that would mitigate the impact of such action;

"BE IT FURTHER RESOLVED that in all such cases the federal government should provide special consideration such as an integrated system of technical assistance, planning and program assistance and capital project development to help States through their difficult period of economic recovery; and

"BE IT FURTHER RESOLVED that all States have an interest in the development of a process to assure that the impacts of federal actions on individual States are properly considered and handled by the federal government."

CHAIRMAN MANDEL: The question now before us is to allow the introduction of the resolution. A vote of "aye" will allow the introduction; a vote of "no" will defeat it. The "ayes" have it. The resolution is now before the body. Is there any discussion? Governor Shapp.

GOVERNOR SHAPP: Mr. Chairman, I support this resolution very strongly, because we have had the same problems in Pennsylvania, and I am sure other Governors have. It is not that we deny the federal government the right to close bases or cut down on bases, but there should be some sort of a program developed between the national government and the States and the cities in which these installations are located in order to have some program to take care of the tremendous economic impact that the closings cause. I support this resolution because I think it is a major step in the right direction.

CHAIRMAN MANDEL: The motion has been made. Governor Thomson of New Hampshire.

GOVERNOR THOMSON: I just wanted to say I support it also. This came before us in the New England Governors' Conference, and this particular concept I endorsed at that time. I don't think this is in any sense partisan. I think it is a good idea.

CHAIRMAN MANDEL: The motion has been made by the Governor of Rhode Island, seconded by the Governor of Pennsylvania, for the adoption of the resolution.

GOVERNOR BRISCOE: Question.

CHAIRMAN MANDEL: The "ayes" have it. The resolution has been adopted. There are no further resolutions before the body. Governor Curtis.

GOVERNOR CURTIS: Mr. Chairman, I would simply ask that the material regarding Partners of the Americas that was placed before you be inserted in the record of the meeting, if that is possible.

CHAIRMAN MANDEL: I think it can be incorporated into the record of the meeting rather than reading it. The next order of business is any invitations for the 1975 Conference. I have before me a telegram from Governor Edwards of Louisiana who says, "I deeply regret that a current legislative session in Louisiana prevents my attending the Conference in Nevada. It is my pleasure to extend to the Conference an invitation to hold its 1975 Conference in New Orleans. Louisiana is prepared to make your visit to the Crescent City a memorable one, and we look forward to serving as your host. Best wishes to all of you." Are there any further invitations for the 1975 meeting? We are just asking for the invitations so that they can be considered by the new Executive Committee that will come into office. Governor Shapp.

GOVERNOR SHAPP: Mr. Chairman, I do not have an invitation for '75.

CHAIRMAN MANDEL: Then you can offer one for '76 at this time also. Governor Hall.

GOVERNOR HALL: I would like to be recognized for the fifth time in asking for the 1976 convention. I just want to be on record for that today.

CHAIRMAN MANDEL: Governor Hall is on record five times. Governor Shapp, you are four behind.

GOVERNOR SHAPP: Let me make up for it with another invitation. In 1974 we will be celebrating the 200th Anniversary of the First Continental Congress, and I want to invite the Governors of the 13 original States to come to Philadelphia on September 5-6, 1974, and all the Governors to come in on the 7th of September in order to help commemorate the conclusion of the First Continental Congress in 1774.

CHAIRMAN MANDEL: The next order of business is the report of the Nominating Committee. Before we do that, though, I think we do have some congratulatory resolutions. I would ask for unanimous consent to allow those resolutions to be presented to the body. If there is no objection, "Crihf."

MR. CRIHFELD: "The National Governors' Conference expresses its sincere gratitude to Governor Mike O'Callaghan and Nevada's lovely First Lady Carolyn for their untiring efforts in making this Sixty-fifth Annual Meeting, June 3 to 6, at Lake Tahoe, Nevada, an especially meaningful occasion.

"Moreover, the diligent work of the Host State Committee and numerous other individuals and organizations has resulted in an outstanding Conference from its inception. Their cooperation and friendly attitude has been exemplary.

"Our accommodations—both in personal terms and during our business sessions—have been superb. Our deep appreciation is extended to the entire management and staff of Del Webb's Sahara Tahoe Hotel for their many courtesies and constant attention to our every need.

"To our special program guests, we offer our sincere thanks for their

thoughtful and beneficial program contributions, and for taking time from their extremely busy schedules to be with us.

"Our heartfelt gratitude is expressed to Governor Marvin Mandel for the great and genuine leadership he has given us during his term this past year as Conference Chairman.

"The Nation's Governors also express their appreciation to the NGC staff for its extremely fine service throughout the year, and for the efficient and orderly manner in which this meeting has been handled.

"The Bonanza Convention Service also deserves our high appreciation for diligent efforts assuring the success of this Annual Meeting.

"The National Governors' Conference extends its special thanks to the news media for their excellent work and attention to the deliberations and activities of our Sixty-fifth Annual Meeting.

"In summary, we are confident that our 1972-1973 Conference Year, concluding with this Annual Meeting, has been an effective and rewarding year from every aspect."

GOVERNOR GILLIGAN: I move the adoption.

GOVERNOR FORD: I second it.

CHAIRMAN MANDEL: Is there any discussion?

GOVERNOR RAMPTON: Question.

CHAIRMAN MANDEL: The "ayes" have it. We will now hear a report from the Nominating Committee, Governor Hathaway, Chairman.

GOVERNOR HATHAWAY: Thank you, Mr. Chairman. Your Committee reports the following nominations: To the Executive Committee of the National Governors' Conference, the following Governors:

Dolph Briscoe of Texas; Dale Bumpers of Arkansas; Robert Docking of Kansas; James E. Holshouser, Jr., of North Carolina; Patrick J. Lucey of Wisconsin; William G. Milliken of Michigan; Philip W. Noel of Rhode Island; Francis W. Sargent, Massachusetts;

For Secretary-Treasurer of this Conference, Brevard Cribfield; for the new Chairman, Daniel J. Evans of Washington. I move the adoption of the report.

GOVERNOR KNEIP: I second it.

CHAIRMAN MANDEL: The motion has been made and seconded for the adoption of the report of the Nominating Committee.

GOVERNOR LOVE: Question.

CHAIRMAN MANDEL: The "ayes" have it. The report is unanimously accepted. At this point I would like to call on Governor Evans. Please step to the rostrum. I take this opportunity to present to you, as the incoming Chairman of the National Governors' Conference, Governor Dan Evans.

GOVERNOR DANIEL J. EVANS: Thank you, Governor Mandel and my colleagues. The hour is late, we have all been very patient this morning. I will try not to add very much to it. I am deeply gratified by the opportunity you have given me to lead this Conference during its upcoming year, and I feel very

strongly that seated around this table is the finest group of public executive talent in the Nation today. Some perhaps don't fully recognize the breadth and the depth of gubernatorial responsibility in our modern society. I also feel that we are in a particularly appropriate time in this Nation's history where I feel, and I believe you feel, the swing of a pendulum, at least the beginning of a swing, back toward a new balance in our federal system, a new balance in which the States and the cities and the counties will have a bigger role to play.

We all heard this morning, in pungent terms from some of you, the dissatisfaction over specifics of the developing new federalism. Yet I doubt there is a single Governor in office today who doesn't wholeheartedly agree with the concept of greater flexibility and greater authority for each of the States. I think it is worthwhile to spend just a minute or two on a review of recent history of these Governors' Conferences. This is my ninth Conference, and eight years ago we created the Washington, D.C., Office of Federal-State Relations, and during these past eight years have rapidly increased the stature and the ability of this Governors' Conference to participate in national affairs and to present our views to Congress and the national Administration. I think we have now fully matured, and in virtually all respects the Washington, D.C., office is, and I believe ought to be, considered our headquarters for the Nation's Governors. I think it is time now during this upcoming year to evaluate our next steps and where we go from here. Therefore, I will ask for a review by an appointed task force of Governors of our progress and of our future; a possible look at ways in which we could expand our research and information capability, and the availability of exchange of information on an increased basis, so that each of us could learn from the others. None of us would have the necessity of reinventing the wheel, which I suspect happens from time to time today.

I believe we ought to take a look at another increase in our capacity to present our views to the Congress and to the national Administration through the development, up to and including potential legislation, developed by Governors, and representing the view of our States, and the use of state task forces and potential additional staff at the national level of the Governors' Conference, to accomplish this goal. I believe, if we had fully developed ideas and concepts to present, we would have a greatly increased likelihood of their adoption by the Administration and by Congress. These concepts, which would very likely require some addition to our staff, will require us to review our present situation in terms of funding, the dues we pay to the National Governors' Conference, and potential change in that structure. All of this, I believe, is an important task of this upcoming year.

I believe it is important in the development of a new federalism and in the development of special revenue sharing programs to maintain direct contact with the National League of Cities, the U.S. Conference of Mayors, and the National Association of County Officials, not just through staff participation, but in meetings of the principals themselves, the Governors and the mayors and the

county officials of this Nation, to join in a partnership program. I believe the new federalism and the concepts of special revenue sharing will not succeed unless there is an awareness and an understanding and ultimately a partnership between state and local governments. General revenue sharing became a reality when cities and the counties and the States of this Nation were able to join together, and I believe the same thing is necessary if we are to succeed in special revenue sharing. I hope during this year for an even greater involvement of Governors in our Conference programs. I, for one, want to hear from you of your successful programs, and I believe the Nation would like to hear that, too. I hope that each of you will make your participation in Congressional hearings and in the other activities where you are called upon to participate during this upcoming year a top priority. I think we are all guilty to some degree of setting the priority of joint effort and national effort somewhat below our own responsibilities in our individual States. I don't think we can any longer do that.

Governor Carter expressed some excellent thoughts in a letter to each of us about prioritizing our efforts and selecting, from the many policy statements we have approved, those which should deserve our highest priority, those which we should concentrate on and, as a result, those in which we can be most successful. I believe that we really do have an important commitment and an important opportunity, a commitment to each other and to our federal system. Perhaps the theme of this upcoming year should be the theme of reestablishing the States as an integral and an equal partner in our federal system. I hope in the next year and in the years to come the participation of the Cabinet and of the President himself will come about at each of our National Conferences, not just because we invite them to participate, but because they realize this is an important occasion which they simply cannot afford to miss. Finally, I would like to express my personal thanks and congratulations to each of the Chairmen of our Committees, and, most of all, to our outgoing Chairman, Governor Mandel, for an outstanding year, and one on which I hope we can build during the upcoming year. Thank you.

CHAIRMAN MANDEL: I think we are almost at the conclusion of the meeting. I think "Crihf" does have some announcements to make, but before I call upon him I would like to take this opportunity to express to each one of you individually, and to the staff of the National Governors' Conference, my deep appreciation for the effort and the time that you each have spent in making this, I think, a good year. As you may have noticed, we have tried to change the format so as to involve the Governors, to make them participants rather than listeners, to make them active in the Conference, active in what is happening, rather than to listen to other people tell us what should be happening. I hope that this change of format has met with your acquiescence; I hope that you have enjoyed the meetings. I do want to say that, in turning the gavel over to Governor Evans, this has been a rewarding year for me. It has been a year of learning, because you do learn as you meet with other Governors and as you

meet with the Congressional leaders and as you meet with the Executive. I think it has been a rewarding experience; I am very grateful for having had the opportunity to serve. I thank you all very much for that opportunity. Now I would like to call on "Crihf" for an announcement.

MR. CRIHFIELD: There are two final announcements. First, the new Executive Committee will meet immediately in Room 207 on the second floor of the main building. Secondly, the pictures of the wives and boxes for the stagecoaches can be picked up in the Fern Room next door as you leave the meeting. Both are quite fragile and you are urged to take them with you. These stagecoaches can go like the old one-horse shay. Thank you.

CHAIRMAN MANDEL: Now I will entertain a motion to adjourn sine die.

GOVERNOR GILLIGAN: I so move.

GOVERNOR DUNN: I second it.

CHAIRMAN MANDEL: The Conference is adjourned.

# Appendices

# Appendix I

## THE GOVERNORS, JUNE 1973

<i>State or Other Jurisdiction</i>	<i>Governor (D) Democrat (R) Republican (PD) Popular Democratic Party</i>	<i>Length of Regular Term in Years</i>	<i>Present Term Began January</i>	<i>Number of Previous Terms</i>	<i>Max. Consecutive Terms Allowed by Constitution</i>
Alabama	George C. Wallace (D)	4	1971	1(a)	2
Alaska	William A. Egan (D)	4	1970(b)	2(c)	2
American Samoa	John M. Haydon (R)	(d)	1969(e)	--	--
Arizona	Jack Williams (R)	4	1971	2	--
Arkansas	Dale Bumpers (D)	2	1973	1	--
California	Ronald Reagan (R)	4	1971	1	--
Colorado	John A. Love (R)	4	1971	2	--
Connecticut	Thomas J. Meskill (R)	4	1971	--	--
Delaware	Sherman W. Tribbitt (D)	4	1973	--	2(f)
Florida	Reubin O'D. Askew (D)	4	1971	--	2
Georgia	Jimmy Carter (D)	4	1971	--	(g)
Guam	Carlos G. Camacho (R)	4	1971	(h)	2
Hawaii	John A. Burns (D)	4	1970(i)	2	--
Idaho	Cecil D. Andrus (D)	4	1971	--	--
Illinois	Dan Walker (D)	4	1973	--	--
Indiana	Otis R. Bowen (R)	4	1973	--	2
Iowa	Robert D. Ray (R)	2	1973	2	--
Kansas	Robert Docking (D)	2	1973	3	--
Kentucky	Wendell H. Ford (D)	4	1971(j)	--	(g)
Louisiana	Edwin W. Edwards (D)	4	1972(k)	--	2
Maine	Kenneth M. Curtis (D)	4	1971	1	2
Maryland	Marvin Mandel (D)	4	1971	(l)	2
Massachusetts	Francis W. Sargent (R)	4	1971	(m)	--
Michigan	William G. Milliken (R)	4	1971	(n)	--
Minnesota	Wendell R. Anderson (D)	4	1971	--	--
Mississippi	William L. Waller (D)	4	1972	--	(g)
Missouri	Christopher S. Bond (R)	4	1973	--	2(f)
Montana	Thomas L. Judge (D)	4	1973	--	--
Nebraska	J. James Exon (D)	4	1971	--	2
Nevada	Mike O'Callaghan (D)	4	1971	--	2
New Hampshire	Meldrim Thomson, Jr. (R)	2	1973	--	--
New Jersey	William T. Cahill (R)	4	1970	--	2
New Mexico	Bruce King (D)	4	1971	--	(g)
New York	Nelson A. Rockefeller (R)	4	1971	3	--
North Carolina	James E. Holshouser, Jr. (R)	4	1973	--	(g)
North Dakota	Arthur A. Link (D)	4	1973	--	--
Ohio	John J. Gilligan (D)	4	1971	--	2
Oklahoma	David Hall (D)	4	1971	--	2
Oregon	Tom McCall (R)	4	1971	1	2
Pennsylvania	Milton J. Shapp (D)	4	1971	--	2
Puerto Rico	Rafael Hernández-Colón (PD)	4	1973	--	--
Rhode Island	Philip W. Noel (D)	2	1973	--	--
South Carolina	John C. West (D)	4	1971	--	(g)
South Dakota	Richard F. Kneip (D)	2	1973	1	2(o)
Tennessee	Winfield Dunn (R)	4	1971	--	(g)
Texas	Dolph Briscoe (D)	2	1973	--	--
Utah	Calvin L. Rampton (D)	4	1973	2	--
Vermont	Thomas P. Salmon (D)	2	1973	--	--
Virginia	Linwood Holton (R)	4	1970	--	(g)
Virgin Islands	Melvin H. Evans (R)	4	1971	(p)	2
Washington	Daniel J. Evans (R)	4	1973	2	--
West Virginia	Arch A. Moore, Jr. (R)	4	1973	1	2
Wisconsin	Patrick J. Lucey (D)	4	1971	--	--
Wyoming	Stanley K. Hathaway (R)	4	1971	1	--

## FOOTNOTES

- (a) Previous term 1963-67.
- (b) Alaska Constitution specifies first Monday in December as Inauguration Day.
- (c) Previous terms 1959-62, 1962-66.
- (d) Indefinite term.
- (e) August 1969.
- (f) Absolute two-term limitation.
- (g) Governor cannot serve immediate successive term.
- (h) Governor Camacho appointed July 1969; became first elected Governor in November 1970.
- (i) Hawaii Constitution specifies first Monday in December as Inauguration Day.
- (j) December 1971.
- (k) May 1972.
- (l) Governor Mandel, formerly House Speaker, was elected to office by the General Assembly in January 1969 to fill unexpired four-year term of Governor Spiro T. Agnew (resigned) which began January 1967. Elected to full four-year term in November 1970.
- (m) Governor Sargent, formerly Lieutenant Governor, succeeded to office in January 1969 to fill unexpired four-year term of Governor John A. Volpe (resigned) which began January 1967. Elected to full four-year term in November 1970.
- (n) Governor Miliken, formerly Lieutenant Governor, succeeded to office in January 1969 to fill unexpired four-year term of Governor George Romney (resigned) which began January 1967. Elected to full four-year term in November 1970.
- (o) Nomination for third "successive" term prohibited by state law.
- (p) Governor Evans appointed July 1969; became first elected Governor in November 1970.

## Appendix II

### ARTICLES OF ORGANIZATION

#### ARTICLE I

##### NAME AND MEMBERSHIP

The name of this organization shall be the "National Governors' Conference," hereinafter referred to as the "Conference."

Membership in the Conference shall be restricted to the Governors of the several States of the United States, the Virgin Islands, Guam, American Samoa, and the Commonwealth of Puerto Rico.

#### ARTICLE II

##### FUNCTIONS

The functions of the Conference shall be to provide a medium for the exchange of views and experiences on subjects of general importance to the people of the several States; to foster interstate cooperation; to promote greater uniformity of state laws; to attain greater efficiency in state administration; and to facilitate and improve state-local and state-federal relationships.

#### ARTICLE III

##### MEETINGS

The Conference shall meet annually at a time and place selected by the Executive Committee. The agenda as announced and printed in the official program for the Annual Meeting shall be the official agenda. The Proceedings of the Annual Meetings shall be fully reported and published.

Special meetings of the Conference may be held at the call of the Executive Committee.

Twenty-five members present at the Annual Meeting or a special meeting shall constitute a quorum.

## ARTICLE IV

### EXECUTIVE COMMITTEE

The Executive Committee of the Conference shall consist of the Chairman of the Conference and eight other members elected at the final business session of the Annual Meeting.

Not more than five members of the Executive Committee shall be representative of a single political party. To the extent practicable, the members of the Executive Committee shall be widely representative of the various areas and regions of the United States.

Members of the Executive Committee shall hold office until the adjournment of the succeeding Annual Meeting and until their successors are chosen. Vacancies in the Executive Committee may be filled by the Chairman subject to ratification by the remaining members of the Committee by mail ballot or by vote at the next subsequent meeting of the Committee.

The Executive Committee shall meet not less than three times each year. It shall have authority to act for the Conference in the interim between Annual Meetings.

The Executive Committee is empowered to authorize the creation of standing, special project or study committees of the Conference, and to assign and reassign to such committees the studies authorized by the Conference.

The Executive Committee is empowered to enter into agreements with The Council of State Governments for the administration and implementation of services to the Conference and its members in regard to state-federal relations and the coordination of research in that area. Any such agreement shall be subject to continuing oversight and supervision by the Executive Committee.

## ARTICLE V

### CHAIRMAN

The Chairman of the Conference shall be elected by the Conference at the final business session of the Annual Meeting.

The chairmanship shall alternate annually between the two major political parties, and a majority of the members of the Executive Committee shall always be of a political party other than that of the Chairman.

He shall hold office until the adjournment of the succeeding Annual Meeting and until his successor is chosen. A vacancy in the chairmanship shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the Committee.

The Chairman shall preside and vote at meetings of the Executive Committee and of the Conference.

He shall appoint a Nominating Committee to serve at the Annual Meeting, and he shall appoint the members of standing, special project or study committees created by the Conference or by the Executive Committee. The Nominating Committee shall consist of five members, three of whom shall be of a political party other than that of the person who shall be elected as next Chairman of the Conference. The Nominating Committee shall present a single slate of nominees for the offices of Chairman, members of the Executive Committee, and Secretary-Treasurer. Additional nominations may be made from the floor, and election shall be by secret ballot in all cases where the number of nominees exceeds the number of officers to be elected. Elections shall be conducted in executive session.

The Chairman shall arrange the program of the Annual Meeting with the advice and counsel of the Executive Committee.

## ARTICLE VI

### SECRETARY-TREASURER

A Secretary-Treasurer shall be elected by the Conference at the final business session of the Annual Meeting. He shall attend and keep a correct record of all meetings of the Conference; safely keep all documents and other property of the Conference which shall come into his hands; and he shall perform all other duties usually appertaining to his office or which may be required by the Executive Committee.

He shall make all necessary arrangements for the Annual Meeting and special meetings with the advice and counsel of the Executive Committee and shall edit the stenographic record of the proceedings of all meetings.

Subject to the authority of the Executive Committee, he shall have custody of the funds of the Conference. He shall deposit funds of the Conference in its name; he shall annually report all receipts, disbursements, and balance on hand; and shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties.

## ARTICLE VII

### POLICY STATEMENTS

Statements reflecting policy positions of the Conference shall be in the form of summary statements prepared by Conference committees as an adjunct to

their committee reports. Such statements shall be submitted to the Executive Committee and to all Governors not less than one month prior to an annual or special meeting of the Conference. The Executive Committee is authorized to submit such statements, with or without amendments, to the Conference for consideration. Policy statements shall be deemed adopted upon obtaining a three-fourths favorable vote of the Conference. Floor amendments shall require the same majority vote. Any Governor desiring to submit a policy statement for consideration shall do so by transmitting the substance thereof to an appropriate committee chairman not less than two months prior to an annual or special meeting of the Conference.

## ARTICLE VIII

### DUES

Each member shall contribute such amounts as may be necessary to finance the programs and operations of the Conference, in accordance with contributions schedules approved by the Conference. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Conference and an independent audit shall be conducted not less than once a year by a reputable firm of certified public accountants.

## ARTICLE IX

### AMENDMENTS

The Conference at any meeting may amend these Articles of Organization by a majority vote of all Governors present and voting. Notice of specific amendments together with an explanatory statement shall be mailed to all members of the Conference at least thirty days prior to submitting an amendment to vote at a meeting. In the absence of such notice, a three-fourths majority vote shall be required for the adoption of any proposed amendment.

## ARTICLE X

### SUSPENSION

Any Article of procedure for conducting the business of the Conference may be suspended by a three-fourths vote.

## Appendix III

### RULES OF PROCEDURE\*

#### *Preamble*

1. These Rules of Procedure shall be in specific conformity with the Articles of Organization of the National Governors' Conference and, to the extent practicable, shall be consonant with precedents and traditions of the Conference.

2. On any issue not covered by these Rules of Procedure or by the Articles of Organization, *Mason's Manual of Legislative Procedure* shall be the standard authority, when applicable.

#### *Rule I—Policy Statements and Resolutions*

1. By action of the Conference at its 1969 Winter Meeting, the Articles of Organization were amended to abolish resolutions and to establish a regular procedure for preparation of policy statements by Conference committees as an adjunct to their committee reports. Such policy statements shall come before the Conference in the manner set forth by Article VII of the Articles of Organization. Policy statements adopted by the Conference shall remain in force and effect until rescinded or superseded by the Conference.

2. In order to consider any policy statement or resolution that has not been prepared and presented in accordance with Article VII, the Conference may suspend the Articles of Organization by a three-fourths majority vote. The motion to suspend is not debatable. Under such suspension, the proposed policy statement or resolution may be debated, amended and adopted upon a similar majority vote of the Conference.

3. Any member intending to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution shall give notice of such intention and shall distribute to all members present a copy of such proposal at least one session before such motion is put to a vote.

#### *Rule II—Committee Reports*

1. A committee chairman or other committee member may offer a motion with respect to a committee report in either of the following forms: (a) that the report be approved; (b) that the report be received and filed. A substitute motion may be offered from the floor to refer the report back to committee for further study. A committee report may include minority or dissenting views. A motion to table is not in order.

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\* Adopted at Sixty-fifth Annual Meeting, Lake Tahoe, Nevada, June 4, 1973.

2. If there be separate majority and minority reports from a committee, the following motions shall be in order: (a) a motion to approve the majority report (by a majority member of the committee); (b) a motion to approve the minority report in lieu of the majority report (by a minority member of the committee); (c) a motion to receive and file both reports (by any member from the floor); and (d) a motion to refer both reports back to committee for further study (by any member from the floor). Voting on any of these motions shall be in reverse order of the above. A motion to table is not in order.

3. Action on the motions described above shall be by a simple majority vote.

4. No individual amendments to a committee report, a separate majority report, or a separate minority report may be offered from the floor.

5. This Rule II shall not apply to the report of the Nominating Committee, which shall be acted upon as set forth in Article V of the Articles of Organization.

6. This Rule II shall not apply to policy statements developed as an adjunct to Conference committee reports, and such policy statements shall be governed by Article VII of the Articles of Organization.

### **Rule III—*Ordinary Business***

1. Any proposition necessary to carry on the business of the Conference may be approved by a simple majority vote.

### **Rule IV—*Motions to Amend***

1. Motions to amend most propositions are in order. An amendment may be amended, but an amendment to an amendment may not be amended because this would lead to undue confusion. Amendments shall be adopted by the same proportionate vote as is required on the main motion being amended.

2. Every amendment proposed must be germane to the subject of the proposition to be amended. To be germane, the amendment is required only to relate to the same subject, and it may entirely change the effect of the proposition. An amendment to an amendment must be germane to the subject of the amendment as well as to the main proposition.

3. Any amendment must be in writing if the Chairman so requests.

### **Rule V—*Motions to Table***

1. The purpose of a motion to table is to eliminate further consideration of any pending matter. Such motion is in order on either the entire question or on a pending amendment, and the member offering the motion should identify the breadth of his motion. A motion to table is not debatable. Adoption requires a simple majority vote. Motion may be renewed after progress in debate.

#### **Rule VI—*Previous Question***

1. The purpose of a motion for the previous question is to close debate and vote immediately on either the pending amendment alone, or on all amendments and the main question seriatim. Member offering the motion should identify the breadth of his motion. A motion for the previous question is not debatable. Adoption requires a two-thirds vote. Motion may be renewed after progress in debate.

#### **Rule VII—*Postpone Indefinitely***

1. The purpose of a motion to postpone indefinitely is to reject a main proposition without the risk of a direct vote on final passage. It may not be applied to an amendment and may not be renewed. The motion is debatable. Adoption requires a simple majority vote.

#### **Rule VIII—*Roll Call Votes and Other Matters***

1. A roll call vote may be requested by any member on any pending question. The roll shall be called upon a show of hands by ten members.

2. Whenever the roll is called, all members present shall be entitled to vote. No proxies shall be permitted.

3. The proportion of votes required for adoption of any motion, as set forth in these Rules of Procedure, refers to the number of members voting Yea or Nay on the motion, a quorum being present. Members are entitled to indicate that they are present but not voting, or to explain their vote.

#### **Rule IX—*Adoption, Amendment and Suspension of Rules***

1. These Rules of Procedure may be adopted or amended at the first business session of any annual or special meeting of the Conference by a simple majority vote. Thereafter, for the duration of any such annual or special meeting, amendment or suspension of the Rules shall require a three-fourths vote.

# Appendix IV

## TREASURER'S REPORT

### SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS FOR THE PERIOD JULY 1, 1972-JUNE 30, 1973

<b>Receipts</b>	
Dues Received from States . . . . .	\$359,000.00
Interest . . . . .	13,458.03
Contributions to Reimburse Cost . . . . .	10,340.19
Total Receipts . . . . .	\$382,798.22
<b>Disbursements</b>	
Salaries and Fringe Benefits . . . . .	\$203,449.11
Supplies . . . . .	4,761.66
Equipment . . . . .	4,968.79
Postage, Express & Delivery . . . . .	12,098.66
Telephone & Telegraph . . . . .	9,959.99
Rent . . . . .	25,856.60
Travel & Conference . . . . .	37,405.78
Printing . . . . .	13,780.18
Books & Periodicals . . . . .	1,480.45
Miscellaneous . . . . .	781.42
Winter Meeting . . . . .	17,244.00
Contingency Fund for Expenses of Chairman . . . . .	15,675.95
Total Disbursements . . . . .	347,462.59
Excess of Receipts over Disbursements . . . . .	\$ 35,335.63

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### STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD JULY 1, 1972-JUNE 30, 1973

Net Assets July 1, 1972 . . . . .	\$272,758.70
Add: Excess of Receipts over Disbursements (above) . . . . .	35,335.63
Net Assets June 30, 1973 . . . . .	\$308,094.33

### COMPOSITION OF NET ASSETS JUNE 30, 1973

Cash in Bank . . . . .	\$ (4,344.27)
U.S. Treasury Bills . . . . .	309,112.68
Petty Cash . . . . .	500.00
Expense Advance . . . . .	120.00
Accounts Receivable-CSG . . . . .	2,705.92
Net Assets June 30, 1973 . . . . .	\$308,094.33

## Appendix V

### ANNUAL MEETINGS OF THE NATIONAL GOVERNORS' CONFERENCE

1st	Washington, D. C.	May 13-15	1908
2nd	Washington, D. C.	January 18-20	1910
3rd	Frankfort and Louisville, Kentucky	Nov. 29-Dec.1	1910
4th	Spring Lake, New Jersey	September 12-16	1911
5th	Richmond, Virginia	December 3-7	1912
6th	Colorado Springs, Colorado	August 26-29	1913
7th	Madison, Wisconsin	November 10-13	1914
8th	Boston, Massachusetts	August 24-27	1915
9th	Washington, D. C.	December 14-16	1916
		No Meeting	1917
10th	Annapolis, Maryland	December 16-18	1918
11th	Salt Lake City, Utah	August 18-21	1919
12th	Harrisburg, Pennsylvania	December 1-3	1920
13th	Charleston, South Carolina	December 5-7	1921
14th	White Sulphur Springs, West Virginia	December 14-16	1922
15th	West Baden, Indiana	October 17-19	1923
16th	Jacksonville, Florida	November 17-18	1924
17th	Poland Springs, Maine	June 29-July 1	1925
18th	Cheyenne, Wyoming	July 26-29	1926
19th	Mackinac Island, Michigan	July 25-27	1927
20th	New Orleans, Louisiana	November 20-22	1928
21st	New London, Connecticut	July 16-18	1929
22nd	Salt Lake City, Utah	June 30-July 2	1930
23rd	French Lick, Indiana	June 1-2	1931
24th	Richmond, Virginia	April 25-27	1932
25th	Sacramento and San Francisco, California	July 24-26	1933
26th	Mackinac Island, Michigan	July 26-27	1934
27th	Biloxi, Mississippi	June 13-15	1935
28th	St. Louis, Missouri	November 16-18	1936
29th	Atlantic City, New Jersey	September 14-16	1937
30th	Oklahoma City, Oklahoma	September 26-28	1938
31st	Albany and New York, New York	June 26-29	1939
32nd	Duluth, Minnesota	June 2-5	1940
33rd	Boston and Cambridge, Massachusetts	June 29-July 2	1941
34th	Asheville, North Carolina	June 21-24	1942
35th	Columbus, Ohio	June 20-23	1943
36th	Hershey, Pennsylvania	May 28-31	1944
37th	Mackinac Island, Michigan	July 1-4	1945
38th	Oklahoma City, Oklahoma	May 26-29	1946
39th	Salt Lake City, Utah	July 13-16	1947
40th	Portsmouth, New Hampshire	June 13-16	1948
41st	Colorado Springs, Colorado	June 19-22	1949
42nd	White Sulphur Springs, West Virginia	June 18-21	1950
43rd	Gatlinburg, Tennessee	Sept. 30-Oct. 3	1951
44th	Houston, Texas	June 29-July 2	1952
45th	Seattle, Washington	August 2-6	1953
46th	Lake George, New York	July 11-14	1954
47th	Chicago, Illinois	August 9-12	1955
48th	Atlantic City, New Jersey	June 24-27	1956
49th	Williamsburg, Virginia	June 23-26	1957
50th	Bal Harbour, Florida	May 18-21	1958
51st	San Juan, Puerto Rico	August 2-5	1959
52nd	Glacier National Park, Montana	June 26-29	1960
53rd	Honolulu, Hawaii	June 25-28	1961
54th	Hershey, Pennsylvania	July 1-4	1962
55th	Miami Beach, Florida	July 21-24	1963
56th	Cleveland, Ohio	June 6-10	1964
57th	Minneapolis, Minnesota	July 25-29	1965
58th	Los Angeles, California	July 4-7	1966
59th	S.S. Independence and Virgin Islands	October 16-24	1967
60th	Cincinnati, Ohio	July 21-24	1968
61st	Colorado Springs, Colorado	Aug. 31-Sept. 3	1969
62nd	Lake of the Ozarks, Missouri	August 9-12	1970
63rd	San Juan, Puerto Rico	September 12-15	1971
64th	Houston, Texas	June 4-7	1972
65th	Lake Tahoe, Nevada	June 3-6	1973

## Appendix VI

### CHAIRMEN OF THE NATIONAL GOVERNORS' CONFERENCE, 1908-1973\*

Governor Augustus E. Willson, Kentucky	1910
Governor Francis E. McGovern, Wisconsin	1911-14
Governor David I. Walsh, Massachusetts	1914-15
Governor William Spry, Utah	1915-16
Governor Arthur Capper, Kansas	1916-17
Governor Emerson C. Harrington, Maryland	1918
Governor Henry J. Allen, Kansas	1919
Governor William C. Sproul, Pennsylvania	1919-22
Governor Channing H. Cox, Massachusetts	1922-24
Governor E. Lee Trinkle, Virginia	1924-25
Governor Ralph O. Brewster, Maine	1925-27
Governor Adam McMullen, Nebraska	1927-28
Governor George H. Dern, Utah	1928-30
Governor Norman S. Case, Rhode Island	1930-32
Governor John G. Pollard, Virginia	1932-33
Governor James Rolph, Jr., California	1933-34
Governor Paul V. McNutt, Indiana	1934-36
Governor George C. Peery, Virginia	1936-37
Governor Robert L. Cochran, Nebraska	1937-39
Governor Lloyd C. Stark, Missouri	1939-40
Governor William H. Vanderbilt, Rhode Island	1940-41
Governor Harold E. Stassen, Minnesota	1941-42
Governor Herbert R. O'Connor, Maryland	1942-43
Governor Leverett Saltonstall, Massachusetts	1943-44
Governor Herbert B. Maw, Utah	1944-45
Governor Edward Martin, Pennsylvania	1945-46
Governor Millard F. Caldwell, Florida	1946-47
Governor Horace A. Hildreth, Maine	1947-48
Governor Lester C. Hunt, Wyoming	1948
Governor William P. Lane, Jr., Maryland	1949
Governor Frank Carlson, Kansas	1949-50
Governor Frank J. Lausche, Ohio	1950-51
Governor Val Peterson, Nebraska	1951-52
Governor Allan Shivers, Texas	1952-53
Governor Dan Thornton, Colorado	1953-54
Governor Robert F. Kennon, Louisiana	1954-55
Governor Arthur B. Langlie, Washington	1955-56
Governor Thomas B. Stanley, Virginia	1956-57
Governor William G. Stratton, Illinois	1957-58
Governor LeRoy Collins, Florida	1958-59

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\*At the initial meeting in 1908, President Theodore Roosevelt presided.

Governor J. Caleb Boggs, Delaware	1959-60
Governor Stephen L. R. McNichols, Colorado	1960-61
Governor Wesley Powell, New Hampshire	1961-62
Governor Albert D. Rosellini, Washington	1962-63
Governor John Anderson, Jr., Kansas	1963-64
Governor Grant Sawyer, Nevada	1964-65
Governor John H. Reed, Maine	1965-66
Governor William L. Guy, North Dakota	1966-67
Governor John A. Volpe, Massachusetts	1967-68
Governor Buford Ellington, Tennessee	1968-69
Governor John A. Love, Colorado	1969-70
Governor Warren E. Hearnes, Missouri	1970-71
Governor Arch A. Moore, Jr., West Virginia	1971-72
Governor Marvin Mandel, Maryland	1972-73
Governor Daniel J. Evans, Washington	1973-74

## Appendix VII

### REPORT OF THE EXECUTIVE COMMITTEE

BY

GOVERNOR MARVIN MANDEL OF MARYLAND, CHAIRMAN

My fellow Governors, distinguished guests, ladies and gentlemen: On behalf of the National Governors' Conference, I want to express special appreciation to our host and hostess, Governor and Mrs. Mike O'Callaghan, for this Sixty-fifth Annual Meeting of the National Governors' Conference. The Host Committee has performed an outstanding service, and I am certain everyone participating in this Conference is delighted with the sincerity and warmth which has greeted us in the Silver State. At the same time, I want to welcome the new Governors who have joined us since our 1972 Annual Meeting.

It has been a distinct privilege for me to serve as Chairman of this distinguished body during the past year, and I deeply appreciate the honor and the opportunity that has been mine. It has been a year of challenge to the Nation's Governors—a year that has made special and almost unique demands on each of us. We have heard new words of encouragement about a new emphasis on state government and new roles of responsibility for the Governors. However, at the same time, we have learned to be cautious, and many of us have developed deep concerns over future domestic goals and policies. It has been then a year of challenge . . . of renewed mission . . . of expanded efforts . . . to insure that both Governors and the States reestablish their vital position within the federal system.

As I reviewed the past year in preparing this Annual Report of the Executive Committee, I found it most difficult to report adequately on actions of the National Governors' Conference by confining my remarks to just the Executive Committee. While your Executive Committee has had an active year, many have joined our nine-member Committee in acting on behalf of the Conference. In past years, the Chairman has reported on Executive Committee meetings with White House officials, other high-level federal officials and members of Congress. The Chairman has, in effect, reported on actions taken on your behalf. This year, however, has been a hallmark for the National Governors' Conference. We have all utilized the Conference organization to the utmost. Efforts and activities on behalf of the Conference have involved far more of you than just the members of the Executive Committee.

The Executive Committee, alone, did not represent you with White House officials, nor with members of Congress. Rather, we organized meetings for *all Governors* with White House officials and Congressional leaders. Not only did all of you participate in a White House briefing on domestic issues and a state dinner hosted by the President, but you participated in an unprecedented session with Congressional leaders on Capitol Hill. Never before in the history of the National Governors' Conference have the Governors of all the States and Territories sat down with our Congressional leaders to discuss domestic policy. I

am certain each of you remembers this historic occasion and will agree that it was one of the highlights, not only of 1973 but a landmark in the history of the Conference.

Just as this occasion marked a new era of communications between Congress and the Governors, we saw renewed gubernatorial interest in Congressional action. Realizing that the States are vital to the federal system, Governors are also acutely aware of the importance of gubernatorial input as federal legislation is drafted for Congressional action. Again, not only did members of the Executive Committee testify before Congressional committees on behalf of the National Governors' Conference, but many of you joined us. Governors made over 40 appearances before Congressional committees in the past year, testifying on such far-ranging issues as general revenue sharing, coastal zone management, highway funds, land use and water pollution, housing, community development, disaster aid, tax reform and economic development.

The Executive Committee has continued to emphasize this year that the Governors are not content just to seek "federal handouts," but place increasing importance on a substantive gubernatorial role in decisions which affect and reorient domestic priorities. This is what the National Governors' Conference is all about. The federal government must learn that nationally conceived programs simply will not work without the heavy involvement of the Governors and the States we represent. It is through the National Governors' Conference and the regional Conferences that we are able to reassert the need for our own pivotal role in domestic policies and programs. With the increased involvement of all of us in federal issues and a willingness to find time in crowded schedules to make our voices heard nationwide, the States will find new strengths to aid the search for solutions to domestic problems.

The seven formal meetings of the Executive Committee held this year were primarily strategy sessions designed to strengthen our role at the domestic policy level. We met with White House and Cabinet officials to discuss not only the generalities of domestic priorities, but such specific issues as highway trust fund allocations, social services regulations, welfare regulations, special revenue sharing; and we continued our campaign for advance consultation on issues of prime gubernatorial concern. While the battle has not been won, we have made strong in-roads during the past year which will serve us well in the future. A decision of which the Executive Committee is justly proud is the restructuring of the Annual Winter Meeting on Federal-State Issues during which we took our views to Washington rather than just listening to other officials tell us what to expect. In addition to the Executive Committee's involvement with federal-state issues, we held the third biennial Seminar for Newly Elected Governors, which a number of you attended and which proved rewarding for all of us participating.

We have continued our international exchange program this year, hosting a group of Japanese Governors just last April. The trip was tremendously successful, I understand, and the Governors' Conference owes a special thank you to Governor West and the State of South Carolina for hosting the official business session and to all of the other Governors who received our Japanese visitors in their States. We will soon have the pleasure of returning the hospitality shown to us in the Soviet Union in 1971. A delegation of Soviet officials will visit with us this fall. A number of you have already graciously invited the delegates to visit your State during their travels, and final itinerary plans are now under way. These exchange programs have over the years provided meaningful discussion in many areas, but probably the most important impact

has been the opportunity to further international understanding by first-hand observation of the problems that face each of us as nations and the world as a whole.

The National Governors' Conference and the Executive Committee have had a busy year—one fruitful for all of us. I would be remiss, at this point, if I did not offer on behalf of the entire Conference our deepest appreciation to Brevard Cridfield, our dedicated Secretary-Treasurer who also is the Executive Director of the Council of State Governments, and to Charles Byrley who heads our Washington operations and his staff for the constant, year-round support and diligent efforts on our behalf. If you are not fully utilizing the services of the Council of State Governments and our own Washington Office of Federal-State Relations, you should begin to do so immediately. Moreover, I urge you to reassert your own personal interest and participation in our organizational endeavors. In so doing, our unified impact on the federal establishment will be greatly enhanced. In addition, you will recall my recent letter which announced an added dimension to the 1973 Annual Meeting—a Resource Availability Program. Its inclusion in this Annual Meeting is a direct result of the knowledge I have gained about the Conference staff and its capabilities during my year as Chairman. The National Governors' Conference staff, members of the Council of State Governments' staff, and several other resource persons are here and available to provide specialized consultative services to you and your aides. Additional information on this service was given to your aides yesterday morning. Suffice it to say that we have professional expertise in a wide range of areas at your disposal during the next few days, and I believe it will be to your advantage to pursue this opportunity.

On a final note, I would like to convey my deep appreciation to the members of my Executive Committee: Governor Meskill, Governor Carter, Governor Milliken, Governor Cahill, Governor Hall, Governor McCall, Governor Kneip and Governor Dunn—for their dedication, their continued support, and their ready assistance during the past year. This year has seen swift changes emerge upon the domestic scene. We are already well aware of the dynamic role which Governors must carve for the States as new domestic priorities emerge. As we open the Sixty-fifth Annual Meeting of the National Governors' Conference, it behooves all of us to take special note of the role a strong united Governors' Conference can and must play during the coming decade.

## Appendix VIII

### POLICY STATEMENTS ON CRIME REDUCTION AND PUBLIC SAFETY

#### ADMINISTRATION AND IMPLEMENTATION OF THE OMNIBUS CRIME CONTROL AND SAFE STREETS ACT

##### A. Administration and Implementation of the Omnibus Crime Control and Safe Streets Act.

The National Governors' Conference commends the Law Enforcement Assistance Administration for its extensive and helpful cooperation with the States in implementing the Omnibus Crime Control and Safe Streets Act of 1968. Its actions in fostering the development of qualified staff at the state level, providing wide latitude to the States in developing plans for improving the entire criminal justice system, promoting a spirit of cooperation between the various criminal justice disciplines, and generally supporting the state partnership required in a block grant program sets an outstanding example that could well be emulated by other federal departments. Its efforts to insure the success of this first program embodying a true block grant approach to an intergovernmental problem are noteworthy. The National Governors' Conference further commends the LEAA for its reorganization plan designed to facilitate project review and decentralization by expanding the authority and responsibility of the regional offices.

Therefore, the National Governors' Conference expressly reaffirms its confidence in the LEAA program and urges the Congress to form a partnership with the Governors in working to strengthen the LEAA to assure effective intergovernmental action to deal with one of the Nation's most serious domestic problems.

##### B. Fiscal Policies

The Omnibus Crime Control and Safe Streets Act was enacted in order to provide additional public funds to prevent and control crime. In passing the law, the Congress took notice to the fact that crime is essentially a local problem over which the States have basic supervising authority through their systems of criminal laws and the administration of justice. Pursuant to this law, all the States, territories and the District of Columbia have established state agencies to assist the State and its communities in their effort to reduce crime and increase justice by providing comprehensive planning and grant administration for the development and management of projects to this end.

The National Governors' Conference recognizes the needs and shares the concerns of large cities and counties for additional crime control funds and as a means of meeting these needs by continuing to make additional funds available through state planning agencies, we urge the Administration to request the Congress to significantly increase the appropriation to curb crime. The major portion thereof should be for the specific purpose of funding block grants to the States.

## LAW ENFORCEMENT REVENUE SHARING

During the past four years the Law Enforcement Assistance Administration (LEAA) has greatly expanded its efforts to aid in the improvement of state and local criminal justice systems. Substantial strides have been taken to slow the increase in lawlessness. The Safe Streets program has made more than \$2.4 billion available for criminal justice support in the fiscal years 1969-1973.

After an uninterrupted 17 year escalation, FBI crime statistics show that serious crime in America during 1972 declined three percent. Further, these statistics indicate that 94 of the Nation's 154 cities with a population of 100,000 or more reported decreases in serious crime in 1972. LEAA has been the moving force in a broad range of projects that have brought a great deal of innovation and reform to policing, adjudication, and corrections.

The National Governors' Conference commends the introduction of the proposed Law Enforcement Revenue Sharing Act of 1973. In the preamble of this proposed Act, Congress again finds that crime is essentially a local problem that must be dealt with by state and local governments, if it is to be controlled effectively. This proposed act will continue LEAA and will give the States more authority and responsibility for setting priorities in solving their law enforcement problems. It replaces the block grant program with special revenue sharing payments and emphasizes increased state responsibility and management. The Governors at their 64th Annual Meeting advocated elimination of grantee matching requirements and the abolition of the requirements of federal approval of state comprehensive plans as well as freeing state and local governments from other onerous federal administrative and fiscal restrictions. The Law Enforcement Revenue Sharing Act will accomplish this.

The National Governors' Conference endorses the Law Enforcement Revenue Sharing Act of 1973, and calls upon the Congress of the United States to give it prompt, favorable consideration.

## STATE-CITY COOPERATION

The National Governors' Conference restates and reemphasizes its commitment to vigorous and effective action to control the burgeoning crime problems in the urban areas of our States. Recognizing that the plague of crime knows no jurisdictional boundaries, the Governors of the States pledge their active support to the comprehensive planning and intergovernmental action called for in the Omnibus Crime Control Act of 1968. The Governors are firmly committed to the need for a working partnership with elected and other policy-making officials in the counties and municipalities of our States to accelerate efforts in developing comprehensive metropolitan crime control programs and facilities. We support and encourage voluntary state assistance to local governments for criminal justice programs.

## CRIMINAL CODE REVISION

The National Governors' Conference finds that one of the most critical needs in the improvement of many States' criminal justice systems is in the

revision, modernization and simplification of the criminal code, including a model sentencing code with emphasis on dealing with the offender as an individual rather than treating the crime. The Governors of the States pledge their commitment to request the state legislatures, in cooperation with the appropriate state and local criminal justice officials and members of the bar, to review and, where necessary, revise the State criminal code immediately, and at least once each decade thereafter.

The National Governors' Conference requests that the American Bar Association, together with other national organizations of the criminal justice bar and bench, provide professional leadership by assisting the States in this code revision effort. We urge careful consideration by all States of the American Bar Association Standards for the administration of criminal justice.

The Governors urge the United States Department of Justice to establish a clearinghouse for state criminal code revision efforts. This office should serve only as a source of advice and information-sharing among the States.

#### CRIMINAL JUSTICE SYSTEMS IMPROVEMENTS

The National Governors' Conference expresses its strong commitment to the integration and cooperation of all state and local crime control efforts into a streamlined efficient system of criminal justice administration:

A. To this end, the Governors support, encourage and will pursue the following steps to aid law enforcement officials:

1. Personnel

- a. Development of minimum statewide professional standards for recruitment, training and performance, and improvement in law enforcement officers' salaries.
- b. Development of incentive or merit systems to insure recognition and advancement of those who excel.
- c. Recruitment and training of staff and auxiliary service personnel to relieve the law enforcement officers from clerical and support duties.
- d. Development of comprehensive law enforcement officer training programs to include operations, public administration, law technology, available social services and human relations.
- e. Encouragement of educational advancement to work-study programs, in-service training, and scholarships for full and part-time professional study.

2. Resources

- a. Development of a statewide, integrated information and communications system to facilitate intergovernmental cooperation in crime control.
- b. Development of statewide or regional crime laboratories.

### 3. Relationship to the community

- a. Programs of public support and education to improve understanding and cooperation between the citizen and the law enforcement officer, including education programs at the junior and senior high school levels, to develop understanding of the criminal justice system.
- b. Increased recruitment for police service careers from among persons of all races and economic situations.

B. To this end, the Governors support, encourage and will pursue the following steps to improve the judicial process.

#### 1. Personnel

- a. Request legislation establishing statewide professional and educational standards for all judges and court administrative officials, elected or appointed, to state or local courts.
- b. Establish statewide minimum salaries for all judges and court administrative officials.
- c. Establish procedures for the administration of judicial conduct, discipline and retirement.
- d. Institute statewide assigned counsel or defender systems, financed by the jurisdiction which has the responsibility for prosecution.

#### 2. Organization

Create unified systems with specialized branches where appropriate.

#### 3. Procedures

- a. Improve jury selection systems by modernizing criteria for exclusion from duty, instituting better record-keeping, and increasing compensation for public service.
- b. Modernize archaic court procedures in areas such as providing expanded pre-trial discovery, extending prosecution's right to appeal from pre-trial rulings suppressing evidence, and providing simple state post-conviction procedures.
- c. Institute statewide procedures for promoting fair sentencing procedures consistent with policy of dealing with offenders as individuals.
- d. Institute procedures to require counsel for a parole violator.
- e. Encourage uniformity of standards for sentencing.

C. To this end, the Governors encourage, support and will pursue the following steps to aid and improve the corrections system:

#### 1. Personnel

- a. Commit additional resources to probation and parole sources to reduce the existing imbalance between institutional maintenance and field services.
- b. Improve recruitment, training and retention of correctional personnel by increases in salary, scholarships for professional training and intensive in-service training programs.
- c. Institute probation and parole services which make use of volunteers and some professional aides, including ex-offenders.
- d. Develop improved standards and procedures for parole decisions.

## 2. Institutions

- a. Establish and enforce statewide standards for jails and detention institutions.
- b. Provide separate detention facilities for juveniles and for women.
- c. House and process persons awaiting trial separately from convicted offenders.
- d. Provide separate treatment for individuals requiring specialized rehabilitation, such as narcotics addicts or alcoholics, on a regional or statewide basis.

## 3. Programs

- a. Development of more intensive community treatment programs as alternatives to institutionalization.
- b. Upgrade basic education and vocational training for inmates, and institute programs for job development, placement, and follow-up.
- c. Design all rehabilitation programs so that they improve the re-entry of offenders into the community.
- d. The consolidation of the administration of state correction programs.
- e. Adoption of the Interstate Correctional Compact providing for regional and interstate cooperation for the development of correctional institutions and programs.
- f. Support the Comprehensive Offender Program Effort (COPE) which concentrates available resources and acts as focal point for the integration of state and local programs for the rehabilitation of criminal offenders.
- g. Set up qualifications for and implement to the maximum extent consistent with the effective enforcement of the law of a "Summons in Lieu of Arrest" in the case of persons charged with low-hazard, minor offenses.

D. Total system needs:

1. Development of mandatory statistical data collection and analysis for all components of the criminal justice system including police administration, court caseload, sentences, correctional data, and expenditures by state and local governments for criminal justice institutions.
2. Development of a philosophy and treatment program whereby the offender is treated as an individual according to his needs and motivations.

THE PREVENTION AND CONTROL OF JUVENILE DELINQUENCY

The National Governors' Conference believes that any attempt to comprehensively prevent and control juvenile delinquency calls for bold, broad, basic and new approaches including redeployment of personnel and resources.

Commitment to the task for preventing juvenile delinquency requires:

- A. Commitment to long-term research and development adequate to cope with the complexity of the delinquency problem.
- B. A conscious broadening of the framework within which the problems are analyzed and remedies sought. There must be a willingness to examine and challenge all traditional operations.
- C. The significant involvement of youth in any community's effort to understand and prevent juvenile delinquency.
- D. Coordination of private and public services to youth including character building efforts and those geared to correction and rehabilitation.
- E. Focusing attention and efforts on youth at an earlier age than we have previously.
- F. A careful reevaluation of the unique role of the family in American societies.
- G. Realism about the cost of long-range prevention efforts.
- H. Establishment of vocational schools without severe standards and criteria to give every boy and every girl an equal education in the area of high-rate unemployment.

In recognition of the key role which state governments play in the inter-governmental effort to prevent and control juvenile delinquency, the Governors urge that each State undertake to provide leadership and funding for the coordination of planning and services of all state agencies which contribute to the prevention, control, and treatment of juvenile delinquency. Such coordination should encompass the States' effort under the Omnibus Crime Control and Safe Streets Act. Each State should emphasize and strengthen its commitment to programs designed to prevent delinquency, giving particular emphasis to home- and school-centered programs aimed at youth who are in danger of becoming delinquent.

Through the joint efforts of States, localities, and the Law Enforcement Assistance Administration, major strides have been made in improving the juvenile justice system. Nonetheless, in the final analysis, the solution to the problem of juvenile delinquency lies in its prevention rather than treatment. Congress first addressed this problem by enacting the Juvenile Delinquency Prevention and Control Act of 1968, as a companion measure to the Omnibus Crime Control and Safe Streets Act. Unfortunately, the Juvenile Delinquency Act of 1968 and its successor the Juvenile Delinquency Prevention Act of 1972 have not lived up to their mandate. These Acts have been hampered by delayed and overly stringent guidelines and a severe lack of funds.

It is the position of the National Governors' Conference that an effective federal juvenile delinquency prevention program is so essential to the goal of reducing violent crime in this decade that it deserves the personal attention of the President. We, therefore, urge the Congress to enact new legislation establishing a Special Action Office within the Executive Office of the President.

The Special Action Office should have a mandate for implementing an active partnership with state governments and to coordinate the more than seventy programs affecting youth scattered over at least sixteen federal agencies. The office should also be directed to mobilize action programs to prevent juvenile delinquency through community efforts in vocational education, family counseling, group homes, runaway counseling centers, outreach programs and others.

Such legislation should be adequately funded and should focus on the following objectives.

1. Broaden the planning structure and capabilities at the local and state level with increased mechanisms to interface multiple prevention systems.
2. Increase substantially the funds available to local communities for action projects and special impact programs in limited geographical areas. A portion of the federal funds under the act should be available for the matching requirements of other federal funds, thus increasing the scope of the funding.
3. Provide direct focus on establishing a system of delinquency prevention and diversion programs as a viable alternative to the juvenile justice system.
4. Provide increased emphasis on career development and training at all levels, applied research, and model program techniques.
5. Provide an ongoing capability for legislative and staff monitoring and evaluation of all programs and activities funded under this Act as a basis for developing hard data for making decisions on long-range needs.

#### ORGANIZED CRIME

The National Governors' Conference pledges full support and cooperation in the intergovernmental war on organized crime. To this end, the Governors of

the States recommend the following actions by federal, state and local authorities:

- A. Enactment of general witness immunity statutes at federal and state levels.
- B. Formation of organized crime intelligence units in the offices of appropriate state agencies designated by the Governor and in local law enforcement agencies.
- C. The continuation of the federal technical assistance and training programs designed to assist in the development of competent staff for state and local jurisdictions, and the funding of federal assistance for development of state intelligence systems.
- D. The creation and financing of state level programs to investigate the problems of organized crime, including the infiltration by crime syndicates into legitimate businesses and state and local governments, by focusing public attention upon the problem by means of crime commissions and grand jury investigations.
- E. Enactment of the Model Criminally Operated Business Act as drafted by the Suggested State Legislation Committee of the Council of State Governments to prevent infiltration and takeover of legitimate business by the forces of organized crime.
- F. The drafting and publication by the same Committee of a Model State Statute to implement appropriate procedures for wiretapping and electronic surveillance and investigation by authorized law enforcement agencies, and to implement the provisions of Title III of the Omnibus Crime Control and Safe Streets Act of 1968.

#### DRUG ABUSE

The National Governors' Conference is concerned with the extensive proliferation of the narcotics and drug abuse problem. Because of its multifaceted nature and complexity, it is both proper and necessary that the problem be addressed by this Committee as well as the Committee on Human Resources. To combat the pervasive problem of narcotics and drug abuse, the Governors recommend the following urgent efforts.

- A. The Special Action Office for Drug Abuse Prevention created by the Drug Abuse and Treatment Act of 1972 has been directed by Congress and the President to coordinate federal drug abuse programs, develop goals, objectives and priorities for those programs, and cooperate with the States in a concerted attack on the narcotic and dangerous substance problem. We endorse this effort.
- B. Enactment by the States of the Uniform Controlled Dangerous Substances Act, as well as other drug control legislation which:
  - 1. Grants courts and correctional authorities sufficient flexibility with user to permit individualized sentencing and treatment, and the imposition of appropriately severe sentences for pushers and sellers.

2. Requires prompt disposition of the offender's case.
  3. Effectively unifies all state drug control programs and coordinates all private and public efforts to control drug abuse.
- C. Development of state programs for the rehabilitation and treatment of offenders requiring close supervision and control while correcting problems of drug abuse by providing alternative methods for disposition of drug users by the establishment of adequate facilities for both voluntary and involuntary admissions and for out-patient treatment programs.
  - D. In line with the objectives set forth by the Cabinet Committee on International Narcotics Control, the federal government should intensify its diplomatic efforts to halt the illegal importation of narcotic substances and promote international programs to reduce the production of such substances.
  - E. The enactment of interstate compacts to further cooperation among the States in the control of drug and narcotics abuses.
  - F. Study the question of mandatory minimum sentences for adult sellers of narcotics for profit.
  - G. Public drunkenness should not in itself be a criminal offense. Disorderly and other criminal conduct accompanied by drunkenness should remain punishable as separate crimes.

#### THE CRISIS OF UNREST

The National Governors' Conference recognizes and supports the historic and constitutional right of all citizens to dissent from public policies, and to seek to change such policies through public assembly, and through the peaceful expression and exchange of views.

Violence and disorder are not justified in a democratic society. We condemn lawlessness on all sides, be it by those who dissent from public policies, those who support them or those who are called upon to keep or restore the peace. We affirm that the first responsibility of the peace-keepers is to protect the safety and lives of all those involved; however, we recognize also the correlative right of the peace-keeper in the discharge of his responsibility to use such force as may be necessary for his own self-protection.

We believe that change in a democratic society must be achieved through the calm and reasonable exchange of views. And to that end we urge greater dialogue and understanding among all segments of our society so that we might prevent the polarization of views, and the escalation of differences to the point of violence.

In state institutions we believe that the administrators have the primary responsibility for the prevention of disorder and the preservation of tranquility. But we also affirm the right and responsibility of the State to act to restore order when other means have been tried and have failed.

We also pledge our efforts toward the constant renewal and revitalization of the institutions of our society ... to prevent them from becoming impersonal

toward the citizen, neglectful of the society, and brittle or unresponsive to each generation of Americans.

#### FIREARMS CONTROL

The National Governors' Conference, recognizing the varying requirements for firearms legislation in each State, recommends and will pursue legislative enactment of:

- A. Federal and state laws controlling the transportation and possession of military-type firearms and ordnance, other than small arms.
- B. State laws prohibiting certain categories of persons, such as habitual alcoholics, drug addicts, mental incompetents, persons with a history of substantial mental disturbances, and persons convicted of felonies, from buying, owning, or possessing firearms.

#### NATIONAL ADVISORY COMMISSION ON CRIMINAL JUSTICE STANDARDS AND GOALS

The National Governors' Conference commends the National Advisory Commission on Criminal Justice Standards and Goals for its efforts in developing a comprehensive and detailed series of goals, standards, and priorities for reducing crime in America.

The National Governors' Conference endorses the goal established by the Commission of reducing in ten years the rate of high-fear crime by 50 percent from its 1973 level. As used in this context, high-fear crime refers to homicide, rape, aggravated assault, and robbery committed by people who are strangers to their victims. High-fear crimes also include all burglaries.

In order to reach this goal, the National Governors' Conference calls on every State and unit of local government in that State to immediately evaluate its criminal justice system, to compare its criminal justice system with the standards and goals developed by the National Advisory Commission, and make such changes in their criminal justice system as are deemed necessary and appropriate by that State or unit of local government.

#### EXTRADITION REFORM

The National Governors' Conference expresses its concern with the ever-increasing number of extradition requests which pass through Governors' offices and the bewildering variety of forms and procedures utilized by the various States in the extradition process. The resulting delay serves neither justice nor efficiency.

We, therefore, request that the National Association of Extradition Officials study the problem and the various solutions that have been offered and propose model legislation if deemed desirable for adoption by the States.

## THE NATIONAL GUARD

The National Governors' Conference recognizes the unique role of the National Guard as the primary reserve force for both the Army and the Air Force in our Nation's defense and as our emergency law enforcement and disaster backup for state civil authorities. We reaffirm our belief in the National Guard militia system which has supported and sustained the United States throughout its history as the most fitting, economical and effective method of providing military support to both State and Nation.

We, therefore, encourage the Department of Defense and the National Guard to reexamine the requirements for enlistments, training, retention, as we are deeply concerned over the ability of the National Guard to maintain the desired manning levels by purely voluntary means. Further, greater emphasis and support must be given to incentives to enlist and retain members in adequate numbers with a proper balance of experience and leadership.

The National Governors' Conference further endorses the recommendations set out in the accompanying report by the Subcommittee on the National Guard.

## DISASTER LEGISLATION

The National Governors' Conference reaffirms its support of the efforts of the Office of Emergency Preparedness in the Executive Office of the President and the Council of State Governments to revise and update state legislation covering disaster prevention, assistance, and response. This is desirable because our vulnerability to disaster is steadily increasing. In June 1972, Hurricane Agnes caused over \$3 billion in damages and took over 118 lives. From 1969 through 1972, major disasters have occurred in 48 States and 4 territories resulting in hundreds of deaths and billions in property damage. Over \$900 million in federal funds have been allocated to the States by OEP from the President's Disaster Fund for certain types of disaster assistance. The cost to States and local governments, individuals and private business is estimated to exceed \$5 billion. Because of the efforts of OEP, federal disaster legislation was completely updated in 1969-70. In response to the Agnes Disaster, the Agnes Recovery Act of 1972 was enacted appropriating \$1.7 billion for recovery efforts in the States affected by Hurricane Agnes.

All of the States have statutes dealing with disasters. Most were enacted in the 1950's. Few States have revised their disaster acts during the past 20 years. Thus, there are many inadequacies in state disaster legislation. New emphasis should therefore be placed on disaster response, state and local disaster organizations should be strengthened and state laws should be broadened to grant greater recognition to the phases of prevention, preparedness, and recovery.

With the cooperation of OEP, the Council of State Governments has developed an example State Disaster Act as an aid to state officials in considering possible legislative action to strengthen their disaster legislation to meet the growing vulnerability to the impact of such events. The Act was drafted with the assistance of the Committee on Suggested State Legislation of the Council of State Governments composed of representatives from the States. To date, seven States have enacted legislation based on provisions of the example act with an additional ten state legislatures actively considering new disaster legislation.

The National Governors' Conference endorses this effort of The Council of State Governments and OEP and strongly recommends that those Governors who have not done so, study the proposed example State Disaster Act with a view to recommending its provisions to their state legislature with the idea that sections, language or purposes in the Example Act may prove helpful to the state legislature in considering any revision and updating of its disaster legislation.

In addition, the National Governors' Conference supports the concepts proposed in the Disaster Preparedness and Assistance Act of 1973 which was recommended to the Congress by the President on May 8 for the purpose of strengthening and streamlining federal disaster legislation. The legislation, however, should be amended to provide for more than the proposed 75 percent federal grant for the repair and restoration of public facilities and services, provide for the acceptance of state self-insurance for public facilities, and provide a very clear statement that federal assistance will be available when disaster threatens.

#### DISASTER PREPAREDNESS PROGRAM

The National Governors' Conference recognizes the value of the Defense Civil Preparedness Agency (DCPA), Department of Defense On-Site Assistance Program. This program is designed to assist state and local government to develop an improved capability to respond effectively to natural disasters and all kinds of emergencies. This program stresses coordinated preparedness responsibilities of local officials within a community.

The program offers direct assistance through a team of federal and state civil preparedness professionals who join with local civil authorities to analyze those hazards to a community that may cause a disaster and a subsequent need for emergency action. They examine the resources and operational capability of responsible organizations. This examination is followed by a realistic action plan which assigns specific tasks of the responsible elements of federal, state and local government both to improve the coordinated staff capability and, where appropriate, the obtaining of equipment to provide the means to cope with disaster control. The assistance continues by applying the combined resources of state and federal government wherever necessary to improve the operational capability of local government.

The National Governors' Conference urges the strong support and encouragement from the Governors. The Governors should direct their State Civil Defense Directors to coordinate the state On-Site Assistance program with the DCPA Regional Directors, the latter being the focal point to provide federal participation from the numerous federal departments and agencies.

#### PROPOSALS FOR A NATIONAL INSTITUTE OF JUSTICE

The proposal to create a National Institute of Justice appears to undermine state and local control of law enforcement and criminal justice systems and might destroy the federal assistance role created by the Omnibus Crime Control and Safe Streets Act of 1968.

Advocates of the Institute would substitute a new public corporation for an existing federal agency -- the Law Enforcement Assistance Administration -- and would inject federal decision-making into local law enforcement activities.

The ostensible reason for the proposal is the allegation that the Safe Streets Act has not brought about sufficient activity to improve the courts. But the broad language of the proposal seems to contemplate that the new Institute would establish projects in law enforcement, correction, parole, probation and all other criminal justice areas. The advocates of the National Institute of Justice do not seem to recognize the importance of preserving state and local control of criminal justice activities.

The National Governors' Conference recognizes that within each State the management and improvement of the courts are primarily the responsibilities of the judicial branch of state government; therefore, the Conference urges the States to insure adequate funding in the area of court improvement.

The National Governors' Conference believes that the administration of justice should remain primarily a state responsibility; the Conference opposes in principle the establishment of any institution for the receipt and disbursement of public funds which is not directly responsible to the public through its elected representatives. Further, the National Governors' Conference opposes in principle the establishment of any institution to coordinate the machinery of justice which does not recognize the independency and responsibility of the judicial branch of state government in relation to the administration of justice. Finally, the National Governors' Conference reaffirms its support of the state-controlled LEAA program.

A RESOLUTION  
RELATING TO THE USE OF NATIONAL GUARD AIRCRAFT

WHEREAS, military aircraft are widely used by the federal government in transporting members of the Executive Branch, Members of Congress, wives, news media personnel and others; and

WHEREAS, state governments are logically an extension of the federal government and federal regulations would govern accountability; and

WHEREAS, many States are now using National Guard aircraft for purposes deemed official yet in variance to Department of Defense regulations; and

WHEREAS, Army and Air National Guard aircraft are the only aircraft available in many States for certain purposes;

NOW, THEREFORE, BE IT RESOLVED by the National Governors' Conference assembled in Lake Tahoe, Nevada, this sixth day of June 1973, that this Conference strongly recommends that current restrictions contained in Department of Defense directives be modified to permit the support of state officials in Army and Air National Guard aircraft in the conduct of official state business at no cost to State Governments; and

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to the President of the United States, Secretary of Defense, Secretary of the Army, Secretary of the Air Force, and the Chief, National Guard Bureau.

## POLICY STATEMENTS ON EXECUTIVE MANAGEMENT AND FISCAL AFFAIRS

### REVENUE SHARING

The National Governors' Conference went on record in 1965 in support of the principle that the federal government share a portion of its revenues with the States, unfettered as to functions for which it is used.

With passage of General Revenue Sharing in October 1972, the Committee reiterates its strong support and calls upon the Congress and the Administration to keep General Revenue Sharing free of categorical restrictions and cumbersome administrative guidelines.

Specifically, the Committee applauds language in the Act which calls for reliance on the laws and procedures used by state and local governments in administering their own funds as the basis for administering revenue sharing. The Committee feels this language to be the basic foundation of General Revenue Sharing and thus all administrative regulations and procedures should build upon this principle. States are particularly concerned that federal accounting regulations not impose additional requirements on existing State accounting practices.

### STATE AND LOCAL BONDS

The municipal bond market is a vital source of funds for financing the capital expenditure requirements of state and local governments. In order to meet the strong and growing demand for new and expanded capital facilities faced by these governments, it is imperative that this market provide a dependable source of funds at reasonable rates of interest. To this end we recognize the desirability of broadening the market for state and local bonds.

Specifically, at the federal level we urge Congress to enact legislation: to permit mutual funds holding municipal bonds to pass the exemption through to their stockholders; and to require a portion of the reserves of the Unemployment Trust Fund to be invested in municipal securities.

At the state level we encourage where feasible and relevant the examination of state initiatives such as: the state bond bank; constitutional and/or statutory changes in debt and interest rate limitations; collateral deposit requirements in municipal bonds for insurance companies; direct issuance of low denomination bonds; and public finance assistance departments.

The last several years have witnessed a growing number of bills introduced in the Congress which would shift state and local borrowing from the tax-exempt to the taxable market. In most of these cases, federal line agencies would act as intermediaries between state and local governments and the public in marketing municipal bonds. Regarding further Congressional action in this area, we recommend the following criteria:

- A. Use of any federal credit assistance programs by state and local governments should be entirely voluntary.
- B. Such assistance should be free of federal interference and intervention in matters of state and local concern.
- C. Such assistance should be simple, dependable, and free of delay.
- D. Such assistance should not be viewed as an alternative to federal grant assistance where the latter is appropriate and necessary.

The Conference reasserts that any proposal should not in any way impair the access of State and local governments to the tax-exempt market or infringe upon these governments' independence in debt financing or repeal or limit the exemption of State and local government bond interest from federal taxation.

The National Governors' Conference calls upon the Secretary of the Treasury to provide in the implementation of the Tax Reform Act of 1969 opportunity for state and local governments to make reasonable investments and derive reasonable returns on proceeds of tax-exempt bonds. The National Governors' Conference opposes the use of tax-exempt bonds to earn unreasonable "arbitrage" profits through investment in taxable obligations. However, we urge the Secretary of the Treasury to recognize the necessity to cover legitimate administrative costs associated with certain kinds of important revenue-producing public improvements, including student loans and lower income housing. The Conference calls upon the Secretary to provide through administrative regulations for a permissible yield sufficient to cover reasonable costs incurred in the operation of these and similar programs.

#### INTERSTATE TAXATION OF BUSINESS

For a number of years the National Governors' Conference has expressed opposition to federal legislation which would restrict the taxing jurisdiction of the State and provide preferential tax immunity to favored multistate businesses, and has expressed full support for legislation which would give congressional approval to the enactment of the Multistate Tax Compact by the States.

This Conference now goes one step further in supporting an expanded and/or specific version of a congressional consent bill for the Multistate Tax Compact to allay expressions of concern in the Congress that the original consent bill set out only a broad statement of purpose, and to counter claims that the States were seeking a sort of blank check in the area of multistate taxation.

The Conference therefore urges Congress to enact legislation, drafted by the Advisory Commission on Intergovernmental Relations in collaboration with the Council of State Governments, which incorporates the Multistate Tax Compact and expresses congressional consent to enactment by the States of a compact substantially the same thereto, plus the following additional provisions:

- A. The three-factor formula (Uniform Division of Income for Tax Purposes Act), developed by the National Conference of Commissioners on Uniform State Laws, is made mandatory for net income taxes upon States which have not enacted the Compact by July 1, 1971;
- B. States are given jurisdiction to require collection of sales tax by

sellers making interstate deliveries into a State if the seller makes regular household deliveries there; and

- C. Income taxes may be imposed on congressional salaries only by the district and State represented by the Congressman.

#### TAXATION OF INDUSTRIAL DEVELOPMENT BONDS

The Conference recognizes that so-called industrial development bonds have been used for non-governmental purposes. Unfortunately, federal legislation adopted in 1968 to remove the tax-exempt status of industrial development bonds erroneously included in its definition some traditional governmental functions and thus made them taxable under this legislation. The Conference reiterates its 1968 resolution urging legislation properly to redefine industrial development bonds.

#### NEW APPROACHES TO FEDERAL-STATE PARTNERSHIP

Since social and economic problems transcend state boundaries, States have long worked together in efforts to solve them. Most major problems today, however, also require federal cooperation and assistance.

Federal-state partnership in regional problems has taken the form of the interstate compact and the regional commission. The Appalachian Regional Commission has successfully brought thirteen States and the federal government together to plan and administer programs in health, education and transportation, assisted by substantial federal block grants. of underdeveloped areas and interstate-metropolitan areas become more complex, it is certain there will be an increased demand for an extension of multi-state administration of programs dealing with these and other problems. The National Governors' Conference recognizes the vital need of effective mechanisms for solving such problems. Any new national legislation should include the following basic points:

- A. Allow the establishment of regional commissions as agreed upon by the federal government and the States involved.
- B. Provide for Governors to share decision-making authority equally with federal representatives;
- C. Make federal participation directly responsible to the President, and state participation to the Governor;
- D. Provide adequate funds for initial planning and policy development, and adequate authorization for the future appropriations after the priorities of each commission have been determined; and
- E. Should not be used as a substitute for revenue sharing.

## FEDERAL ROLE IN STATE PLANNING

Planning has always been a vital element in the decision-making process, and in recent years much effort has been made at the federal and state levels to improve the methods by which it is done. The federal government has shown its concern and interest by many programs of assistance to state and local governments for planning. However, many problems have arisen: a multiplicity of planning grants with different federal requirements; uncertain funding; and no integration of plans, especially at the federal level.

The National Governors' Conference urges that:

The Congress and the Administration should take immediate action to correct the confusing, contradictory, duplicative and overlapping mass of federal requirements and definitions concerning both long-range and annual operational plans. Federal agencies should recognize the Governor as the chief state policymaker and planner responsible for the coordination of all statewide and multijurisdictional sub-state planning. The elected heads of local government should be recognized in the same capacity for all state and federal programs operating within their jurisdictions.

An appropriate share of the funds of each functional federal grant program should be made available to the Governor for the purpose of relating functional plans to each other, to statewide goals and policies and to local development policies.

Major federal planning assistance programs should provide for forward funding on a two- or three-year basis; minimum annual funding for each State; interprogram service agreements; evaluation machinery; technical assistance training and tuition fees as eligible project costs; and minimum standardization and coordination of federal planning definitions and requirements.

## INTERGOVERNMENTAL COOPERATION ACT

The National Governors' Conference commends the Congress for passage of the Intergovernmental Cooperation Act of 1968, which among other things, provides for keeping Governors and Legislatures informed of federal grant-in-aid rules and regulations, provides a means to obtain flexibility in administration of the "single state agency" requirement, provides flexibility in state banking of federal funds, authorizes federal agencies to render technical assistance and training services to state and local governments on a reimbursable basis, and provides for federal coordination with local authorities regarding land use.

The Conference is gratified at the action of the U. S. Bureau of the Budget in providing directives for implementation of this Act through Circulars A-95, A-96 and A-97. Governors should especially note Circular A-95, which encourages the establishment of clearinghouses and review procedures through which federally aided local and regional planning and development projects can be coordinated with state activities and projects of different state agencies can be coordinated with one another. This Circular may potentially be used to enhance the ability of the Governor to coordinate the management of state programs.

The Conference urges Congress now to extend the principles of intergovernmental cooperation by enacting legislation which would establish procedures to

allow the simplification of accounting, auditing, and reporting of federal assistance funds; authorize the President, subject to congressional veto, to consolidate federal assistance programs within agencies; allow joint funding simplification for the packaging of grants for the same or related programs; and provide for periodic congressional and executive review of grant programs to determine their effectiveness.

### TRAINING

The growing complexity of state government programs and of the many intergovernmental programs in which States are involved, is placing an enormous burden upon state officials and employees responsible for the over-all management and unity of state operations. Training is a necessary part of equipping these officials and employees to carry out their responsibilities.

The National Governors' Conference commends the Council of State Governments for strengthening its training activities: the Conference notes the successful seminars held in 1968, 1970, and 1972, for newly-elected Governors and their aides, the continuing work of the Council in providing policy-oriented training for Governors' personnel, the newly established training program for legislators and legislative staff, and the recent collaboration with organizations of local officials to provide training on matters of intergovernmental concern. The Conference urges further intensification of these efforts.

The Intergovernmental Personnel Act of 1970 will help to strengthen state and local training programs. This legislation provides a major opportunity to establish statewide personnel training and development programs in cooperation with local officials. However, the opportunity directly depends upon prompt and affirmative submission of state plans for training to the U. S. Civil Service Commission.

### CLEARINGHOUSE FOR STATE CONSULTING HELP

All Governors have on occasion needed the temporary assistance of persons from outside their state governments to bring a different perspective to policy issues as well as to bring to bear technical knowledge and experience in various fields of state government. Although private consulting firms and universities have been used to help provide this assistance, a major reservoir of talent, largely untapped, is the State Governments of the Nation. The use of this talent would be of benefit both to the State receiving help and, through broadening the experience of the personnel involved, to the State supplying the expertise.

The National Governors' Conference commends the Council of State Governments on the establishment of the Interstate Consulting Clearinghouse which will enable States to draw upon the experience and talents in the state governments by helping States define their problems with precision and clarity, and identifying employees in state governments who are qualified to provide effective assistance.

## FEDERAL AID INFORMATION SYSTEMS

There is a critical need for a better exchange of information between levels of government as a result of the continuing growth of federal assistance programs. Great progress has been made by the States in creating information systems for their decision makers. Additional progress has been made by the federal government under the Intergovernmental Cooperation Act of 1968 and subsequent implementation guidelines.

However, it is increasingly clear that further progress could be greatly enhanced by developments at the federal level which are unifying and coordinating in effect. Clear commitment from the Office of Management and Budget, with strong support from the States, could result in substantial progress in the following areas:

- A. Early involvement of the States in federal spending decisions directly affecting state budgeting, through continuing information flow to policy levels.
- B. Action toward uniform data requirements and formats among federal agencies.
- C. Technical assistance to State and local governments in developing uniform information systems and more effective management techniques. Vigorous assistance from the federal level would implement the States' desire for information systems which are compatible both among the States and between States and the federal government.
- D. Sustained funding for model projects whose purpose is to develop techniques and systems for effective management in many areas of government.
- E. A continued emphasis on the elimination of federal agency policies requiring single purpose or designated use of federally supported data processing facilities. At present, state central management staff may be denied the use of state functional agency equipment because of regulations promulgated by counterpart federal agencies.

The National Governors' Conference requests of OMB that the "standard application" attachment to Circular A-102 provide that the face sheet on each application for a federal grant-in-aid should include the requirement that the Governor and OMB receive a copy of the face sheet with an annotation indicating receipt, award, or denial.

## FEDERAL GRANT-IN-AID OMNIBUS

The National Governors' Conference acknowledges the importance of federal grants-in-aid in the financing of state and local programs. These aids now amount to nearly one-fifth the total federal domestic budget and one-fifth of total state expenditures. Aid programs have proliferated in the past several years and now number over 1000 separately funded activities.

The number of programs and the large amounts of dollars involved make imperative the proper administration of these programs so that the national objectives toward which they are aimed can be achieved. Many of the policy

statements of this Conference deal with this issue with respect to individual programs. The federal government - the President, Congress, and the administering agencies - should work closely with state officials in developing appropriation and administrative procedures to provide maximum flexibility in carrying out program objectives and maximum certainty of federal action. Specifically the Conference endorses the following concepts:

- A. Utilization of the block grant approach for new aid programs in support of broad national purposes.
- B. Fundamental reorganization of a large number of existing programs into several broad areas on a permanent basis. Grouped programs should be those that share a consistent pattern of purpose. The following provisions represent concepts embodied in this type of proposal:
  - 1. Automatic allocation of grant funds by careful and meaningful formulas rather than narrow project specifications.
  - 2. Flexible and dependable formulas for passing certain funds directly to local governments.
  - 3. Deletion of matching and maintenance of effort requirements as a prerequisite to receiving aid.
  - 4. Clear definition of the State as critical to program coordination planning and evaluation, with gubernatorial review replacing cumbersome federal approval processes.
  - 5. Reasonable transitional stipulations such as hold harmless clauses, which would guarantee state and local jurisdictions at least as much revenue from each new program as from the total of the old programs being consolidated.
- C. Joint funding simplification, to allow federal agencies to cooperate with state requests to combine several grants in the administration of one state program.
- D. Appropriations consonant with authorization, to provide a greater degree of certainty in the amount of funding to be expected.
- E. Advance funding for at least two years, especially for construction projects, so that the necessary contracts can be let with assurance of fulfillment.
- F. Annual appropriations prior to start of fiscal year, to provide the States sufficient lead time for planning the program and hiring the staff.
- G. Resolution by the President and Congress of their divergent policies on appropriations and expenditures by procedural or structural means.
- H. Full consideration of the special needs of Puerto Rico, the Virgin Islands, American Samoa and Guam be given by Congress in the distribution of fiscal aid funds.

The National Governors' Conference asserts that any changes in the grant-

in-aid system must be directed toward the simplification of procedures. The mechanisms of federal assistance must not be allowed to impede the intent of that assistance. The National Governors' Conference supports the President's special federal assistance review program for the streamlining of the administrative mechanisms used to process and distribute federal funds. Further, the National Governors' Conference asserts that economic, social and ecological challenges can be dealt with at state and local levels, and that operational changes in aid programs must allow and encourage problem-solving ability at these levels.

#### REGULATION OF INSURANCE

It is long-established national policy to leave to the States the basic task of regulating the insurance industry. The States have demonstrated an ability to do a creditable job of regulation, and in the aggregate the insurance industry is well regulated.

The National Governors' Conference opposes federal legislation which would create a federal bureaucracy for the regulation of insurance, and Congress should be ever-mindful of the States' role in this important area. If corrective national legislation is necessary, the National Governors' Conference stands ready to work with Congress to achieve positive results.

#### SUB-STATE DISTRICT DEVELOPMENT

Sub-state districting is an issue of growing concern to state and local elected officials. The concept is an organizational one. It proposes a structure which cuts across the array of substantive programs, enabling elected officials to effectively coordinate the use of federal, state and local resources in solving areawide problems.

The following principles are recommended in the development of such systems:

Multijurisdictional planning and policy development organizations should be public bodies with governing boards composed at a minimum of a majority of elected officials, selected by and representing general purpose local governmental units, representing at least a majority of the population of the region served. There should be clear authority for localities to work toward boards made up entirely of elected officials if the localities choose.

Umbrella multijurisdictional organizations should be the general purpose organization in a given region, providing a forum for locally elected officials to address problems, issues and functions of an areawide nature. Such organizations should be empowered to make decisions in order to resolve competing objectives and to set regional priorities which should be recognized by federal and state funding agencies.

Functions of an umbrella multijurisdictional organization should include:

- A. development and coordination of areawide policies and plans;
- B. coordination of the policies and plans of separate functional organizations;

- C. promotion of mutual problem solving and exchange of information; and
- D. such other services as requested by local governments.

Federal and state policies should recognize a single umbrella multijurisdictional organization as the desirable objective for each designated region of the State. Until the desirable objective is attained, it may be necessary to fund separate multijurisdictional organizations within the same region; if so, the governing board of such separate organizations should be composed predominantly of elected officials.

The umbrella multijurisdictional organization should function as the review and comment agency for all federal and state funded programs and projects that will have an impact within the region.

Federal, state and local governments should contribute funds for the operation of the umbrella multijurisdictional organizations. State governments should to the extent possible:

- E. provide broad, flexible enabling legislation for umbrella multijurisdictional organizations;
- F. conform state planning areas to the regional boundaries of the umbrella multijurisdictional organizations;
- G. conform administrative areas of state programs which are exclusively administered by States to the regional boundaries of the umbrella multijurisdictional organizations;
- H. provide general policy guidance and reasonable criteria for umbrella multijurisdictional organizations; and
- I. cease the establishment of separate, single purpose multijurisdictional organizations, except where the purpose is directed to an area that is compellingly unique.

Federal and state programs administered on an areawide basis should move toward integration with the umbrella multijurisdictional organization. Such programs should include specific requirements for coordination with multijurisdictional organizations in accordance with the Intergovernmental Cooperation Act of 1968.

The weighting of the votes of the representatives on the umbrella multijurisdictional organization boards should be left to the determination of the localities represented on the board.

Boundaries of the umbrella multijurisdictional organizations should be set by the States, but acceptable to local general purpose governments.

In interstate urban areas, the thrust of federal programs concerned with areawide planning and intergovernmental coordination should be on increasing the abilities of local and state governments to act effectively in a concerted fashion, notwithstanding the multi-state character of the area. Toward this end, priority among federal programs in large interstate areas should be to strengthen the ability of the interstate umbrella multijurisdictional organization to deal with areawide problems. In small interstate urban areas, due recognition and coordination should be given to the affected state planning and development agencies.

## FEDERAL EXECUTIVE REORGANIZATION

The National Governors' Conference, in taking notice of current proposals to reorganize the Executive Branch of the federal government, supports the general concept of restructuring the mechanism of government in ways which better meet the needs of the people and facilitate interaction between federal, state, and local levels.

The Conference has long argued for clearing away the proliferation and confusion of federal grant-in-aid programs and is on record supporting actions to simplify their administration. Reorganization of the Federal Executive Branch can contribute to that objective if properly carried out.

The National Governors' Conference is concerned that certain specific concepts be followed in the consideration and enactment of any federal reorganization:

- A. Existing departments, agencies, and commissions should be grouped into single new departments, structured according to broad but similar purposes.
- B. To facilitate accountability and proper coordination of the diverse but related programs within such departments, the departmental secretaries must have full authority for all of the department's functions including power to delegate and transfer responsibility both among programs and to the field.
- C. To facilitate better interaction between state and local officials with federal agencies, decentralization of both authority and accountability to regional offices must be accomplished.

The Conference strongly supports the basic purposes of Executive reorganization consistent with the above principles and urges the Congress to enact legislation which supports and implements these concepts.

## EDUCATION FINANCE REFORM

The state role in financing elementary and secondary education is the most vital issue currently facing the States. Education is and must continue to be a state responsibility. State action to achieve equal educational opportunity must begin immediately, progress rapidly and have the aggressive leadership of elected officials in state government.

The National Governors' Conference urges all States to undertake immediate action toward equalizing educational opportunity. There is great variety in educational finance systems available to States as they seek to achieve this objective. Review of the issues and approaches underscores one critical point -- the wide variety of alternatives prevents a "best solution." Nevertheless, States must focus on one prime objective -- elimination of local wealth as the major determinant in educational opportunity.

In order to meet the State's responsibilities for providing equal educational opportunity and at the same time to avoid serious financial and administrative disruptions and the potential misuse of resources involved in immediate

full equalization, it is recommended that each State develop plans, programs and a specific timetable to accomplish this reform with all deliberate speed.

While achieving educational equality is primarily the responsibility of individual States, it is likely that new federal assistance will be proposed to assist States in doing this. Federal programs developed to provide such assistance should include the following principles:

- A. New assistance should not be aimed at encouraging a single federally prescribed approach to educational equalization. Differing state political traditions and fiscal situations must be recognized, since an attempt to impose a national structure which violates these variations will hinder rather than advance equalization.
- B. The States should not be by-passed in federal education legislation, directives or policy decisions since States have constitutionally and historically maintained ultimate responsibility for education.
- C. Federal assistance toward equal educational opportunity should not be tied to other objectives such as property tax relief. Local tax relief and reform is a state concern and must ultimately depend upon state action.
- D. Federal financial assistance for education should continue to be appropriated from the general revenues of the U. S. Treasury to assure flexibility in the face of changing needs.

#### NATIONAL VALUE ADDED TAX

The Conference has examined the recent Administration concept of providing to States a substantial increase in federal funds for education through a national value added tax which would require relief of local residential property taxes.

The Conference unanimously agrees that the issues of education finance, property tax relief and reform, and a national value added tax are related, but separate issues which must be reviewed individually. The Committee also believes that discussion of a national value added tax should not delay immediate action toward education finance reform in the individual States.

Moreover, the National Governors' Conference questions the adoption of a federal value added tax because:

- A. The federal government has already usurped control over an increasing number of revenue sources;
- B. Federal income taxes have been cut five times in the last ten years while state and local governmental units have drastically increased taxes;
- C. A national value added tax would provide direct competition for the 45 States that now rely on the general sales tax as a major source of revenue;
- D. The principle of basing federal taxation on ability to pay as

measured by income has been gradually eroded in the past decade, and the proposed value added tax would further accelerate the shifting of federal taxation away from graduated income levies.

#### NATIONAL LEGISLATION FOR PENSION PLAN REFORM

The Conference recognizes the vital importance of adequate and assured pension plans for employees of both the private and public sectors.

Since the regulation of public pension plans is the sole responsibility of state government and since most States already provide regulations for public pension plans, the Committee agrees that national legislation should not regulate public pension plans. The Committee urges each State to reexamine its regulations to provide for adequate and assured pension plans for both the public and private sectors.

If the Congress decides that federal regulation of private pension plans is necessary, such legislation should not preempt existing state regulation of private plans and should provide for full coordination of federal and state regulatory policies for private pension plans.

#### FEDERAL MERIT SYSTEMS

The National Governors' Conference applauds recent federal efforts directed toward improving intergovernmental personnel relations as embodied in the concept of New Federalism and the Intergovernmental Personnel Act of 1970.

Accordingly, the Conference urges that future federal activities in this area emphasize the adoption of broad guidelines based upon Career Service principles by the Civil Service Commission which will strengthen the States' traditional role of establishing and maintaining their own personnel management systems. Specific merit system standards or further expansion of the present inconsistent assortment of specific personnel requirements to grant-in-aid programs by federal agencies should be prohibited.

#### PROPERTY TAX RELIEF AND REFORM

The National Governors' Conference notes increasing interest in the issue of property tax reform and relief. Studies and recommendations of the Advisory Commission on Intergovernmental Relations, the Education Commission of the States, and the Sub-Committee of Intergovernmental Relations of the U. S. Senate underscore the importance of action aimed at strengthening and at the same time improving public acceptance of this important revenue device.

The Conference believes that the administration of the property tax is and should remain the responsibility of the States and their local governments.

However, the Conference recognizes the federal interest in limiting the adverse impact of the property tax on certain classes of excessively burdened taxpayers. We believe that a federal effort in this area should avoid requirements for arbitrary national uniformity in use, impact and/or administration since such requirements would be an undesirable federal intrusion.

We further believe that federal incentives which would promote better assessment administration, or encourage the States to assume greater responsibility for property tax matters are desirable.

Therefore, the Conference supports a federal program to assist States in alleviating the regressivity of their property tax systems, and calls upon Congress to explore means by which the States may be encouraged to assume greater responsibility with respect to more equitable administration of property tax assessments and appeals.

The Conference further calls upon all States to review the policies and procedures which guide use of the property tax by all taxing jurisdictions within each State. Such a review should focus at a minimum upon:

- A. policies, practices, and standards of assessment and general administration.
- B. devices used to provide relief to certain classes of property taxpayers.
- C. identification of state and local programs financed by the property tax which would more equitably be financed by other sources of revenue.
- D. identification and measurement of the property tax base that has been eroded by exemption.
- E. alternate remedies for appealing assessments and adjustment of excessive assessments.

Improvements in state and local policies and procedures surrounding use of the property tax are critical if administration of the tax is to be fair, equitable, and effective.

#### FEDERAL BUDGETING FROM A STATE PERSPECTIVE

The National Governors' Conference believes that much can be improved in the federal budgeting process. We believe that Congress would benefit by adopting some of the centralized legislative budgeting procedures utilized in many state governments.

The Conference calls upon Congress to adopt a unified approach to the federal budget, exploring such state developed approaches as a Joint Congressional Budget Committee; and to provide a process wherein federal budgetary policies may be reviewed from the perspective of their fiscal and administrative impact on state and local governments, with new initiatives modified to reflect the constraints involved in state budget processes.

Finally, the Conference believes that responsibly adopted congressional spending limits are preferable to impoundment for purposes of fiscal restraint. The release of impounded funds should be in accordance with plans worked out in cooperation with state and local governments to assure that adequate matching funds are available and new projects do not disrupt existing plans.

## POLICY STATEMENTS ON HUMAN RESOURCES

### PREAMBLE

The Committee on Human Resources, while recommending adoption of separate policy statements on human services, welfare and social services, health, manpower, education and drug abuse control, wishes to emphasize the importance of recognizing the interrelationships between these areas. Needs and problems of people often times defy categorization. For example, the need for welfare assistance may well be the result of inadequate education or health services. It is essential therefore that specific policies and programs within the human resources area be constantly reviewed to assure that the total needs of people are being met and that individual programs complement and not conflict with each other.

The Committee on Human Resources of the National Governors' Conference has become increasingly concerned that in the areas for which it is responsible as well as in other functional areas, our federal system of government is not adequately meeting the needs of people.

Each of the three levels of government is in a sense trying to run its own competing programs with the result that we have overlapping and duplication of functions. This is not only confusing and costly, but worst of all it is failing to get the job done for the people and people are therefore losing confidence in government.

The Committee on Human Resources feels a basic restructuring of the federal system is needed to eliminate the overlapping and duplication among the three levels of government and restore efficiency and economy to the delivery of services. At the same time, the Committee recognizes that the progress in accomplishing these objectives depends upon the fiscal limitations facing all levels of government. Since normal growth in federal revenue is not sufficient to finance the increase in federal expenditures under existing programs, it is essential that priorities be established.

#### A. Establishing Priorities

In establishing priorities, the Committee recommends that all federal programs be carefully reevaluated and reorganized to assure that they are, in fact, accomplishing their objectives and that all are being operated in a most efficient and effective manner. It is essential to build more responsive and creative approaches which will permit us to reshape our service programs to better serve the people.

#### B. Reallocation of Governmental Functions

To accomplish this task it will be essential to take a new look at the respective roles, functions and responsibilities of the various levels of government with a view toward a basic restructuring of our governmental

system and a redistribution of responsibilities to assure efficiency and to conform governmental institutions to the new realities generated by the profound changes our Nation is undergoing. Up to now, our federal system of shared responsibility at the national, state and local levels of government has been too slow in adapting its structure, its fiscal practices, and its operating patterns to these changes.

#### C. Reforms in Federal Grant Programs

To help accomplish needed basic structural change, the Committee on Human Resources has, in the past, called for consolidation of federal grant programs into block grants to allow greater flexibility in administration of the programs and more efficient delivery of services. The Committee urges that the programs be combined with and administered in accordance with comprehensive statewide plans developed by each State. The state should set priorities and determine the most efficient delivery system within the State.

It should also provide the basis for distribution of block grant funds or special revenue sharing resources.

As these responsibilities are shifted, care must be taken to build the necessary capacity within state and local governments to properly administer these programs.

#### HUMAN SERVICES PROGRAM REFORM

A. The multitude of categorical federal programs are overlapping. They operate to prevent continuity of services. They are almost impossible to harness for the attainment of common output. Therefore, the National Governors' Conference asserts that the basic division of responsibility between the States and the federal government should be as follows:

1. The federal government should assume responsibility for financing welfare payments.
2. State governments, operating closer to the people, should be responsible for the delivery of social services.
3. For this reason, the federal government should assume full responsibility for financing the Aid to Families with Dependent Children Program (as proposed in Resolution C. - 3) and the federal social service monies to the States should be maintained due to the interrelationship of services and reducing welfare dependency.

B. Many States have outpaced the federal government in decategorizing their human services programs. We urge the federal government to encourage such progressive state action by more flexible inter-agency administrative and funding patterns.

C. Various federal social services programs should be restructured, based upon common goals, so they do not operate at cross purposes. For example, social services programs might be directed to the following specific goals, as appropriate, for particular families and individuals:

1. Self-support goal: to achieve and maintain maximum feasible level of employment and economic self-sufficiency.

2. Self-care or family-care goal: To achieve and maintain maximum personal independence, self-determination and security in the home, including, for children, the achievement of maximum potential for eventual independent living.
3. Community-based care goal: To secure and maintain community based care which approximates a home environment when living at home is not feasible and institutional care is inappropriate (including care in half-way houses, foster homes, group homes, etc.).
4. Institutional care goal: To secure appropriate institutional care when other forms of care are not feasible.

The Congress, the Administration and the States should cooperatively examine all human services legislation to assure conformity with a consistent goal-oriented plan. It is impossible to achieve meaningful accountability for services programs until consistent goals are established.

The National Governors' Conference calls upon:

- a. The Congress to establish a Joint Committee to review existing legislation in order to facilitate a common goal structure for all existing and future federal human services legislation.
- b. The federal executive agencies to examine the regulations and administrative procedures in order to bring them into conformity with a common goal structure for human services.
- c. The States to continue their progress toward the integration of the human services programs. The States pledge to work with the Congress and the federal executive agencies in all these endeavors.

D. Support basic purposes of pending federal proposals which would remove some barriers to States planning and administering a broad range of allied human services programs in a coordinated manner and in a manner which more adequately reflects the state priorities. Such action would be an important first step toward accomplishment of needed basic reforms including consolidation of existing categorical programs and a strong leadership role for the States. Provisions of the pending federal proposal which should be supported include:

1. State designated sub-state service areas recognized as the common geographical areas for planning and administering local coordinated human services programs.
2. Options available to States to transfer a portion of funds available to a certain program to other federal programs included in a state or sub-state human services plan.
3. Options available to States to have certain statutory requirements and administrative regulations waived if they impede the development of a coordinated services program.
4. Special funds for comprehensive planning activities in the field of human services both for state and sub-state services areas, and administrative start-up costs for the implementation of such plans.
5. Provisions which would allow States to consolidate HEW funds available for planning under various programs.

E. The federal government should administer the Social Security

Act programs on the federal Indian reservations, or if the States are to discharge this function, the federal government should first grant adequate jurisdictional authority to the States thereby enabling them to properly discharge this function. A number of States have federal Indian reservations within their boundaries and review of national policy is necessary in this area since some States' authority to provide protective services, license foster homes or deal with youth problems on the reservations has been challenged. There is also the problem of lack of uniform reimbursement formula for welfare cash assistance granted on the various Indian reservations.

F. The United States Congress has enacted legislation to assist States in reducing dependency under Titles I, IV-A, X, XIV and XVI of the Social Security Act by authorizing federal grants for social services to former, present and potential welfare recipients.

Expenditures under this open-ended matching grant program were estimated to reach \$4.6 billion in 1972-73. As a result, in 1972 the Congress imposed an expenditure ceiling of \$2.5 billion on the program. In developing implementing regulations for the \$2.5 billion ceiling, HEW effectively further cut the expenditure level to an estimated \$1.3 billion. The combination of the Congressional ceiling and the HEW regulations largely eliminate the preventive focus of social services programs and will cut off millions of persons from benefiting from the programs.

The members of the National Governors' Conference will actively support legislation to restore the original intent of the Act.

Such legislation should minimally specify that:

1. The determination of eligibility of services be based primarily on income and that States be permitted flexibility in establishing the eligibility level;
2. The goal structure be sufficiently broad to allow services to all former, present and potential welfare recipients;
3. The definitions of services be expanded to include treatment and comprehensive services;
4. A nationally established assets test not be imposed;
5. A uniform six-month requirement for eligibility redetermination and a mandated periodic review and update of the individual service plans with summary procedures for certain forms of services be established; and,
6. Additional categories be exempt from the 90-10 limitation that only 10 percent of the social services funds available to the State be for former and potential welfare recipients.

#### WELFARE REFORM

A. The National Governors' Conference urges substitution, on a planned basis, of a federally financed system of welfare payments for the current federal-state program of Aid to Families with Dependent Children. The National Governors' Conference also recognizes the problems of the general assistance programs now being financed by the States themselves. A rational system should:

1. Take into account the full impact of the total range of direct and indirect aid to the poor.
2. Include national eligibility policies which take into account all sources of income and provide for a workable work incentive.
3. Establish reasonable national standards of assistance with reasonable regional or geographic differentials.
4. Provide for expanded job training and adequate public service employment programs with adequate federal funds.
5. Provide for adequate day care programs for children of parents who are working or in training programs with provisions for a central state role and a comprehensive state plan, and which would not bypass States in the administration of such programs.
6. Allow for state administration without financial penalties if the State chooses to administer the program.

B. The National Governors' Conference supports the federal assumption of assistance payments to the needy, aged, blind under Public Law 92-603 and assures the Department of Health, Education and Welfare that the States will cooperate with them to meet the January 1, 1974 deadline. Grievous deficiencies in Public Law 92-603 should be dealt with by broad amendments to the Social Security Act which would accomplish the following objectives:

1. Recognize the greater fiscal burden of those States which are providing a benefit level higher than the national minimum based on higher cost of living standards, and provide for federal financial participation in the cost of financing supplementary payments.
2. Include in the Medicaid program a fiscal hold harmless provision to protect the States against increased costs of Medicaid as a result of new mandatory federal legislation.
3. Restore food stamp benefits to the aged, disabled and blind and the cost of living provisions which now guarantee elderly citizens funds to maintain at least their present living standards.
4. Make adequate provisions for State and local employees displaced by the federal administration of aged, blind and disabled welfare programs.
5. Recognize the necessity for benefit levels to be adjusted for increases in the cost-of-living and therefore provide for full federal financing of these increases.

C. The National Governors' Conference commends the federal government for the recent increases in Social Security benefits and the cost of living provisions which now guarantee elderly citizens funds to maintain at least their present living standards.

D. We support regulations proposed by the Secretary of HEW to:

1. Not mandate the use of the declaration system for determining eligibility. Any use of this system should be optional to the States.
2. Revise regulations regarding the continuation of welfare payments pending appeal to the state level in cases of reduced or terminated aid payments. Such revision should allow latitude to the States in providing evidentiary hearings at the local level in accordance with the Goldberg v. Kelly decision.

E. The National Governors' Conference urges that federal legislation and programs contain provisions for increased experimentation among the various States and allowances for differing approaches in implementation and administration of these programs, so that different needs and situations of the States can be met.

F. The National Governors' Conference urges the Department of Health, Education and Welfare to assist States in improving the management of welfare programs and assist in the establishment of effective quality control programs. This should include working with the States to:

1. Measure present ineligibility and payment accuracy in each State;
2. Develop reasonable tolerance levels;
3. Improve present eligibility and payment accuracies;
4. Provide incentives to the States for improved management of all public welfare programs; and,
5. Review and evaluate those federal regulations which have permitted continuing payments to ineligible recipients.

G. We support improved federal and state efforts to combat hunger and malnutrition, including the improved administration and coordination of present food programs involving:

1. Development and federal assistance in implementing state plans to combat hunger and malnutrition, especially as related to the most vulnerable groups such as infants, pre-school children, and pregnant and nursing mothers.
2. The development of effective state and local delivery systems and organizations for food programs.
3. Adequate funding by the federal government to provide free or reduced price lunches and breakfasts to schools, summer recreational programs, and day care centers.

#### HEALTH

A. The National Governors' Conference urges adoption by the Federal Government of a national universal health insurance program as the primary method of keeping rising health costs from preventing all people from receiving the medical care they need. Such a program should utilize the existing private enterprise medical system. Publicly paid programs such as Medicaid should be used only as a secondary program for those who have used up their insurance benefits. Medicaid should be 100 percent federally financed.

B. The National Governors' Conference supports evaluation of the present forms of Federal assistance in the development of health care resources and services. Flexibility must be afforded to the States, so that they may better meet their individual needs and fulfill their respective responsibilities in satisfying the health needs of each State.

C. The National Governors' Conference urges continued federal assistance for the development of health care resources and services for underserved urban and rural areas, such as comprehensive community health services, health facilities development and modernization, and assistance in the provision of incentives for the more adequate distribution of health manpower.

Flexibility in the provision of such federal assistance to the States may require the consolidation of some existing federal programs.

D. The National Governors' Conference expresses its support for increased recognition of the role of comprehensive health planning and for increased federal assistance to state and area comprehensive health planning agencies.

We recognize the importance of improving the effectiveness of comprehensive health planning agencies including their relationship to other planning activities. The responsibility for delegating authority to comprehensive health planning agencies and the assigning of the responsibility for conducting comprehensive health planning should remain with the States. Recognition of such state authority would preclude federal delegation of responsibility for comprehensive health planning to a particular local, areawide or regional public or private organization.

E. We oppose cuts in federal funds in mental hospitals and skilled nursing homes under the Medicaid program.

F. The National Governors' Conference urges the removal of ceilings on the amount of federal expenditures for Medicaid in the Commonwealth of Puerto Rico and the Territories.

G. To enable citizens to have a choice as to the type of health care systems they may utilize and to provide the opportunity for government to develop various means to control health costs, the States should make possible the provisions of health care through prepaid group practice Health Maintenance Organizations (HMO), and the federal and state governments should consider steps which would encourage the development of such Health Maintenance Organizations and other alternative health care systems in addition to the traditional fee-for-service, private practice system.

H. We urge prompt federal action to provide federal funding of programs for alcoholism prevention, treatment, and rehabilitation. Such funds should be available for:

1. Formula grants for States on the basis of population and need.
2. Project grants for demonstration, service, and evaluation projects, education training programs, and a wide range of services in the community.
3. Coordination of project grant applications from within any State through the single agency designated by the State as the alcoholism authority.
4. Federal grants for persons seeking training in alcoholism treatment and rehabilitation and for programs in professional schools.
5. Incentives for increased utilization of existing health resources (hospitals, health nurses, etc.) in alcoholism treatment programs and for providing services within traditional helping systems--public health, public welfare, vocational rehabilitation, and social agencies.

I. The Federal Government should study and take further action to meet the problem of distribution and availability of medical manpower, a problem which is particularly acute for the disadvantaged and for those who live in rural areas. The Federal Government should give consideration

to the provision of federal funds for the establishment of public health service training centers or programs to train those who are motivated to serve the disadvantaged and those who live in rural areas.

J. The development and implementation of national health policy must involve the roles and division of responsibility between all levels of government and the public and private sectors. A major effort is needed by the National Governors' Conference to determine and assess current state programs and initiatives in health policy development, planning, and health services resource development, and to relate these to a national health policy. Special attention should be given to determining optimum federal and state roles and division of responsibility in regulating, administering, financing, organizing, and delivering health care services. Adequate resources to support such an effort should be sought by the National Governors' Conference.

### EDUCATION

A. Recognizing the major responsibilities the States have for education and in light of questions raised by present court decisions regarding the financing of elementary and secondary education, all Governors are urged to review the present system of financing elementary and secondary education in their States. This is especially true in light of a recent Supreme Court decision which focuses responsibility for the financing of education upon the States. Such a review should examine all present and potential sources of school revenue including possible shifts to relieve overburdening of the local property taxpayer, and should consider ways in which differing educational needs can be met so that the principle of equal educational opportunity will be a reality. In addition, it is urged that Governors not limit this review to the fiscal aspects of education, but utilize this opportunity to also undertake a study of needed basic educational reform.

B. The National Governors' Conference supports the assumption by the Federal Government of far greater responsibility for the financing of education. Such increased federal financial participation should take the form of general grants to the States for educational purposes. Both the legislation and federal regulations for such a program should leave maximum flexibility to States and localities to develop programs to meet their most urgent needs. The basic purpose of such a program would be to help meet the rapidly rising basic cost of education, not to stimulate new supplementary programs. Such programs should not mandate the creation of any new state or local administrative mechanisms.

C. The National Governors' Conference supports adequate advance funding of existing federal programs commensurate with critical educational needs.

D. The Conference supports consolidation of existing federal grant-in-aid programs for education into broad functional categories, thereby increasing the ability of States and localities to design programs within broad federal policy guidelines to meet critical needs in individual States and localities, including needs of the handicapped. Such consolidation of grant-in-aid programs should recognize the need for comprehensive planning on the State level and should discourage a fragmented, overlapping program of development. Federal grant-in-aid programs should also encourage new and innovative solutions to the serious problems that face our educational systems.

E. The National Governors' Conference supports maximum administrative simplification of planning, application, allocation, accounting and reporting procedures for all consolidated grant-in-aid programs to assure that the intended purpose of consolidation of grants is not subverted through detailed administrative requirements. Every effort should be made to develop the necessary fiscal and administrative capacity in the States to effectively assume responsibility for consolidated grant-in-aid programs.

F. The National Governors' Conference supports recognition by federal and state governments of their responsibility to help preserve the contributions of private education.

G. The National Governors' Conference supports continued actions by the States to meet their responsibility to develop a comprehensive plan for higher education opportunities, recognizing the equality between academic and vocational education--both public and private. Such a state plan is essential if higher education opportunities are to be provided in the most effective and efficient manner possible.

In order for such plans to be effective, it is essential that narrow categorical federal grant-in-aid programs be consolidated and that federal higher education programs be in conformance with state plans and not by-pass the States.

H. Recognition by the federal government of its responsibility to assist States in achieving equal educational opportunities including provision of student aid programs based on financial need, and programs to aid institutions of higher education. Such programs should be fully funded and should be provided on a basis that is consistent with state comprehensive plans. Federal support of higher education should be on a scale consistent with the vastly increased state efforts to support and expand higher education opportunities.

I. Provision by the federal government of funds to encourage research and innovation in education at all levels. Such federal programs should be in cooperation with similar state and local programs.

J. Steps should be taken to provide for continual review by local, state and federal officials and educational personnel of the goals, quality and cost of our educational system.

K. Provision in federal programs for joint federal-state-local development of standardized statistical data and other information necessary for sound analysis of educational needs and programs. Such standardized and comparable data is essential for educational planning at all levels of government. We urge the Administration to provide adequate funding for the National Center for Educational Statistics, and for state efforts to redesign and clarify state and local inputs into the National Center.

L. Commendation to Congress for the enactment of comprehensive legislation in support of community colleges and occupational education. The Higher Education Amendments of 1972 incorporated the following essential principles:

1. Recognition of the diversity of state higher and post-secondary education structures.
2. Recognition of community colleges as an integral part of the total higher and post-secondary education programs of the States.

3. Assurance that programs be administered through State agencies designated as responsible for post-secondary and higher education planning.

However, comprehensive federal support for post-secondary education is incomplete without a legislative commitment to vocational-technical schools as well.

The Higher Education Amendments of 1972 called for the creation of State Post-Secondary Education Commissions in order to administer federal aid programs for community colleges and occupational education and to develop comprehensive statewide plans for post-secondary education. However, guidelines for implementing these Post-secondary Commissions have not been issued.

The National Governors' Conference is concerned that legislative action not be contravened by subsequent federal guideline changes. It asks the federal government to recognize and reinforce the critical role of the States in effective comprehensive planning for post-secondary education and to provide appropriate funds for this program.

M. The National Governors' Conference supports enactment of a federal program for early childhood development which would provide adequate federal financing and with provisions for a central state role and comprehensive state plan, and which would not by-pass States in the administration of such programs and would permit maximum flexibility for States to determine standards and requirements.

N. The National Governors' Conference supports removal of "set-asides" on the amount of federal expenditures for education in the Commonwealth of Puerto Rico and the Territories and of formulas which do not treat them in the same way as the States.

O. In the event that special education revenue sharing is enacted by the Congress, the National Governors' Conference supports the use of such educational funds allocated to the States in a non-discriminatory fashion, in accord with the Civil Rights Act of 1964.

#### MANPOWER TRAINING AND DEVELOPMENT

A. Reaffirm support for the development of a new system for the comprehensive planning and provision of manpower services. This is needed because present federal manpower programs are severely fragmented and there is no unified manpower system. There is a plethora of agencies and groups involved -- public and private, state and local. The result is widespread confusion. Some programs duplicate each other, while in other instances needed programs are not available.

To correct this situation, federal grant-in-aid programs for manpower should be consolidated and provision made for the development of statewide plans which would set priorities for spending and provide for the manner in which services would be delivered. Further, a strong state role in the planning and implementation of manpower programs is essential so that they can be effectively coordinated, particularly with manpower-related programs currently administered by States. When, however, a State is given a major responsibility in the area of manpower, it must also be given adequate authority to meet this responsibility.

B. Following careful examination of the basic plan for an administratively established manpower revenue sharing program presented to the Governors by the Secretary of Labor on June 1, 1973, the National Governors' Conference finds it unacceptable for these reasons:

1. The proposed plan calls for the States to develop comprehensive statewide manpower plans and to review and comment on the plans of local government prime sponsors. But no effective authority is granted for the States to insist that the plans prepared by local prime sponsors be consistent with the state's comprehensive plan, making such planning a meaningless exercise. Such authority must be granted in order for state-developed comprehensive planning to be meaningful.
2. The requirement that all planning and priority projects at the state level be funded from an allocation which is equal to 5 percent of all funds going into a State, in many instances places severe limits on the planning capabilities of the States, as well as limiting the state's discretion and ability to fund priority projects.
3. The proposed plan calls for federal approval or disapproval of the formation of combinations of local jurisdictions into labor market areas and multi-jurisdictional planning areas. This is strictly a matter of state concern and should be determined by the State--in effective collaboration with local governments--in the course of preparation of the state comprehensive planning document.
4. The proposed plan would not give the States a role in evaluating the programs conducted by local government prime sponsors; instead, the Federal Government assumes direct responsibility for evaluation of all prime sponsor programs and for the handling of problems which may range from local government inability to verify conformity to legal requirements to gross local mismanagement.

C. Reaffirm support for the early enactment of comprehensive manpower reform legislation which will:

1. Consolidate the legislative and funding authority for federal manpower activities in order to allow integrated and flexible planning and funding of manpower programs and services;
2. Provide authority for the Governor to:
  - a. Develop and implement a comprehensive statewide manpower plan;
  - b. Exercise options in the process of integrating any of a broad range of federal manpower and related human resource programs;
  - c. Develop, in close cooperation with local government officials, the most effective administrative mechanism possible for the formulation of comprehensive statewide manpower plans and delivery systems; and,
  - d. Review state administrative structures for manpower and manpower-related programs to assure that each State has an effective mechanism for development of a comprehensive statewide manpower plan and for the administration of a unified system of manpower and manpower-related services.
3. Provide for such manpower activities as:
  - a. Programs designed to establish linkages with the private

- sector for the specific purpose of increasing job opportunities for the disadvantaged;
- b. Establishment of a federally financed national computerized job bank program which would provide information regarding available jobs and job applicants;
  - c. Federal financial support to assure an adequate supply of trained personnel to plan and administer manpower programs; and,
  - d. A federally financed public service employment program designed to lead participants into regular private or public employment, which would be an optional component of a comprehensive listing of manpower activities; be integrated into regular manpower planning processes, statewide plan requirements, and state administrative structures; provide States with coordinating and operating authority--including the option of a single statewide delegation of program authority; and provide a long-range federal commitment to absorb enrollees from lapsed manpower projects.
4. Assure a higher degree of integration or coordination of effort at the federal level among and within those departments or agencies responsible for the funding and general guidance of manpower-related programs or services.
  5. Assure systematic review and assessment of the effectiveness of manpower programs.

D. Development of special effort by the States and the federal government to assist veterans of the Vietnam conflict in finding jobs. Such efforts should include programs to encourage business and civic leaders to help these veterans find employment.

E. Support provision of additional manpower funds to States suffering significantly higher unemployment because of reductions in Department of Defense spending and employment.

#### NARCOTICS AND DANGEROUS SUBSTANCES

A. The National Governors' Conference supports the development of a total national commitment -- an all out mobilization of the best minds and of all the resources necessary -- to eradicate the curse of narcotic addiction and drug abuse. This problem has grown beyond the capacity of any single State to master not only because of limited fiscal resources but, more importantly, because research has not yet found an effective way to deal with drug abuse and addiction. A total national commitment is required.

B. Federal and state governments should cooperate in the development of a coordinated attack on the narcotics and dangerous substances problem. Such an effort should include law enforcement, prevention and treatment.

C. Continued diplomatic action should be taken by the Federal Government to reduce the illegal importation of narcotics and other drugs.

D. States, in cooperation with local governments, should undertake a major public preventive education campaign involving a broad range of

community resources including local schools to assure that the true nature of drug abuse and addiction is well known.

E. Prompt and full funding in 1973 and 1974 of the recently enacted federal antidrug legislation which provides the first steps toward a national commitment to combat the drug problem. Additional action by the federal government will be required to provide support, on a scale commensurate with the need for research and for a full range of treatment resources for all addicts and drug abusers who can benefit from it. Such funds should be made available on a flexible basis and in accordance with state established priorities so that state and local governments can use them in the most effective manner possible.

F. The States should join with the federal government in an effort to determine the basic underlying causes of, and possible solutions to, the growing drug abuse problem. Such a study should examine the underlying social issues which may lead to addiction as well as the causal processes which promote initiation, continuance, termination, and relapse in drug usage.

G. The National Governors' Conference urges cooperative efforts among the States in developing regional programs to increase the effectiveness of efforts to combat drug abuse. Special potential is seen for coordination of administration, communication, laboratory facilities, and treatment programs.

H. The National Governors' Conference urges the federal government to meet its responsibility to develop programs to help rehabilitate and restore to a useful life members of the Armed Forces who are addicted. The discharge of an addict after a brief detoxification period and without more adequate federal support of civilian programs imposes a severe and unjust burden on the States and localities. The federal government should contract with the States to provide the rehabilitative services.

I. Reduction of the increasing incidence of drug abuse requires that all appropriate agencies and resources be harnessed in an immediate and concerted effort to attain measurable results. Moreover, drug abuse is correlated with the potential success of federal/state efforts to improve the quality of life. Important and fruitful efforts in this regard have been possible because of Community Mental Health grants, the Vocational Rehabilitation Act, Medicaid and the Social Services provisions of the Social Security Act. Any action that would reduce these resources, without offsetting restoration, would severely diminish the ability of the States to deal with this exceedingly complex problem.

#### THE AGE OF MAJORITY

The National Governors' Conference commends Congress for the enactment of the Voting Rights Act Amendments of 1970 granting 18-year-olds the right to vote in federal elections.

The National Governors' Conference also commends Congress and the States which ratified the 26th Amendment of the United States Constitution for their roles in securing this Amendment to the Constitution which grants 18-year-olds the right to vote in state elections.

In furtherance of this goal of extending to our young citizens, 18 years of age or older, their full rights and responsibilities and the opportunity to participate fully in our society, we urge that each State consider lowering the legal age of majority for purposes in addition to voting to 18 years of age.

#### NON-DISCRIMINATORY TREATMENT FOR PUERTO RICO AND THE TERRITORIES

The National Governors' Conference urges that federal programs be revised to provide non-discriminatory treatment for the people of the Commonwealth of Puerto Rico and the Territories in all Human Resources legislation.

#### PROGRAM ADMINISTRATION

Each State should develop and administer all of its programs in a completely non-discriminatory manner.

## POLICY STATEMENTS ON NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT

### NATIONAL GOALS ARE NEEDED

There is a need for the President and Congress to set national goals in the fields of ecology, environment, conservation, and population. It would simplify the direction of state and local efforts if they could mesh their goals with national goals. These goals should stand out as signal flags on the halyards of our ship of state so that all may see and understand them.

### STRONG STATES IN THE FEDERAL SYSTEM

There must be a constant recognition of the need to place as much responsibility as possible in planning and action at the state and local levels, including such action as might necessitate interstate compacts. The unique abilities of state and local governments to recognize priorities at the grass roots level should be respected and understood by the federal government. State governments should be permitted to set higher minimum standards than the federal government in the fields of environmental management and conservation.

The States need as much flexibility as possible in adjusting state and local programs to those needs unique to the area, economy, etc. Therefore, the block grant approach to federal planning and action funds disbursement is preferred over categorical grants.

### EDUCATIONAL EFFORTS IN ENVIRONMENT, CONSERVATION, AND POPULATION

We must recognize the urgent need for the teaching of environment, conservation, and population as a major basic educational requirement in primary, secondary, and higher education. Curricula of traditional offerings at all levels of education need to be examined for their relevance to the rapidly changing conditions of environment, natural resources, and population. Environmental education should be viewed as an essential component of a comprehensive attack on ecological problems.

The competition for students' attention to a wide range of study matter should not be allowed to prevent a full understanding of the natural forces at play on this planet. Too often in the past, students have not been adequately taught the subjects of environment, conservation, and population and have not learned the interrelationship of these matters. Yet failure to understand this relationship could possibly spell mankind's doom if informed action based on knowledge is not taken by the public.

States should require a constant updating of educational curricula in order to strengthen the offerings in environment, conservation and population.

Specifically, curricula need to be reviewed in the light of relevance to topics such as:

- A. State resource outlook: quality and quantity
- B. Environmental effects of economic development
- C. Decaying inner cities
- D. The changing field of conservation
- E. Pollution abatement.

#### NATIONAL VOLUNTARY POPULATION DISTRIBUTION POLICY

The United States needs to develop a national policy on voluntary population distribution. It is now projected that the population of the United States will rise from 200 million people at present to as many as 300 million people by the year 2000.

Our Nation has practiced population distribution incentives in the past through such devices as the Homestead Act. A new and fresh approach to population distribution at the present time is needed.

The social and economic problems of overpopulated areas include ghettos; poverty; mass transit demands; overloaded educational, health, and recreational services; pollution of the air and water; increased crime; and a growing level of individual frustration and nervous tensions.

On the other hand, underpopulated areas are suffering high economic and social costs as well. These costs are brought on by an inadequate tax base and too few people to support necessary institutions on a community basis such as schools, churches, hospitals, recreational areas, and so forth.

Environmental management and conservation become excessively costly because of the severe population imbalance between the overpopulated States and those which are underpopulated.

The Federal Government, through its inadvertent and uncoordinated planning and programs, is one of the major factors in creating population imbalance.

There are remedies that should be attempted to alleviate population imbalance. Subsidized low interest rates could be offered on loans for industrial expansion in underpopulated areas. Manpower training programs to assure an employee supply to industries which would expand outside of congested areas could be implemented. A revamping of the Interstate Commerce Commission freight rates, which now make economic expansion virtually impossible in some underpopulated areas, could be adjusted to permit industrial expansion in underdeveloped areas.

#### NATIONAL ATTITUDES TOWARD NONREPLACEABLE NATURAL RESOURCES

There is a growing need to establish a new attitude in America among consumers which differentiates between quality of living and standards of living, as well as quantitative consumption and quality of living.

For example, we should examine the wisdom of our present system of reduced electric power rates as a reward for heavy consumption when that consumption might be beyond the electric consumption needed for a specific business or residence.

A uniform rate for an adequate amount of electric energy based on the size of family or industrial need could be established. Sharply rising rates for electric consumption above the adequate standard set would provide a penalty for that waste which does not contribute to our economy or to the quality of living.

The consumption of nonreplaceable coal in the thermogeneration of electricity which is wasted does not add to the quality of life and is an example of squandering natural resources without significant benefits to mankind.

Waste of fresh water cannot be tolerated indefinitely. Less than one percent of the water on the face of the earth is potable. In the face of rising populations and per capita water use, we are faced with the need to conserve our precious water resources by eliminating unnecessary waste. Wasted water adds nothing to our quality of living.

The same principle which applies to the wasteful use of electric energy and potable water can be applied to the use of petroleum products in our automobile engines. States should consider a policy of encouraging smaller but adequate engines through sharply graduated license fees which discourage larger than necessary engines that on balance detract from the quality of living. There are far too many personal vehicles in use today which inefficiently consume the nonreplaceable crude oil resources and add unnecessary pollutants to the air.

The national attitude which equates some forms of waste with a high quality of life needs to be changed. Waste does not add to the quality of life but in fact denies a high quality of life to future generations.

#### STATE RESPONSIBILITY FOR RESOURCE MANAGEMENT

The States are in a unique position of responsibility for coordinating the use of our resources. Theirs is a prime responsibility for both planning and the commitment necessary for the judicious utilization of all resources.

Our society can no longer afford to allow the various agencies and organizations within the States to develop their programs without a strong commitment to the general welfare of all its citizens.

We the Governors call upon the States to undertake the development and implementation of comprehensive planning. State Governments must exert the leadership required to insure the protection of our environment as we search for a balance between environmental quality and needed economic activity.

#### A NATIONAL ENERGY POLICY

The National Governors' Conference expresses deep interest in the problem of providing adequate energy to meet our national needs without causing irreparable damage to the environment or the rapid exhaustion of national resources.

We are determined to achieve the dual goals of secure supply and resource conservation, recognizing the potential conflict between them.

To that end, a national energy policy must be developed and implemented. Because such a policy would have great impact on the States, and because no national policy can be successful without the full cooperation of the States, the Nation's Governors must be involved in its formulation and execution.

To accomplish this end, the National Governors' Conference hereby directs its Chairman to designate the Committee on Natural Resources and Environmental Management to serve as the energy committee of the National Governors' Conference having responsibility for assisting the States in resolving their energy problems and to work with the federal government in formulating national energy policy and developing and implementing a strategy for its achievement. As part of its responsibility, the energy committee shall:

Monitor and evaluate the effectiveness of federal programs in achieving the National Governors' Conference policy on energy matters;

Act as the permanent and continuing representative of the National Governors' Conference to consult with the Federal Government on the solution of energy problems;

Collect and report to the Federal Government the recommendations of the Nation's Governors toward the solution of the energy problems;

Report to each member of the National Governors' Conference critical information which will enable each Governor to respond intelligently to his constituents; and

Cause a current report to be made by a member of the Energy Committee, if requested, to each regional Governors' Conference at its annual meeting.

### Energy Conservation

The Nation's Governors are dedicated to promoting the conservation of energy to slow down the increase in demand which far exceeds our population increase. The saving of energy will help relieve the depletion of resources and increase the time period for developing more efficient energy sources.

- A. States must take the lead in national efforts to conserve energy.
- B. Both state and federal procedures should be established for requiring energy resource statements on all projects as part of the existing systems of environmental impact statements.
- C. States, at least, should require that all state agencies follow sound energy conservation practices in their operations (including construction of public buildings) and program activities.
- D. State building codes should be reviewed to require a minimum standard of insulation and other heat saving or shielding devices, including ventilation to reduce the need for mechanical air conditioning.

- E. Utility rates, tax rates, license fees, and other regulatory or revenue raising practices should be reviewed for their impact on energy consumption:
1. The utility rate structure could be altered to discourage wasteful use of energy;
  2. Personal and real property tax rates can be set to encourage utilization of energy saving devices or practices;
  3. Registration fees for automobiles or other vehicles can be used to promote less fuel consumption. Lower speed limits would also discourage high-powered cars.
- F. Efforts to construct and to improve the efficiency and attractiveness of mass transit systems should be supported at the state and federal level.
- G. Major programs to educate the public on energy conservation practices should be undertaken. The use of utility funds for this purpose should be considered.
- H. An inventory of energy needs should be made for each State and contingency plans for meeting these needs should be developed.
- I. An interstate energy clearinghouse should be established which would provide an inventory of available fuel sources, including amounts and types. Procedures for the voluntary transfer of supplies to fuel-short areas, or of low-sulfur or other low-polluting fuels to more heavily polluted areas, should be established. This will require establishment and coordination of state-level energy resource clearinghouses.
- J. Land use control remains the most hopeful long-range tool for changing the patterns of energy consumption. In the short term, land use planning procedures are necessary to balancing environmental protection against the need for surface mined energy producing resources and for resolving differences over the location of generating facilities.

#### Energy Production and Supply

- A. A long-range policy that encourages domestic self-sufficiency in the production of energy should be adopted and underlie our foreign and economic policy decisions as well as our basic research and development efforts.
- B. A priority need in developing petroleum self-sufficiency is an early start of construction on an Alaskan crude oil pipeline to transport North Slope oil to market. Alaskan oil is of prime importance in helping ease the Nation's Energy emergency and its unfavorable balance of payments position. At maximum production of 2 million barrels of oil a day, an Alaskan pipeline could supply, at current levels, more than 12 percent of our nation's daily oil consumption. This would also trim \$2.5 billion a year from the deficit side of the United States balance of payments in money now being paid for foreign oil.
- C. Research and development efforts should contribute to the integrity and adequacy of our Nation's energy resources. In support of such

efforts, State utility commissions should amend their regulations to encourage increased utility industry expenditures for research and development. Recognizing that far more than technology is involved in decisions relating to the development and use of specific energy sources, the following areas should be the subject of intensive research and development endeavors:

1. New fuel and energy sources including: Shale oil, coal gasification, coal liquefaction, nuclear fast-breeder reactor, nuclear fusion, tar sands, solar energy, geothermal, Magnetohydrodynamics (MHD), and more efficient forms of electrical generation and transmission.
2. Development of the outer continental shelf.
3. Development of deepwater port facilities.

While additional funds must be allocated to the accomplishment of all the foregoing, because coal is our most abundant fossil fuel resource, particular emphasis must be given to an immediate and substantial increase in federal funding for research and development for utilization of coal resources, including gasification and liquifaction, and pollution control devices which would facilitate utilization of high sulfur coal directly.

- D. Effective incentives must be provided if the private sector is to move forward in the development of our domestic energy resources, including new refining capacity which should be developed in various sections of the nation.
- E. In attempting to ensure an adequate supply of energy, environmental standards must be maintained to the maximum feasible extent. Exceptions should be granted only for specific limited time periods and after appropriate show cause proceedings.
- F. To facilitate needed construction with minimum environmental harm, procedures must be established for the siting and certification of energy production and transmission facilities.
- G. Federal administrative procedures and responsibility for implementing national energy programs must be consolidated and coordinated with state energy programs.
- H. In order to stimulate increased exploration for natural gas federal regulations limiting well-head prices should be raised, and adjusted with continuing review of the effect such regulation has on increased production.
- I. There is need for a federal mandatory petroleum allocation program that goes beyond the current voluntary allocation program in order to assure that retailers receive a continuing supply, and to help assure sustained supplies for agriculture and other priority needs. Gasoline shortages must not be used as a pretext to eliminate small, independent distributors who have provided price competition which benefits the public.

## STATE LAND USE PLANNING

There is a need to face the issue of national and state-wide land use planning and decision-making in this decade. The proliferating transportation systems, large-scale industrial and economic growth, conflicts in emerging patterns of land use, the fragmentation of governmental entities exercising land use planning powers, and the increased size, scale and impact of private actions have created a situation in which land use management decisions of national, regional and state-wide concern are being made on the basis of expediency, tradition, short-term economic considerations and other factors which are often unrelated to the real concerns of a sound land use policy.

Across the Nation, a failure to conduct sound land use planning has required public and private enterprise to delay, litigate, and cancel proposed public utility and industrial and commercial developments because of unresolved land use questions, thereby causing an unnecessary waste of human and economic resources and a threat to public services, often resulting in decisions to locate utilities and industrial and commercial activities in the area of least public and political resistance, but without regard to relevant environmental and economic considerations.

The land use decisions of the federal government often have a tremendous impact upon the environment and the pattern of development in local communities. The substance and nature of a national land use policy should be formulated upon an expression of the needs and interests of state, regional, and local government, as well as those of the federal government. Federal land use programs should recognize that the long-range resolution of land use matters lies in a significantly increased participation of state government in land management policies and programs.

There should be undertaken the development of a national policy, to be known as the National Land Use Policy, which shall incorporate environmental, economic, social and other appropriate factors. Such policy shall serve as a guide in making specific decisions at the national level which affect the pattern of environmental and industrial growth and development on the federal lands, and shall provide a framework for development of interstate, state, and local land use policy.

The National Land Use Policy should:

- A. Foster the continued economic growth of all States and regions of the United States in a manner which is compatible with a quality environment and consistent with other public and private rights;
- B. Favor patterns of land use planning, management and development which offer a range of alternative locations for specific activities and encourage the wise and balanced use of the Nation's land and water resources;
- C. Favorably influence patterns of population distribution in a manner such that a wide range of scenic environmental and cultural amenities are available to the American people;
- D. Contribute to carrying out the federal responsibility for revitalizing existing rural communities and encourage, where appropriate, new com-

munities which offer diverse opportunities and diversity of living styles;

- E. Assist State Government to assume responsibility for major land use planning and management decisions which are of regional, interstate and national concern;
- F. Facilitate increased coordination in the administration of federal programs so as to encourage desirable patterns of environmental, recreational and industrial land use planning;
- G. Systematize methods for the exchange of land use, environmental and economic information in order to assist all levels of government in the development and implementation of the National Land Use Policy.
- H. Insure that the continuing land use planning process provide a definite linkage between the planning of both private and public lands, especially in those States where an intermingled pattern of Federal and non-Federal lands exists. There must be an effective and reasonable procedure for the States to interact at an early stage in federal decisions in order to avoid inconsistencies with approved statewide plans and programs;
- I. Insure that federal urban and metropolitan programs and activities be consistent with approved statewide land use plans and programs;
- J. Provide adequate grant assistance to States to facilitate implementation of the preceding objectives (including the training of qualified land use planners, which would alleviate the prevailing shortage of such);
- K. Refrain from the imposition of economic sanctions against States which are unable to comply with federal land use policy requirements. Because of the highly sensitive nature of land use control, major accommodations will have to be made between state and local governments before such controls can be exercised equitably and judiciously. Furthermore, sanctions generally have proved an ineffective tool in bringing about desired change. In this instance, they would be even less likely to be effective since they focus on the Governor alone when it is the equal responsibility of state legislatures and local government officials to develop the joint relationships necessary for exercising land use control. In the effort to bring about this necessary congruence of public and private interests, major emphasis must be placed on educating the public to its desirability; and
- L. Encourage States to regain their sovereign responsibilities for the protection of critical environmental areas and for assuring that adequate developmental standards and guidelines are enacted at all levels of government.

Intelligent land use planning and management provides the single most important institutional device for preserving and enhancing the environment and for maintaining conditions capable of supporting a quality of life while providing the material means necessary to improve the national standard of living.

## NATIONAL AND STATE COASTAL ZONE POLICY PLANNING MANAGEMENT

The coastal zone presents one of the most perplexing environmental management challenges. The thirty-one States which border the oceans and the Great Lakes contain seventy-five percent of our Nation's population. The pressures of population and economic development threaten to overwhelm the balanced and best use of the invaluable and irreplaceable coastal resources in natural, economic, and aesthetic terms. It is clear that coastal pressures are signs of even more pervasive pressures that will soon occur in our inland areas as well.

To resolve these pressures, two actions are required. First, a reordering of our administrative and legal framework is needed to facilitate cooperative and coordinated activities affecting coastal resources.

Second, efforts must be made to gain additional knowledge of the nature of coastal zoning and the multiple effects that different uses would have upon our environment.

Planning and management activities for the coastal zone must be only the essential first step in a comprehensive statewide land use policy plan. Effective planning and management must also be more closely associated with land evaluation and assessment undertaken on a regional basis. Costs and benefits derived from land use allocations must be distributed throughout the region affected rather than accruing to just one municipality. States must assume primary responsibility for assuring that the public interest is served in the multiple use of the land and water of the coastal zone. Local government cannot be expected to cope with the broad spectrum of interrelated coastal problems, nor can local political subdivisions be expected to make their judgement consistent with those of many interlocking political jurisdictions.

Coastal States, because of unique conditions existing along their shorelines, have advantages in coping with coastal zone planning and management that the federal government does not have. The federal government, however, should establish incentives and assistance to help the coastal States prepare plans and action.

The ultimate success of a coastal management program will depend on the effective cooperation of federal, state, regional, and local agencies. At the federal level, this would require the development of goals and an administrative framework which would avoid the existing duplication, conflict, and piecemeal approach that is too often typical of federal planning assistance programs. Any federal legislation which attempts to establish a coastal program must allow States the necessary flexibility for creating management instruments most suited to their specific conditions.

Basic to a coastal zone management program are the funds necessary to plan and take action. The requirements for coastal zone management are so urgently needed in the Nation's interest that federal monies must be made available to the States at a level which will not only provide incentive, but will allow an adequate program to be developed based on federal, state and local participation.

Any attempt to diminish the federal financial participation or to shift the burden to the States will result in irreparable delay and inadequacy in bringing under control the serious coastal environment and natural resource conservation problems.

Last year the Coastal Zone Management Act of 1972 was passed by Congress and signed into law by the President. The National Governors' Conference has supported and continues to support such legislation. The Act authorized a total funding level of \$39 million per annum in grants to assist State programs. However, the current budget requests no funds for the program. This means at least a year's delay in beginning crucial coastal zone planning and the continuation of haphazard and unplanned development of our coastal resources with a consequent loss of significant and irreplaceable natural resources. The National Governors' Conference urges appropriation of the funds necessary to allow the development by the nation's coastal States of effective coastal zone management programs.

#### SURFACE MINING

The National Governors' Conference, in taking notice of current proposals in Congress dealing with surface mining, supports federal legislation to assist States in developing and carrying out programs to regulate surface mining.

Regulation of surface mining operations to protect adequately the environment should reside with the States since they have knowledge of and are sensitive to great diversity of terrain, climate, biologic, chemical and other physical conditions. States are more responsive to the needs and aspirations of their citizenry and local government interests in areas where surface mining occurs. States have or can develop the qualified staff and the enforcement authority necessary to effective regulation of surface mining. Since surface mining is a form of land use, its regulation and control must be considered within the context of the broad and competing demands upon the state's land resources.

Any federal surface mining legislation must:

- A. include all minerals;
- B. set forth broad federal guidelines to be implemented by the States;
- C. preserve basic state regulatory and enforcement powers;
- D. maintain the right of States to set stricter standards than those set by the federal government;
- E. recognize different conditions existing in the States by leaving to them establishment of any slope limitations; and
- F. provide for the study of the effect on mining operations and the environment of such slope limitations.

#### FEDERAL SUPPORT FOR STATE WATER POLLUTION CONTROL PROGRAMS

The Federal Water Pollution Control Act Amendments of 1972 establish a new approach to national water pollution abatement efforts. The success of this new program will depend entirely upon effective cooperation between States and the federal government. This is especially true in light of the limited funding of the new Act. Because of these fiscal restraints, severe problems are being experienced by the majority of States at the very time that overall federal funding for water pollution control is increasing. Restrictions on funding the new Congressionally mandated national strategy for clean water, coupled with incon-

sistent regulations, has placed the States, and therefore the national water pollution abatement program, in serious jeopardy.

Therefore, the Governors strongly urge that the Administration and the Congress act to ensure full funding and effective implementation of the Federal Water Pollution Control Act Amendments of 1972. As part of this policy, the Administration should:

- A. Cease to contest litigation related to allocation or release of authorized funds, including the U.S. District Court order issued May 9, 1973 compelling full allocation of such funds;
- B. Allocate all funds authorized by the Act; and
- C. Proceed promptly to obligate within each of the States such of those funds for which qualified applications have been received.

Moreover, because pollution abatement programs in many of the States have been seriously disrupted by withholding of funds, the Administration should, for the meantime, provide that:

- D. No State should receive less money in fiscal years 1973 and 1974 than they received in fiscal year 1972;
- E. The regulations should be drafted to include phased funding so that Governors may establish priorities to implement the program;
- F. Timetables should be reasonably adjusted to accommodate any delays occasioned by previous impoundment of authorized funds.

Unless the Administration and Congress move quickly, we will not achieve our goals for water quality by the 1983 deadline.

#### A SYSTEM FOR ENERGY PRODUCTION FACILITY SITING

The Federal Power Commission has predicted that 1990 may see a quadrupling in the amount of power produced. This translates into the installation of an additional one billion kilowatts of new generation capacity in the next 20 years, plus about 200,000 circuit miles of new bulk transmission facilities.

The construction and operation of these power stations and other energy production facilities poses a series of critical land use questions in every State of the country, in addition to compounding and increasing the already serious problems of air pollution, nuclear waste and safety, and thermal pollution. There needs to be a system for the siting of facilities.

At issue is the development of a procedure whereby environmental foresight and safeguards as well as economic and social determinants can be adequately incorporated into the specific site certifying process for the construction of energy production facilities. To achieve this goal, long-range planning must be undertaken at the federal and state levels, with particular attention to regional needs. Certification procedures for energy production facilities siting must be established by each State.

Certification of specific facilities should be the responsibility of state

certifying bodies. These bodies should have authority to issue certificates once all federal, state and local requirements respecting environmental protection have been met. Where a State fails to certify the siting of a facility within its borders, the federal government or an interstate body should have the right to overrule the state's decision, if and only if:

- A. The facility is of national significance and meets a rigorously documented need, and
- B. There has been a thorough investigation of all possible alternatives which considers environmental, social and economic impacts and which demonstrates that there is no feasible alternative.

#### SOLID WASTE MANAGEMENT

Federal legislation is being introduced to amend the Solid Waste Disposal Act of 1965, as amended by the Resource Recovery Act of 1970. Such legislation should set federal policy and establish national goals in order to provide reliable, economic solid waste management service, improve the environment, and maximize the recovery of material and energy resources from solid waste. Because of the States' unique responsibilities and powers, and because of their proximity to the problems of solid waste, state government must be recognized as a major focal point for planning and action in solid waste management.

The implementation of the federal policy and the attainment of the national goals can best be achieved by: the establishment of minimum federal management standards for solid and hazardous wastes which may be set higher by the States; the enforcement of such standards by the States, supported by a federal consolidated environmental program grant; continued federal support, in partnership with the States, of solid waste management manpower and technology development and technical assistance programs; and, the provision of incentives, at all levels of government, to broaden the markets for material and energy resources recovered from solid waste.

#### STATE COMPREHENSIVE OUTDOOR RECREATION PLANS

Remaining undespoiled natural areas of wetlands, forests, plains, deserts, and mountains are being exploited and despoiled at an alarming rate. The expenditure of outdoor recreational funds should not be diverted from the urgent need to acquire and protect these natural areas.

Crash funding programs that seek to carve urban parks in the midst of urban glut are dramatic examples of inadequate piecemeal planning. The over-coming of inadequate planning in the past through crash programs should not be allowed, through the monopoly of limited funds, to perpetuate inadequate planning, insufficient preservation, and too little and too late acquisition for future generations. Overcrowding and over use of park land is posing a serious threat. Serious consideration is being given to limiting visitations. Additional funding for the development of more scenic and recreational lands is needed for federal, state and local use. Skillful planning properly integrated into man's environmental needs must be implemented. Such planning to be effective in meeting the needs of the people must be long-range. It must further carefully consider long-range benefits as opposed to stop-gap, short-range approaches. Full funding

and implementation of state comprehensive outdoor recreation plans is the best means of solving both short-run and long-run recreational problems of megalopolis.

Many States are concerned with the number and magnitude of wilderness areas within their borders, whereas others have little or no wilderness areas. The States urge the Congress to attempt to achieve a more equitable distribution of wilderness areas among the several States.

Methods and criteria other than the wilderness area designation need to be developed by the Congress which encourage the multiple use of our public lands and at the same time protect our unspoiled lands.

### FORESTRY

There is an urgent need to revitalize forestry efforts nationally by all ownerships. The timber supply problem has pointed up the need for strong direction by the Administration.

Future demands for lumber and forest products will provide increased competition between the many uses of a shrinking forest land base. There are presently substantial acreages of state, private, and federal lands potentially capable of producing forest products, but many are in need of reforestation.

Proven timber management practices could be instituted by the Forest Service and the Bureau of Land Management and other public and private forest management agencies to promote increased or high-yield timber growth on existing timber-producing lands provided funds were made available for this purpose.

The federal and state governments need to establish a policy to encourage reforestation of denuded, publicly-owned, commercial forest lands. Serious study should be directed to requiring the cutters of timber to reseed or reforest private lands.

Existing programs need to be strengthened to offer greater inducements for private landowners to reforest their lands with special emphasis on poor land that may be unsuited for other purposes. A great number of public values would thus accrue, beyond those to the landowner individually. Such benefits as establishing and improving watersheds and water quality, arresting soil erosion, improving flood control and stream sedimentation, wildlife habitat and recreational opportunities would result. The increased fiber would contribute to the housing needs of a growing Nation and would immeasurably enhance the landscape beautification of the country.

### PROCESSING ENVIRONMENTAL IMPACT STATEMENTS

We, the Governors of the States, recognize and endorse the concept of environmental impact studies on projects using federal monies, as a necessary and effective means to insure the preservation of environmental quality.

By law the federal government requires the States to have a clearinghouse to handle Environmental Impact Statements. We call upon the federal government to adopt a clearinghouse to process the statements which interested departments are required to examine.

Furthermore, there should be an office at the regional level which has the responsibility to handle routine impact studies as well as act as a clearinghouse to expedite the processing of statements. If the responsibility cannot be delegated to the regional bodies, then the Council on Environmental Quality must develop the ability to handle Impact Studies in an expeditious manner to prevent unnecessary delay.

#### INTERSTATE ENVIRONMENT COMPACT

The National Governors' Conference urges early enactment of the Interstate Environment Compact. This bill, introduced by Senator John L. McClellan of Arkansas and passed by the Senate in the 92nd session of Congress, was reintroduced this year as S.9. It asks the consent of the Congress to an interstate compact which would facilitate the subsequent establishment of "supplementary agreements" between the States for the purpose of taking joint action to abate pollution problems which affect more than one State. It would strengthen the ability of States to deal effectively with environmental pollution problems which ultimately affect the health and welfare of all the peoples of this Nation.

## POLICY STATEMENTS ON RURAL AND URBAN DEVELOPMENT

### PREAMBLE

In the continuing national effort which must be resumed and expanded at the earliest possible moment to meet America's needs in the fields of housing, community development, rural development and planning, it is absolutely essential that in the design and the continuing management of these programs, the States play a full and proper role of direction and coordination -- a role essential to the proper operation of our federal system of government.

It is our conviction that if our resources are to be well and wisely used in these endeavors, if we are to reduce unnecessary bureaucracy and achieve efficiency and economy, federal financial resources should be made available in the form of broad block grants, and -- most important -- the State Governments should be assigned the principal authority and responsibility for the administration of these programs. We do not propose substituting a state functional bureaucracy for a federal one, but we believe that the assignment of responsibility for project review and coordination at the state level means strengthening the state-regional-local partnership in which local and state projects fit into a comprehensive set of community development objectives.

We are resolved, through continuing discussion with Mayors, members of Congress, and the National Administration, to increase the role of State Government in this area.

### COMPREHENSIVE NATIONAL COMMUNITY DEVELOPMENT

Congress and the Administration should develop a comprehensive National Community Development Policy with the effectuating funds, agencies, and programs. The Policy should provide the means whereby federal, state and local elected officials should participate directly in the formation of national policies and goals and the establishment of major strategies and programs for implementation of such policies and goals. The formulation and implementation of such national community development policies in coordination and consonance with state development policies is essential to achieve the objectives of balanced growth.

A National Community Development Policy should embrace the major areas and issues of concern for the quality of life within the United States. The most basic components for consideration in the formulation of this policy are policies relating to population growth and distribution and to economic development. Other components are policies relating to allocation of natural resources, agriculture, transportation, housing, human resources development, and financing and administration -- all established in a manner that will support policies concerning these two basic components.

Rural (non-metropolitan) development and urban (metropolitan) development are interrelated. Programs which are optimal for urban areas cannot be effective in rural areas and vice versa. A distinct set of policies and programs tailored to the needs, resources and structure of rural areas must be developed to permit rural areas to make a maximum contribution to the Nation's economic growth, and to allow rural people to share equitably in the productivity of the Nation's economy.

#### NATIONAL POPULATION GROWTH AND DISTRIBUTION POLICY

There should be a National Population Growth and Distribution Policy, developed in concert with state and local planning policies, to lessen the congestion, and reduce pressure, on the already overburdened resources of our cities, to offer opportunities for the free movement of all our citizens to realize their maximum personal potential, to match manpower and job training programs with the needs for community development, and to lessen the problems of transportation, environmental decay and social service delivery that are not being adequately dealt with for today's population. Such a policy should be consonant with a rural-urban balance of needs and regional potentials.

#### NEW COMMUNITIES DEVELOPMENT

To effectuate a population growth and distribution policy, there should be a comprehensive New Communities Development Program which would include expanded communities, new towns-in towns and new towns as major components of a national policy designed to relieve growth stresses upon existing metropolitan areas and to promote growth in appropriate areas which have growth potential. In addition to federal and state activities in fostering new community development, vigorous efforts should be made to stimulate greater participation by the private sector, particularly the financial community, in the development, financing and construction of new communities.

Congress and the Administration should use all means at their disposal to carry out this policy and to insure that sufficient funds are set aside for the provision of essential public facilities, low and moderate income housing, and needed infrastructure.

#### NATIONAL ECONOMIC DEVELOPMENT

A National Economic Development Policy should be adopted to coordinate economic assistance measures with a national population growth and distribution policy, thereby providing the employment concentrations and economic base that will make such a policy workable, offering more efficient operating environments for industry and concentrated employment centers accessible to workers in either rural or urban areas. Such policy should provide additional incentives to private business and look to new ways in which public and private interests can be combined to meet public needs. Congress should adopt a system of tax incentives to encourage business and industry to locate in non-metropolitan areas.

Unemployment and under-employment in rural areas continue below those in urban areas. Programs to increase off-farm employment in rural areas should be initiated. Rural job creation programs should include financial incentive

systems. Underemployment should be included as a criterion for individual program eligibility.

#### NATIONAL AGRICULTURAL DEVELOPMENT

There should be a National Agricultural Development Policy as an integral part of a National Community Development Policy to assure the Nation it can feed itself and meet its responsibilities to other people in the world. Such a policy should reflect the importance of and a system for the preservation and maintenance of agricultural land for future supplies and as a necessary habitat for wildlife, water resources and hunting and fishing, all of which are a necessary part of providing a quality environment in consonance with a population growth and distribution policy. Further, this policy should focus attention on improving agricultural production capabilities, transportation, foreign market development, processing agricultural products near the source of production, and efforts aimed at developing rural America.

In addition, Congress must act on a viable farm program to assure rural America "parity of opportunity" with the rest of the Nation.

Congress and the Administration should adopt the concept of stability and parity of resource earnings as the long-term policy goals for modern agriculture and then establish an appropriate vehicle, such as a National Food and Fiber Board, to develop the detailed production management programs necessary to insure an adequate supply of food and fiber for the future.

A new farm bill by Congress should be shaped to give rural producers an equal opportunity to share in the Nation's prosperity and growth with all other areas. A federal farm program should be continued by the federal government until the market can maintain an adequate price for producers.

A strong farm program is recognized as a deterrent to further out-migration from rural areas to crowded metropolitan centers, a necessary element for a growing economy, and vital to providing reasonable food prices for consumers while assuring a fair return for all agricultural producers.

#### RURAL COMMUNITY DEVELOPMENT POLICY

As part of any comprehensive Community Development Policy, the Administration should design programs to enhance the economic and physical viability of rural America. Such a policy should take account of the following issues:

- A. Avenues of cooperation between existing HEW, Agriculture, Commerce and HUD programs and state community development programs.
- B. Restructuring of federal field operations to support and complement emerging state and local efforts for comprehensive rural development. As federal departments decentralize, they should utilize to the fullest extent possible the personnel, administrative and technical services of state and local government, rather than building up federal field staff to handle delegated authorities for decision-making accompanying the federal field office reorganization.
- C. Recognition of state-designated multi-county planning and development

districts, primarily composed of local officials, as the primary delivery system for most state and federal programs in rural areas.

D. Recognition and support of several States as pilot projects for the purpose of coordinating federal and state programs into a package of rural development services.

Consistent with the foregoing, the Rural Development Act should be amended to recognize state governments as the central policy makers in their States for all community development activities coming within the purview of the Act, and in the interim the Department of Agriculture should administer the Act in a manner consonant with the policy. Further, the Congress is urged to appropriate all funds authorized for full implementation of the Rural Development Act.

#### NATIONAL LAND DEVELOPMENT POLICY

There should be a National Land Development Policy providing guidance as to what lands are appropriate for urban development, agricultural production, conservation and open space and recreation. Such national policies must be related to the allocation and conservation of water, air, minerals and other natural resources, and be an integral part of a National Community Development Policy.

#### NATIONAL HOUSING POLICY

There should be a National Housing Policy to coordinate housing investment and construction programs with a National Community Development Policy to carry out the social objectives of making a place for all social and economic groups, to take advantage of the environmental and efficiency advantages of such a policy, to provide needed governmental aides for supporting housing construction and marketing, with special support programs to assist those who cannot secure decent housing through normal channels, to make maximum use of new technologies, and to stimulate additional investment by private industry and home property owners, thus adding to the overall housing supply, and to insure the availability of sufficient long-term mortgage financing. Such a policy should support positive efforts at the national, state and local levels to remove all racial discrimination practices which may impede the construction, sale or rental of housing. The problem of the availability of subsidized housing should be attacked on a market area basis.

Congress and the Administration should give careful consideration to an overall housing program which provides a balance between subsidies to "producers" of housing and housing "consumers". To this end, the experimental housing allowance program currently underway in HUD should be greatly expanded, and the results of such broadened experiment should be carefully weighed as future housing programs are designed and current programs are revised.

A new housing subsidy delivery system should be established of federal block grants to the States for housing assistance, and state governments should be given the broadest possible discretion to review and approve local projects, and to allocate such money to a wide range of state and local housing programs. A transitional federal administrative structure should remain to deliver housing assistance to States developing their own delivery capabilities. In the interim, until new housing subsidy programs are enacted, existing and new state housing programs should be considered "specific program commitments," and their poten-

tial as a basic unit for a new housing delivery system should not be allowed to atrophy in the immediate future. The existing Federal FHA mortgage insurance (FNMA and GNMA) programs should be preserved and coordinated with the State block grant programs.

The Nation's goal of providing greater access to housing through vigorous enforcement of equal housing opportunity laws should be maintained. All levels of government should continue to pursue efforts to achieve technological innovations in housing production and marketing methods, and particular attention at the state level should be paid to simplified housing codes, landlord-tenant relations and efforts to develop housing management training programs.

All housing subsidy and assistance programs should be funded and implemented at a level adequate to meet the housing needs of the Nation.

#### COMMUNITY DEVELOPMENT GRANTS

Rational state community development policies cannot become a reality unless the States provide the link between various local community programs. Congress and the Administration should, therefore, adopt a program of community development assistance which assures that:

- A. Federal funds for community development activities, both rural and urban, be in the form of broad block grants to the States, allowing them to develop and operate their own state systems for setting and directly implementing community development priorities; and
- B. At the same time each State effectively implement its system for establishing state goals, ordering priorities at state, regional, and local levels, and preparing the procedure for achieving these through a comprehensive community development effort.

Without such reasonable state involvement, it will be impossible to meaningfully coordinate and implement any comprehensive growth, development and land use policy.

#### UNIFORM FEDERAL RELOCATION AND LAND ACQUISITION POLICIES

The Uniform Relocation Policy and Real Property Acquisition Act of 1970, (P.L. 91-646) should be amended so as to delete all cut-off dates for the federal funding of the first \$25,000 of relocation expenses.

#### POLICY FORMATION MECHANISMS

In order that formulation of a meaningful National Community Development Policy may be undertaken, the procedures of the Domestic Council should provide formal means for bringing the President, the Governors and local elected chief executives together on a regular basis to secure an exchange of views and information on national domestic policy and priorities. Further, the Council should give due consideration to the inclusion of the Governors and chief local elected officials in the regular meetings of the Council.

Representation of state and local interests among the staff must be assured.

The President should transmit to Congress his annual report and such supplementary reports as he deems necessary to advise as to progress in formulating a National Community Development Policy and suggested implementing actions.

In addition, a joint congressional committee on National Community Development Policy should be instituted. It should make a continuing study of the annual report on National Community Development and its supplements, and study ways of coordinating programs in order to further the National Policy. The legislation should require the committee to file a report annually containing the committee's findings and recommendations. The committee may make such other reports when it deems advisable. To maximize citizen participation, the committee should be encouraged to hold extensive hearings.

#### GRANTS FOR COMPREHENSIVE PLANNING AND COORDINATION

Assistance should be provided to plan comprehensively at the interstate, regional, metropolitan and local levels, to encourage local governments to cooperate in solving area-wide problems through comprehensive planning, review, and coordination; to foster intergovernmental attacks on problems of national, urban and rural development; and to establish a method for the exchange of development information among local, state and federal governments.

Federal planning funds should be in the form of block grants to state governments for distribution to cities, metropolitan areas, sub-state regions and counties. Such funds should be adequate for long-range financing of planning and management activities, with authority in the use of such funds sufficiently flexible to allow for the planning and management work necessary to achieve state and area priorities.

#### RURAL SERVICES AND FACILITIES - PUBLIC EDUCATION

Talented and capable human resources, reared and educated in rural areas must have more attractive opportunities to remain in rural areas. The quality of life in rural areas deteriorates and economic opportunities decline when the investment in human resources is not maintained.

Rural people have traditionally been educationally disadvantaged. Better educational opportunities must be provided to make rural areas a more attractive place to live and work. Providing a better quality education, including general and vocational education, is an essential element of rural area development. Special federal grants should be made to the States for improving the quality and quantity of rural education. Consideration should be given for basing it on the level of per capita income and the migration rate within a designated geographic area.

#### RURAL SERVICES AND FACILITIES - HEALTH

Economic delivery of health services is a national problem. It is much more severe in rural than in urban areas due to the sparsity of population,

low incomes, and current structure of medical facilities which characterize rural areas. The increasing share of the Nation's gross national product devoted to health services accentuates the importance of improving health service facilities as a means of making rural areas more productive places to live and work and to stimulate economic development. It is essential that federal support for comprehensive health planning, both at the state and sub-state planning region level, be increased.

#### RURAL SERVICES AND FACILITIES - RESEARCH AND EDUCATION

A necessary condition for a viable rural development program is a co-ordinated program of research and education. Rural development research must include the derivation of principles, facts, and relationships considering human, natural, and institutional resources. Results of such research need to be interpreted in terms of local conditions and dispensed to state and local leadership. Further, there is a need for the establishment of a limited number of centers to educate individuals to staff state and local development programs. These same centers could provide short courses to update and supplement the educational base of university graduates who wish to prepare themselves to serve development agencies.

A major share of the research relevant to rural development which is currently underway is being carried out in the various Land Grant Universities. For this reason, given appropriate financial support through federal grants, these institutions, through their Agricultural Experimental Stations and Resident and Extension teaching programs, have the capacity to develop both research and educational programs in support of rural development efforts. Special grants should be given these institutions to permit them to develop appropriate research and education efforts in rural development.

#### STATE-FEDERAL PARTNERSHIPS

While it is clear that there is a need for States to come to grips with a vast variety of problems which are regional in nature and interstate in scope, there is likewise a need for a thorough review of existing regional partnerships. Such a review should be undertaken by the National Governors' Conference and future interstate and intergovernmental policies should be designed to: ensure federal fiscal support, earmarked for interstate and intergovernmental regional action and planning programs; make federal participation the responsibility of the President and state participation the responsibility of the Governor; and provide adequate funds for initial planning and policy development, with adequate authorization for future appropriations after the priorities of each commission have been determined.

While such a policy review and development process is underway, the existing regional partnerships should be maintained largely as they are presently constituted for one year (until June 30, 1974), lest their experiences and expertise be lost during a transition period.

POLICY STATEMENTS ON  
TRANSPORTATION, COMMERCE AND TECHNOLOGY

THE STATE ROLE IN BALANCED TRANSPORTATION PLANNING AND DEVELOPMENT

The Governors of the States pledge their continued action to deal with the expanding and changing transportation needs in the decade of the Seventies.

- A. We commend the U. S. Department of Transportation for relying on the States in the development of the National Transportation Needs Study. We urge the federal government to continue this cooperation by consulting fully with the States in development of a National Transportation Policy. We recommend full use of data contained in the Needs Study as a basis for setting continuing priorities in the National Transportation Policy.
- B. We express appreciation to the Department of Transportation for its generally excellent communication with States. We urge that any consolidation of federal departments which would place the DOT in a larger agency should preserve the working integrity of existing federal transportation activities. We endorse the view that the transportation system is a primary factor in the development of our social, economic, and environmental conditions. For this reason, we support the concept that federal transportation programs be fully coordinated with these other concerns. However, we believe the existing functional agencies within the DOT should remain in one department.
- C. We call upon all States to develop administrative and legal structures equal to the challenge of balanced, integrated transportation systems required by the citizens of our States. Many States responding to the need for a central agency have created departments of transportation to coordinate all modal programs.
- D. We endorse in principle a program of transportation revenue sharing. Specifically, we believe the following provisions are vital: that each State is guaranteed its share of funds from each trust fund will not be reduced, either by a diminished allocation to any State or by an automatic pass-through to local government which is greater than the existing amount now passed through by the State; that the federal government not be permitted to withhold trust funds or divert them from transportation purposes; that each trust fund which is part of transportation revenue sharing continue to be identified; that the interstate highway fund be made a part of transportation revenue sharing upon completion of the interstate system.
- E. The Governor, as elected chief executive, is best able to determine the transportation needs and priorities of his State. Under revenue sharing or any other program which permits flexibility in expending federal transportation revenue, the Governor is the key decision-

maker. He should have the ability to transfer funds among various programs to meet his own State's priority transportation needs.

Therefore, in addition to transportation revenue sharing, we call for the creation of a single unified Transportation Trust Fund incorporating existing transportation revenues earmarked for use within a specific mode of transportation or by beginning a phased program of percentage transfers from the highway and aviation trust funds and other funds made available for transportation into the proposed unified National Transportation Trust Fund. Also, with the Governor being best able to determine the transportation needs and priorities of his State, the distribution of the National Transportation Trust Fund should be allocated through the Governor.

#### TRANSPORTATION AND THE ENVIRONMENT

The Governors pledge full cooperation in providing environmental impact statements on transportation construction. We strongly endorse efforts to strengthen the A-95 program to provide the Governors with a stronger role in the evaluation, analysis, and implementation of all transportation projects, so as to avoid duplication and waste, as well as environmental damage.

The Governors pledge a continued fight against the pollution of our environment by the wastes and by-products of our growing transportation system.

The Governors believe the following problems should be the subject of a sustained anti-pollution effort by the States and the federal government.

- A. Air pollution caused by gasoline-powered automobiles, diesel trucks, locomotives and ships, and aircraft fueled with kerosene and gasoline;
- B. Water pollution caused by the spillage from vessels of untreated sewage, oil from machinery and bilges, and crude petroleum spills from tankers;
- C. Land pollution caused by sewage discharge from railroad trains, by abandoned automobiles, by litter, and the scarring of landscape from removal of coal and other fuel sources;
- D. Noise pollution and nuisance caused by aircraft, autos, trucks, railroad trains, and ships, and by heavy construction associated with transportation. Particular emphasis should be given to abating jet aircraft noise.

Perhaps in no other aspect of transportation is there a greater need for States to be free from restrictive federal preemption. The Governors call upon the federal government to provide effective minimum standards to protect the basic health and safety of every citizen, while leaving state governments free to deal with the problems that have reached extraordinary severity, or to respond to citizen demands for a higher level of environmental quality than that which would be supported nationwide.

The Governors also recognize that federal, state and local governments have often been leading causes of pollution in forms such as sewage discharges, strip mines for aggregates, and inadequate exhaust controls on government

vehicles. We pledge to reverse this situation so state government may set an example in the area of pollution control.

The Governors pledge a sustained effort to develop a combination of laws and programs which will punish polluters of the environment, while providing incentives where necessary to those whose efforts can combat environmental decline. The Governors call upon the federal government to join with the States in a vast research effort to measure pollution and to apply innovative technology in discovering new sources of energy and new techniques of reducing and disposing of wastes produced by our transportation system.

The Governors pledge increased emphasis in the design of highways and other transportation systems so that these facilities complement rather than conflict with the total environment in both its natural and man-made aspects. Further, programs for the preservation and development of historic and scenic vistas along transportation corridors should be encouraged by the reward of additional federal financial assistance for increased state and local action, rather than by the present threat contained in the Highway Beautification Act, of a ten percent penalty in highway funds. We oppose any federal penalties where Congress has failed to appropriate funds which have been authorized to aid States in carrying out these programs.

#### HIGHWAYS

The National Governors' Conference supports continued development of a national, state and local network of highways, streets and roads which are well planned, coordinated, and safe. Highways will continue to be the principal mode in America's transportation system.

The Governors urge the following action as part of the partnership between state and federal governments in highway construction.

- A. The management of the federal Highway Trust Fund continues to exemplify the problems which have persisted since 1967 by severely hampering the capital planning and programming capability of the States. If we are to attain and retain any stability in constructing the Nation's highway system, efforts must be made to eliminate the up and down obligational authority of the highway program. The continued practice of using the Highway Trust Fund as a stop-gap effort to adjust the economy must be ended. Congress should reaffirm its intent that the yearly obligational level rather than the current quarterly basis be the method of allocating Highway Trust funds.

The National Governors' Conference supports Congressional action that would provide for suspension of all federal motor fuel and related taxes during any period when the apportioned amount of the Highway Trust Funds are impounded or otherwise withheld from expenditures.

- B. Apportionments from the Highway Trust Fund should be made as soon as possible after the 1st of July for the following fiscal year to enable the States to adequately implement their highway construction program.
- C. The revolving fund within the Highway Trust Fund, set aside for the

advance purchase of right-of-way, should be made available as soon as possible, and continued as a measure of economy and planning.

- D. Federal fuel taxes should not be increased to the detriment of the States' ability to use the fuel tax as a source of revenue for the construction and maintenance of the highway system.
- E. Primary authority for coordination, planning and flexible distribution of trust funds within the States should continue to be at the state government level.
- F. An unbiased study should be made to determine the sufficiency of the planned 42,500-mile Interstate System in fulfilling the intent of the system as described in the 1956 act and developed since that time.
- G. After completion of the present Interstate System, the Highway Trust Fund should be continued as part of the flexible fund described above. The basic purpose of the Highway Trust Fund in the post-Interstate period should be to strengthen the primary and secondary system, as well as urban systems. Completion of the Interstate system links the Nation together as never before, thereby encouraging additional travel which has placed a heavy burden on those portions of the urban primary and secondary streets and road systems that are outdated and inadequate.
- H. We endorse the concept of developing a system of scenic highways to allow access to national and state parks and improved recreation areas.
- I. We recommend that further study be given for methods by which States can implement the provisions of the Relocation Assistance Program contained in the Federal Highway Act of 1968, the Uniform Relocation Assistance Act of 1970. Intergovernmental cooperation is needed to overcome the many legal and administrative problems created by this program.
- J. Transportation systems have a major role in implementing economic development and growth policies. Economic growth center highways can help reverse the depopulation of rural America and the overburdening of megalopolis, and we commend the federal government for its program to construct such highways. However, the appropriation is totally inadequate and will be spent with little impact if limited funds are divided among all States. Instead, we urge these funds be spent on a small number of carefully selected demonstration projects.
- K. The development of a study to review the continued need for highway trust fund, with particular emphasis given to the tax contribution the people of each State make to the trust fund, with respect to the funds they receive back from this trust fund. This study should not attempt to interpret each State's highway or transportation needs but merely reflect the contribution each State is making to a national and state highway system. An objective of the study would be the establishment of the feasibility of a formula which would provide that each State would not receive less than 80 percent of tax payments it makes into the highway trust fund. The remaining 20 per-

cent would be allocated in a manner to insure a balanced, integrated, national transportation system.

#### HIGHWAY AND MOTOR VEHICLE SAFETY

The National Governors' Conference views with alarm the tragic number of preventable highway and traffic crashes and casualties. We urge the following action to strengthen the intergovernmental effort to make our streets and highways safe.

- A. Congress, with the passage of the Highway Safety Act of 1966 and its amendments, has called for a comprehensive and coordinated attack upon the problem of highway safety. While Congress has mandated comprehensive action, sufficient funds have not been provided to meet the requirements of the Act. Action should be taken to bring the authorization and appropriations up to a level to meet the mandates of the Act, unless highway safety activities can be funded from transportation revenue sharing or another flexible source.
- B. We commend the National Highway Traffic Safety Administration for its efforts in moving toward a programmed approach for highway safety funds by adopting flexibility in administering the Highway Safety Program. We recommend that Congress amend the Highway Safety Act to allow for a true block grant approach.
- C. The present ten percent penalty clause in the Highway Safety Act should be replaced by a more positive incentive program to reward States with progressive highway safety programs.
- D. In view of the preemption provision of the National Motor Vehicle and Traffic Safety Act of 1966 and in view of recent conflicts that have occurred in the setting of minimum vehicle equipment safety standards between the States and the National Highway Traffic Safety Administration, we strongly suggest more positive attempts by the NHTSA to involve the States in the setting of these standards. Such action would fulfill the original intent of the Congress that national as opposed to federal standards for vehicle safety equipment be established and conflicts between NHTSA and the States be avoided. This can be accomplished through the Vehicle Equipment Safety Commission, consisting of 44 States and charged with the responsibility of establishing vehicle equipment safety standards, and through regional conferences between officials of the NHTSA and the States.
- E. We commend the President for seeking the advice and consent of the Governors when selecting representation from individual States for his National Highway Safety Advisory Committee and recommend this procedure be continued.
- F. There should be greater coordination of research conducted by the National Highway Safety Administration, the States and private industry. The National Highway Safety Administration should act as a clearinghouse and information source for such an exchange of information and should provide this information to the States. The Administration should consult the States when determining

minimum standards for vehicle equipment, and should design standards which are sufficiently flexible to permit States to impose additional requirements where conditions warrant.

- G. We recognize that over fifty percent of the highway fatalities are alcohol related and commend the National Highway Traffic Safety Administration for its efforts in developing new alcohol counter-measures and recommend the early implementation of these counter-measures, including use of the implied consent law.
- H. Congress and the National Highway Traffic Safety Administration should evaluate the effectiveness of the current highway safety standards and determine if these standards should be modified, eliminated, or if new standards should be promulgated.

#### AERONAUTICS

The Governors express concern over the increasing load placed on our airport/airways system. We commend Congress for enacting a major program of financial assistance for airport development and we support the requirement contained in that program that each State develop an airport system plan. The concept of a state-wide plan does not preclude local and regional plans, but considers these as integrated parts of the state plan. The National Airport Systems plan must reflect essential elements of component state plans.

The Airport/Airways Development Act of 1970, by imposing new or increased taxes and user charges, particularly taxes on fuel, has preempted the collection of appropriate taxes and fees to support the state share of cost for airport development and improvement. Because of this, we urge Congress to increase federal aid to state and local sponsors for airport development, either through revenue sharing or block grants.

The National Governors' Conference endorses and supports a legislative provision which would amend the Airport and Airway Development Act of 1970 to return to the States direct at least 10 percent of the user taxes placed annually in the Airport and Airway Trust Fund. These funds, together with those funds collected by the State, would be utilized to aid development of the airport systems of each State.

All States should join the 27 States which have adopted the "Uniform State Channeling of Federal Airport Funds Act", drafted by the FAA in cooperation with The Council of State Governments. We urge all States to broaden their financial and technical assistance in airport development thus strengthening their aeronautics function. We ask Congress to recognize the state role in the development of our aviation system and reflect this within the Airport/Airways Act.

The Governors are concerned by the inadequate pace of federal regulation to reduce aircraft noise. In some localized areas, this noise level is so high that the States may be forced to act in protection of the health and welfare of their citizens. Unless decisive federal action is taken to reduce noise, state action may include a limitation on airport activity to the point where a tolerable noise level is achieved. Additionally, all States are urged to make every effort to encourage local communities to zone the land around airports to achieve land use compatible with noise. Further, the FAA should expand the aircraft noise certification program to include all aircraft. The FAA also should work directly with airport authorities on noise abatement.

The Governors endorse a policy of joint use of military airport facilities by civil aviation where feasible. This policy must be implemented at the highest federal level. We also call upon the federal government to join States in recognizing airports as a vital asset which must be protected from incompatible encroachment in urban areas. In some cases, the "land bank" concept must be used to preserve future sites. And privately-owned, public-use airports should be eligible on the same basis as publicly owned facilities for federal assistance grants.

Many smaller communities are dependent on one carrier for commercial airline service. When that carrier is affected by a strike or other limitation, these communities can be left without vital service. Therefore, we urge the Civil Aeronautics Board to obtain greater assurance of continued service by the single carrier before granting route authority.

There is need to set priorities and expend each of our aviation dollars in such a way that is most responsive to the total social demand. When establishing these priorities, every consideration must be given to equipping our nation's busiest airports, including the 530+ having air carrier service with proper safety facilities, control towers, crash and rescue equipment, ILS glide scope, etc., to best insure the safety of the Nation's air traveler.

#### URBAN PUBLIC TRANSPORTATION

States are employing broad and varied tools to aid public transportation systems. Every State has exercised its authority to form areawide public transit districts, and to grant them taxing authority and bonding powers. Several States are now providing direct capital grants for the construction of mass transit facilities. States are involved in providing operating subsidies, and States have used their powers of taxation and tax exemption to stimulate the development of transit service.

State action is a must because of the nature of mass transit problems. The State has the responsibility to give each urban region the assistance it requires, but also a responsibility to coordinate among the individual units in that region. The State can usually help resolve conflicts between city and suburban political subdivisions.

Many States have found that they are required to expend greater amounts of monies to assist local governments as they develop their capital transit programs. A large portion of these state dollars are in the form of operating subsidies to maintain a minimum level of service. The National Governors' Conference supports the necessary congressional action to assist the Nation's faltering public transit agencies through federal grants for operating subsidies. The distribution of these monies would be based on population, revenue, passenger and vehicle mileage traveled, with respect to a particular shared effort in responding to the needs of the traveling public within these urban centers.

The development of adequate, modern systems of urban mass transit is essential to the continued life of the urban areas within our States. To accomplish this purpose, the National Governors' Conference urges the following action:

- A. Adequate funding of the Urban Mass Transportation Act of 1970 to

meet the needs of both the large urban areas requiring subway or rail transit systems, and the growing urban areas requiring bus transportation facilities.

- B. To achieve meaningful input, each State must be involved in all mass transit planning endeavors at the most preliminary stage. The assurance of proper implementation of these transit plans would require that the federal assistance program be channeled through appropriate state agencies. To receive approval, applications for assistance under this Act should be consistent with the existing statewide and regional comprehensive transportation plan. As the States broaden their role in the public transportation program, they should make available at the request of the local unit of government, both technical and financial assistance in developing transit programs. In providing this assistance, States wishing to broaden their involvement in public transportation should develop a full-time transit staff, and provide a substantial amount of the local share for approved mass transportation grant projects. To assist the States in establishing technical assistance programs and expertise, funds for technical assistance should be made available for UMTA. Each State would then make this assistance available to the smaller units of local government. Establishment of this level of state involvement would eliminate many of the inter-governmental relations issues presently existing.
- C. The Governor or his designee should have authority to set priorities for the funding of public transportation projects within the State, and these priorities should be honored by the Federal Department of Transportation.
- D. The Congress should act to exempt public and private transit systems from the federal gasoline tax, thereby providing these systems with a form of badly needed financial relief that has already been provided at the state level in several cases.

#### RAILROADS

The National Governors' Conference notes with concern the serious problems confronting the nation's railroads. The Governors have long believed that our nation's railroads are a major element in the American transportation system and an essential component for the movement of persons and the vital flow of goods. We strongly urge the Executive and Congressional branches of our national government to focus attention in 1973 upon these serious problems so that meaningful and effective legislation will be enacted this year to avoid future national crises.

- A. We are concerned with reduced rail passenger service. We urge a reassessment of basic passenger needs and adequate federal funding to meet these needs. In addition, there should be a more significant role for the States in the determination of necessary services and facilities for a balanced rail transportation system. We strongly urge the federal Congress to review possible expansions of the Amtrak route system at an early date, and we further urge Congress to provide adequate procedures and administrative mechanisms for independent review of Amtrak decisions as they affect the various States.

- B. We continue to urge the National Railroad Passenger Corporation (Amtrak) to re-evaluate its current approach to the problem of declining rail passenger service in the Nation. Amtrak must define long range goals for rail passenger programs in consultation with the States in addition to its current emphasis upon operational problems. The Governors urge Amtrak to place more emphasis in its planning and thinking upon new and creative technologies and systems that will lead to an increase in rail passenger programs throughout the United States. In addition, Amtrak must strengthen its communications with state governments in order that Governors can play an important role in shaping the rail passenger systems of the future. We call for the creation of regional gubernatorial advisory councils to meet periodically with Amtrak officials to discuss problems of mutual concern. In the past, Amtrak's liaison with the States has been inadequate, leading to suspicion, hostility and a lack of follow-through when decisions have been reached, but we are happy to note that the concern experienced by the National Governors' Conference in this area has lead Amtrak to the creation of a new position for state and local affairs.
- C. We urge the Executive and Congressional branches of government to increase the funds made available to those agencies of government, both state and federal, concerned with the development of viable railroad freight services. We are concerned that not enough funds are being made available for research and demonstration projects in the railroad industry; rights-of-way acquisition programs to preserve valuable rights-of-way that have been or are about to be abandoned; and long-range planning efforts needed to assure the preservation of growth of the railroads as a major element in the American transportation system.
- D. State and local governments should completely review their laws and regulations affecting taxation of railroad property and imposition of unneeded manpower requirements. A careful study should be made of the cost burden paid by railroads for construction and maintenance of grade separations and crossings to determine an equitable method of sharing and the costs between the beneficiaries.
- E. The railroad crisis in the Eastern section of the United States will seriously affect the economy of the entire country if not handled promptly and successfully. Two major railroads are under court orders to liquidate; four others are in bankruptcy courts. We urge Congress to develop a suitable reorganization plan quickly without depending solely on the plans set forth by the Interstate Commerce Commission and the Department of Transportation which call for large scale abandonments and reductions of vital services.
- F. There continues to be a serious crisis in this nation with respect to the movement of our grain supply. We have historically faced the annual problem of providing sufficient box cars for the transport of this commodity. The effect of this problem is felt by every farmer, grain elevator operator and consumer in the nation. This problem is being further compounded by the growing number of rail abandonments which increased the difficulty of getting the goods and products of the nation to market. We urge the U. S. Department of Transportation, Department of Agriculture and other responsible

Congressional and Federal agencies to develop a comprehensive, nationwide plan of action which would result in specific plans for providing a more effective and efficient method of rail transportation. These recommendations should be utilized by the Congress to insure sufficient trackage and equipment for the movement of these goods.

#### WATERWAYS

The National Governors' Conference supports the establishment of national, uniform standards for safety in the manufacture and maintenance of boats. We support continued state licensing and regulation of boat operators and operations.

We recognize the growing need for ferry boat and water surface transportation systems where these are the least expensive and most practical way of extending transportation connections. We call upon the federal Department of Transportation to create a Marine Highway System which will aid those parts of the Nation in need of water transportation development.

#### COMMUNICATIONS

The National Governors' Conference recommends to the Congress and to the Federal Communications Commission the full re-examination of the present allocation of the frequency spectrum.

Special attention should be given to the increasing need to allocate radio frequencies for emergency and public service. A special frequency, common across the Nation, should be established for emergency medical services to facilitate communications between ambulances and hospitals.

#### COMMERCE

The National Governors' Conference endorses development of a commercial freight rate structure which is non-discriminatory and does not promote inefficiency and we urge Congress to undertake a study to this end. Regulation is vital where only one operator serves an area, or where only one mode is available. However, where greater competition exists, close study should be made of the "zone of reasonableness" method as contrasted with detailed rate setting.

We call for new and aggressive programs aimed at increasing export trade to expand the economy of the individual States. To this end, we support the concepts of 1) strengthening the role of the United States Department of Commerce in international trade negotiations; and 2) expanding trade center activity abroad and 3) making federal funds available to the States for use in promoting the export of their respective manufactured products and agricultural commodities.

The National Governors' Conference views the promotion of interstate tourism as a unique opportunity to strengthen national and state economies. We endorse the concept of a United States Travel Data Center and call upon the United States Travel Service and Bureau of the Census to assist in this

effort. We also believe that federal matching funds should be available for promotion of interstate tourism, just as such funds are presently available for attracting foreign tourism.

### INSURANCE

States have historically had the basic responsibility for regulating the insurance industry. In response to an increasingly felt need, some forty-seven States have enacted auto insurance insolvency fund guarantee laws, providing consumer protection with no loss of state regulatory powers. State response to this problem has again demonstrated insurance regulation need not pass to the federal level.

A subject of growing interest is the establishment of a "no-fault" system of automobile insurance. Again, some have argued a uniform national system must be imposed from the federal level. However, we believe if "no-fault" is to be adopted, that individual state action and interstate cooperation could produce a "no-fault" system which is uniform enough to meet the needs of interstate vehicle accidents and flexible enough to suit the conditions in each State.

States have many automobile accident insurance systems available for study. We urge each State to make an early examination of options available and to achieve maximum interstate coordination in any actions they may take. We note the extensive research and drafting done by the National Conference of Uniform State Law Commissioners and by the Council of State Governments and urge each State to consider this model legislation.

The best possible solutions to the problems of auto insurance lie in continued state regulation and experimentation. We urge Congress not to take any action that would preempt state action in effectively bringing about meaningful reform in our auto reparations system. The adoption of national no-fault or federal standards is not an acceptable option to individual state action.

### TECHNOLOGY

As the leading technological Nation, the United States generates tremendous new discoveries in many fields including medicine, communication, transportation, and data processing. Federal investment in programs such as space exploration and the supersonic transport involve large sums. Because of this public investment, technical discoveries should become available for maximum public benefit.

The federal government is a major supporter of programs which generate new technologies. There should be a program at the federal level to identify and document the opportunities and problems created by these developments. A vital part of this information system is channels of direct communication between those creating new technology and those seeking to adapt and apply it to public purposes.

To fully complement a federal technology information system, States must act either independently or through regional organizations. Using technically competent people, they must identify and describe problems of importance which could be favorably affected by application of technology.

Data processing has received the greatest attention to date of any new technology applied to government. A good program requires trained personnel employing specialized equipment within a fully analyzed system. Governments are hampered by the concentration of technicians in industry, by attempts to use non-specialized equipment for specific tasks, and by a tendency to make poor systems move faster instead of establishing superior systems.

There is a need for cooperation among federal, state and local government to produce the large market required by certain types of technology. Orders from many jurisdictions will reduce unit costs in each, and will make possible the manufacture of highly specialized equipment.

There is an urgent need for a factual and unbiased review of all of the energy resources within or available to this Nation prepared by the highest levels of competency available and without regard to special interests. There is, with the same sense of urgency, a need to project and evaluate the "real" energy needs of the Nation with regard to energy waste and without regard to commercialism. From this effort, the Nation and States must establish realistic energy policies giving full consideration to the availability of all forms of energy and to protect the environment. To this end, the National Governors' Conference requests that the Administration immediately establish an independent National Energy Commission with a large proportion of state membership and without representation by special interest agencies or organizations. The Commission should objectively evaluate energy reserves and real energy needs and assist in developing state, regional and national energy policies and recommendations for utilization and conservation of resources.

We commend those States that have established a leadership role in guiding the development of the cable television (CATV) industry. We believe that expected large-scale expansion of TV as a result of recent FCC rulings will provide the States and Nation a new and powerful information distribution system beyond just entertainment. It is essential that the States provide a leadership role in nurturing cable television growth to realize its full potential and at the same time control its application to protect the privacy of our citizens. The National Governors' Conference recommends the establishment of a National Study Commission on telecommunications composed of representatives of education, industry and federal and local governments to coordinate the development of state and national goals and policies.

The Governors object to any action by Congress or federal agencies requiring the development of single-purpose, single-agency computer systems within the States. The States are effectively managing computer utilization and costs through multi-agency utilization of computer resources, thus there should be no requirements for federal guidelines and regulations in this field. Joint utilization of computers has been customary for highly classified material in corporate business system for many years.

As has been brought out in The Council of State Governments report entitled "Power to the States--Mobilizing Public Technology", the application of technology to the many significant problems faced by the States today offers considerable potential for improved effectiveness in state government policy-making and operations. Hence, the National Governors' Conference supports federal and state government actions designed to increase the attention being paid to domestic problems by the research and development community of the Nation, and supports the dedication of federal government resources in support of problem-oriented research designed to provide policy analysis and options to state government decision-makers.

A RESOLUTION

RELATING TO THE IMPOUNDMENT OF HIGHWAY TRUST FUNDS

WHEREAS, the Nation's highway system has greatly advanced the economic, geographic, and demographic development of these United States; and

WHEREAS, the receipts to the Federal Highway Trust Fund continue to exceed authorization from the fund; and

WHEREAS, the Executive Branch of the federal government during the last decade has impeded the highway planning and construction programs of each State by impounding federal highway trust funds authorized and approved by the Congress; and

WHEREAS, current proposals in the 1974 Fiscal Year budget for a \$4.6 billion highway program indicate a continuation of this withholding practice;

NOW, THEREFORE, BE IT RESOLVED that the National Governors' Conference strongly deplores any intent or practice of this and future National Administrations to impound highway trust funds, and urges all Governors to join in court actions to prohibit impoundment; and

BE IT FURTHER RESOLVED that the Executive Committee be instructed to meet with the President at the earliest possible moment for consideration of this subject.

## MISCELLANEOUS RESOLUTIONS

### A RESOLUTION FOR PRESIDENTIAL VOTING RIGHTS FOR GUAM AND VIRGIN ISLANDS CITIZENS

WHEREAS, the United States citizens of the Territories of Guam and the Virgin Islands are self-governed, elect their own Governor, Lieutenant Governor, territorial legislators and their delegate to the U. S. House of Representatives; and

WHEREAS, citizens of Guam and the Virgin Islands have never been eligible to vote for President and Vice President of the United States, although Guam and the Virgin Islands became United States territories under the Organic Act of 1950, thereby extending American citizenship to the people of Guam and the Virgin Islands; and

WHEREAS, purely geographical considerations should not restrict the right of United States citizens to vote for President and Vice President because it deprives them of important participation in the political processes of the government that rules them; and

WHEREAS, residents of Guam and the Virgin Islands who move to the mainland and who otherwise qualify as voters are eligible to vote for President and Vice President and, conversely, a qualified voter of one of the fifty States who becomes a legal resident of Guam or the Virgin Islands is ineligible to vote for President and Vice President; and

WHEREAS, the United States citizens of Guam and the Virgin Islands have demonstrated their loyalty to the United States for many years, as evidenced by their actions during the ordeal of enemy occupation during World War II, and through the subsequent, disproportionate sacrifices of their sons in the military conflicts of Korea and Vietnam; and

WHEREAS, support by the chief executives of the States and Territories of the United States would be of vast and significant assistance in bringing about the requisite remedies in law;

NOW, THEREFORE, BE IT RESOLVED that the Sixty-Fifth Annual National Governors' Conference, assembled at Lake Tahoe, Nevada, on the 6th day of June 1973, does endorse the strong and patriotic desire of the United States citizens of Guam and the Virgin Islands to participate in the election of the President and Vice President of the United States.

BE IT FURTHER RESOLVED that a copy of this resolution should be sent to the President of the United States, the Speaker of the House of Representatives, and the President of the Senate.

A RESOLUTION  
RELATING TO THE IMPACT OF CERTAIN FEDERAL ACTIONS UPON THE STATES

WHEREAS, in most instances the closing of military installations has a profound adverse impact upon the employment rate and the economic base of States and regions within States; and

WHEREAS, the closing of defense installations in the State of Rhode Island could represent a loss to the economy of that small State of over \$1 billion and may result in statewide unemployment of 15 percent or more; and

WHEREAS, as we strive for lasting peace throughout the world further military reductions could affect many of our States;

NOW, THEREFORE, BE IT RESOLVED, that in planning any action that has the potential to create major economic and employment problems within a State or region, the federal government should consult with the State affected to develop a reasonable program of implementation that would mitigate the impact of such action;

BE IT FURTHER RESOLVED that in all such cases the federal government should provide special consideration such as an integrated system of technical assistance, planning and program assistance and capital project development to help States through their difficult period of economic recovery; and

BE IT FURTHER RESOLVED that all States have an interest in the development of a process to assure that the impacts of federal actions on individual States are properly considered and handled by the federal government.

A RESOLUTION  
RELATING TO THE AMERICAN REVOLUTION BICENTENNIAL

WHEREAS, The American Revolution Bicentennial commemoration should and must be a nationwide event, encompassing 200 years of American experience and involving all our people; and

WHEREAS, the federal government has cooperated in the establishment of state bicentennial commissions to assure such results; and

WHEREAS, a nationwide commemoration involving all of our people will require funding which rightfully should be shared by the federal government and the States; and

WHEREAS, the resolution passed May 15 by the National American Revolution Bicentennial Commission called for support of grants to States and Territories from appropriated and non-appropriated funds;

NOW, THEREFORE, BE IT RESOLVED that the Governors of the States in conference assembled strongly endorse federal government appropriations of matching funds to the States for bicentennial grants, total funding on specific state projects with national ARBC approval, and continuation of the \$45 thousand grant to state commissions for operational expenses for the years 1975 and 1976.

A RESOLUTION  
OF CONGRATULATIONS TO THE TEXAS RANGERS

WHEREAS, the Texas Rangers, the oldest state law enforcement agency in North America, are celebrating their 150th Anniversary during 1973; and

WHEREAS, the Rangers have faithfully protected the people of Texas since 1823 when Stephen F. Austin, the father of that State, commissioned a small group to range his colony to protect the settlers from marauding Indians; and

WHEREAS, since that time, the Texas Rangers have evolved from a frontier military organization to an elite criminal law enforcement unit within the Texas Department of Public Safety; and

WHEREAS, the Texas Rangers are today specifically charged with four major duties: (1) protection of life and property from violence, (2) suppression of riots and insurrections, (3) apprehension of fugitives, and (4) investigation of major felony crimes; and

WHEREAS, throughout the 150 years of their history, the Texas Rangers have contributed immeasurably to the safety of the people of Texas, have symbolized fearless and efficient law enforcement, and have left a heritage which has brought great credit to the State of Texas and to law enforcement officers throughout the United States; and

WHEREAS, the Texas Rangers were in charge of security at the 64th Annual National Governors' Conference held in Houston in 1972; and

WHEREAS, seven members of the Texas Rangers are special emissaries to this 65th Annual Conference;

NOW, THEREFORE, BE IT RESOLVED that the National Governors' Conference hereby congratulates the Texas Rangers upon the observance of their sesquicentennial and commends them for their long history of achievement in law enforcement.

A RESOLUTION  
IN TRIBUTE TO EARL C. "SQUIRE" BEHRENS

WHEREAS, the National Governors' Conference is a focal point of nationwide interest and commands the elite of the press corps to report its diverse and historic activities; and

WHEREAS, hundreds of national and local media representatives report the Conference's findings accurately and objectively during the four-day event; and

WHEREAS, it is the conviction of the Governors here assembled that one man stands out as a monument to his peers and as a guiding beacon to his admirers; and

WHEREAS, this man has devoted more than 40 years of his life covering meetings of the National Governors' Conference with a flair that has made him a landmark of achievement in an industry filled with professionals, a man regarded

by all sides of the media fence as dedicated, unselfish, and truly the dean of the National Governors' Conference School of Journalism;

NOW, THEREFORE, BE IT RESOLVED by the National Governors' Conference assembled at Lake Tahoe, Nevada, on June 6, 1973, that we Governors of these United States do pay tribute to Earl C. "Squire" Behrens as the man hereinbefore described.

#### A RESOLUTION OF APPRECIATION

The National Governors' Conference expresses its sincere gratitude to Governor Mike O'Callaghan and Nevada's lovely First Lady Carolyn for their untiring efforts in making this 65th Annual Meeting, June 3 to 6, at Lake Tahoe, Nevada, an especially meaningful occasion.

Moreover, the diligent work of the Host State Committee and numerous other individuals and organizations has resulted in an outstanding Conference from its inception. Their cooperation and friendly attitude has been exemplary.

Our accommodations--both in personal terms and during our business sessions--have been superb. Our deep appreciation is extended to the entire management and staff of Del Webb's Sahara Tahoe Hotel for their many courtesies and constant attention to our every need.

To our special program guests, we offer our sincere thanks for their thoughtful and beneficial program contributions, and for taking time from their extremely busy schedules to be with us.

Our heartfelt gratitude is expressed to Governor Marvin Mandel for the great and genuine leadership he has given us during his term this past year as Conference Chairman.

The Nation's Governors also express their appreciation to the NGC staff for its extremely fine service throughout the year, and for the efficient and orderly manner in which this meeting has been handled.

The Bonanza Convention Service also deserves our high appreciation for diligent efforts assuring the success of this Annual Meeting.

The National Governors' Conference extends its special thanks to the news media for their excellent work and attention to the deliberations and activities of our 65th Annual Meeting.

In summary, we are confident that our 1972-1973 Conference Year, concluding with this Annual Meeting, has been an effective and rewarding year from every aspect.

## Appendix IX

### PARTNERS OF THE AMERICAS PRESENTATION NATIONAL GOVERNORS' CONFERENCE LAKE TAHOE, NEVADA

Partners of the Americas is the largest people-to-people program between the United States and Latin America. It works on a Partnership basis, linking States in the U.S. with states, regions, or countries in Latin America to work together on self-help projects. Founded in 1964 and inspired by President Kennedy's Alliance for Progress, Partners of the Americas sponsors a variety of projects in an effort to promote good will and understanding between people in the United States and in Latin America through personal contact. Specific project areas include education at all levels, public health, agriculture, trade and investment, sports, rehabilitation, cultural exchanges, environmental improvement, and emergency relief. The value of all projects since 1964 now exceeds \$24 million.

Today there are active Partners Committees in 41 States, supported by thousands of volunteers, all working with 42 Partners Committees in 18 Latin American countries. The Partners of the Americas program is registered with the Advisory Committee on Voluntary Foreign Aid of the Agency for International Development. More than 70 professional, civic, and charitable organizations are allied with Partners Committees at the state level across the country.

Partners projects gain impetus through the active support of State Governors. Twenty-seven Governors currently work with Partners Committees in their States (see attached list). Their involvement enables them to serve as state ambassadors, providing recognized leadership for international activities, emanating from their home States. Partners projects also provide a means to enrich educational programs throughout a Governor's State by improving Latin American studies programs, foreign language instruction, and cultural opportunities. In addition, a Governor's leadership brings valuable credibility to State Partners Committees, enabling them to attract the top leaders within a State and to make the most of the Partners of the Americas concept of building understanding among the people who share this hemisphere. Without exception, the active support of a State Governor means the success of the Partnership concept in his State.

To illustrate this point, the following is an overview of the activities of seven Governors currently involved in the Partners program:

#### HONORABLE PATRICK J. LUCEY

Governor Patrick J. Lucey of Wisconsin has been active as Honorary Chairman of the Wisconsin-Nicaragua Partners for three years. During this time, Governor Lucey has become personally involved in two emergency relief efforts in Nicaragua. In 1971, two hurricanes caused widespread flooding along Nicaragua's Atlantic coast. Governor Lucey made appeals for relief assistance throughout Wisconsin, resulting in two planeloads of emergency supplies for flood victims. In December 1972, after an earthquake destroyed much of Nicaragua's capital of Managua, Governor Lucey made statewide appeals over

radio and television for help to Wisconsin's Partner country in Central America. As a result of Governor Lucey's efforts, more than \$300,000 has been raised to help rebuild the lives of the earthquake victims. In 1972, Nicaraguan Ambassador Guillermo Sevilla Sacasa, Dean of the Washington Diplomatic Corps, presented Governor Lucey with Nicaragua's highest civilian award, La Gran Cruz de Plata de Ruben Dario, in recognition of his work on behalf of Wisconsin's Partner country.

#### HONORABLE FRANCIS W. SARGENT

Governor Francis W. Sargent of Massachusetts offered this comment about the Partners of the Americas:

"My wife and I, as Honorary Chairmen of the Massachusetts/Antioquia Partnership program, have found our sister state relationship to be rewarding and fruitful. This association has given us a chance to explore our common interests, look at our different cultures, and develop a genuine people-to-people effort.

"Massachusetts and Antioquia have worked together on various self-help programs. Some of our activities have included a cultural exchange in music and art, a medical exchange of doctors and surplus hospital equipment, and two exchanges of technological seminars on ecology and international finance.

"In January 1973, Massachusetts/Antioquia Week brought many of our Antioquia Partners to Massachusetts. The highlight of this week of program meetings, sight seeing, and entertainment was the bi-cultural State House reception and exhibit of Colombian handicrafts in honor of our Partner State.

"We both give our strong support to the continued expansion of the national Partners program which fosters personal involvement and cooperation between citizens throughout the Americas."

#### HONORABLE KENNETH M. CURTIS

Governor Kenneth M. Curtis of Maine, Honorary Chairman of the Maine Partners, has been an active supporter of the Partners program since its beginning in Maine. His official support has made departmental heads available for participation and encouraged the citizens of Maine to take part in various projects. A graduate of the Maine Maritime Academy, he has twice cooperated in projects to send the Maritime Academy training ship to Maine's Partner State of Rio Grande do Norte, Brazil, carrying Partners' cargo. Governor Curtis has himself made several trips to Rio Grande do Norte where, in addition to usual diplomatic duties, he has mixed with the people in such events as "Carnival," gaining much popular acclaim. Two governors from Rio Grande do Norte have visited Maine.

In addition to the ship projects, other Maine activities have included an educational TV project, medical equipment such as an electroencephalograph, respirators, etc., university programs, artist exchanges, and student exchanges. Of his enthusiasm, the Maine Partners' Chairman says, "Governor Curtis's confidence that a project can be accomplished is the necessary propellant that gets the work done."

#### HONORABLE JIMMY CARTER

Governor Jimmy Carter of Georgia offered this statement about the Partners of the Americas:

"As Honorary Chairman of the Georgia Partners, it is my privilege to be an active participant in this significant people-to-people program.

"In April of 1972, I visited our Partners State of Pernambuco (Brazil). I have been involved personally in such varied programs carried on under the auspices of the Georgia/Pernambuco, Brazil, Partners as student exchanges, equipping of primary schools, an economic feasibility study for greater commercial ties between our two States, an arts program exchange, and a mass citizens exchange program. This last project, to be carried out this fall, will take 200 citizens of Georgia to Pernambuco and bring 200 citizens of Pernambuco to Georgia for an interchange in more than a dozen specific areas of human endeavor.

"The Partners of the Americas, through the various Partner relationships, is one of the finest organizations that I know in creating international good will."

#### HONORABLE ROBERT D. RAY

Governor Robert D. Ray of Iowa has visited Yucatan, Iowa's Partners State in Mexico, with his wife and daughters and participated in project development functions arranged by the Yucatan Partners Committee and the Governor of Yucatan, Carlos Loret de Mola.

During his visits, he reviewed the needs of Partners project areas including a rabbit production farm, experimental corn production administered by the Iowa Corn Growers Association, and personally participated in presentation of medicines and hospital equipment to charity hospital projects in the Merida, Yucatan, area.

Governor Ray, together with the Governor of Yucatan, received an honorary degree from Iowa's Central College branch campus in Merida. In Iowa, the Governor is Honorary Chairman of the Iowa Committee, and finds time to entertain visiting Partners from Yucatan in his home and receive exchange students to present them with gifts from Iowa.

#### HONORABLE WILLIAM G. MILLIKEN

Governor William G. Milliken of Michigan has contributed much to the continuing success of the activities of the Michigan Partners. Not only has he been the official Honorary Chairman of this organization for over three years, but he and Mrs. Milliken have been personally involved.

One highlight was the visit of the Governor and Mrs. Milliken to the Dominican Republic in 1971 following the Governors' Conference in Puerto Rico. This visit was extremely successful, especially with the people in this Caribbean republic. Many Partners projects have evolved from the stimulus of this historic visit.

Governor Milliken recently kicked off a drive for funds for the Nicaraguan earthquake appeal in Michigan. Without the support of a State's Chief Executive, these types of activities would be difficult, if not impossible.

The success of the Michigan Partners grass roots projects in British Honduras and the Dominican Republic is greatly enhanced by the support and leadership from Governor and Mrs. Milliken.

## HONORABLE STANLEY K. HATHAWAY

Governor Stanley K. Hathaway offered this comment about activities of the Wyoming/Goias, Brazil, Partnership:

"In the last twelve months we have sent two official representatives to Goias, representing the diverse fields of ranching and education. The ranching representatives visited with their counterparts in Goias and attended a livestock exposition as representatives of the Governor's office. Technical information in the agricultural field has been supplied at the request of agricultural representatives in Goias from time to time.

"In the field of education I have sent a representative from the University of Wyoming to coordinate education exchange programs. In this area, two secondary school teachers from Wyoming will go to Goias this summer to work in schools in Goias. A basketball coach from Casper College will visit Goias for one month and will conduct basketball workshops. An educational packet concerning Wyoming has been prepared and sent to schools in Goias and a return packet is expected momentarily.

"The Wyoming Partners are currently hosting six high school students, all of whom are attending public schools here in Cheyenne.

"On several occasions Wyoming Partners have hosted government representatives and an interchange of ideas has occurred.

"The Wyoming Legislature in their 42nd session overwhelmingly passed a joint memorial encouraging the citizens of the State of Wyoming to participate in the activities of the Wyoming Partners. This memorial pointed out the value of people-to-people relationships such as exist within the framework of the Partners and noted the principal areas of interest of the Partners program.

"I have become a strong supporter of the Wyoming Partners and eagerly look forward to visiting Goias this fall and hope to bring home some first-hand knowledge of how Wyoming people may cooperate with the people of Goias in implementing additional exchange projects."

## THE PARTNERSHIPS

Alabama	Guatemala
Arkansas	Santa Cruz, Bolivia
California	Baja California, Sinaloa, Morelos, Nayarit and Puebla, Mexico
Colorado	Minas Gerais, Brazil
Connecticut	Paraiba, Brazil
Delaware	Panama
District of Columbia	Brasilia, Brazil
Florida	Northern Colombia
Georgia	Pernambuco, Brazil
Idaho	Mountain Region, Ecuador
Illinois	Sao Paulo, Brazil
Indiana	Rio Grande do Sul, Brazil
Iowa	Yucatan Peninsula, Mexico
Kansas	Paraguay
Kentucky	Highlands, Ecuador
Louisiana	El Salvador
Maine	Rio Grande do Norte, Brazil
Maryland	Rio de Janeiro (state), Brazil
Massachusetts	Antioquia, Colombia
Michigan	British Honduras (Belize) and Dominican Republic
Minnesota	Uruguay
Missouri	Para, Brazil
New Hampshire	Ceara, Brazil
New Jersey	Alagoas, Brazil
New Mexico	Tabasco and Chiapas, Mexico
New York (Buffalo-Niagara)	Jamaica
North Carolina	Cochabamba, Bolivia
Ohio	Parana, Brazil
Oklahoma	Chihuahua, Coahuila, Colima, Sonora and Tlaxcala, Mexico
Oregon	Costa Rica
Pennsylvania	Bahia, Brazil
Rhode Island	Sergipe, Brazil
Tennessee	Amazonas, Brazil and Venezuela
Texas	Peru
Utah	La Paz and Altiplano, Bolivia
Vermont	Honduras
Virginia	Santa Catarina, Brazil
Washington	Guayas and Los Rios, Ecuador
West Virginia	Espirito Santo, Brazil
Wisconsin	Nicaragua
Wyoming	Goiias, Brazil

# GOVERNORS CURRENTLY INVOLVED IN THE PARTNERS PROGRAM

The following States receive active support of their Governors in committee activities. In the majority of these States, the Governor serves as Honorary Chairman.

Arkansas . . . . .	Honorable Dale Bumpers
Connecticut . . . . .	Honorable Thomas J. Meskill
Florida . . . . .	Honorable Lt. Gov. Tom Adams
Georgia . . . . .	Honorable Jimmy Carter
Idaho . . . . .	Honorable Cecil D. Andrus
Illinois . . . . .	Honorable Dan Walker
Iowa . . . . .	Honorable Robert D. Ray
Kansas . . . . .	Honorable Robert B. Docking
Kentucky . . . . .	Honorable Wendell H. Ford
Louisiana . . . . .	Honorable Edwin W. Edwards
Maine . . . . .	Honorable Kenneth M. Curtis
Maryland . . . . .	Honorable Marvin Mandel
Massachusetts . . . . .	Honorable Francis W. Sargent
Michigan . . . . .	Honorable William G. Milliken
Minnesota . . . . .	Honorable Wendell R. Anderson
New Hampshire . . . . .	Honorable Meldrim Thomson, Jr.
New Jersey . . . . .	Honorable William T. Cahill
New Mexico . . . . .	Honorable Bruce King
North Carolina . . . . .	Honorable James E. Holshouser, Jr.
Oklahoma . . . . .	Honorable Lt. Gov. George Nigh
Oregon . . . . .	Honorable Tom McCall
Pennsylvania . . . . .	Honorable Milton J. Shapp
Tennessee . . . . .	Honorable Winfield Dunn
Virginia . . . . .	Honorable Linwood Holton
Wisconsin . . . . .	Honorable Patrick J. Lucey
Wyoming . . . . .	Honorable Stanley K. Hathaway