NATIONAL GOVERNORS' ASSOCIATION

WINTER MEETING

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Regency A
The Hyatt Regency
Washington, D. C.
Monday, February 27, 1978

The meeting was convened at 9:10 a.m., Governor William G. Milliken of Michigan, Chairman, presiding.
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PROCEEDINGS

CHAIRMAN MILLIKEN: Will the Governors please take their seats? We have a very full agenda this morning.

And so I now call to order the 1978 Winter Meeting of the National Governors' Association.

We have with us today, not all present at this moment in the room, but I think shortly to be present, some 52 Governors of the States and the Commonwealths and the Territories.

On your desks before you, you have the Rules of the meeting that were adopted last September. The Executive Committee which met yesterday is recommending that these Rules be adopted without change for this meeting.

May I, therefore, have a motion from the floor for the adoption of those Rules?

GOVERNOR SNELLING: So move.

CHAIRMAN MILLIKEN: I have a motion from Governor Snelling of Vermont. Is there support?

GOVERNOR BOWEN: Second.

CHAIRMAN MILLIKEN: It has been moved and supported. All those in favor will say "Aye."

(Chorus of "Ayes.")

Those opposed "No."

(No response.)

The Rules are officially adopted.
John Lagomarcino who is the General Counsel and
the Legislative Director for the National Governors' Association
will serve as Parliamentarian for our meeting.

It is my very great pleasure as Chairman of the
National Governors' Association to extend a personal welcome
to each of you who is attending this Winter Meeting of the
Association. Your attendance here today signifies the
importance both of this meeting and of the NGA since a number
of us have had our hands full in recent days and months at
home.

Some of us have seen a new meaning put into the
phrase "Snow Belt." Some of us who were coping a year ago
with severe drought have since had to cope with severe rain-
fall and flooding. The nationwide coal strike has reminded
us of the limits which exist in our energy supply and has forced
some of our states to institute emergency procedures to insure
a continued supply of electricity.

We convene here this morning at a time of testing
for our nation. Our chronic energy problems have become for
the moment, at least, acute problems. As Governors, we have
been deeply involved with the President and the Congress in
the search for an easing of the severe energy pressures
we are now feeling.

Our continuing energy crisis has brought home to
us once again the interdependence of the states which we
govern. It also reminds us of how vitally important it is for us as Governors to participate fully in the resolution, not only of state policy issues, but also of national policy issues as well.

On energy production, welfare reform, farm and water policy, medical care, financing, urban development, on these and other central issues of our time, our involvement as Governors must occur, not only in the states where we serve as Chief Executive, but also at the national level. These issues and many other issues are the subject of this Winter Meeting.

We will be meeting with the President, the Cabinet, and other key federal officials to present our views on the shape of national policy. That is as it should be. And that is what the National Governors' Association is all about.

The Association is our national policy instrument. And through its work, we now have the kind of impact on national policy that we as Governors must have in our federal system. We have a new, more effective, presence here in Washington.

Our goal is to continue to extend that presence and that voice. We have found in this organization an opportunity to broaden viewpoints beyond the boundaries of our states, to come together and to offer an effective voice on behalf of our common goals and challenges.

You, the Governors, and especially my predecessors
as Chairmen -- Bob Ray, Cyril Andrus, Reubin Askew -- are responsible for this new strength and impact of the National Governors' Association. I believe our growth as an organization reflects a growth in the role and the maturity of state governments in general.

We have seen a movement in recent years away from the concentration of power in Washington and toward a more effective role for the states. This has been the result of both the changing nature of needs in our society and a clear improvement in the quality of state government.

If we are to be honest, we must concede that in the past, the states forfeited much of their role and responsibility to the Federal Government because of inaction and because of ineffectiveness. That, happily, is not true today.

And the growth and maturing of the National Governors' Association is very graphic evidence of that change. The Association has become a powerful voice because the Governors themselves are taking an aggressive leadership role. Our committees and subcommittees are having a major impact: Hugh Carey and welfare reform; Scott Matheson on water management; Bob Ray on energy emergency preparedness; Jim Hunt on small cities; Michael O'Callaghan on disaster assistance; Joe Garrahy on health; Dick Lamm on impact assistance; Jay Hammond on air quality; Dick Snelling on management improvement; Clint Finch on manpower; Jim Exon on agriculture;
Marty Schreiber on aging; Mike Dukakis on urban policy; Dave Briscoe on oil and gas; Bob Straub on facility siting.

These Governors and many others including all of our standing committee chairmen are exerting great leadership for all of us. It is an exciting time to serve as your Chairman, and I am confident that we will become an even stronger and more constructive force in national policy in 1978.

Our first order of business this morning and during the course of this conference is to review some of our key domestic priorities in 1978. Tomorrow, we will be focusing on the President's forthcoming national community development policy. This morning, we want to examine some of our most urgent needs with a special emphasis on jobs and the efforts being made by Governors to address these needs.

But the fact is that Ellen Grasso, Brandon Byrne, Jim Thompson and Governors throughout the country, are deeply concerned about jobs for their citizens. And they are developing aggressive new programs, working closely with the private sector to do something about it.

This morning, we have the pleasure of talking about domestic priorities in 1978 with a man who has a clear sense of these priorities. Benjamin L. Hooks, National Executive Director of the NAACP, is a distinguished minister, businessman, and lawyer. Born in Memphis in 1925, Benjamin Hooks
attended Le Moyne College and Howard University and received his law degree from De Paul University in 1948.

His range of experience and experiences include being a veteran of World War II, Public Defender, Television Producer, Co-founder of a Savings and Loan Institution, and Member of the Federal Communications Commission.

He is firmly dedicated to the cause of equality, social justice, and the improvement of the quality of life for all. Reverend Hooks has the courage to say what he believes and the commitment to take a position regardless of its popularity. I admire his strength and his integrity.

In his most recent address to the National Executive Committee of the NAACP, Reverend Hooks called for black leadership across the nation to organize and mobilize their resources and strengths to continue the struggle for equality.

During the meeting, Reverend Hooks cited a recent poll of our nation's minority population which identified economic development and employment as the critical priority for minorities.

At the same time, he pointed out that 20 percent of those polled felt the system was too corrupt to repair. He stated the problem succinctly in his inaugural address to the NAACP when he said, "It has been rightly stated if we could not live together as brothers, we will all surely die together as fools. We cannot exist half first class and half
second class in this day even as we could not exist in Lincoln's
day half slave and half free."

As Governors, each of us faces the challenge of
correcting and improving existing conditions, of working to
achieve the day that every American realizes the promise of
equal opportunity.

Reverend Hooks brings to this Conference as a
spokesman and leader of one of the oldest national organizations
dedication, commitment, and an unending supply of energy.

It is my very great pleasure to present to you now
the Executive Director of the NAACP, Reverend Benjamin L.
Hooks.

(Applause.)

REVEREND HOOKS: Thank you very much, Governor
Milliken. And I feel strangely warm here this morning because
I pastored in Detroit for a number of years, and I view
Michigan as my other home. And to have our own Governor of
Michigan as our Chairman of this august body brings a certain
warmth.

And I look around and see my other Governors here.
I lived for a number of years in Washington where Governor
Lee and Governor Dalton hold forth. So I am glad to see both
of them here this morning, although I might get in trouble
with Governor Fountroy and Governor Washington if I go back
and tell them that.
I see Jim Thompson, of Illinois, where I went to law school. And I see so many of you whom I have known and met across the years. And I can truthfully say never in all of my life have I stood before so few from whom I expected so much.

And I would look forward to the fulfillment of those expectations as we move down in 1978.

I heard Governor Milliken talk about all of you folks going to see—it reminds me of something that happened to me a few years ago. I went to Nashville and stayed overnight at the home of some friends. And the next morning at the breakfast table, I had a way of sort of blowing hot air, maybe in jest and maybe in reality, I am not sure. But I was bragging about all the places I had been -- to London and to Paris and Africa. I even named some places I had never been.

And I said, "I am a seasoned world traveler."

Well, the couple with whom I was staying had two children -- one little boy about 6 or 7 years old. And I was just bragging and bragging about all the things I had done and seen. I thought I was really impressing him. And finally, he muttered under his breath, but loud enough for me to hear, "And just as dumb as ever."

And I hope when you leave Washington, you will go back as unenlightened as when you came, and when you meet the
President and all of these Cabinet Officers, they will help us with some of the solutions to our problems.

I don't assume too much now, but let me say briefly, the NAACP was founded in 1909 as an organization dedicated to the elimination of every form of racial prejudice and segregation and discrimination in this nation. It was founded by both white and black people. And throughout its history, it remained as an interracial organization.

We have a 64-member Board of Directors now. And on that Board, we have several white persons representing various walks of life.

During the late fifties and early sixties, Roy Wilkins, who was a very distinguished leader of NAACP for more than twenty years, was severely criticized quite often because he maintained the stance that NAACP had historically. And that is that we would remain an interracial organization at a time when there were many so-called militants who were calling for separatism and all kinds of things.

And we are proud of the fact that in spite of all of the vilification which he received personally or all of the criticism labeled at the NAACP, or all of the premature reports of our death, NAACP is still alive and kicking. And we pride ourselves on being an interracial organization and a long-distance runner.

I am glad to see a place for my own Governor
Blanton. I am sure he will be in in a few minutes. We did a lot to help put him there. And I don't know whether we will -- Anyway, we are glad to see a place for him. I hope he will be in in a few minutes. And I will say the rest of it after he comes in.

But we have maintained a posture, and I don't think I need to spend a lot of time talking about the kinds of accomplishments we have made. In 1909, there were a series of race riots all over this nation. And in Springfield, Illinois, the home of Abraham Lincoln, there was a severe race riot and some lynchings. It was out of that concept, both black and white people felt it was necessary to have this kind of organization.

And we have engaged in so many battles across those years trying to knock down the barriers of racial inequality and to make this nation truly a land of promise for all. And we have had some outstanding successes.

Today, we move forward in many areas. And I am sure you want to know, if you want to know anything about us, what we are involved in now. Everywhere I went -- I spent about 8 or 9 months before I took the job, after I had been nominated on television programs and radio shows and everywhere I went -- people asked, "Well, NAACP is dead; what do you plan to do to revive it?" I have lost the young people.
I have never seen so many lies told about an organization in my life because, as I looked at it, I think we are still the largest civil rights organization in the nation. At the last report I had on Common Cause, they were about 300,000 members. I have not seen the figures on Ralph Nader's group. The American Civil Liberties Union is, I believe, about 265,000.

There are many other kinds of organizations that are not necessarily membership organizations, and it would be unfair to compare them, but the NAACP still has more than 400,000 active, dues-paying members and 1700 chapters located in all of the 50 states of this nation.

And the genius of the NAACP has been our localism and the fact that most of our work has been performed by volunteers.

Throughout all of these chapters that exist, looking at our report just a few days ago, I don't think we have 10 chapters that have full-time, paid executive directors. Yet, it is those volunteers out in the hinterlands who work without pay and quite often without any honor or mention who keep the NAACP alive.

Governor Milliken referred to that poll that I read that was made in August of 1977. And in many ways, it is a very disturbing situation because that poll did reveal that 20 percent of all of the black people in this nation between the ages of 18 and 35 feel that the system of government
here is so bad that we will have to have another system in
order for this nation to perform.

Another 18 percent felt that it required radical
restructuring. These are black people between the ages of
18 and 35. And those should be sobering figures for us.

We have in this nation with all of its other problems,
all of the things that we have to face, the fact that we have
what I believe Time Magazine called a growing underclass that
numbers now some 3 million people who have no stake in preserving
the system of government that we have come to love because of
the opportunities that it has afforded many of us because
we are seeing that number grow dim.

Those of you who are Governors and who deal with
the problems of the locality and municipalities and the nitty-
gritty problem of how we make this system responsive to the
needs of all have to be concerned with the poll that shows
there is a growing group of people who have absolutely no sense
of loyalty to this government because for them, it has failed
to perform the glowing promises that we expect.

I spent a number of hours with Governor Brown of
California just a few weeks ago, and we talked about some of
the tremendous problems that we face and that we must conquer
together. I understand that there are those who feel that we
know how to control the ghetto, that we can militarize the
National Guard, the armed policeman.
But it seems to me we ought to know by now that there is no way we can contain a portion of our population through military rule without inevitably weakening the structure of democracy as we have known it.

And every time we surrender to that kind of thinking, we drive another nail in the coffin of democracy as we have known it, and we pass on to our children a diminished quality of life.

As someone has said, "What would it profit us to gain the knowledge to colonize the moon or put space stations out yonder in the environment or to put people on Mars if every time we land in our big cities and get off the airplane, we have to have military police escort us to our homes?"

Liberty is indivisible. And the ephemeral dream of liberty which this American nation has pursued with unending vigor for over 200 years deserves of us a better response than that of a military response.

It means we have to look very seriously at the problems that poll revealed. As Governor Milliken has said, the No. 1 problem in the black community is the problem of jobs. Seven or 8 percent of all of the people polled said that their first concern was economic -- jobs. How can we survive in this environment?

And it was for that reason that the NAACP has turned its attention increasingly to that problem.
I must confess, the more I deal with it, the more confused I become. I spent almost three hours the other day with some of our people from our office and with Secretary of Labor Ray Marshall, and I have never seen so many problems that knocked all of my little ideas into a cocked hat. Because I thought I had some solutions. But it appears that everything I had thought of is already being done. Yet, somehow, it is not quite reaching the problem.

So at NAACP, we are assembling a group of economic advisors. We are going back into our neighborhoods. We will do some extensive review and investigation with the people who are most concerned, those who are jobless, those who seem to be hopeless, those in whose eyes the light of hope has died.

We will be interviewing and dealing with them to try to find out more than government statistics will reveal, but what some of the problems are.

There is a story told about Sargent Schriver during the days of the War on Poverty at a White House meeting. They had this large gathering of people, and Sargent Schriver was making a splendid speech. And he was ticking off and reciting the kinds of money that was being spent all over the South, particularly, in a War on Poverty.

As he read off $3 million for this, $8 million for that, $10 million for that, he was doing a beautiful job, everybody's attention was focused on it, it is said that
some woman from the great State of Mississippi interrupted the proceedings. She didn't quite understand parliamentary procedure, but she said, "Wait a minute; wait just one minute, sir. I hear all of those figures, but what we want to see is where is that money at because we ain't getting a damn bit of it."

It seems to me part of the problem is that all of these programs that are good and noble and well intended yet do not seem to be reaching the folk who need the help. And we hope at the NAACP level because of our grass roots constituency, because of the fact that we do have people who have proven their worth, their merit, at the level where it counts most that we shall be trying to find out what the problems are in order that we might be able to help you deal with them.

We have seen so many things happening. Just a short bit over ten years ago, this nation became concerned because of the closed doors in the faces of blacks, women and other protected minorities. And you will recall that we passed five monumental civil rights laws.

But today, Title 7, Affirmative Action, is under attack as it has never been before. And we will assemble a list of cases that have been filed across this nation. And we are astounded at the kinds of results that are obtained.

The one vehicle that enabled us to move fully into the main stream of American life is being closed daily by
court action. And this concerns us.

We are concerned about the Bakke case that arose out of the efforts of the Medical School at Davis in California to increase the number of minorities who were admitted. And I understand there is an extreme amount of tension involved in that. And there are viewpoints conflicting and all kinds of shades of opinion.

But the NAACP stands firmly committed to the fact that we have got to increase the number of opportunities, and we are expecting the Supreme Court, no matter what they rule, we are expecting the states, to come up with plans that can pass constitutional muster.

Because, you know, I look back at the figures, and maybe we have forgotten it, in 1968, the last year before affirmative action took hold in this nation, there were less than 300 blacks admitted to first-year medical school in this country -- less than 300. There were about 116 medical schools. And of those 300, more than half of them were admitted to Meharry and Howard which are predominantly black schools.

This means the other 114 schools took in between them about 150 black students. This is an intolerable condition so far as we are concerned.

By 1976, with the help of these affirmative action programs, we had succeeded in getting more than 1400 black
students admitted to first-year medical schools. And we think that this is tremendous progress.

Now comes the prize of reverse discrimination.

Now comes the howls of anguish from those who have already and always received every protection of the Constitution to maintain that some black folk are now getting their positions.

Just let me suggest to you that the total number of whites admitted in '68 was about 8,000. By 1976, it had risen to 14,000. That does not appear to me we are taking all the places white folk were getting, but was a sharing of the pie.

And I have to tell you boldly and as strongly as I can that we must continue to keep the doors of opportunity open. The American Medical Association is suggesting in their brief to the Supreme Court there must be some kind of plan to assure that those who have had an unequal history might have an opportunity to compete.

We are certainly not asking that unqualified folk be admitted. Sometimes, I get a little afraid of this whole business about qualifications because Chief Justice Burger said the other day that almost 50 percent of the lawyers in this country are unqualified to argue in courtrooms. Some folk disagree with that figure.

I served a number of years as a judge. I disagree with it. It is my own opinion, based on my observation, 70
percent of all the lawyers in this country are unqualified to argue in the courtroom. There are only 2 percent of the lawyers in this nation who are black so if every black lawyer was unqualified, that means there are 48 percent of the white lawyers who send more folk to jail and lose more cases.

So don't argue with me about qualification. Don't tell me the fact there were more than 2 million cases of unnecessary surgery performed by so-called qualified people.

The fact of the matter is that we are simply saying "establish whatever kind of system you want, but make sure that those who have been deliberately kept out shall be included in."

There is no law of mathematics, no random law of chance, to play to throw the dice as many times as they were thrown and let black folk come up the loser all the time. And if you don't have any concept of morality and justice of our position, then think about it pragmatically. What does it cost to contain people?

The lessons of South Africa recently should have impressed on us if nothing else has that if you shut down the black newspaper and put the black educator in jail, you also have to say to the white press, "You, too, cannot tell the truth for we are somehow inextricably bound together."

Many of us came over on immigrant ships; others came over on slave ships; and some may trace their ancestry
back to those who came over on the Mayflower. But let me suggest to you today no matter how you came over, in what ship your foreparents rode, we are all in the same boat now. And somehow we must build this nation and give to it the hope and promise that the Founding Fathers had in the sweltering heat of that Philadelphia summer when they proclaimed loudly and unafraid that we are all created equal, and the time has come for America to redeem those promises.

We would at the NAACP level like to work with you. We shall continue to agitate, and we shall continue to march, boycott, and demonstrate where necessary. We shall attempt to educate and conciliate. We will be knocking on the doors of the State Legislators, State Councils, Office of the Mayors and Governors, the President. We will continue to go to court.

I know there are people saying this is a new age, and you need new techniques. And that almost made me paranoid. And you have to remember even paranoid folk have real enemies sometimes. You have to keep wondering what new techniques we will have because the National Association of Manufacturers, National Chamber of Commerce, Ralph Nader, Common Cause, Gay Rights Movement, you name it, academics or governors, National Organization of women, all of them are trying to do most of the things we have tried to do.

So we shall continue to stand by the things that
have brought us success until somebody comes along with some-
thing new. And if you have something new, we will be glad to
use that.

We are concerned about education. We will be
engaging in a mammoth voter registration drive this year because
we fear that some of the people who have gotten our vote have
been unresponsive to our vote. And we don't want to threaten
anybody, and we are not making any idle promises, but we are
simply saying in the words of one of the old patriarchs, Job,
who declared on one occasion, "The Lord giveth, and the Lord
taketh away."

And we are saying black folk sometimes give, and
we are prepared to take away also. So look well to your house
and how you are performing because we think what is finally
good for black folk will be good for this whole nation; that
we have to move to the day when all of us can share equally in
the fruits of democracy.

We cannot afford to forget the kinds of gallant
sacrifices that have been made by black folk across the years.
We have been with you, we have planted your corn and picked
your cotton. We have tended to your babies. We have been
loyal to you. We have been perhaps the only folk who had to
fight in order to fight.

When Woodrow Wilson said we could not be anything
but messmen and servants in the Navy, we had to engage in a
tremendous fight to become real full-fledged sailors. We had
to fight to be infantrymen in World War II. We acquitted
ourselves with valor and with honor. And we have come now to
say that the time has come to collect on these promises, not
only for the good of black folk in this nation, but for the
good of all of us.

I stand before you as one who has felt the stings
of segregation and discrimination. I remember the sign that
said "colored and white fountains." I have all over this
country unable to use the restroom. I had to leave Tennessee
to go to Illinois to receive a law school education because
my state did not provide a place.

I have spent more than half of my lifetime not
trying to advance my own fortunes, but fighting the racial
battle. I have felt the stings and arrows of outrageous
prejudice. I have practiced law at a time when I could not
even use the law library in the courthouse, received the
"no courtesy" titles.

I have gone to the jail to see my clients and been
treated like a criminal myself. I have been through all of
this.

Yet, in the most bitter moments of my experience,
I have always recognized when I came to myself this was
indeed a great nation, and I appreciate the opportunity to
live here.
And while I can talk about the faults and failures and warts and pimples on our body politic, I also recognize we are engaged in a great struggle to make true in our lifetime the greatest dream of participatory democracy that the world has ever known. And I am not unmindful of the fact that it is with a great deal of pleasure I can come and address an august body like this and not be fearful of being arrested or put in jail. The room might be bugged, but I will survive. And so my brothers and my sisters, I have not lost my faith in this country, but we need a dedication and a commitment and a moving forward. There is an increased tide of conservatism. We stand on the edge of a taxpayers' revolt. The whole concept of welfare has become a cold word for dissatisfaction. All kinds of evil things are happening.

And the only thing necessary, as Bert put it, for evil to triumph is for good men and women to do nothing. We are engaged together, shoulder to shoulder, in a dramatic battle to make America responsive. We can take a position on energy because that impacts on jobs.

We are saying to the private sector that we expect you to produce for the minority community what you have done for the majority community -- good, long-term, well-paying jobs.

We are saying to the government that we are tired
of a program that simply has handouts and welfare for blacks. There is a lie abroad in this country black folk don't want to work. I have a standing offer, and I am getting the mechanism to put it into effect, if you don't think we want to work, you give us the jobs, and we will give you the welfare and see how you like that for a change. Because we are determined that we believe that there are people who want jobs.

And so we think there must be a sufficient supply of energy.

I admire President Carter as a decent, compassionate, sincere human being, but I don't think he is dealing with the real questions. Because turning down the thermostat does not mean much to the folk I represent because most of them don't have thermostats, nor do they have sweaters to wear, and the house is already too cold.

We are for conservation, but not at the expense of slowing down our economy. We issued an eight-page paper on energy. Nowhere in that paper did we use the word "deregulation." And we may be pretty dumb, but we can spell deregulation. It is not in there.

Some editorial writer for a great newspaper decided that was what we wanted to say, and he said it for us. And everybody reacted to what they said about what we did say.

What we did say and what we stand behind is the
fact, and I have learned more about energy than I ever needed to know, and I am more confused than ever because I have never heard so many lies told by so many experts, and I have become more confused rather than less, but whether there is or is not a shortage of the kinds of fuel we are using at present, we think this Administration must have a commitment to the development of alternative sources of the exploration and the technology necessary to expand the present supply so that this nation can have a bigger pie, and all of us can share in it. And we believe that that is the answer to much of our problem.

(Appplause.)

Now, how you do it is a matter you have to deal with, but we stand on the premise there must be jobs in the private sector to give people a hope and a stake in this world and in this nation. We have all kinds of problems, but I believe if we bring our hearts and minds together, we can solve them.

There will be some difficult days. There will be some heard days. But I remember what Churchill said in the midst of World War II when he called on the people of his country for blood and sweat and toil and tears, when he asked them to fight on the streets and beachheads, but never to surrender, when he asked them to so conduct themselves where if the Empire should endure for 1,000 years, historians would
I recall when the very skies of Europe were aflame with the bodies of those who were burning in concentration camps, the beleaguered Island of Britain stood as the last outpost for civilization and human rights, and America stood on the sidelines.

Churchill took to the air again and made another beautiful and brilliant plea. And it seems to me that is what I would like to close with today: that we have a lot of problems. And I know there are Governors here who feel they have done their part. They have been called all kinds of names because they have stuck up for human rights and civil rights because they have added new dimensions to the life of our state, because they have changed, because they have tried.

And I am sure that some of you did not come to hear the evangelical exhortation of a Southern Baptist Preacher asking you to do more than you have all planned to do, but let me suggest to you the words of Churchill ought to ring in our ear today as he got on the radio and made another appeal to call on those who bore the torch of liberty during those trying hours and reminded them of the blood, sweat and tears with which he called on them, talked about fighting and never surrendering, and closed when he said in the words of an ancient Jewish Rabbi:
"I know you are tried, but if it is not you, who?
If not now, when?"

Thank you. God bless you.

(Applause.)

CHAIRMAN MILLIKEN: Thank you very much, Reverend Hooks.

We have a few minutes before we move on to the rest of our program this morning for comments or questions. Are there any questions anyone would like to ask?

Governor Dukakis.

GOVERNOR DUKAKIS: This is partly a comment; perhaps it would invite a response.

I think Reverend Hooks knows one of the major topics of discussion at this meeting is going to be the state role in economic and urban policy. And some of us, at least, feel that in both urban and rural areas, one of the reasons that the minority citizens particularly are not sharing in our prosperity is because the states have not been involved in trying to in a comprehensive effort deal with these problems as a matter of national policy.

Maybe that is one of the missing ingredients. I wonder whether he has any comment about that and whether he thinks that as the NAACP does its work at the local and state level, we can't begin to work together to fashion a role for state government in dealing with the economic and job
problems of both urban and rural communities?

That has not been a part of our national program up to now.

REVEREND HOOKS: For many years, the NAACP black community had to, by hard choice, look beyond the states to the Federal Government because there were such entrenched, solidified, and hardened racial attitudes. So we looked to the Federal Government as being our hope and the only hope we had.

It is only recently we have come to the conclusion -- and I am talking principally because of the fact that so many black folk live in the South and rural communities where we did not feel there was going to be any hope forthcoming -- and I must say I have had a lot more experience dealing with state government than national, there has been a change, and there has been a new sense of responsiveness.

I guess that change is more dramatically illustrated in the South than in the North because we had maybe a longer distance to go. I think there is room now for more creative relationships between the black community and state governments, and that we will be increasingly looking to that.

Just one little thought. One of the things we are doing now is to try to mount some more effective education conciliation and lobbying campaigns directed to the state government, to the state legislators, because they can influence much of what we are involved in much more directly.
I remember when we instituted a Commission on Human Relations in Tennessee. The late Governor Clement set it up. And he was condemned and criticized; he had absolutely no power.

I served on that Commission. We were only to talk with people. But, you know, today, that Commission has made people. And I think we have accomplished a great deal because there is a sort of parochial pride in the fact this is not the Federal Government coming in.

And there always seems to be a fierce resistance in my part of the country to the Federal Government coming in. And those people that work in the state, paid by the state, employed by the state, have a tremendous influence on things even the Federal Government through its agents would probably not have dealt with.

I think there is room. And one of the things we are planning on doing is trying to work with the Governors. I would like to see an ongoing sort of liaison between the NAACP and Governors so we can solve some of the problems and can be supportive and helpful in some of these areas for our mutual concern and benefit.

CHAIRMAN MILLIKEN: Thank you.

Are there other questions?

Yes. Governor Teasdale of Missouri.

GOVERNOR TEASDALE: Mr. Hooks, I have been in office
almost 14 months, and I am curious after hearing your remarks and in dealing with your local chapters in Missouri, even though they are very active and very vocal on the issues that are pertinent, I don't know personally that in the State of Missouri any leader of your organization has attempted to monitor the Executive Branch in the field of affirmative action programs.

I do know that the Black Caucus meets with me and the legislature when they are in session. Other than that, as you say, the only agitating or vigorous leadership that has come forth in our state has been from the legislature itself.

And I just wondered if you had any plans, as you mentioned, now that you are shifting more of the emphasis to the state level, which I think you should certainly do, to conclude, because Governors have such discretion in hiring.

I wonder, could you give me any statistics on the successes of affirmative action programs in states and whether or not you plan as part of your program to have direct contact with Governors on the question of what are they doing for affirmative action in their state?

I really have not heard much about that in the last year.

REVEREND HOOKS: We don't. We have not been able to do that. It has been a function of our lack of money.

I am now living in New York. And I am delighted
to say that Mississippi and Alabama have more black appointed
and elected officials than we have in the great State of New
York. We are finding progress. And it is coming in quantum
leaps. And we do plan to monitor it.

We haven't done it as we should have, and we have
not always had in all of these states the kind of vigorous
leadership on the state level primarily because we have been
local chapters rather than state oriented. And each local
chapter has had all of its work cut out just dealing with the
local situation, city and county.

And one of the new thrusts that we hope to have
because of some very personal experience that we have found
that our black legislators have done an outstanding job, in
most of these states, we can work with them and through them.
And we have had to depend on them as our arm.

And in most of the states where I have been in the
last four or five years, they have done a very effective job.
It has been amazing to us how much red tape can be cut at the
state level when there is somebody committed to it.

I remember George Clement. I say this for the
benefit of some of the Governors. I remember his inviting me
to a meeting once in his campaign. He was one of the great
orators. He made a tremendous speech.

I am very emotional, and I was sitting there crying.
He talked about equal opportunity, all of that, long before it
was very popular.

After the meeting was over, he called me back to the office. There were three blacks in the meeting. He said, "How did you like that speech?"

I said, "It was great, great." I jumped up and pumped his hand.

He said, "I meant every word of it. I want you to know it was even planned. I also want you to know it did not mean a thing. All of those folks sitting there said I was making that speech because I was obligated. But what I am going to do about three months from now is walk through office by office and ask them how they are doing, where are the black folk, how they are standing."

And we saw the number of blacks in Tennessee in state government professional positions come from practically nothing to about 16 percent because of the personal interest, not under Clement -- I mean it went along because of the personal interest of the Governors.

And, by the way, at first, that started being non-partisan; the first black Cabinet office we had came on with a Republican Governor, strangely enough. So we are making some progress. Now, we have more than one, and the highest paid state Cabinet officer in Tennessee, the Commissioner of Mental Health, is a black doctor.

So because of the personal commitment of the
Governors themselves in Tennessee, the last three or four, we have seen a great deal of progress. I think that is very important, even beyond the written rules and regulations, that commitment of the Chief Executive, that he means business. Because most of the folk in Tennessee are appointed at the will and pleasure of the Governor. They are not elected. So he can put them in and out.

CHAIRMAN MILLIKEN: Thank you.

We have time for about one or two more.

First Governor Longley, then Governor Edwards.

GOVERNOR LONGLEY: Reverend Hooks, I would be a hypocrite if I sat here and said I agreed with you on the Bakke case. I, too, have felt the sting of discrimination, but I happen to feel, sir, that discrimination in reverse is every bit as repugnant as discrimination in any direction.

And so I support the premise that it is not right in the protection and granting of equal rights to deny equal rights to others. I would like to have you comment on that, please.

REVEREND HOOKS: Well, the fact is that there were 32 white students who were admitted in the same year who had lower academic averages than Bakke. If we are talking about reverse discrimination, he doesn't deal with that.

The fact is that there were 16 students admitted off the Dean's List, and he stipulated -- stipulated -- that
these 16 students were the sons and daughters of wealthy
donors to the school or sons and daughters of state legislators
who could influence appropriations.

The fact is that there were 16 white students who
had higher academic averages than Mr. Bakke who were not admit-
ted. The fact is Mr. Bakke applied to 11 medical schools, and
he was denied admission to all of them, one being his alma
mater, the University of Michigan, one of which admitted not
a single black.

The fact is in gross numbers, the nation, in trying
to meet the need for doctors, has tried to expand the number
of opportunities. The fact is nobody, black or white, has a
constitutional guarantee he will be admitted to medical school.
The fact is that never in the history of human conduct has any-
body so exalted academic qualifications above everything else
so it is the only thing.

And the saddest day in this country will be if we
make a rule that only those who have 4.0 academic averages can
be admitted to medical school. We are going to make paranoids,
misfits, out of a lot of children, both black and white because
all we are asking, and we at the NAACP level did not parti-
cularly like the plan -- we suggested that it would not be
appealed because we don't want a quota, we don't want an
artificial ceiling above which you cannot rise -- all we want
is for the medical schools to do what they have done so well,
to have an ethnic, racial, geographic balance of background.

Establish a cutoff point, and out of that make sure that all of our people get a chance of education.

GOVERNOR LONGLEY: That is an excellent response, but I don't think you have answered my question. My question is: how do you balance the equities of a reverse discrimination to offset discrimination?

REVEREND HOOKS: We have got to start off with the fact that unless we grant the fact that every white man has a right that a black man doesn't have that reverse discrimination -- all I am saying is I tried to tell you that there were 32 whites admitted. Is that what you are talking about?

Well, I don't think the Federal Court ought to tell schools how to set up their criteria. I think the schools have a right to try to balance it.

One of the men at Harvard University pointed out they only have 556 places in first year Harvard school. Every year, they have 7,000 applicants. How do you decide between 7,000 and 556? There are subjective qualifications that come into effect.

And the people in the Admissions Committee will tell you that 60 percent of that 7,000 are qualified for Harvard, 4,200. But they can only admit 556. And they could admit all of those from Massachusetts alone if they wanted to.

How do we deal with the discrimination that veterans
have? How do we deal with the fact because I was a soldier, I get five-point preference? What about all the folk who wanted to serve? How do you deal with the fact if I got shot rather in the rear than the front, I get ten-point preference? How do we deal with that?

This country has a long and glorious history of compensating people for that kind of difference. How do you deal with the fact when I went to Pennsylvania, they had flood relief officers, and they were passing out checks. There was no flood when I went there, but they were still suffering from it.

The Constitution is flood blind, flood proof, veteran blind. But we have to make opportunities. And I am not asking for reverse discrimination. I am simply saying we think there are well-written affirmative action programs in both industry and schools that can be written.

And I am satisfied any Governor sitting here who wanted to help the State Board of Regents or Trustees of his State to write plans that would include in, rather than excluding out, can write those plans.

And I make that comment in the words of a famous man perfectly clear. We have not asked for the kind of system that has a quota. I have talked to Governor Brown about this. I want to talk to Governor Ray, Dixy Lee Ray, of Washington, a good friend of mine. We have been on a lecture tour together.
We are not asking for a quota. We are simply asking that the doors of opportunity be opened.

Lyndon Johnson put it best in the last speech he made on this earth called "The Twelfth Man on the Field."

If you are born black, you have an unequal history. To be born black is to live in history's valleys in this country, and to be born white is to live on history's mountain tops.

I thank God every other day a white Southerner said this because if it had been Hooks who said it, they would have accused me of being a racist.

Lyndon Johnson pointed out we have to go back. He who started behind in the race of life must forever stay behind unless there is some way to catch up.

We do have an unequal history. We do have a history where the children of the people are not admitted. Everywhere I go, all over this nation, when I talk with my young black brothers and sisters, I insist on educational excellence. I admonish them to study and burn the midnight oil.

I talk to them about the necessity of preparing themselves for the opportunities. But I also know and understand that there is a long history that has to be redressed. And there is no reason for anybody to call it reverse discrimination because the sad fact is -- and I tried to point out -- that in 1968, 114 predominantly white medical schools only admitted 150.
Now, attempting to change that, what we are asking for is not reverse discrimination, but reversal of discrimination. And, Mr. Governor, we may not have much, but we do have some experts on writing plans. And if you send for us and pay our way, we will be glad to come and help you write that plan that everybody can live with, I think.

(Applause.)

CHAIRMAN MILLIKEN: We do have time for one more question. And Governor Edwards, if you want to address it --

GOVERNOR E. EDWARDS: I simply wanted to make a couple of observations. In Louisiana, there is a black gentleman working for me whose salary exceeds mine. But I think far more important is that we have a higher percentage of black people working in state government than the black population bears to the general population. I think that is very significant.

Incidentally, it is the highest in the nation.

I was going to close by saying that your President in Louisiana, Emmitt Douglas, is a very good friend of mine. He knows how to talk to white Governors, and you would be spending your money well if you sent him around to have a few conferences in other states. Because he is a fellow who can get to me whenever he has a problem. And we work very well together. And I am very proud of our association.

CHAIRMAN MILLIKEN: Thank you.
And, Reverend Hooks, thank you very much on behalf of all of the Governors who are here this morning. We appreciate a great deal your presence here and your stimulating comments. And we look forward as individual Governors to working with you and with the NAACP in our respective states. Thank you very much.

REVEREND HOOKS: Thank you.

(Applause.)

CHAIRMAN MILLIKEN: Before we proceed with the formal program, I would like to recognize one Governor who would like to make a brief statement. I will ask Governor Brown of California to take the microphone.

GOVERNOR BROWN: Thank you very much, Governor.

I have put before each Governor a proposal which I call "The Buck Stops Here." It is a proposal which I would like the various Governors to review and before our next meeting and working through the National Governors' Association develop suitable commentary, criticism and suggestion.

As we know, there is a taxpayers' revolt across the country focusing particularly on local government. In the State of California, we enacted a law which requires every program that the state mandates on local government to be compensated and reimbursed out of state funds.

And my proposal "The Buck Stops Here" is modeled after that idea. And specifically what it would require is
that the Federal Government provide reimbursement to state and local government for any new program directed by either Congressional enactment or Executive regulation.

It would also require federal reimbursement for any required increase in levels of services for existing federally directed and initiated programs.

It would require reimbursement for the full cost of any revenue losses resulting from Congressional enactment or Executive action and, finally, reimbursement for any maintenance of effort requirements.

And it would do so by requiring a fiscal-impact analysis to be attached to each bill as it is presented in the Congress and that the President and the Congress be required to include in any budget appropriation or authorization sufficient funds to cover the fiscal impact on the states and the local communities; and as a method of enforcing such a program that there be established an appropriate appeal process so that if inadequate financing is proposed, then state and local governments could appeal directly to an appropriate federal agency for reimbursement.

I indicate just a couple of examples where, for example, with unemployment insurance for state and local government employees in the State of New York, this is costing local taxpayers $40 million, the State of California about $80 million.
And as the Congress and the President consider tax cuts next year of almost $25 billion, I would ask the Governors to examine very carefully whether or not that tax cut or at least a significant portion of it is not being financed out of costs that are being shifted to state and local government.

There has been a federal freeze on the program Title XX for the last five years. And as a result, costs are shifting every year to local and state taxpayers.

And what I would like to ask is your scrutiny and examination and ultimate advocacy to insure that any tax cut proposed by the President or the Congress is not financed out of some kind of shell game accounting that is quietly and indirectly shifting costs to property taxpayers throughout the fifty states and state taxpayers.

And this program is an initial proposal. It seeks refinement, subtraction, addition, and your best thought. And throughout our meetings, regional and national, next summer, I would like to try to raise this idea, develop it, because the taxpayers' revolt that is growing at the local level will certainly not be satisfied by a tax cut that comes at the federal level, but is paid for out of programs that are being financed by the local taxpayer, but initiated, encouraged, and in some cases almost forced at the federal level.
I think the federal programs are often very nice, but given the greater tax base from the federal, corporate and personal income tax, I think the time has come for a very serious examination of the respective roles of the state and the Federal Government and to put a stop to the shell game that shifts from the national level to the state and local level the payment for programs that draw their origin from federal design and federal leadership.

That is all it is. And I would invite your commentary both to me personally and through Mr. Farber at the National Governors' Association because I think this is a concept that with proper refinement could become part of our federal law to the great benefit of the local taxpayers across the country.

CHAIRMAN MILLIKEN: Thank you, Governor Brown.

A brief reply or comment by Governor Shapp of Pennsylvania.

GOVERNOR SHAPP: Jerry, I think the proposal that you have made here is very relevant. It is something we have been discussing in our Committee on Fiscal Affairs. And we are concerned with the fact that the local taxes are the most inelastic and regressive state tax. And the most elastic tax we have even with false loopholes is the federal income tax.

And we are going to be coming out with a report
on that probably at this conference. So I think your comments are right to the point, and we will have some information on this later in the conference.

GOVERNOR SNELLING: Mr. Chairman?

CHAIRMAN MILLIKEN: A brief final comment on this question from Governor Snelling.

GOVERNOR SNELLING: I would just like to note the suggestion made by the Governor of California does closely parallel some work that has been going on for a very long time in the ACIR, the Advisory Commission on Intergovernmental Relations. And I am sure that a lot of people are working in this direction and that you are very timely.

And exchange of information might certainly be valuable because I think that California and the Governor probably would find that their proposal is furthered by the staff work that has been done over the last several years by the ACIR.

CHAIRMAN MILLIKEN: Thank you, Governor.

Our next speaker is our Nation's chief spokesman and policy planner on world affairs. His decisions often affect our domestic concerns and, therefore, it is fitting that we confer with him today.

As Governors, we are increasingly involved in foreign affairs. I think today, about half of the states represented here maintain permanent trade investment and
tourism promotion offices abroad. My own State of Michigan has two such offices, one in Brussels and one in Tokyo. Almost all of the states under the close supervision of their Governors today regularly send trade and investment promotion missions abroad in their constant search to create new jobs and expand economic opportunities within their state.

Many of us are deeply involved in sister-state programs with foreign lands. We regularly welcome a wide variety of foreign visitors to our states. The majority of our states have backed the important Partners of the Americas Program in this hemisphere since it was created in 1964 as the volunteer arm of the Alliance for Progress.

Last November, on a personal note, I had the pleasure of leading Michigan's delegation to the 1977 Partners International Convention. State governments may soon be directly involved in innovative international programs for technology transfer.

NGA has just agreed, as you know, with the German Marshall Fund to investigate for the fund the possibility of setting up technological exchanges among state and provincial governmental units in the United States, West Germany, and other major nations throughout the world.

Participating states and provinces would engage in exchange programs on such subjects as urban development, energy and transportation. We have a direct stake in most major
international issues in the cause of cooperation and reliability of energy imports in efforts to stabilize food prices.

Thus, it is very appropriate Secretary Vance would agree to meet with us today.

In addition to his current duties, you are perhaps aware of his impressive career as a federal public servant during which he has been Special Counsel to the Senate Armed Services Subcommittee on Preparedness, Consulting Counsel to the Special Senate Committee on Space and Aeronautics, General Counsel to the Department of Defense, Secretary of the Army, Deputy Secretary of Defense, Special Representative of the President to the 1967 Cyprus crisis, Special Representative of the President in Korea in 1968, Co-United States Negotiator at the Paris Peace Conference on Vietnam.

Cyrus Vance was born in West Virginia and is a graduate of Yale University and the Yale Law School. He is a sound and proven leader of the bar and business community, serving on the board of directors of several major corporations, as a senior partner of a major New York law firm, as the President of the New York City Bar Association in 1974, 1976, and Trustee of the Rockefeller Foundation, Columbia-Presbyterian Hospital, Urban Institute, and Yale University.

So we are highly honored to confer with an extraordinary public servant whose personal qualities, firmness of purpose, directness, persistence, high ability and decency
are being tested as never before by the serious international challenges facing our nation.

I am delighted at this time to present to you the Secretary of State of the United States, Mr. Cyrus Vance.

(Applause.)

SECRETARY VANCE: Thank you very much, Governor Milliken.

Mr. Chairman and other Distinguished Governors:

I am delighted to have this opportunity to meet with you today. I would like to talk to you this morning about the stake of every American in maintaining an open international trading system.

In the thirty-plus years since World War II, we have enjoyed a mounting level of prosperity. Our people have enjoyed the fruits of an outward-looking economy, vigorously engaged in a steadily more open and active world economy.

We have grown from a $200 billion economy to a $1.9 trillion economy, in no small measure because we have seized the opportunities afforded by our superior technological and industrial capabilities to expand the reach of our economy to every corner of the globe.

We have been able to do this because we have succeeded in fostering a progressively more open world trading system, one that has enabled us to generate new markets, new jobs, for the American consumer.
In 1962, President Kennedy told us that a rising trade would lift all boats. He was right. Our commitment to vigorous world trade has served us well.

At this moment, however, we face unusually difficult strains on our economy. There is a strong impulse to abandon our commitment to an open world trading system, to draw our wagons into a circle.

Let there be no mistake about the sensitivity of this Administration to the reality of those strains and the necessity to deal constructively and effectively with the causes and the consequences of current economic difficulty. Unemployment is more than a statistic to a family without a job. Inflation is a corrosive that eats away at the hope of every American for a better future. And the damage to a community when a factory shuts its gates can be devastating.

As the President indicated in his State of the Union message, bolstering our domestic economy is at the top of this Administration's agenda. The comprehensive economic program which the President submitted to Congress represents the clear outlines of a coordinated strategy to expand our industrial productivity, to create new job opportunities, and to develop a more consistent and dependable economic climate for private investment and trade.

We all share the same economic goals: to keep our recovery on course; to enhance the economic security and
well-being of our people; and to assure that the benefits and burdens of a dynamic economy are equitably shared.

But we must be careful how we pursue these goals. We must avoid short-term responses to current pressures that mortgage our future interests. We must resist the temptation to insulate ourselves from international economic competition, for we are a nation that thrives on world trade.

We cannot lose sight of one simple proposition: to buy from us, other nations must be able to sell to us.

It is essential to recognize that the economic strains that we feel are by no means confined to the United States; indeed, our economy is strong when compared with most of our trading partners. The sharp increase in oil prices in 1973 and 1974 sent the world inflation rates upward and helped push the world economy into recession.

Recovery has been slow. Unemployment is unacceptably high. Large surpluses have accumulated by some exporting, oil exporting, countries while the consuming countries have had to grapple with corresponding deficits. These deficits lead countries to try to import less and to export more, something which all countries obviously cannot do simultaneously.

These strains create pressures here and abroad to turn to policies that restrict trade. Until now, the industrial countries, despite these unprecedented economic stresses, have, for the most part, restricted the rush toward
trade restriction.

But if we should turn down the road toward protectionism, our major trading partners would face irresistible demands to impose their own barriers. And the developing countries, caught in the squeeze between high energy prices and narrowing export prospects, would be forced to restrict their imports as well.

The American people have a vital interest in a progressively more open system. We have far too much at stake to benefit in any lasting sense from a new wave of international protectionism.

-- One out of every eight manufacturing jobs in the United States depends on exports. For every one of those jobs, another one -- in a supporting industry -- is created.

-- Every third acre of U. S. farmland produces for export. Each dollar of those agricultural exports stimulates more than a dollar's worth of output in a food-related industry.

-- Today, one out of every three dollars of U. S. corporate profits is derived from international activity.

-- Exports of our goods and services now contribute nearly $200 billion to our gross national product.

-- And two-thirds of our imports are essential raw materials or goods we cannot readily produce. From automobiles to newspapers, from jet aircraft to household appliances, many of our industries depend upon imported
What I have just described is the profile of a nation whose prosperity depends upon an open trading system. The impact of America's trade with the world is felt in each of your states. Let me cite just a few examples.

-- For the State of Washington, international trade accounts for a substantial part of the $5.6 billion in aircraft equipment which the U. S. exported in 1977;

-- Nebraska contributed about 11 percent of the $5.6 billion of feed grains we exported in 1976;

-- Ohio has a vital interest in international trade as well. The tire, steel and electrical equipment industries located in Ohio depend upon imports of critical materials such as natural rubber, manganese and cobalt;

-- For Oregon, the importance of trade is clear. In 1976, more than 8 percent of total U. S. exports to Japan, more than 12 percent of our exports to Korea, and more than 25 percent of our exports to India, passed through Oregon's ports.

I could go on: Arkansas which contributes more to our exports of poultry and rice than any other state; with Massachusetts which contributes substantially to our rapidly growing exports of electrical and health-care equipment as well as computers; with Texas which is a major exporter of cotton and industrial chemicals; with New Jersey where
foreign trade provides a livelihood for about one in every five workers.

In all, as Governor Milliken has indicated, 25 states have established offices in Europe and Asia to promote trade and to encourage foreign investment in the United States, evidence of the direct concern you have demonstrated in fostering international competition.

There are, of course, sectors of our economy which are threatened by imports. It is tempting to think that we can solve many of our economic problems by insulating these industries from import competition. But the costs to the American public would be enormous:

-- Consumers, particularly poor and middle-income Americans, would suffer. They would pay more for what they buy, and they would have less choice.

-- Inflation would be fueled. Import restrictions not only push consumer costs up, they add substantially to producer costs as well, driving prices upward and undermining the competitiveness of many of the goods that we produce.

-- Jobs would be jeopardized. If U. S. consumers have to spend more on some items because of import restrictions, they will have less to spend on other goods and services, the great bulk of which are produced here at home.

-- And just as important, protectionism against our trading partners breeds protectionism by our trading
partners against us. Nearly ten million American jobs depend on our exports. No administration committed to protecting the jobs of every American worker should embark upon a course that could unleash a new and dangerous era of trade warfare.

In short, we cannot protect jobs in some industries without endangering the livelihood of more workers in other industries. We cannot solve the problem of an unemployed steel worker in a way which costs a machinist his job. Our policy must look to the future of both.

We must continue the momentum of the last three decades toward more open trading among nations while at the same time we deal fairly and humanely with short-term dislocations.

Let me discuss the steps this Administration has taken to pursue both our immediate and future goals.

First, we are engaged in a major and comprehensive effort to devise a more open and equitable trading system. We are seeking in the Multilateral Trade Negotiations in Geneva, along with our trading partners, to achieve a comprehensive reduction and sometimes elimination of industrial tariffs and an easing of barriers to our vital agricultural exports.

This effort, if successful, will stimulate expanded opportunities for world trade. But more than tariffs are involved in the Geneva negotiations.
We are working toward international rules that limit the use of government procurement policies and subsidy practices that distort trade;

-- we are seeking to reduce or to eliminate a variety of other nontariff barriers which impede trade;

-- and we are making a serious effort to improve international procedures under which governments take actions to protect their citizens against sudden surges of imports.

The negotiations in Geneva will establish the framework of world trade for years to come. This will involve tough negotiating in the months ahead. Some argue that we should pull back and wait out this period of uncertainty. We believe just the opposite; that successful completion of this major effort to expand trade and strengthen its international rules will increase business confidence and spur our recovery.

Bob Strauss is determined to bring back a package of agreements that will bolster our economy and those of our trading partners.

Second, as we work to secure enduring improvement in the world trading system, this Administration will fully and vigorously enforce the laws which have been enacted to stop unfair trade practices aimed at American industries. American workers must be confident that their government will insist that all nations play by the rules.

We must also ensure that our enforcement mechanisms
are effective. In the case of steel where widespread dumping threatened to overtake our enforcement capabilities, we developed a trigger price device to enable us to respond promptly and effectively to unfair trade practices.

Although steel has been the most prominent case recently, it is not the only action we have taken against unfair practices. We have moved to prevent dumping of other products and have taken countervailing duty action against such items as leather goods from Latin America and fish from Canada.

We also intend to carry out the mandate of the Trade Act of 1974 which provides for temporary relief to industries injured by imports. The disruption caused to families and communities by particular trade problems cannot be ignored.

Under this authority, the Administration during the past year negotiated orderly marketing agreements with Taiwan and Korea for shoes and with Japan for color TV sets.

In implementing these laws, we will adhere to the principle that our actions must be temporary and limited only to the minimum relief necessary. Such measures should not become permanent. Trade relief should provide breathing space for adjustment, not a subsidy for inefficiency.

Third, we must stimulate lagging U. S. exports. On December 21, the President announced steps that will enable us to respond more creatively and energetically to
export opportunities. He has asked Congress for an unprecedented $15 billion expansion in total authority for the Export-Import Bank over the next five years.

And he has directed the Department of Commerce to vigorously assert and assist U. S. exports in ways that are consistent with an open trading system.

Finally, we must ensure that no segment of the population is forced to bear the burden of a more open trading system without being helped to find new opportunities. The Administration is committed to making trade adjustment assistance more effective. The delivery of benefits to displaced workers and communities must be accelerated.

We have been experimenting with new types of programs such as the one in the footwear industry where teams from government and industry are working together to improve the competitiveness of our firms.

We can't prevent change. Our economy is dynamic, and it must remain so. But we can and must help affected industries and workers to adjust to change through modernization, retraining, and facilitating shifts of resources to more productive sectors.

Trade policy alone cannot carry the entire burden of solving this nation's economic problems. We must also have an effective energy policy, and we must have it soon. Unless we curb our unchecked appetite for foreign oil, on which we
spent $44.5 billion last year, or 30 percent of our total import bill, we will not begin to reverse the $30 billion U. S. trade deficit.

We must take the difficult steps that are required to reduce our requirement for imported oil and to promote the development of other energy resources. Both for our energy and trade needs, passage of domestic energy legislation is imperative.

Nor can we solve our economic problems alone. No single country or group of countries can shoulder the adjustment to a changing world economy. Some successful exporting countries have been seen as taking advantage of the relatively open U. S. market while at the same time restricting their markets to imports.

This contributes to protectionist pressures among their trading partners.

We recently concluded a series of intensive discussions with Japan leading to its commitment to open its markets further. Japan has also announced its plan to accelerate its growth.

The fact that we encourage Japan to open its market to imports rather than to restrict its exports illustrates a basic principle of our trade policy: that whenever possible, we will resolve our problems with an outward or trade-expanding orientation.
An outward-looking trade policy is not a luxury for the United States. It is pure economic necessity. Even more than our trade is at stake. For if we let ourselves slide into the unpredictable business of protectionism, international investment, monetary affairs, and international development will also suffer.

We would be fostering a kind of nationalism which could shake our alliances and undermine our efforts to build international cooperation across the entire range of pressing global issues.

Protectionism is a dangerous gamble in which everybody loses. This is the indelible lesson of history. A wave of trade restrictions in the early 1930s deepened a worldwide depression. The desperate economic situation that existed then in Europe certainly contributed to the popularity of authoritarian movements.

Today, we cannot close our eyes to the relationships between economic growth and political stability around the world.

Today as much as in any period of our history, American leadership is called for. Others are looking to us. Unless we demonstrate our resolve to move forward toward a fairer and more open trading system, such a system will not evolve. Unless we adjust to a changing international economy, an international economy in which we have a major stake,
America's interests will suffer seriously.

We will need your help. Together, we can meet the immediate challenges that face us without endangering our future. And together, we can work to build an international economic system that expands opportunity and fosters peace.

Thank you very much, Mr. Chairman.

(Appplause.)

CHAIRMAN MILLIKEN: Thank you very much, Mr. Secretary, for your excellent remarks.

The Secretary is on an extremely tight time schedule. There will be time for only two questions. And the Chair will recognize Governor Busbee of Georgia for the first question and Governor Thomson of New Hampshire for the second question.

First, Governor Busbee.

GOVERNOR BUSBEE: Mr. Secretary, could you give us an update on the status of negotiations in the Middle East thumbnail?

SECRETARY VANCE: The current status of the negotiations in the Middle East is as follows:

The political committee talks which were being carried out in Jerusalem were, as you know, adjourned some weeks ago. Since that time, we have met here in the United States with President Sadat and as a result of that have reached agreement to redouble our efforts. And he has agreed to redouble his efforts to proceed towards further
negotiations:

We have kept in close and constant touch with Prime Minister Begin and the members of his Cabinet in connection with these discussions.

There are two major issues which are the principal differences between the parties at this time. One relates to a declaration of principles and a particular portion of that which deals with the very difficult and thorny question of the West Bank and Gaza and the intertwined Palestinian issue.

The second issue is the one dealing with settlements. We have dispatched Roy Atherton who has been given the special assignment of being our day-to-day negotiator in the Middle East talks. Roy has been in Jerusalem, working with the Israelis and then moved on to Cairo to meet with the Egyptians. He is now back again in Jerusalem and will be there for a couple of days following which he will return to Cairo.

The principal effort at this point is to reach agreement upon a declaration of principles. This declaration of principles would then serve as a framework for comprehensive negotiations.

It is hoped that if such a declaration of principles can be agreed upon, it will be then possible to expand the number of participants in the negotiations which has been
the objective of all of the parties because all of us are seeking a comprehensive peace, a comprehensive peace which will be a just and lasting peace.

CHAIRMAN MILLIKEN: Thank you.

The final question from Governor Thomson of New Hampshire.

GOVERNOR THOMSON: Mr. Secretary, I would like to ask about human rights of which the President spoke in his inaugural and also spoke later about at the United Nations.

How does this Administration justify or rationalize a human rights policy and then advocate the give-away of the Canal Treaty to the Republic of Panama, which has no human rights? Or how does it advocate the normalization of relations with Red Cuba and with Red China, both of which have brutally denied or extinguished human rights?

SECRETARY VANCE: First, let me say a brief word about our human rights policy in general. Then, I will respond to the two specific questions which you put to me.

Human rights has been one of the fundamental themes of this Administration's foreign policy. We believe that it represents fundamental American values which have been at the heart of the founding of our country and in its history since those days.

We have realized that this is a policy which is difficult to apply because it must be weighed together with
many other factors in dealing with specific cases on a pragmatic basis. We have national security interests which have to be taken into account.

And, therefore, in each case, one has to go through a very careful process of weighing all of the factors to make sure that the decision which is reached is both proper, fair and one which preserves also our national interests.

I think we have made some progress this year. But one shouldn't try and measure progress by putting down a thermometer on any one day because the pursuance of the cause of human rights is one which will have to be measured over a period of years rather than in a few short weeks or months.

We can, I think, point to such things as the Belgrade Conference which I think has made a very important step in the area of human rights. I think we can point to a major freeing of prisoners which have been held in jails around the world.

In one country alone, some 10,000 prisoners were released recently. I could point to many other specifics.

But again, I point to the fact that success in pursuing human rights is something which is going to have to be measured over the long term rather than in the short.

Now, coming specifically to your two questions. Insofar as the Panama Canal is concerned, the record of the Panamanians is one which falls somewhere in the middle between
those who are serious and continual flagrant violators and

those who have a good record.

But insofar as the Panama Canal Treaties are con-
cerned, this is an issue which must be determined in light of
our national interests and our relationships with Panama
and with the other nations of this hemisphere. And measured
against that standard, I think that it is clear that it does
meet that standard.

I think your second question dealt with Cuba.

Insofar as Cuba is concerned, we have had two sets of con-
ferences with the Cubans. One dealt with the question of
fishing rights. It was necessary that these discussions be
carried out in light of the new law which had been enacted.

We successfully negotiated a fishing treaty with
them, and it is working as it should in good fashion.

We also decided to establish what are called interest
sections which is a small number of people in a third country
embassy in each of the two capitals. This is important because
it does give us a way of communicating with the other country.

And for example, it has been helpful in dealing with the
problems of the seizures of vessels where these can be resolved
in a period of 24 hours now, whereas sometimes, it took a
week or two weeks in the past.

I think it is important to have a channel of
communications. That does not mean that we do not have many
and serious differences with Cuba. And these are issues which
we have to discuss with them in the future. I do not foresee
any normalization in the immediate future, but I think it is
appropriate and proper that we should be having a dialogue
with this country which is so close to our shores.

We have made it very clear to them that we view with
serious concern the activities of the Cubans in furnishing
troops in Africa. But despite these differences, I think
that it is important that we have a channel whereby we can
talk to each other and try and thrash out these differences
and perhaps bring about a change in the situation.

Insofar as China is concerned, which I think was
the last question which you asked, we have stated that our
ultimate goal is normalization of relationships, but the
modalities and timing are a thing which has not yet been worked
out between our countries and will require considerable dis-
cussion between our nations.

That is where we stand on those various issues.

CHAIRMAN MILLIKEN: Mr. Secretary, we thank you very
much, and on behalf of all of the Governors, I thank you, for
being here this morning and for your stimulating comments.

(Appplause.)

We will now proceed immediately to the important
meetings of our permanent standing committees before we
resume the energy production conference with the President
this afternoon at 2:30.

I want to remind you before you leave that the last bus will leave this hotel at 1:50 p.m., and I would like to request those staff members who are cleared for the energy production conference this afternoon to make every effort to leave earlier than 1:50, starting at 1:30, so that our meeting with the President at the White House can start at exactly 2:30 this afternoon.

Tomorrow morning, we will be reviewing, as you know, the President's forthcoming national urban policy in an extremely important plenary session before meeting with the Vice President tomorrow afternoon.

And I urge you now to proceed immediately to the Standing Committee meeting rooms.

Thank you.

(Whereupon, at 10:50 a.m., the meeting was adjourned, to reconvene at 9:00 a.m. on Tuesday, February 28, 1978.)

* * *
NATIONAL GOVERNORS' ASSOCIATION

WINTER MEETING

Regency A
Hyatt Regency Hotel
Washington, D.C.
Tuesday, February 28, 1978

The meeting convened at 9:10 a.m., Governor
William G. Milliken, of Michigan, Chairman, presiding.
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PROCEEDINGS

CHAIRMAN MILLIKEN: Would the Governors please take their seats?

This morning we are going to have a panel discussion which will be chaired by Governor du Pont, of Delaware, in his capacity as chairman of the Committee on Community and Economic Development. This panel will attempt to discuss the outlines of a national growth initiative.

On the panel, Governor Dukakis, of Massachusetts, has a detailed proposal that he will share with us this morning that includes Federal incentives to States that develop comprehensive urban strategies, incentives that include increased revenue-sharing and countercyclical aid fund.

Governor Busbee, of Georgia, has with him a draft of a proposed Federal legislation that would consolidate economic development grants which in turn would be used as an incentive for States to devise detailed development plans.

Governor Hunt, of North Carolina, who chairs our Subcommittee on Small Cities and Rural Development, has some thoughts on the need to insure that any national growth policy includes the needs of small cities as well as large cities.

Let me also say a brief initial word about our special guests this morning. This is not the first time that the National Governors' Association has met with Secretary Harris, Stuart Eizenstat, and Jack Watson to discuss national
urban and community development policy. Starting last fall, and continuing through the winter, Secretary Harris at HUD and Jack and Stu at the White House have worked intensively with us to develop the strongest possible approach.

This approach, based on genuine cooperation and consultation, reflects the personal commitment of the President to a strong State role in national urban and community development. It also reflects the outstanding efforts of our quests this morning.

Our purpose today is to give them a chance to respond to our proposals so that together we can achieve the best possible final results.

As chairman of the National Governors' Association, I want to convey to you, Madam Secretary, and to you, Stu Eizenstat and Jack Watson, our deep appreciation for your open and forthright approach and your cooperative spirit.

I believe the next two hours will prove to be exceedingly informative ones. We probably will not be able to find all of the answers that we are seeking this morning, but I am sure we will all come away from this session with much more fuel for further thought.

Having said that much, I will now yield the floor to the panel chairman, Governor du Pont.

GOVERNOR DU PONT: Thank you, Governor Milliken, and thank all of the members of the panel for being with us so
early in the morning and prepared to discuss what is clearly one of the most important problems that the United States as a nation faces. That is an effective community and economic development program.

The format this morning will be the three Governors to my right, each presenting for about five minutes a piece of the program that was adopted in the Community and Economic Development Committee yesterday.

Following that, the three members of the Administration team will have an opportunity to react to our ideas, and also each for approximately five minutes.

Then we will open the floor for, I hope, a little more than an hour to the various Governors to have a discussion of the problem, a free-flowing discussion, about how the program we are proposing would affect the various States and the Federal Government.

I think this is a very timely occasion to undertake this particular discussion because the Carter Administration is soon going to unveil its community and economic development policy. That has been much discussed, and it is eagerly awaited by the Governors, by the Congress, and by the people of this country.

For some time, however, it has been clear to Governors that there is a need for a new approach to resolving the problems of our distressed communities with State and local
governments playing a key role in formulating a workable and viable community and economic development policy.

As Governors, we see not only the day-to-day problems of State and local governments, but we collectively bear a responsibility in this area which is at least as great as the responsibility of the President. It is our task to formulate constructive alternatives to the programs of the past and realistic strategies for the future.

But I think all of us must understand from the outset that there can be no community and economic development policy that focuses solely on the problems of urban America or solely on the problems of suburban or rural America. Solutions to the problems of one area impact significantly upon those of the others.

Today's healthy metropolis may be tomorrow's decaying city. Today's small town may be tomorrow's urban ghetto. Today's rural community may be tomorrow's suburban sprawl.

The problems of development are not just problems of poverty or welfare or unemployment; they are problems of housing, transportation, land use planning, taxation, and water resource allocation. They are not only public sector but private sector problems as well.

The problems of cities, small towns, and of rural America may appear to be as different as their geographic locations, their age and their leadership, but they share common
As Governor Milliken has said, today's discussion elements that must be addressed from a single perspective.

As Governors, we have long realized that attacking the problems of community and economic development requires a comprehensive and cohesive strategy involving all of our analytical and fiscal resources. To be successful, such a strategy cannot be another made-in-Washington Federal strategy as have been so many of the efforts of the past. Rather, it must be a strategy developed at the State level with Federal and local government, public and private sector participation.

Through strong State government leadership, careful State planning, adequate financial resources, and the flexibility and discretion to direct them, our State Governors can succeed in rejuvenating the distressed areas of our nation. Many of our States, from Delaware to California, have already begun such an effort. Our task is to develop a comprehensive national program to continue in that direction.

Later today, we will be bringing before the Association a resolution that is the product of months of effort. Yesterday, the Committee on Community and Economic Development adopted a resolution which consolidates the view of Governor Busbee on the need for an Economic Development Program Consolidation Act, the view of Governor Dukakis' Task Force on National Urban Policy, and the view of Governor Hunt on an economic development policy for small cities and rural areas.

As Governor Milliken has said, today's discussion
GOVERNOR DUKAKIS: Thank you, Pete, very much.

So it is my privilege now to recognize for the first presentation on behalf of the Governors Governor Dukakis, of Massachusetts.

GOVERNOR DUKAKIS: Thank you, Pete, very much.

First, let me simply reiterate what both you and Bill Milliken said, which is that we have all of us been working very hard on this issue for some time. We have had fine cooperation from the White House, the Administration, and our own staff has been really superb in all of this. And it is really a great pleasure to be able to be part of a panel of Governors and to share this platform with Administration officials who have worked so closely together in a way which I think now has brought us to the point where we really can move forward together and effectively and responsibly.

While I will be speaking primarily about the report of the Task Force on Urban Policy, as all of you will see as this discussion goes on, we have had a remarkable confluence of ideas here, both from George's work and Jim Hunt and his subcommittee. And I think that is one of the extraordinary
things about what has been happening over the past few months, as I am sure you will all understand as this discussion gets under way.

To begin with, I think it would be helpful this morning to go back to the sixties because that was really the first time, at least since World War II, when this nation attempted to address the problem of its declining urban areas - the Great Society programs and a number of other things which all of us are familiar with. All of us have our own view of how successful or unsuccessful those programs were.

But I think most people now agree that one of the reasons that they were not that successful was that in addition to some contradictory Federal policies which, on the one hand, were trying to help the people of our cities and, on the other hand, were encouraging suburban sprawl and the flight of jobs from our cities and the decline and deterioration of the economic base of our cities, States really weren't involved at all. They didn't have a role to play in that policy. There was no effort to involve them.

And quite frankly -- and I speak now only for my own State -- we weren't asking for such a role. In fact, I am not sure we would have known what to do with it if it had been given to us.

So, at the same time that you had some Federal policy, that we were trying to help the people of our cities, you had
contradictory Federal policies. And States were, at least in
the case of States like my own, actually encouraging the
decline of cities by policies which wittingly or unwittingly
were encouraging the kind of sprawl development and dispersion
of jobs and economic opportunity outside of our cities in a
way which hurt them and didn't help them.

It seems to us, those of us who have worked on the
urban policy report, that unless the States are made full
partners in any national urban and community development
policy, then it, too, is doomed to failure even as the work of
the sixties failed.

Why do I say that? Well, for the very obvious
reason that the States are in a position to do a tremendous
amount to reverse that decline and to revitalize and rebuild
our cities and our older urban communities. Because, to
begin with, we administer the bulk of the Federal facility
grants.

We, as every Governor in this room knows, invest
literally billions in public facilities and in direct aid to
our local units. And the States are in an unparalleled posi-
tion to respond to fiscal disparities between urban and
suburban, red-lining in neighborhoods, discriminatory zoning
practices in suburbs, all of the things we know of that lead
to decline of so many of our cities. And those are responsi-
bilities and areas of responsibility which are uniquely the
States'. The Federal Government clearly cannot effectively involve itself in that whole range of powers and authority and financial assistance which the States are by their very nature involved in.

I want to emphasize just as strongly as I can that these kinds of problems and the approach to solving these problems are just as relevant to the problems of rural poverty as they are to the problems of urban poverty, just as relevant to the problems of the small cities as to the large cities.

Here, again, at least in the case of my own State, with the single exception of our capital city, our urban problems are largely small cities problems. I mean cities of 40,000, 50,000, 60,000, 70,000 people. Those are the kinds of cities we are talking about. And as Jim Hunt will point out, those are some of the same kinds of problems he has in the State of North Carolina.

So simply to repeat, it is the view of the Task Force on Urban Policy that no national urban and community development policy can succeed unless the States are deeply involved.

I have just been told I have one minute to go, so this is going to be a lot in one minute.

Now, what do we mean by involving the States? Very simply, by creating a program of incentives, financial incentives, to the States whereby those States that can put
together a comprehensive growth strategy for their State in a way that fits their needs and addresses the problems of their distressed communities will qualify for substantial additional Federal assistance.

That comprehensive growth strategy ought to allow at a minimum a public investment strategy which will coordinate and target public investments in on those distressed communities that need help, proposals for fiscal modernization reform that can assist those communities and reduce the fiscal disparities among them, and the use of institutional and regulatory reforms like streamlining, permitting urban industrial development agencies, red-lining bans, those kinds of things that use the power of States to deal with those particular kinds of problems

The incentives we are talking about are essentially three:

First, a supplement to revenue sharing to the States in the amount of approximately a half a billion dollars.

Secondly, a combining of ETA grants in a fund which could amount to as much as $2 billion. And George will talk about that later.

And, thirdly, some HUD discretionary money already provided for by law which could be combined into a package of some approximately $3 billion in special incentive grants to those States that can meet these criteria.

There are a number of problems, obviously, which we
will face. And one, of course, will be the mechanism by
which State plans will be reviewed.

And I recognize the problem of too much Federal
supervision, too much Federal plan-writing, all of the things
that we have experienced in the past. But I am confident that
in discussions like this and discussions we will be having
with the Administration over the next several days and weeks,
that we can develop an appropriate mechanism preferably in or
very close to the White House in which these State strategies
can be reviewed flexibly and responsibly and intelligibly, they
can be approved as they come from the States, and then this
incentive fund can go into action to reward those States which
have in fact met the criteria we have set forth in our report
and in the resolution of the committee.

GOVERNOR du PONT: Thank you, Governor Dukakis.

I apologize for how short five minutes is.

Our next panelist is Governor Hunt, of North
Carolina, who has spent a great deal of time concerning himself
with economic and community development policies for small
cities and rural areas.

Governor Hunt.

GOVERNOR HUNT: Thank you, Mr. Chairman.

Small cities are the new urban frontiers of our
nation. Just as I think it would be irresponsible and, frankly,
I think immoral for a Governor to fail to give the full measure
of leadership to the large and distressed cities within the State, so it is equally wrong for us as Governors and for us at the State level to ignore the small cities where virtually all of the population growth in this country recently has come about.

For example, between 1960 and 1976, large, central-ized cities as a group lost over 2 million persons while the rest of this country grew by nearly 13 million.

Between 1970 and 1974, counties in which the largest city was less than 250,000 persons accounted for 98 percent of the population expansion within this country.

Our committee feels very strongly that we should have a single national balanced growth and economic development policy. It shouldn't be an urban policy, a rural policy, all kinds of different policies. We ought to have one overall comprehensive policy. It should include large and small cities, distressed cities, and those that have stresses from growth and from other things.

I would like to make three points about this:

First of all, within our own States, we should have a balanced growth and economic development plan. We ought to do this whether or not the Federal Government was getting into it or trying to revise its own approaches. This is just something that we ought to be doing.

Second, that a vital part of that kind of plan must
deal with the problems and the possibilities -- and we talk
too much in negative terms -- of small cities. As I indicated,
this is where the growth is occurring in virtually every single
one of our States.

They do have problems associated with growth. They
have core area decline problems even in smaller cities. There
are problems associated with the impact of growth beyond city
lines and so forth.

Also, there is the question of poverty, so much of
which exists either in or very much around the small cities of
this country, much of it in the rural areas. For example,
rural areas contain one-third of the nation's people, but
almost one-half of our nation's poverty. The median income of
non-metropolitan families is only 78 percent that of metropoli-
tan families. And I could go on and on.

The third point I would like to make is that as we
go about having a comprehensive fair policy of this kind, we
must eliminate the discrimination in programs that currently
exist against small cities. As an example, the cost-sharing
provisions on grants for community development in Farmers' Home
Administration is 50 percent. In HUD it is only 25 percent.
And those disparities exist throughout the great array of
Federal programs. And we need to go through every single one
of them and find them.

Thus, I would suggest an intergovernmental task force
on small cities and rural areas to go through all these
programs and through all of these laws and regulations to help
us identify those and help us in leading changes.

The final thing I would like to say, Mr. Chairman,
and my fellow Governors, is this: While I am very enthusiastic
about the new kind of approach we are going to be talking about
here today and these fine representatives of this Administra-
tion will be responding to, I think we must concentrate on the
mechanism for Federal approval of our State development plans.
Without an acceptable procedure for our plans to be considered
here in Washington, frankly, I tell you I would be opposed to
the whole idea.

I would suggest these things:

Number one, that there be a White House office not
off in some department somewhere and certainly not an inter-
governmental thing that is going to pass it all around, but a
place in the White House where this will be attended to under
the direct eye of the President;

Number two, that our plans be approved essentially
within our States:

That something like, and I would suggest, a Federal-
Regional council bring their team of people into our State
capitals, meet with us and our top people where we can tell
them what is involved, they can get the flavor of our needs,
and let our plan at least get tentative approval there;
regarding our nation's economic development problems and opportunities, a good chance of taking the initiative rather than reacting to somebody else's cure-alls, a good chance of contributing to the simplification of government, and that being fiscally responsible.

Finally, we have a good chance, hopefully, at getting general agreement among Northern, Southern, Eastern, Western, Republican, Democratic, and Independent Governors on some fairly specific ideas.

In Detroit last summer, we unanimously adopted principles for economic development reform and program consolidations.

We also did something that was unique and very significant at that Conference of Governors. That policy also directed that implementing legislation be drafted and presented to Congress and the Administration. It directed that this be done by the Committee on Community and Economic Development.

Under the able leadership of Governor du Pont, the Community and Economic Development Committee took an early discussion draft of the bill and for many months blended together the ideas of Governors Dukakis, Hunt, myself and others. Additionally, ideas and criticisms were formally and informally sought from other organizations like the League of Cities, congressional staffs, and the Administration.

The result of these efforts, called "The Economic
"Development Program Consolidation Act" was mailed to all of the Governors for review several weeks ago. And you have a summary of that proposed legislation before you today.

Without going through a section-by-section analysis, I will briefly outline what the bill proposes.

First, as Governor Dukakis has suggested, the bill proposes a basic incentive grant to all States for local economic development projects. Funds for this program are gained by simplifying and by consolidating existing public works and economic development programs.

The programs to be consolidated are titles I, III, IV, IX, and X, in whole or in part, of the Public Works and the Economic Development Act of 1965 as amended, and also title I of the Local Public Works Capital Development Investment Act of 1976, commonly referred to as LPW.

Our bill asks for $2.85 billion to be dispersed among the States for each of the next three years. So for this year and for next year, we are not asking for any new money or for any new programs. We are requesting that existing programs be simplified and that the resources for these programs be allocated in a more coordinated way.

To receive funds, States and local governments must develop five-year and one-year economic development strategies. The five-year strategy would include all pertinent demographic and social data on where all cities and States are economically
and on where they would like to be in five years. A bottom-up planning and funding mechanism for local projects developed and agreed to by Governors and their local units of Government must also be described in the five-year strategy.

This document and the attendant one-year funding strategies committed by each State must receive Federal approval by the Secretary of Commerce. The Secretary would approve the overall strategies, but not individual projects to be funded within a State.

If funding projects, Governors must give priority to distressed areas, or, as we call it, areas of need, but such areas would be defined by State and by local government in their strategies which are submitted. This would allow Governor Dukakis to place emphasis on core cities, Governor Hunt rural areas, while Governor Lamm, of Colorado, might choose to address boom towns as a priority. But it would allow for this diversity in strategy.

There is ample Federal oversight. Annually, the Secretary can audit expenditures from the whole future State allocations.

That, in a nutshell, is what your Committee on Community and Economic Development proposes. And for a moment, I would like to point out the attributes of such an approach to our distinguished guests from the Administration here today.

Such a core program would eliminate gross
 duplications of effort and the wasted planning requirements we must now meet. It would for the first time generate an accurate picture of each city, county, and State in this country as well as where each would like to go economically.

Such a program would provide a true incentive for States for participation rather than threats or penalty. This program would be an incentive because for the first time in economic development, State and local governments could plan and implement their budgets, using reliable data and reliable Federal economic development funding.

Moreover, this program would insure flexibility in State and local problem-solving. It would eliminate unnecessary competition in and among various levels of government and allow State and local governments to work in a coordinated way on a national problem.

It would also provide a road map for local units of government to use in seeking other Federal resources for local needs.

Finally, in the long run, it would cost less than is now being spent. There are many other programs that could have been merged along with these. But the committee felt that moderate consolidation of programs within the jurisdiction of a single committee of Congress would be a more feasible beginning.

Never before to my knowledge has a Governors'
Association drafted an entire piece of legislation, legislation that would commence a major rethinking of the role that States must play in the development and redevelopment of this country. This allows us to act united on what we believe is the proper course and not merely to react in a piecemeal or divided fashion to the proposals of others. But this bill is not set in concrete; it is simply a start. It is a talking document for our committee and the National Governors' Association staff as we begin work with the League of Cities and other public-interest groups in seeking a compromise measure we can all support.

A policy statement endorsing this concept of this bill along with the work done by Governors Hunt and Dukakis will be offered this afternoon. And at the same time we will urge you to support this resolution.

Thank you, Mr. Chairman.

GOVERNOR du PONT: Governor Busbee, thank you very much.

Now, the White House through its representatives has a rare opportunity. That is an opportunity to go on the offensive, vis-a-vis the Governors. Usually, it is the other way around.

We have an opportunity for three members of the Administration to give their views of proposals that they have just heard which are made on behalf of the National
Governors' Association.

Leading off this morning will be Patricia Harris, Secretary of Housing and Urban Development.

Ms. Harris.

SECRETARY HARRIS: Governor du Pont, whatever you may have heard to the contrary, going on the offensive with respect to the Governors is the one thing I do not want to do and especially not in view of at least two comments that have been made here this morning -- one that was made by you in your opening remarks in which you stated today's healthy metropolis may be tomorrow's decaying city, which I think illustrates better than anything I might have said the long-range concerns that we have in the development of an urban policy for the Carter Administration.

The second comment that was very reassuring to me was Governor Dukakis' comment that one of the major reasons for the lack of real success of basically properly directed programs in the sixties designed to deal with the clear problems of cities was the lack of involvement of the States. And I think he was candid in saying that that lack of involvement was both a failure on the part of those who designed the programs to include the States and a lack of any real desire on the part of the States to be included.

The latter concern is one that I think the Governors ought to direct their attention toward this morning because
with respect to dealing with the cities, there is no entity of Government that has more immediate and direct power. The very existence of municipalities and units of local government is dependent upon State constitutions. And the assumption of lack of power is in the terms of the sixties a cop-out on the part of State governments.

One reason I most assuredly today do not wish to go on the offensive with respect to policies that this body is now giving attention to is that I realize that no longer are the Governors in the position of ignoring their massive responsibility for, not only the existence of cities and the terms of the existence of the cities, but also for the maintenance of the health of the cities. I would submit to you that there are many things that an urban and regional policy as considered by this Administration will not involve and will not lead toward, despite rumors to the contrary.

First of all, our urban policy is not a frost belt versus sun belt issue, starting from your statement, Governor du Pont, of one day's healthy cities becoming the next generation's cities with problems. Even today, 27 percent of the cities with major problems as indicated by Brookings Institution are cities which are below the Mason-Dixon line.

Now, I have a problem with frost belt - sun belt because I was down in Dallas recently in the middle of a snow storm. And while that is supposed to be the sun belt, I didn't
feel it was that day.

Now, Miami is very high on the list of cities with problems. And it is a city certainly that is as close to the sun belt as any city can be.

The Mayor of New Orleans will tell you that he also has problems that will be addressed the same as the problems of Newark are addressed.

Despite what is suggested, this is not a small cities versus a large cities problem, especially as defined by Governor Hunt. Cities of 40,000 to 50,000, 60,000, 70,000, are cities of some size. And at 50,000, most of those cities are already in programs that are a part of an urban concern.

But it also is not State versus Federal Government. Those are not the issues. The issue that we must address is how we together as partners meet the very real needs of people in urban areas, how we conserve the investment that we have in cities.

And as I look at Governor Dukakis' proposal, it was also reassuring for me to see that Governor Dukakis in recommending a policy for States agreed that aid must be targeted to those areas in greatest need; that not only must we look to the gross need, but we must also have a mechanism for targeting funds to make certain that areas of acute and immediate needs are funded before those acute needs reach the point at which they cannot be dealt with.
Therefore, I think our problems are problems of rhetoric and problems of assertion that we must do everything at once in order to be able to do something now.

I would agree with an assertion that has been made here that we must be able to deal with rural problems at the same moment we deal with urban problems. We are working not on a clean slate, but on a set of existing programs that will continue. But I would submit to you that we must in the near term identify for you and the rest of this country our specific goals with respect to areas that are troubled and areas that can be brought back from the brink of disaster by the immediate application of existing programs, new programs, and, where necessary, new funding.

Now, the President of the United States has agreed that we should have as objectives for our urban and regional policy the following:

The meeting of emergency needs of communities and people in distress, including fiscal assistance to bridge the revenue-expenditure gap;

Avoid counterproductive service reductions and tax increases and stimulate revitalization efforts;

Employment opportunities for the large concentrations of unemployed citizens, particularly young persons aged 16 to 25.

Unemployment affects many people, the President
agrees, who do not live in cities. Unemployment programs apply
and should continue to apply to nonurban areas. Yet,
employment is so central a problem of distressed cities that
it must be a central focus of urban policy.

Secondly, the President has agreed that the urban
policy must give attention to strengthening or stabilizing the
private sector economic base for all American urban areas. It
is clear that on the basis of the work of the President's
Urban and Regional Policy Group, the long-term picture of our
cities depends on developing and retraining a viable base of
private sector activities to provide jobs and tax base.

Third, the President has agreed that we must make
cities and urban areas more attractive places in which to live
and work. Curbing the deterioration of capital infrastructure
by improving and expanding housing stock, addressing the prob-
lem of street crime, and discouraging urban sprawl, revitaliz-
ing neighborhoods, and providing expanded housing choices,
particularly for the poor and minority, should be key
Administration goals.

They are also essential to the goals of strengthen-
ing local economies, strengthening the fiscal condition of
cities and urban areas to increase their competitive effective-
ness and attractiveness. This objective lends itself to the
use of limited Federal incentives to encourage innovative
partnerships with States and metropolitan areas.
The President has already agreed to the goals that you have called for.

And, fifth, strengthening the efforts to eliminate discrimination and encourage equal opportunity.

Therefore, I see no disagreement in principles or objectives between the urban policy goals that the President has asked us to prepare for him for his enunciation of the urban and regional policy. The Secretary of Housing and Urban Development who has the lead responsibility for dealing with this issue has never had any problem with the need to include Governors. Quite the reverse.

We welcome and urge the active attention of the Chief Executives of the States in dealing with the problems that the Urban and Regional Policy Group is looking at.

I was concerned that I did not hear in these discussions what I would consider the analysis of State policy itself with respect to the things that the Federal Government is looking at. What is your road location policy? Where do you send your highways? How do you make decisions about your long-range highway plans? Where do you locate State facilities? When the choice is between a State hospital in an area that has problems or a State hospital in the suburbs, what is your decision? Where do you locate the new university or the new college facility?

These are the kinds of immediate powers that
Governors have, that the Governors ought to be giving attention
to, at the same moment you are asking the Federal Government
to give attention to them.

We welcome the partnership, and we remind you that there is an absent partner you did not mention. And that is the mayors. And we do not wish to exclude either Governors or mayors. And I think we must make certain that the partnership is a real one and not one where there are any passive partners.

GOVERNOR du PONT: Thank you. Thank you very much, Madam Secretary.

Speaking next from the Administration is Stuart Eizenstat, the Assistant to the President for Domestic Affairs and Policy.

Mr. Eizenstat.

MR. EIZENSTAT: I would prefer to take my time by asking questions to learn more about your proposals rather than speaking. So I would ask if I may, Governor Dukakis, since I share, I believe, your view that it is critical to build the municipal tax base for cities, whether your proposal on page 9, suggests as one of the major criteria for acceptance of a State plan that the State have a plan for the fiscal modernization of its cities to end fiscal disparity. And you mention a number of alternative measures which a State may use, including liberalization of annexation laws, tax base sharing, greater State assumption of local costs, State-funded
GOVERNOR DUKAKIS: In response to the first question, Stu, I think most States already are demonstrating that. I don't know of a Governor around this table who in proposing new aid or fiscal relief of one kind or another for units of local government isn't doing so in a way that attempts to equalize economic and fiscal disparities. And for some Governors, that effort is being stimulated by court suits and court decisions which are compelling under State constitutions, not the Federal Constitution.

So generally speaking, I think most of us are or have moved in that direction either by means of equalizing additional local aid programs or by the assumption of certain costs currently borne by units of local government which are more properly State responsibilities or a combination of those. And I don't think you are going to have any problem with most, if not all, of the States in that regard.

Now, the second question which is, Should that kind
of effort be a precondition to the approval of the State plan or should it be part of a State plan, it seems to me in a general way the answer is, "Yes."

I think the question which we are all going to have to wrestle with, and we are not going to respond or answer it today, is: How do you make the judgment as to whether or not a State has or is moving in that direction? And that goes to the issues that Jim Hunt raised which is: Who is going to approve the plan? Where is it going to be approved? How flexible is the Federal response going to be to differing ways from State to State of dealing with local fiscal problems?

And here I speak for myself, and Jim or George might want to respond. It seems to me that the answer in a general way to your second question is, yes, there ought to be a good-faith demonstration on the part of the State in question that an effort is being made to reduce or eliminate those fiscal disparities and equalize fiscal opportunity.

The issue of how that judgment is made and what the criteria are for making that judgment is one that we are going to have to work cooperatively together to try to resolve.

MR. EIZENSTAT: Governor Busbee mentioned that he would prefer that there be incentives, but no penalties. And I am interested in knowing whether or not there is a general consensus on the panel that there should be no disincentives if States fail to come up with economic development plans that
meet the general criteria you are talking about and whether
if, in fact, we are serious about States getting into this
business, we ought to build in both incentives and disincentives.

GOVERNOR BUSBEE: That is a two-part question that
you have there, Stu. Let me say that as far as the incentives
are concerned, I think that is really covered by Governor
Dukakis. I am not asking for any incentive as far as
additional moneys are concerned.

What we are simply doing is taking the funds that
are provided in titles I, IV, IX, X, and parts of III of the
Public Works and Economic Development Act of 1965, as amended,
plus your LPW, and consolidating, coordinating, these programs.

The next thing that we are doing is to come up with
a State plan or State strategy which is consistent with every-
thing that I have heard coming out of the Administration.

Now, yes, there is a penalty. When you come up
with a five-year plan and a one-year plan, that plan has to be
approved by the Secretary. If the plan is not approved by the
Secretary, you don't get your money. But you do have a place
to go. And that place is to the White House. And I think
that is where you should go for relief.

So the incentive as mentioned by Governor Dukakis
is there is some slight monetary gain for incentives.

The disincentive is you lose everything if you
don't comply. So I think that is good.
Any other question on that or did I cover that?

GOVERNOR HUNT: Mr. Chairman, may I say a word about that?

I would like just to say, Stu, that I think a little bit of incentive money or a relatively small amount will do an awful lot in terms of encouraging this type of approach. Bear in mind it is not something new, it is not something we aren't already getting into. Many States have done a very good job already; other States are beginning to develop a real act here and certainly have a commitment. So I think a little bit will help.

I think we also ought to look at it the other way around. The incentive runs both ways. It is not just a matter of is there some more money coming from the Federal Government that we can use and need. There is also the question of what kind of incentive do we give to get the States to use their resources more effectively? That is the idea behind this that you all have recognized.

I would say this with regard to disincentives: As far as using Federal revenue-sharing funds are concerned, I want to say as strongly as I know how that I think that would be a real breach of faith with the States that have come to depend on these funds after a three-year trial period in which we didn't use them for continuing kinds of needs. We now consider those to be our funds.
I think the contract essentially was this: If you are going to take that money, we want that part of that money back directly in block funds as we have been getting. If that program is going to be done away with, then we ought to simply send the money, let the taxpayers keep it, and let us as States take it and use it for other reasons.

But to use the Federal revenue-sharing funds, take them away from one State and give them to another, I think would be a real breach of faith with the States and the people of this country.

MR. EIZENSTAT: My third question relates to the fact that what we, of course, are working on at this point in time is an urban policy. It is, as Secretary Harris said, going to be a broad based economic policy that will affect both small cities and large.

Considering we are in fact working on urban policy, my question is whether or not the type of plans you are talking about ought to be equally available to States which direct their resources, not to their distressed urban areas, but their distressed rural areas.

GOVERNOR HUNT: May I respond to that by saying I think what we need in the States, Stu, is a balanced growth and economic development plan. That is the way we really look at all of our resources, have the kinds of goals that we ought to have, long-range, that are equitable, that will meet the
needs. And it is through that means we focus all these resources that we have. And I think that should be overall. It should pertain.

We should be targeting areas of need, both urban and rural. But our development plans, our balanced growth plans, ought to be for the purposes of doing a lot of things we have in mind, particularly responding to growth and development needs.

GOVERNOR du PONT: Governor Busbee.

GOVERNOR BUSBEE: I would like to further respond to that and say I agree with exactly what Governor Hunt stated. I think Governor Dukakis has covered this, and I have talked to almost every Governor here about this problem. I think you are talking about balanced growth. And when you talk about balanced growth, we are talking about all sectors of our State that need this economic development.

I think we are in a much better position to devise a State strategy which you are seeking to have as a State strategy. And if Governor Lamm wants boom towns, let him have the boom towns. If in North Carolina you have cities with court houses, with vacant buildings downtown around them, and that is the area you are defining, so be it. If you are talking about New York City and the core problem they have, so be that.

But I think we have to address our particular
problems in our own States which are diverse in nature, but
many of which have common problems.

I might say also I agree with Governor Hunt, you
should not use revenue sharing as a lever. We presently have
economic development money which we have described, which we
are trying to consolidate and get some flexibility to subject
to the approval of the Secretary and ultimately the President
of the United States at the White House. And I think we need
this flexibility.

But to try and use the hammer of revenue sharing
and not economic development money for this purpose, I think
would be a mistake. You are encouraging us to come up with a
State strategy or State plan, and we are agreeable and amenable
to doing this.

MR. EIZENSTAT: Thank you.

GOVERNOR DUKAKIS: May I respond very briefly, too?

Stu, obviously, to get the State role under way in
any kind of comprehensive way is going to take some time. I
think we know that. Nothing that any of us have said here
this morning is to be interpreted as precluding immediate
Federal response to the very, very serious problems of perhaps
as many as 25 or 30 large and very, very distressed communities.
They are already doing it in South Bronx, Detroit, Boston, and
other places.

I think most of us as the Governors of those States
who are working with you on it would support those kinds of efforts.

It seems to me that can proceed. In fact, you have the authority and to some extent the funds to do that right away. None of us here today are suggesting we all pause and wait while the States prepare these plans and come in and until that happens, the nation as a nation can't respond to some very immediate needs and some very, very distressed large cities.

But it seems to me that that can proceed apace and that at the same time we can work together to produce a State role and in that way we are not waiting and you are not waiting. The people of these particularly distressed cities will have a sense that Government is responding, responding very quickly, while we build the State strategy.

MR. EIZENSTAT: Governor du Pont, I appreciate the opportunity.

GOVERNOR du PONT: Thank you.

Our final panelist this morning is Jack Watson, Assistant to the President for Intergovernmental Affairs.

And following Mr. Watson's presentation, we will go to questions from the Governors.

Mr. Watson.

MR. WATSON: Thank you, Governor du Pont.

Because we are running over the time we had allotted
for questions, I am going to be very brief and take less than my five minutes of allotted share.

I think all three proposals that have been outlined by the Governors this morning have at least three principal common denominators or underlying goals. As I hear Governors Hunt and Busbee and Dukakis speak, I hear those three common goals being:

One, finding ways that we can for the first time really bring States into an effective, bold partnership with cities and towns and the Federal Government in addressing the problems of those communities in greatest need. Principle No. 1.

Number two, in pursuance of goal No. 1 that we again find ways in which we can construct on a State-by-State basis comprehensive State public investment in economic development strategies in pursuance of the aim of helping those communities, be they urban or rural, be they large or small or medium-size, that are in greatest need.

Finally, I hear also on this panel and in the Governors' discussions that I have had over the last several months individually and in small groups with some of you around the table, a keen awareness of the fact that we have limited resources and that our policies must, therefore, be guided by that recognition.

We must make the most of the dollars we have to spend.
We must make the most of the dollars that we are presently spending, finding ways where they are being either ill-spent or misspent or where the application of those dollars can be better shaped so that the impact of them on the communities in distress and the communities in need can be increased.

I frankly see no fundamental conflict at all in the task force report of Governor Hunt on small cities and rural development, the task force report on urban affairs of Governor Dukakis, and Governor Busbee's report on economic development. All three are calling for these common principles; all three are recognizing these common goals.

A couple of specific points:

One, I think we are also recognizing, as we must, that in order for them to be an effective national urban strategy, we have no choice but to effectuate partnerships that work between the Federal Government, the State government, the city government, and the private sector. We must find ways that we can, if you will, leverage the application of government dollars, be they State, Federal, or local, with maximum effect on private sector investment. How can we lower the cost of doing business in cities and towns? How can we revitalize and preserve communities that we care about?

We cannot do it with an endless supply of government dollars, because there is no such endless supply. We must, therefore, find those pressure points, practical, real,
sensible, in which the partnership between the government sector and the private sector can be made to flourish in real terms.

Point two. I think there is no question in the mind of the President of the United States that in order for us to have an effective national urban policy, we must construct a policy that is flexible. That is why he is thinking in terms of, as you are, State plans on intrastate indices, intrastate determinations of what is a distressed area, what are the communities of greatest need, how shall we allocate resources that we have?

I am profoundly convinced, having been a Fed only a short time, that we must in the policies we adopt, in the practices that we pursue, understand that if we can create the partnership that everyone at this table is talking about, it will be a partnership that calls for major decision-making at the State and community level about where we shall act and how, and how we shall spend our money.

Finally, I want to say, Governor du Pont, that over the last several months we have been engaged in what can only fairly be described, I think, as a genuine collaborative process between and among the Governors around this table, Stu Eizenstat, Pat Harris, Juanita Kreps, myself, and others, so that it is no accident at all that the proposals here outlined this morning by the Governors be proposals that are
reflecting the very core of thinking at the Federal level.
That is not coincidence. It is because we have talked and
shared together mutual concerns. We must continue to do that.

Thank you, Governor.

GOVERNOR du PONT: Jack, thank you very much.

I appreciate the participation of all three members
of the panel from the Carter Administration.

I would hope that the Governors in formulating their
questions might specify, if they are to one of our three
representatives of the Administration, at the outset of whom
they are asking the question so that the dialogue can move
along as quickly as possible.

We now have some time for questions. The first
Governor to be recognized is Governor Brown, of California.

GOVERNOR BROWN: Thank you, Governor.

I wanted to mention the urban strategy I did put
at the place of every Governor here, the strategy that we have
selected in California. It is the work of about two years.

My comment on this whole program is that the number
one fundamental requirement is the personal commitment of the
Governors of this country to see for themselves that their own
States are put in order and to win the minds and hearts of the
people of their area so that the cities must not be allowed to
die and decay.

The same is true of the President and the mayors.
It is a personal commitment involving meetings with developers, labor unions, private investors, as well as government people. And unless it translates into a political constituency, then all our paper plans and rhetoric will be just that and nothing more.

Specifically with respect to the Federal Government, I believe the revenue-sharing given to the States is a solemn commitment that cannot be retracted. Too many States have come to depend on it. That must now be taken as a part of the ongoing operation of State Government.

To go beyond using EDA funds or other sources or additional revenue as an incentive, I would support that very much. But I would also focus on the fact that many Federal decisions seriously impact cities -- the whole highway program with its various categories that encourage sprawl and make it easier for people to escape the city and to flee further and further away from a problem that is not going away. And the Federal Government, if it is really serious, will have to embark on a major battle to change the funding categories and priorities for the transportation program.

There are billions of dollars sitting in that program that are right now going to encourage the decay of many urban areas in this country. The housing programs, unless there are adequate funds for housing, obviously these areas are going to continue to slide downhill.

If those housing programs are not linked to
apprenticeship programs to put people to work, the bottom line in the dying, dead, and decaying cities is that a number of people are out of work, they don't have the skill, and they are not a part of the American mainstream.

If the President and the Governors and the mayors and the private sector don't personally try to do something about it, it is going to get worse a long time before it gets better.

I think that means more money. Sure, we have limited resources, but unless we put that money in the form of housing, of focusing our transportation funds to help revitalize those parts of America that are dying, unless we provide an apprenticeship program, upward mobility, for the youths that are standing on street corners committing the crime that is driving the middle class out of the cities, then the whole thing is just so much rhetoric. There has got to be funds. It has got to be a sharing. And that means a political change of heart in many places in this country.

It is not going to be easy; it is not going to be done in a year. But I would like to see programs that link housing, jobs, urban strategy and the energy solutions.

One idea alone, to retrofit public buildings and energy-inefficient street lighting and other facilities throughout America, could put people to work all over America right away, could take building tradesmen, could take
unemployed youths in the ghetto, in the cities, and in areas where they are out of work, putting them to work, saving energy by retrofitting buildings.

I say that there are thousands and thousands of megawatts of energy to be saved by a program of retrofitting public buildings alone. And that takes Federal dollars. And I would be prepared to see State matching dollars.

But they all go together, jobs, housing, transportation, reducing crime. If you don't do it all at once, then the cities won't come back. They are dying because anybody with any sense and any bucks in his pocket is getting out. And the only way to bring them back is to have an environment that is compatible with the American dream. And that means a lot of cash and a lot of sensitivity and personal commitment from all of us, from the President and people on the firing line, the mayors of America.

GOVERNOR du PONT: Thank you, Governor.

I would point out to all the Governors that the questioners, too, are limited to five minutes.

GOVERNOR BROWN: That was a very short five minutes.

GOVERNOR du PONT: Secretary Harris would like to respond.

SECRETARY HARRIS: I want to comment on two things, really three.

Governor, it is my hope that the concerns that you
have addressed in your comments will be exactly those that will
be addressed with the same quality of passion and practical
approach that you have indicated here.

I must say that the urban strategy for California,
the primary documents for which we have been watching over the
last few months, has gone a long way, I think, toward helping
us promulgate a policy to deal with urban problems, because you
have made it clear that attention to these problems is not a
frost belt - sun belt issue, but an issue of need.

Third, with respect to your perceptive comment
initially about the need to address the constituency, I think
the people of this country are farther ahead than some of the
leadership. The polls that the Department of Housing and Urban
Development has had made recently by two polling institutions
indicates significant support in the public for targeting of
funds to meet urgent needs, to meet the needs of cities.

It is not true that the public is not prepared to
support the kind of policies you have enunciated for California
and those that we intend to enunciate for this country. The
people are ready for it. The question is is the leadership
up to the demands of the people?

GOVERNOR du PONT: Governor Snelling, of Vermont.

GOVERNOR SNELLING: Governor du Pont, I think that
it is very fitting that I should speak immediately after the
Governor of California to illustrate the diversity of needs
that must be met by any national policy.

In the first paragraph of Governor Brown's treatise which has been put on our desks, he references the fact that 94 out of 100 Californians live in its largest cities and suburbs. And I speak now recognizing how different things are in the rural States of America, Vermont being one of the most rural.

I am very pleased with what has been accomplished by the dialogue on the committees of the Governors and in their relationship with the White House because I really believe that the proposals which are before us and which are being considered by the President are far more likely to address the more serious and longer-lasting problems of the country which are described in urban terms than with some of the proposals being considered several months ago. But I still must share with you my sense of discomfort about some potential dangers that lie in even those proposals which have emerged from that spirit of compromise.

In the best of circumstances, the proposed Economic Development Program Consolidation Act would undoubtedly benefit Vermont. In the worst of circumstances, some dislocation of the spirit of federalism could occur which I would hope would be a matter of great concern to everyone at this table today.

You cannot talk about any serious item of concern in
modern society without falling into the habit of code words and code phrases and rhetoric as we have heard it described over and over again. Rhetoric, of course, is a very well-prepared argument which differs in its conclusions from our own. Rhetoric, I find spread throughout the documents which have been prepared in this area -- using phrases such as "suburban sprawl" and "the flight of jobs from our cities."

And the problem with that, as clear as it may be an enunciation of the problem, is that that of necessity deals only with the micro-problem, which is the question of where jobs are. And I am distressed that we have not yet dealt with the most significant problem of all, which is the adequacy of jobs in America.

As befits this Federal organization, I think we have to recognize some internal inconsistencies in the programs which have been developed. Either what is happening is that an adequate number of jobs are being created in America, but they are not being distributed appropriately, or it is that not enough jobs are being created so that there is no possibility of jobs being adequate in all parts of the country.

Proceeding as we are with the assumption that our task is to distribute the jobs and assuming that they are adequate in number, "adequately" could be a very great error because if that proposition is false, then what we are talking about day after day here is the equal distribution of
That is no prescription for America. If in fact that is the case, we then also have to decide between the strength which we wish to give to such terms as targeting, which has been mentioned on every hand and by every conferee, and flexibility. What it amounts to is targeting is offered to those who expect to receive disproportionate aid in the future, and flexibility is thrown out for those of us who are concerned that the result of this program is going to be a dislocation of Federal programs in ways which will not benefit our States and our people in need.

Now, this problem has to be thought of in either one of two terms. It cannot really be thought of in terms of both at the same time. Either the question is that the States have to do more to make sure that the problems of suburban sprawl and the flight of jobs from the cities is a State problem or we are not really concerned about jobs leaving our States or getting jobs into our States. And if that is the case, the problem that must be addressed by the States or the real problem on the table here is the concern of some Governors about the flight of jobs from their States to other States. And that raises the most essential question of all, which is the question of what we do about the States, the rural States, where we cannot possibly fear the loss of our jobs to other States because we have never had an adequacy of other jobs.
So I just suggest to you as this program comes before us, we have to make sure that there are some reasonable decisions as between targeting and flexibility, and that the end result is not one which pleases us in words but where the methodology will surely result in an effort to unequally give assistance to some areas, leaving behind the problems of inadequate economies in the rural and less densely populated areas of America.

GOVERNOR du PONT: Secretary Harris.

SECRETARY HARRIS: Governor, I love semantic arguments, so I suppose that is why I rush into this one.

There is no inconsistency between the concept of targeting and the concept of flexibility. The question becomes one of what the target and who it is who determines how to address that target.

Let's take the example you used, which is the example of unemployment. If the target is eliminating unemployment, it must be eliminated wherever it is. And you will note that we specifically state that our concern is for urban and rural unemployment.

We already have programs that are presently in effect to deal with unemployment where it is. Those will not be ending. What we need is more flexibility, for example, to deal with what Governor Brown was just talking about -- use of funds dealing with unemployment needs in the cities also to meet the
need for retrofitting of housing.

Targeting is multitargeting but also permits flexibility in the determination of which target is to be met when.

Also, I would like to note that really the issue is not so much an issue of seducing existing jobs to come some place where they are not; it is providing jobs where there are none either in the city or where you are. It is not a question of Governor Dukakis keeping jobs from going to you or to California, but making certain that it is attractive enough in Vermont or in Massachusetts for business to come in.

There is a lot less of the seduction that is responsible for the absence of jobs than the rhetoric would suggest. So we are talking about targeting the need for jobs and providing incentives, but giving you the flexibility to determine where in your State you want to do that targeting.

GOVERNOR du PONT: Governor O'Callaghan, of Nevada.

GOVERNOR O'CALLAGHAN: Mr. Eizenstat, in July of 1976, President Carter met with the Governors and made it very clear to us that he intended that the revenue sharing funds essentially go in toto to the local governments, counties and cities. Right now one of three goes to the States.

The Governors at that time agreed with him on the basis that all of the welfare programs would be nationalized, particularly AFDC. Is this thinking still in the works? And
if so, where is it?

MR. EIZENSTAT: Well, our welfare reform proposal is now before the Congress, Congressman Corman's special subcommittee, where it has made good progress. It will then be dispersed out to the three jurisdictional committees that will consider the food stamps, the jobs part and cash benefits part, and will be put back into a package and sent to the Ways and Means Committee, which we hope will act on it by this spring.

As you are aware, the welfare proposal has fiscal relief in it, sets uniform natural standards for cash benefits, and goes a significant part of the way, though not all the way, toward a federalization bill on the welfare program.

With respect to the revenue-sharing issue, inasmuch as the revenue-sharing measure was extended for a three-year period, we did not feel it advisable to open up the issue of the balance of funding between States and localities at the time we came in. That remains our position today.

GOVERNOR O'CALLAGHAN: You haven't changed your position, though, from what the President told us in 1976?

MR. EIZENSTAT: The President's position is still as it was expressed then. And our position with respect to welfare is as it was then. That is reflected in the bill that we submitted to the Congress on welfare reform.

GOVERNOR O'CALLAGHAN: Thank you very much.

GOVERNOR du PONT: Mr. Eizenstat, I have a question
about State standards. Two of the proposals that you have in your draft paper call for the States to take 15 or 16 specific actions in order to get involved in incentive grants. I think one of the relevant questions is how those actions would be measured.

Let me take two examples. One is, and I am quoting your language now, increase the State role in financing certain public services such as welfare, Medicaid, education, and transportation.

Now, what kind of a standard is applied to a State such as Delaware which already pays over 70 percent of the education funding in the State, which already maintains all the roads in the State except the municipalities? And how do you compare that to a State where perhaps all the funding or much of the funding is done at the county level?

Do we still have to increase our commitment even though we are already at 70 percent?

And, secondly, if you are asking us to increase the State role in financing welfare and Medicaid, that would seem in direct contradiction to the dialogue you had with Governor O'Callaghan about the ultimate objective of federalizing the welfare payment.

MR. EIZENSTAT: The answer is that the whole purpose of the type of State plan that you are recommending as Governors and I think we are moving toward as an Administration
is to provide the word Governor Snelling used — flexibility — so that we could take into account the relative contributions that particular States were making in terms of health, Medicaid, and other welfare benefits.

We would not attempt to provide a uniform blueprint that all States would have to meet in any prescribed percentage of contribution. Each State plan would be judged by the contributions that that State was already making, and those contributions would be taken into account in terms of whether or not the States were directing sufficient resources to their distressed communities to merit approval of their plan.

I think this goes to Governor Hunt's question. It is an unresolved question at this point in our mind. That is where the approval function should be and under what conditions it should be granted.

I think if there is one area that we very much want and need your input in, it is how that mechanism should work. We don't have at this point in time a precise prescription for it working. But it is the key to it.

Because of the great variety of means in which welfare and other programs are funded between the States — some, of course, assume virtually all of their welfare burdens, and some allow their cities to assume and their counties to assume great portions of it — New York and California, for example, differ greatly in that regard — that is going to
have to be taken into account in determining whether or not a particular State is redirecting its resources towards its distressed communities. That is going to be the key to approval of the whole plan.

I think it is important to make this point. To be quite frank about it, I don't think we see, and I know from what you are saying you don't see, this plan as simply being additional revenue sharing money. I think you see this as an incentive to get the States to redirect and rechange their existing resources to areas of greatest need. That is what Governor Busbee and Governor Hunt and Governor Dukakis are talking about.

So obviously, in making that determination, we have got, first, to look at what States are already doing and compare them as between other States. So this is a key question, and we are very anxious to hear it.

GOVERNOR du PONT: The problem that I would see is, first, an enormous bureaucratic problem in this. Somebody, probably a new office staffed with an Undersecretary and appropriate helpers, is going to have to make all of these calculations, which is an enormous job.

But, secondly, I see a problem from States that already have some of the features you are looking for, getting appropriate credit.

For example, we in Delaware already have an income
tax in our largest city. It is a payroll tax in effect that
goes to that city to solve its problem. I don't know how you
could do any more in that area. So presumably you are going
to measure us all at the start and make a snapshot of where we
are.

MR. EIZENSTAT: That is the very point I am trying
to make. We are not going to do that. We are going to take
into account your base just as we are examining our base pro-
grams now to determine whether they are doing a good job. In
those States which already are doing many of the things
Governor Dukakis is suggesting, which are already giving
flexibility to their municipalities in terms of tax-raising
ability, those States which are already assuming a large burden
of local costs, absolutely will be given credit for that. And
we won't assume that they start at the same point as those
States which have not taken such action.

GOVERNOR du PONT: So you get as much credit for
where you have been as the new initiatives that you are propos-
ing.

MR. EIZENSTAT: Absolutely. And absolutely, there
is no question about that. But at the same time, I think that
it is fair and frank to say that the potential problems you
raise are very real problems. The measurement problems are
very real. And the problems in administering this type of
program, as exciting and innovative as each of you think it is
and as we think it is, are very difficult, and we are going
to have to work closely with you to make sure that it is
administered in a way that is most efficacious for us and for
you.

GOVERNOR du PONT: Governor Longley, of Maine.

GOVERNOR LONGLEY: I would like to address my ques-
tion to Stu Eizenstat.

I am sure I need not remind you that what is a
small city in California or Massachusetts is a large city in
Maine. I just wonder is there appropriate concern for the
small and rural -- and Governor Dukakis has pointed this out
very well -- communities that are also being very adversely
impacted, number one.

And, number two, as it relates to HUD and other
Federal programs, are you aware of what Federal programs are
doing for the low- and middle-income working men and women of
this country from the standpoint of adversity of impact to the
extent that many of our housing projects encourage unemployment,
encourage people to continue on welfare and food stamps vis-a-
vis the person who is working that either doesn't qualify or
is turned off more and more from Washington?

Because just last week, I talked with a father of
six children that would have qualified for a new housing
project. He said he couldn't afford it any more because the
neighbor that does gets orthodontia, eyeglasses, doesn't work,
new bikes for the kids, and he can't afford it for his own family.

I just wonder are we balancing the equities of concern in our society with all respect to our responsibility to those who are less fortunate.

MR. EIZENSTAT: I would like to respond to that in a few ways if I may.

First, I think it is very important to reemphasize the point Secretary Harris made at the outset which is that this will be an urban policy that will address small as well as large cities, distressed as well as those cities attempting to avoid distress. That is very critical. And it will be central to everything we do in this package.

Secondly, we have become very familiar and sensitive to the fact that the Federal Government has been doing things from year to year, from Administration to Administration, which on their surface do not have an anti-urban impact, but which in practice and in implementation do. And we are working very hard on setting up what we call an urban impact analysis that will be similar to the type of analysis we are now going to begin to give to regulations in terms of their inflationary effect. That is to measure programs which are not ostensibly urban or rural oriented, transportation programs, criminal justice programs, health programs, and the like, and analyze whether in fact although they are not intended to have an
anti-urban impact, they do.

And last, in terms of the concern with respect to the low- and middle-income families, this is a concern that we are increasingly sensitive to. It is reflected in the program that the President sent to Congress a few weeks ago to provide almost an additional $1 billion in grant money for middle-income families to send their children to college through the basic opportunity grants program. It is reflected in the fact that 93 percent of our tax cut goes to those earning roughly $35,000 and under and in many other programs that the Federal Government has undertaken.

GOVERNOR LONGLEY: I would just like to join the expression already that after three years of attending these meetings, the responsiveness and sensitivity of the Carter Administration are certainly admirable. And this Governor joins with the others who have expressed their appreciation.

MR. EIZENSTAT: I think there is one other point that I think if it were not made would be a major omission. Perhaps to some extent we have alluded to it.

What we are working on, Jack and Secretary Harris and myself, have been for the last eight months an urban policy. It will be, as I have mentioned, a broad-based urban policy that will address the concerns that you have, that Governor Hunt has expressed for small towns.

The issue, however, of distressed rural areas will
First of all, we hope in part it will be addressed to the type of State plan that you are talking about which would permit the incentive grants to go for targeting money to both rural and urban. But that is certainly not the entire answer. And many of you around this table participated in the balanced growth conference which was just concluded, and it is that conference and the recommendations of that conference which we expect in a few months, which we will then build on to include a broader base in economic policy, to effectuate programs for both distressed rural and urban areas.

We see your State plan as being a building block, an important building block, and perhaps the most critical building block around which that type of policy can be based. But in terms of the detailing of that policy, it is one that will have to await the final report and recommendations of that conference.

GOVERNOR du PONT: Governor Lee of Maryland.

GOVERNOR LEE: In the name of even further flexibility, I would like to make a small, short pitch for the forgotten segment of the body politic that has scarcely been mentioned here today, which is suburbia.

Now, when you mention suburbia, the Washington establishment, whether it is the Carter Administration or any of the ones before it, tends to jump right out of its skin.
They, I am afraid, see suburbs as Potomac, Maryland, and McLean, Virginia. And that is not where the real action is.

The whole process of growth and decay and renewal is an evolutionary thing that has come to different States at different times. I got the feeling that California is now facing problems and asking for commitments that Maryland faced 20 years ago. And the commitments were made then, and we still have a way to go in the city of Baltimore.

But we have close in decaying suburbs that are a very real problem. And about half of the population of my State lives in suburbia.

When you receive the Maryland State plan, you will discover that the State carries all of the cities' welfare costs, a large part of the education costs, all of its Medicaid costs. You will find that the State owns and operates the municipal bus system. The State owns and operates the municipal airport. The State owns and operates the seaport. You will find that the State does darn near everything in Baltimore.

Yet there are remaining problems, and we continue to try to build up the central city. And we ourselves possibly are making the mistake of not paying adequate attention to places you have never heard of -- Essex, Glen Burnie. Have you ever heard of them?

Oh, Pat, you are good.

These are not municipalities. They don't have
boundaries and mayors; they are just a slab of suburbia with a central commercial area that flourished briefly and gave way to further out shopping centers that are now dying on the vine.

These places need help. And I don't really know or care which agency is going to administer this program, but I hope it will be staffed by people who have some breadth of vision and some understanding, an absence of hangups, and an appreciation of the infinite variety of our States.

SECRETARY HARRIS: Governor, I am sure that the fact that my colleagues urged me to respond to that was because they know of our long association.

First of all, let me make it clear that we can't deal with everything all at once in the urban and regional policy statement and message that the President will send over in the next few weeks.

It is clear also that there are areas which fall within our definition of urban which in terms of common parlance today are called suburbia. We are very much aware of that.

And our policy will deal with those areas largely because of a concern that I keep throwing out on the table and asking you please to pick it up and look at it. And that is the concept of targeting scarce resources to meet clear needs.

Now, if your suburban areas are in fact rural areas, the statement that Stu just made will apply. But if they are in SMSAs, they will be dealt with as part of the coherent urban
policy pronouncements. So it depends.

First of all, what have you determined that your suburbs will be? I would say that, as in the situation of a well-known comic strip, on some of these issues you have mentioned, you have met the enemy now, and they are us, being the State government. There is nothing written in the Constitution of the United States that says that the State only helps Baltimore City.

And it is exactly that concern that I think leads us to say to the States, "Look at what you are doing now for your troubled areas, particularly urban areas, but not limited to urban areas, and make your initial contribution. And don't think just in terms of redirecting Federal funds. Look at the exercise of your own power and responsibilities."

A good deal of the problem will be solved simply by having done that.

GOVERNOR du PONT: Governor Busbee.

GOVERNOR BUSBEE: Mr. Chairman, I have just listened to all three of the panelists. There is a lot of concern among the Governors.

I would like to join in what has been said by two Governors. We do appreciate the opportunity to talk with the Administration as you are formulating the legislation and have some input.

Mr. Chairman, on the Transportation Committee of
this Association, I have had the opportunity, along with other Governors, mayors, New York Port Authority, Dade County Metro System, and others, to be working on the highway and transportation policy. We had used the same term that has been used at least 25 times today -- the term "urban area."

Now, we are talking about State strategy. I would just like to throw this out that I think it is absolutely essential that we have State strategy, a State plan, when it comes to economic development. And even though we have tried to stretch the term "urban area" to include these little towns in North Carolina that Jim Hunt keeps talking about, I think that we ought to recognize what we mean by urban area.

Now, I think in answer to Secretary Harris, she says What have you done to rejuvenate downtown or inner city or core problems in cities by putting State institutions there? We have done some things. Bill Milliken in the Renaissance in Detroit, Coleman Young, many of us, have done things. We have a World Commerce Center in the State, but we work with Freight Enterprise and have a complex unequal in this nation. We have built 3,500 hotel rooms in a period of 30 days.

What do you mean by urban areas?

The highway legislation, I have proposed. You asked us to come up with State plans. But what you said is no longer is the State going to do the planning, and no longer will they do the building in urban areas of metropolitan or
urban highways.

What you mean by urban areas is defined largely as being that tract as defined by the United States Census, or it can be larger than that, but not smaller. If you go to Detroit it is absolute disaster, you have so many municipalities, surrounding counties. It is disaster.

What you mean by urban area, you are not talking about cities when you are talking about urban areas. Urban areas in the highway legislation, in my area in Atlanta, you would have 22 different municipalities and mayors that would be in that area. You would have portions of eight county governments, eight counties where you would have county commissioners.

Then you would have the Governor select a committee that is representative of all of these governments. And then they would come up with a plan for transportation.

In addition to the plan, rather than the State Department of Transportation coordinating a State plan, they would then coordinate their own plan, but you do direct that that be consistent with the State plan.

I will say that God Almighty couldn't come up with that conglomerate of people that the Governors are supposed to come up with to represent that type of urban areas. And I think as we work together, whether it be in economic development, whether it be in highways, which is part of economic development,
if we are talking about State plans, we are going to have to get away from the plan that we have today, but we have progressed from the point we used to say, "These United States." We now say, "The United States." And if we could go forward with all of these policies, we would say, "These United States and 29 urban areas."

I think it is wrong. I think the time has come when we ought to work together. We have these problems. And maybe it is in three rural counties in Georgia; but when I am in Atlanta, if we have people that don't have adequate housing, don't have adequate nourishment, don't have adequate education, we are going to have to address them. If you want to call them urban, we will call them urban, but these are policies working together that this Administration and these Governors want to join hands and work with you and address these problems.

But we have to have some discretion, some coordination of plan, if it is a State plan, has to be a State plan.

GOVERNOR du PONT: I think Governor Busbee's comments are extremely well taken. And when you are trying to deal with, as I said in my opening remarks, a State plan and a State coordinated effort, it is extremely important that those 29 metropolitan urban areas and however many SMSAs there are in the country somehow be coordinated under the State umbrella. Otherwise, you are going to be right back to where you were, as Governor Dukakis said, in the 1960s.
SECRETARY HARRIS: Please remember that you determined as State governments through your State constitution what your cities would be, what your governmental units would be. The Federal Government did not do it.

Therefore, if there are problems of boundaries, they are problems that were created by the State and I would submit to you can be corrected by the State.

Now, I know that there are political realities that it would be naive of me to ignore. But let me give you an instance of what the difference can be between approaches to what is a city.

If San Antonio today had the boundaries it had in 1945, it would have the unemployment problems and other problems of the city of Newark. The difference is a difference in annexation power that is present with respect to cities in Texas and present from the government of Texas.

One of the reasons we are saying to you and pushing you to look at the realities of the problems over which you have power is so that you can address these problems realistically. If you do not, then we have to take what we are given and find the best way to deal rationally with them. But you have the power to deal with the very problems that you point up here -- the proliferation of governmental units and the lack of coordination of these governmental units in a rational way.
So I urge upon you the very hard attention required.

GOVERNOR BUSBEE: Madam Secretary, I would just like to say I agree we have to have this planning for these urban areas. But we don't have that authority now. Maybe I could incorporate 22 different municipalities and eight counties, but when you go over to Detroit, it is bad. But when you go over to New York, we don't have that power because you would include a portion of three different States in this urban area. You would have five boroughs, and I did have the number of municipalities that Hugh-Carey would have, but I don't think that we can expand city limits to the urban area as defined by the United States Census.

That is what the legislation for the highways says urban areas is. And I anticipate when we are talking about economic programs, it is going to mean the same thing.

MR. EIZENSTAT: I would add, however, the down side of not doing that, that is to say, not defining this as an urban policy in which we include SMSAs, and Governor Lee's point would include an impacted suburb, the down side of limiting our policies only to the boundaries of existing municipalities is that you avoid the necessary coordination between areas with similar problems. And in some respects, you can have greater problems of coordination than the ones that you are mentioning if you consider that the urban policy should be that is only a city policy that ends at the city limits.
What we are trying to say is that it ought to be a broader policy than that and ought to take into account the fact there are many areas within an SMSA that have similar indicia of problems as those in the core city itself. So it is a trade-off, and it is a difficult problem you raise. And it is a good point, but there are down sides as well.

GOVERNOR DU PONT: Governor Busbee has 30 seconds more.

GOVERNOR BUSBEE: All I am saying is I don't think it is necessary in this day and time in America to bypass the States to go down to what you are talking about as urban areas, whatever it might be. I think it is an integral part of our States, whether suburbia, as Governor Lee says, rural area or metropolitan city.

GOVERNOR DU PONT: We are going to take two more questions before we close from Governor Shapp and then Governor Snelling.

Governor Shapp.

GOVERNOR SHAPP: Mr. Chairman, thank you very much. Because my microphone and seat has been usurped by the Federal authorities this morning, I am speaking on the microphone of Governor Thomson behind his sign. But you will soon recognize from what I say it is not the voice of Governor Thomson.

I would like to address a different point of this discussion, and that is the tax structure of the United States
that I think is so detrimental to the urban centers of our country. And unless, in my opinion, we change the tax structure of this nation and very quickly, we are going to find that there is no hope for reviving our urban areas and very little can be done to rebuild them.

The tax structure of this country is such that the most regressive and inelastic taxes in the nation are urban taxes. We rely primarily upon property taxes and wage taxes which are the most inelastic and regressive taxes that we have.

Furthermore, because those who can afford to pay the taxes can often move out of the community in the surrounding suburbs and even a few miles outside of the city and avoid paying the property taxes that way. They do move. And so those who are left behind in the urban centers have greater problems and less resources with which to deal with those problems.

Now, the States -- and I know many of the Governors can cite the same thing I am going to state -- have picked up a large percentage of local costs. Almost 60 percent of our State budget today goes back directly to local communities for education, court costs, health costs, and other costs.

Now, our tax structure is a little more progressive and a little more elastic than the local taxes because we do have an income tax which is better than a wage tax. And we
have other taxes, sales taxes, that are a little more progressive. And we pick up and help the local governments as best we can.

But the Federal Government with its income tax, even with all its loopholes, still has the most progressive and elastic tax structure that there is.

Furthermore, no citizen can move out of an urban area or no company can move out of an urban area to avoid property taxes.

Well, they can do that to avoid property taxes, but they can't move out of it to avoid the Federal taxes. So if the Federal Government would recognize that the average citizen really doesn't know who pays for the services, doesn't know whether the services are paid for by the local community, by the county, by the State, or the Federal Government, or by a combination of either, if the Federal Government only recognized that we have to have more help from Washington -- I am not calling it handout help, but because you have the more progressive system -- and work with us, I think we can devise a program that would be much more effective without having a change in our tax structure. But I don't see how we are going to rebuild our urban centers.

MR. EIZENSTAT: I would like briefly to respond by saying, number one, our welfare reform which has several billion dollar fiscal relief will be of particular help in that
regard.

And, number two, in terms of the point that Jack
made in his presentation, that is the fact that we are trying
to encourage investment in these distressed municipalities,
we think that by the combination of programs that we are work-
ing on, low-cost loans, grants, and the like, that we can
offset to an extent the additional costs due to the property
tax in the cities, as compared to other areas in your State
and make cities more attractive places financially for com-
panies to invest.

So we are very aware of that and are taking that
into account.

GOVERNOR DU PONT: A final question from Governor
Snelling, and we are running a little tight, Governor, so if
you can make it concise, we would appreciate it.

GOVERNOR SNELLING: A bit tight, but effective, OK.

It seems to me we have broad areas of agreement
and a rather narrow area of concern. My question would be
addressed to Stuart Eizenstat to see whether it is possible a
representation might be made to us with respect to that area of
concern.

The area of concern for many of us seems to be a
fear that in order to provide the incentive, funds are going
to be withdrawn or not allowed in certain areas when in the
judgment of someone they have failed to make plans which fit
some Federal independent guideline or test.

To the extent that the incentive is provided about withdrawing or disallowing in certain areas, redistribution could occur that would be a matter of concern to some of us who would fear we wouldn't be able to document the severest need test that has been presented.

There is a remedy to that. If when our plans were not found to be in accord with the guidelines that were set up, instead of simply disallowing, alternatives were to be prepared and we would be assured that there would be a way that we could prevent redistribution and withdrawal of funds which we need to meet the needs of our States, I think we would be comforted.

The example that we have to avoid is the EDA rule, for example, of the 10 percent minority employment. Vermont has not been able to meet that rule. We are in the Federal courts because there is no way we can. And what we would have preferred in a case like that is someone to say, "We understand you can't meet that rule exactly the way it is written. Here is the alternative."

Could you assure us there would be some mechanism by which we would be sure we would not, regardless of our best interests and our best efforts, be the victims of redistribution?

MR. EIZENSTAT: I can assure you we will take into
account the concern you expressed.

GOVERNOR DU PONT: I thank you for a concise answer to a concise question.

That concludes the panel for this morning. I would like not only to thank the Governors, but also particularly our three Federal officials.

Before everyone goes away, the program has a few important moments to run yet. Governor Milliken has some announcements.

I would like to say, Governor Milliken, I very much appreciate the opportunity to chair what I think has been one of the most unique experiences in the history of the National Governors' Association. Thank you.

CHAIRMAN MILLIKEN: Thank you very much, Governor du Pont. I want to agree entirely with you this has been a very stimulating and a very productive session. And I want to thank you personally for an excellent job.

I want to thank Governor Dukakis, Governor Hunt, and Governor Busbee for their outstanding work as well, and particularly Madam Secretary, Mr. Eizenstat, and Mr. Watson for your very excellent contributions.

I now for a special announcement would like to recognize Governor Longley, of Maine.

GOVERNOR LONGLEY: Very briefly, the State of Maine has a very serious Indian land damage claim. I have discussed
this with Governor Ray. She has some concerns. Each Governor, if you have land or water in your State, could be subjected to this same type of claim.

We are saying it is more of a Federal problem than a State problem. Our Attorney General from Maine is here and has agreed to meet and answer Governors' questions, questions from staff, as to the problem that is already presented from Maine and could present to your States, whether you are talking about fishing or hunting rights, the right to tax, from the standpoint of the adverse impact in the court from the State of Washington last week alone, which Governor Ray is very familiar with.

We would like to meet and answer factually the problems as we see them as they relate to each State in this country, including Hawaii. James Michener was right.

We are meeting in the Columbia Room C. It will be a very brief meeting immediately following the adjournment of this meeting.

CHAIRMAN MILLIKEN: I want to remind everyone here, the Governors particularly, that we will reconvene in this room at 1 o'clock sharp for the purpose of hearing the Vice President. We hope to get that session under way right on time. And your presence here at 1 will be appreciated.

We will proceed now immediately to the meetings of the regional Governors' organizations. We will see you at
1 o'clock.

(Whereupon, at 11:05 a.m., the meeting recessed, to reconvene at 1 p.m. the same day.)
AFTERNOON SESSION

(1:10 p.m.)

CHAIRMAN MILLIKEN: Will the Governors please take their seats? In a moment, our distinguished guest will be here. In the meantime, will you take your seats.

(Standing applause for Vice President Mondale.)

To open our final plenary session this afternoon, we are very privileged to have as our guest a man with a distinguished record of public service which is known to all of us.

He served four years as Attorney General of his home State of Minnesota before becoming United States Senator in 1965. In 1976, he was elected Vice President of the United States. I think all of us in this room and way beyond this room are aware that our distinguished speaker this afternoon has been given unprecedented responsibilities in the Carter Administration.

In his position, he is a very effective and very influential member, not only on the Washington scene, but in the country and in the world at large. He has brought to the office the same keen insight, compassionate concern, and fierce determination to respond to the critical problems of our times which he showed in the United States Senate.

It is my privilege and honor to welcome the Vice President of the United States, Walter Mondale.
VICE PRESIDENT MONDALE: Thank you very much, Bill, for that very, very kind introduction. When I am done, I would like the name of your speechwriter. Anybody who can gloss over realities so beautifully has a place on my staff.

I have been looking forward to this opportunity to speak to the Association for some time. And when I picked up the morning paper, the Post, I saw how exciting this meeting was -- the thrilling looks across the faces of Governor Dukakis and Governor Busbee -- Carter was mad when he saw that, George -- Governor Shapp and the others. You can imagine how refreshing to be here today.

(Laughter.)

The President very much enjoyed his meeting yesterday with you on the energy policy, but he wanted me to announce the dinner is still on --

(Laughter.)

-- and credit cards of all kinds will be accepted.

(Laughter.)

We just finished a few weeks ago the first year of the Carter Administration. And for the purposes of this Association, for the first time in nearly 50 years, the first year of a Presidency of a President who had been a Governor of one of our great States. While I had spent some time in the State government as Attorney General, it has been some time...
back. At the end of the first year, I was interested in what kinds of conclusions President Carter had about the comparisons or the dissimilarities between State and local government.

I said, "Mr. President, now that you have had a year in office, what is your impression of Washington? How do you view your job now as compared to your governorship?"

He said, "Well, they are very, very similar." He said, "Washington is really just like Atlanta." And he said, "The Congress is like the Georgia State legislature. And you remind me a lot of Lester Maddox."

(Laughter.)

On behalf of the President, it is a pleasure to welcome you again to Washington. I have always considered this event a very important yearly process for our great country and its precious Federal system. It is a chance for the Chief Executives of the several States to communicate together and separately with the President. And this dialogue is absolutely essential for our country.

But even more important is the daily consultation between us throughout the year. We deal with the Governors often on an individual basis. We can help overcome the ravages of flooding in the West or blizzards in the Northeast, but this is the only collective national policy-making organization of Governors.

It was very appropriate when you changed your name
last September. For this Association has almost 40 continu-
ously functioning committees and subcommittees chaired by
individual Governors. They formulate policy on the vital
issues affecting the States. They have made the Association
an informed and influential spokesman, and that role is central
to the economic and social progress of our beloved country.

It has been 12 years since our friend Terry Sanford
wrote his book Storm Over the States. In the wake of struggles
over civil rights and reapportionment, Terry saw a renaissance
in State government. His words were prophetic.

In almost every State, new leaders are shaping the
machinery of government to make new beginnings. They have
brought us sunshine legislation, sunset legislation, zero-
based budgeting, financial disclosure requirements, and wide-
spread electoral reform.

Oregon and Maine have started new programs to aid
the elderly. New Jersey has pioneered with the Office of
Public Advocate. Florida and Virginia and Colorado have
launched new attacks on child abuse. California and Minnesota
have inaugurated programs for compensating the victims of
crime. And many, many other States have followed suit.

All fifty States have created offices to represent
the consumers. And the time has come, despite our recent
setback, to do the same at the Federal level.

In many areas, the story of social progress in this
decade is largely the story of State government. From 1970 to 1974, one chapter of that story was written in Georgia -- I thought I would pick a random State, George -- by a Governor by the name of Carter. And it is no surprise that three of the four major candidates for President last year had served in the State House before seeking the White House.

The President took office at the height of the renaissance in State government. He deeply believes that the key to our progress is a strong partnership between public officials at every level. Only a month after he took office, the President issued an unprecedented order to all executive departments and agencies. In it he required ongoing consultation with the Governors about major programs of interest to our States.

We have worked hard to fulfill that commitment. The States have worked equally hard to increase consultation with county and city governments. As Lincoln once said, it is a duty which history does not permit us to escape.

The last 10 years have brought suspicion, as we all know, about public leaders. But they have also brought unparalleled expectations about the role and the responsibility of governments. When Hubert Humphrey became mayor of Minneapolis in 1945, such expectations were considered utopian. But three decades later, the American people have come to share a broad consensus about the definition of fundamental human
rights.

Together, we believe in a strong and stable economy, yielding full employment and fair wages. We believe in a society which offers access to decent housing, quality education, affordable medical care, and a safe and healthy living environment. In many ways, we recognize a basic right to material security, or perhaps more accurately, the right to earn it.

That is a profound growth in our national character. It may have been my beloved friend Hubert Humphrey's greatest legacy. He had what Dr. King once called an audacious faith in the future of mankind. He taught us to believe in the ability of government to make a difference in the lives of people. Each of us sought public office because we also believed in that principle.

Just as we share common objectives, we also, as we well know, share common problems. They place some very real constraints upon our ability to act.

Last year we made good progress in fostering economic growth. And I might add here when we assumed office, it became quickly and absolutely apparent that it was essential to set this country on a new course of prudent economic growth that would put the millions of Americans who were out of work back on the payrolls and off the welfare rolls and the unemployment insurance rolls of this country. I am proud of
the fact that in the first year of our Administration, we added more Americans to the work rolls of this country in a single year than had been added in any other year in the history of our nation.

But despite our advances and despite the greatest restraint on spending, we still face a budget deficit of $60 billion. It stands as a tangible barrier to what we can accomplish nationwide. And still we are spending $45 billion a year in the cost of importing foreign oil. And still we are growing more dependent on foreign sources half a world away. And still, the shape of our energy program awaits the outcome of legislative bargaining.

At every level of government, these problems block our way. We can't ignore them. As Governors, you know that better than anyone. For the buck stops on your desk, too.

We must make choices. We must set priorities. We must stop wasting resources. We must work together because this nation belongs to all of you.

John Kennedy once said that politics may make us adversaries, but the Constitution makes us all allies. If we work together we can make programs run more smoothly at all levels of government. We can save the States time and money in dealing with Federal agencies. And we can make the machinery of government work more promptly and efficiently for the people who depend upon our services.
Together, we administer a welfare system which often works to break up families, to discourage employment, and to squander millions of dollars in fraud and in red tape. We have worked together to change that. We have had unprecedented cooperation between the White House and this Association and its Subcommittee on Welfare Reform.

We wrote the bill together. We have had tireless support, not only from your chairman, Mr. Milliken, but from Hugh Carey, Dick Kneip, Mike Dukakis, and Bob Straub. Just last month, they helped us survive a crucial vote in the House committee.

We need that legislation. We need it to bring efficiency to government, fiscal relief to the States, and hope to the people who need our help the most. And we need your continued help to secure its passage.

We also face together the national obligation to restore our cities to the great urban centers they once were. We have learned from States like Michigan and Massachusetts the wisdom of a comprehensive strategy for dealing with urban problems. We have worked in close consultation with Mike Dukakis and the Association developing the details of a national urban policy.

Those discussions have taught us the importance of dealing with all cities, not just the old ones or the larger ones. They have taught us the pivotal role of State govern-
ments by virtue of their historical, legal, and fiscal relationship with local government.

Your tax bases, your population centers, your cultural and commercial vitality, are all bound up with the life and the strength of your cities. We are planning a broad legislative package which was discussed this morning for community conservation. As an absolute necessity, it must include a strong and vital State role.

With your help, we are in the process now of defining that role. We have discussed the need to support State efforts to reduce fiscal disparities among the cities and increase their fiscal capacity. We have talked about encouraging State help for cities in the greatest economic distress and decline.

We must do so in a manner which respects the State's understanding of their own problems and peoples. And that means more than financial assistance. It also means non-monetary incentives like reduction of paperwork, simplified planning procedures, expedited review, and the promise not to change planning requirements in mid-stream.

This is a national problem. The States can't solve it alone. But no program will succeed which fails to include a strong State role. Only a true partnership at every level of government can bring balanced growth and progress. And we propose such a partnership in great confidence that the States
will be an active part of that effort.

We have the same objective in reforming Federal water policies and programs. It is a matter of national concern. And again the level of consultation between us has been unprecedented.

Scott Matheson's work as a zealous spokesman and chairman of your Water Management Subcommittee has been most helpful to you. He and his colleagues have met with the President, with your former colleague, Secretary Andrus. We recognize together the need for improving Federal programs. We recognize that water conservation must be the cornerstone of that improvement. We recognize the need for sensitivity to differences between States and regions, and to enhance the role of States in water-related planning and programming.

President Carter has pledged to meet again with the Association before making any final decisions.

In all of these endeavors, we have worked together. This is not an imperial Presidency. And that means more than abolishing some of the frills which attend the office. It also means a basic understanding of democracy at work.

Our programs aren't the product of a single leader or the awesome power of his office. They were forged in the clash of interest, the hard bargaining, which are the fabric of a free society. And no group has been more important to this effort than your Association.
We have profited from your experience and your collective judgment. You have taught us a good deal about the role of government in a period of scarce resources.

Above all, we have learned where government does act, where it does choose to commit resources, it must do so efficiently and responsibly. Our whole effort to reorganize the bureaucracy is an outgrowth of that belief. It is an outgrowth of 20 comprehensive State-level reorganizations undertaken since 1965 -- one of them in the State of Georgia.

I notice my speechwriter emphasizes that State a great deal here today. And I want to thank him for that in case I don't see him afterwards.

(Laughter.)

Now, we are doing the same thing at the Federal level. We moved to abolish 40 percent of the executive advisory committees. We have eliminated 1100 OSHA regulations. And I guess you can't imagine as Governors what we went through in eliminating regulations that made absolutely no sense like be sure not to climb a ladder from the back side.

(Laughter.)

Something you probably don't know about. We eliminated 1100 of them. As far as I know, no one has been hurt and hundreds of thousands of people have been helped.

More importantly, we are restoring the most sacred asset of American government -- trust and faith of the
American people.

We have saved 100 million hours, we estimate, of paperwork across the board in Federal bureaucracy. In many of our agencies, for example, we found that quarterly reports were needed, say, on education. We went and looked at what happened to those reports. They just go into a room. And if you would like to look at the reports you filed, they are still there. No one has read them.

So we said, "Why have quarterly reports that no one reads? Why not have a single good annual report that someone must read?"

And with simple changes like this, we have literally saved millions and millions of man-hours in your government, in our government, and I think added to public respect in the process.

Thursday we will announce a comprehensive program of civil service reform. That program is a product of unparalleled input by State and local governments. You must deal with Federal agencies daily. You know the importance of competence and responsiveness in public officials.

Only a month ago, your Association, the Civil Service Commission, and a number of other organizations sponsored a National Conference on Public Personnel Management Reform. It was held in the Hall of States here in Washington with the help of your Association staff. The Federal program for
civil service reform was exhaustively reviewed at that
conference.

It reflects, in addition, the pioneering efforts of
States like New Jersey, Wisconsin, Oregon, and Wyoming.

Our goals are simple: to bring new incentives for
productivity to the Federal work force; to strengthen protec-
tions for Federal employees against abuse; and to cut the red
tape which too often strangles even the best of programs.

I hope you will take a good look at that program
because I anticipate considerable resistance. But this may be
the single most important reform that the President proposes
under his Reorganization Act. As Governors, you are especially
influential and respected when you speak on government organiza-
tion because it is something you deal with as a Chief
Executive in your own State all the time.

We absolutely must have this fundamental civil
service reform in the Federal structure in order to make it
work efficiently and responsibly. I hope you will look at the
package and if it merits your support, please give it to us.

We hope to apply the same collective input to a
systematic reorganization of Federal development and grant-in-
aid programs. We have 162 separate grant-in-aid programs in
17 Federal agencies. They administer 4,000 separate planning
requirements. Grant applications don't arrive in envelopes
any more; they arrive in crates.
There are 77 programs which relate to housing in 15 separate agencies. There are 46 programs relating to sewage disposal. You can find them in five departments, seven agencies, two independent bureaus, and eight regional commissions. And according to my speechwriter, we have more people studying sewage than we have sewage — the figures to be supplied later in the evening.

(Laughter.)

At the Association's recommendation, we are moving to simplify and consolidate the Federal programs. We have ordered a total overhaul of bureaucratic planning requirements with the object of eliminating all those that aren't specifically required by statute. We are finding new ways to make Federal funding more predictable and certain — by using letters of credit, electronic fund transfers, and advanced appropriations.

We are reducing the extent of Federal interference with State and local government, but by sharing information among agencies and enforcing single-audit regulations. And we have also instituted a truly revolutionary concept. We have ordered all the Federal agencies to publish their regulations in plain English. When that happens, will you please call us?

(Laughter.)

We have also together to establish priorities for
Federal spending. In the past year, it has been politic to spread funny moneys --

(Laughter.)

If you think the speechwriter is bad, look at the speaker.

In the past years, it has been politic to spread Federal moneys as widely as possible. In this age, we can't afford that luxury. States like Kentucky and North Carolina have taught us the wisdom of using precious resources in areas which need our help the most. We have worked together to identify those areas. And new Federal programs have been directly responsive to the States' conception of their own pressing needs.

I was recently in Mississippi, and I saw how a Federal program properly administered could bring tremendous help of the kind that makes the most importance to people in their real lives. This was a small economic development in one rural county that was economically depressed. The EDA helped to build an industrial park through a series of grants and loans.

That was a few years ago. When I visited it in December, that park and its industries had a payroll of $24 million a year. Housing starts were up. Retail sales were up. Median family income in that community had doubled. Real estate values had tripled, and the population is growing
for the first time in 37 years.

This year we propose to increase the budget for economic development grants and loans by 26 percent.

In every area of domestic spending, we must use our resources where they will do the most for the people who need our help. We believe in limiting the cost of hospitalization. We have worked for hospital cost containment at the Federal level, and we are pledged to pass a comprehensive system of national health insurance. We believe in quality education for every student. And we are pledged to direct Federal dollars to those students and districts needing it the most.

We believe in a national policy to guarantee independence in energy production. We have been working with the Congress for 12 months to put it into shape. And we are grateful for your help and support in that area.

Last January I visited several Western States, including Colorado. There are cities and towns on both sides of the Rockies which are just beginning to exploit rich reserves in coal, uranium, and oil shale. In places like Craig and Meeker and Rifle, booming growth is straining government services of every kind.

In helping to meet national needs, those towns are suffering economic and social dislocations. Their quality of life has literally been destroyed in the process of producing the energy and resources that this country needs.
States have taken the lead in responding to that burden. But national decisions and policies also have their impact. And that is why we need a Federal energy impact program. We need a sound and responsible policy for dealing with the special needs of regions burdened disproportionately. Dick Lamm and Jay Rockefeller played a vital role in defining the need for such a Federal commitment. Their Association subcommittees have worked closely with the White House in formulating a program. And we hope to have new legislation before the Congress this year.

In these areas and many more, we have made a new beginning. We are moving again. We are hopeful again. We are beginning again to solve our common problems.

The American people demand no less. After a decade of doubt and disillusion, they don't expect miracles. But they do expect their public leaders at all levels of government to sit down and work together in a spirit of partnership and responsibility.

We are the richest nation on earth. We have the greatest assemblage of talent and technology. We can begin to rebuild our cities. We can begin to make sense out of our welfare system. We can begin to create a society which offers a job to every person who can work and a decent minimum income to every person who cannot. None of this happens overnight. But the important thing is that we begin. We must, in
Shakespeare's words, "Take all the swift advantage of the hours."

That is the guiding principle of our Administration. Sometimes it leads to the charge that we are trying to do too much. We accept that criticism. It is far better than the charge that we have tried to do nothing.

Perhaps more than any public officials, the Governors can understand this motivation. Our time here is short. Our chance is brief. If we do not take it, if we do not make the best of it, we will have failed our people and our mission.

John Gardner once said: "A nation is never finished. You can't build it and then leave it standing, as the Pharoahs did the pyramids. It has to be built and rebuilt. It has to be recreated in each generation by believing, caring men and women. It is our turn now. If we don't believe or don't care, nothing can save our nation. If we believe and care, nothing can stop us."

With your help, we can face directly the problems which have plagued us for far too long. We can face the future as partners. We can continue to make progress in restoring public trust and faith in the public process. We can make progress together if we do. If we do that, nothing can stop us.

Thank you very much.
There also is contained in your packet a list of

(Standing applause.)

CHAIRMAN MILLIKEN: Will the Governors kindly be seated so that we can proceed to a very important function of our meeting -- the adoption of our policy statements, our resolutions?

Before we proceed with the adoption of the policy statements, I am going to ask John Lagomarcino, our parliamentarian, to briefly review the rules under which we will function this afternoon.

John.

MR. LAGOMARCINO: Thank you, Mr. Chairman.

The rules of procedure are in your packets, Governors. Let me highlight just two or three of the more important aspects.

First of all, for those committees which will offer more than one resolution, they will be asked to offer them en bloc. It should be noted, however, that any Governor who wishes to separate any of the individual resolutions may simply make such a request, and it will be done. And the resolution will be dealt with as a separate matter.

All those resolutions which have been offered by one of the six standing committees and which were mailed to the Governors in a timely fashion under our rules, in order for adoption, they must receive a two-thirds vote.

There also is contained in your packet a list of
resolutions which will be offered under suspension of the rules. In those instances, it will be necessary, of course, for a motion to suspend the rules. And that will require a three-fourths vote. And a three-fourths vote will be required on the main portion or any amendments to thereafter.

The packets you have before you, Governors, are arranged as best we know how in the order in which the standing committees will be called by the chairman.

CHAIRMAN MILLIKEN: Thank you, John.

I would request the chairmen of the committees when I call upon you to come up to the podium to discuss the resolutions that your committee is proposing be adopted by the Conference at large and upon the conclusion of your report to move the adoption of the resolution.

I am going to proceed somewhat out of order because Governor Carroll and Governor Matheson, I believe both, are required to leave a little earlier, and they have requested to go first. So for the Committee on Natural Resources and Environmental Management, I would ask Governor Carroll to come forward and give the presentation of his resolution.

GOVERNOR CARROLL: Thank you very much, Mr. Chairman.

The problem is one of George Matheson having to attend a White House meeting this afternoon. I will be able myself to stay through the rest of the afternoon.
The report is on the Committee on Natural Resources and Environmental Management. Obviously, the Governors in attendance at the White House yesterday are fully aware of the contents of those reports. I will not seek to repeat any of the reports made to the President yesterday afternoon.

I will, though, at this time take the opportunity of making public at least some of the results of the energy production conference that occurred over the last two days.

One of the things that I thought came out of yesterday's meeting was the public commitment by the President that henceforth any information needed in the Administration will be furnished without having to resort to the Freedom of Information Act. That particularly was relevant with respect to the DOE computer modeling process in its importance to the oil and gas production.

Also, the President supported yesterday afternoon the delegation to the States of the responsibility for environmental reviews and the need for power determinations.

Additionally, we have a firm commitment now out of the President of the impact assistance assessments that will be made throughout the various States. Shortly, there will be a meeting, within a couple of weeks, to formalize and standardize that needs assessment process.

We additionally received a commitment for working further with OMB and with DOE on the comprehensive State grant
programs. I think you might be interested to know that the President this morning signed a supplemental appropriation bill containing $80 million to continue research programs on breeder reactors and other nuclear research activities.

Toward that end, I want to publicly commend Governor Ray for her excellent presentation yesterday and possibly influencing, maybe even, the signing of that legislation. I thought that Governor Briscoe and Governor Byrne made an excellent presentation yesterday, and particularly highlighting the fact that we may well be facing some less productivity in the oil and gas field than that which originally had been anticipated.

Facility siting under the direction of Governor Bob Straub, of course, likewise brought that subject matter very much to the forefront, and the fact that the States themselves will be having a substantial responsibility in the facility siting area.

Offshore drilling received, additionally, an excellent report from Governor Pete du Pont and our efforts to gain emphasis attention in that area and particularly now with the settlement of the lawsuits that also concerned the Federal leasing of coal lands.

In the area of nuclear power, of course, we do think that we will be able to make it in the use of nuclear power.

We additionally, of course, received the reports on
the Coal Committee, emphasizing the fact of the problems of
cal transportation primarily, the Clean Air Act problems,
and the alternative source of fuel problems.

The renewable resources report by Governor George
Ariyoshi additionally gave us an opportunity to recognize that
in the near future renewable resources will again receive
substantially more attention than they have in the near past.

I think that the more important thing for you to
cover this afternoon with respect to our committee is our
policy statement on the water as a result of the Water Manage-
ment Act of the Federal Government. And that work has sub-
stantially been accomplished by Governor Scott Matheson whom
I will ask at this time to come to the microphone and make the
report on water management, at which time he will proceed to
take a vote of the committee, Mr. Chairman, under your auspices.

Scott.

GOVERNOR MATHESON: Thank you very much, Governor
Carroll.

We appreciate, Mr. President, the opportunity to
present this matter slightly out of order. But the scheduling
gets a little tight, and we need to move because my mission
this afternoon is to go over to the White House and see about
scheduling the meeting with the President later on this month
to discuss the national water policy recommendations.

This assignment to our Subcommittee on Water Manage-
ment came about as a result of the President's environmental speech last May at which time he called for a national water policy review. Since that time, the Subcommittee on Water Management has been working very closely with our counterparts in the Federal system in order to arrive at as much consensus as possible.

But in the course of the work, we discovered that the States did not have a set of principles regarding water management, water development, water conservation, which spoke for the entire National Governors' Association. And in order to provide that backing and that fundamental policy approach, we called upon the experts in the water management field throughout the country from all points of the compass.

Meeting on many, many occasions, investing literally hundreds of hours, that group came up with the fundamental principles for a national water policy which is before you today. It represents a unanimous consensus of all of those individuals who worked upon the task force, indicating to me the strong commitment throughout the country for principles based upon the States playing the primary role in the allocation, appropriation, management, and conservation of water, but, of course, working very closely with the Federal system in all cooperative ways.

Accordingly, the principles were presented to our Natural Resource Committee yesterday and approved. They are
Dick Kneip was forced to be elsewhere this afternoon.

Mr. Chairman, I would like to move the adoption of the fundamental principles for national water policy which is covered with a yellow sheet and should be before you at this time.

May I have a second, please?

GOVERNOR EVANS: I will second it.

GOVERNOR MATHESON: Thank you, Governor Evans.

The matter is open for discussion, Mr. Chairman.

CHAIRMAN MILLIKEN: The motion has been made and seconded to adopt the policy statement as presented by Governor Matheson. Is there discussion?

(No response.)

If there is no discussion, the question is on the adoption of the statement. Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The statement is adopted.

The next committee report is from the Committee on Human Resources. Governor Dukakis of Massachusetts will give that report.

GOVERNOR DUKAKIS: Thank you very much, Mr. Chairman.

Dick Kneip was forced to be elsewhere this afternoon.
and has asked me to assume responsibility for presenting positions of the Human Resources Committee to the plenary session. And I hope you will all understand if from time to time I have to appeal to staff and others to assist me in this effort.

The committee would like, with your indulgence, to consider its recommendations in three parts:

The first being medical care financing because of the interest in that;

The second being all of the other resolutions that are before you with the green title page;

And the third being a special recommendation for a fee-for-service program in the manpower field that has already been strongly endorsed by the Executive Committee of the Association, which is before us this afternoon for action.

Governor Garrahy will present the position of the Committee on the subject of medical care financing. And, Mr. Chairman, with your permission, I would like now for him to make that presentation.

GOVERNOR GARRAHY: Mike, thank you very much.

The proposed policy statement on medical care financing which is before you is the product of a different, unique, and useful process. It is drafted to reflect the concerns which were expressed in the questionnaire that I sent to each Governor on November 14.
The policy statement is based upon responses to that questionnaire by 35 States, encompassing 67 percent of the population.

The statement has been reviewed by our representatives on the Coordinating Committee of the Health Policy Consortium and by the staff Advisory Committee on Human Resources.

Every Governor received an earlier draft of the statement for review. And any comments which we received have been incorporated into the statement. The statement you have before you was approved by your Committee on Human Resources early in February.

In the next few minutes, I would like to tell you what this policy statement is and what it is not. I would like to start by telling you why I think it is important to get our views on the record now.

The President has promised to seek enactment of a national health insurance program. And in April his Administration will announce the principles around which that program will be designed. President Carter has promised to develop a bill for introduction in Congress by midsummer. The timing is such that we have a unique opportunity to define a place for ourselves in the process through which the President drafts his proposal.

We can, by acting on this statement, advise the
President and the Congress that the States must be consulted on the details of a public policy which will have a major impact on the health of our citizens and on each of our States. For us not to involve ourselves in such a process places us in the position of once more objecting to a Federal response to a problem which has tremendous impact on each of us.

Our policy statement is designed to supply the President with our advice while he is drafting the principles of his proposal. The statement which you adopt today will be used as the basis on which we will be heard before the Congress on the President's proposal.

Let me assure you that this policy statement deals with medical care financing. It does not address the delivery of medical care, nor does it propose to reorganize the delivery system under different auspices. It is neutral on that subject. By its silence, it recognizes the diversity of the delivery system in this country. It suggests only the necessity for changes in the way in which we finance the care which is delivered through that diverse system.

This statement is purposely drafted to deal with the broad subject of medical care financing. As such, it does not directly address the narrow subject of national health insurance. It is intended to present in a concise way the views of the Governors on the need for reform of the financing mechanism, whether or not that reform is an insurance
This statement will not commit us to any specific delivery system or financing reforms. It will give others the yardstick by which they can measure their proposals against our responsibilities as the Chief Executives of the sovereign States.

I would like to spend a minute reviewing some of the things which this policy statement is. The statement does call for very broad coverage by any new financing system. By far, the largest number of your responses on the question of eligibility call for universal coverage. I personally believe that any statement must cover all residents of the United States. If we define eligibility as any less, we also define some people as ineligible.

I can think of no better way to perpetuate a two-class system of medical care. And I don't need to remind you that a two-class system requires a provider of last resort or that the function is one typically assigned to the States and their municipalities. It is my hope, one which I think you share, that the next step in medical care financing is away from a two-tier system.

By an overwhelming majority, you call for a comprehensive range of services. I interpret your responses to mean that any system should provide for reimbursement based on medical need rather than on arbitrary determination such as the
setting in which the service is provided.

A policy statement is drafted to reflect your wishes that a full range of services be covered by any new program. Almost every one of your responses to the questionnaire recognized the need to phase in any new medical care financing program. Most of your responses suggested that any necessary phasing of the program should be achieved by adding new groups of eligible people rather than increasing the scope of benefits.

Several of you expressed the specific concern that the provision of less than comprehensive benefits at the outset could lock a new medical care financing program into that limited range for the duration. The policy statement calls for the provision of a full range of benefits to each group of eligibles.

On the question of cost-sharing, under a new program, almost every response called for some form of consumer contribution to the cost of care. Since there was such a wide variation in our opinions on this critical issue, our proposed policy statement calls for a two-year experiment with consumer cost-sharing in order to determine the most effective means of implementing your wishes.

In effect, the proposed statement recognizes that there are significant costs involved in collecting the consumers' share. If the collection costs are not recovered
through a decrease in unnecessary utilization of medical care, the statement recommends that the consumers' share of the cost be collected in the form of a premium.

An overwhelming majority again of your responses call for an active role for State government in the administration of any new program. Your interest was especially evident in relation to the States' role in guiding the development of medical care resources through planning and regulatory activities.

Your responses also indicated a strong interest in monitoring and evaluating a national program at the State level. Most of your responses concerning the States' financial role indicated a willingness to contribute State revenues to the program. You expressed a great deal of concern about the constraints on the ability of the State to raise revenue compared to that of the Federal Government.

Your proposed statement was drafted with each of these concerns in mind. My fellow Governors, it is clear from your responses to our questionnaire that you feel the present medical care financing system is at best confusing and at worst arbitrary. You have told us that the present system has contributed significantly to the unreasonable inflation we have recently experienced in the medical care sector. And you have told us that the resolution of these problems should have a high priority on the President's agenda.
I think it is time for us as a nation to remove this piece of unfinished business from our agenda. It is critical that the States play an active role in the development and the implementation of any new medical care financing system. I urge you to join with me today in taking the necessary step for the States. I urge you to join with me in the adoption of this policy statement.

CHAIRMAN MILLIKEN: Thank you very much, Governor. You are formally moving the adoption of the statement?

GOVERNOR GARRAHY: I move the adoption.

CHAIRMAN MILLIKEN: Is there support for it?

GOVERNOR ROMERO: Mr. Chairman, would this be the proper moment for making an amendment?

CHAIRMAN MILLIKEN: As soon as I get a second. We have a motion to approve.

GOVERNOR SCHREIBER: Second.

CHAIRMAN MILLIKEN: We have support. And now the question of amending the statement, Governor, yes.

GOVERNOR ROMERO: The way the statement is drafted leaves out U.S. citizens who reside in American Samoa and Guam, the Virgin Islands, and Puerto Rico. And it is odd, but it grants the rights to receive medical and health services to those that reside, but are not citizens, yet it denies that right to citizens residing in those commonwealth territories.
and possessions.

So I would propose an amendment wherever it reads "State or United States," it be interpreted to mean State, territory, commonwealth, or possession.

CHAIRMAN MILLIKEN: Governor, do you wish to comment on that?

GOVERNOR GARRAHY: If I might.

As I understand, the statement is drafted to include all residents of the United States. And as I understand the interpretation of that, at least as the staff has applied it, the residents of the territory would be included.

I have no objection making that more specific.

GOVERNOR ROMERO: If that is understood. Sometimes when the law is not specific, it is read to mean the fifty States of the union when it is meant to include the commonwealth and territories and possessions and states some definitions in the law, at least for the public laws. Whether we are going to do it in our proposals or not, I don't know. I just want to make sure we will be included.

GOVERNOR GARRAHY: Governor, I would be happy to accept your amendment to make it more specific and second your amendment.

GOVERNOR ROMERO: Thank you.

CHAIRMAN MILLIKEN: The amendment has been offered and it has been supported. The question is the adoption of
GOVERNOR SCHREIBER: Mr. Chairman.

CHAIRMAN MILLIKEN: On the question of the amendment, Governor Schreiber?

GOVERNOR SCHREIBER: I want at this time to commend Governor Garrahy for the work that he did on this particular project. I know he worked long and hard, and this is carefully drafted with a long overview position. By taking our responses, he has drawn from each of us our various experiences in the area of Medicaid, also in the area of private insurance, and also with our own State health system.

It is difficult to view the questions of medical care financing without thinking of some national health insurance program. And it is just as difficult to view the financing system with an eye that has not been jaundiced by our experience with Medicaid itself.

It may be difficult, but in urging all of you to adopt this, I think it is important that we stand back slightly in order to get a better view of the changes that we need. This statement commits us to an active role for the States in the design and also in the implementation of any new financing system.

I want to urge all of my colleagues to join in support.

CHAIRMAN MILLIKEN: Thank you.
The question is the adoption of the amendment offered by Governor Romero. It has been offered and seconded. The question now is on the adoption of that amendment. Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The amendment is adopted.

The Chair will recognize Governor Exon for, I believe, the purposes of an amendment.

GOVERNOR EXON: Mr. Chairman, I certainly congratulate Governor Garrahy for the excellent job that has been done. Nevertheless, I feel, as I have spoken before at this microphone before this Association, we have not addressed the matter of cost of this program. We are facing in the United States today a tremendous crunch as to how we are going to finance the social security system.

It seems to me it is premature for us to proceed at this time with any new expensive government program that we do not know how we are going to call upon the people to pay for that program.

Therefore, while I recognize that this is a concern, I, for one, do not wish to go on record in support of this measure however carefully it is drafted and however well-meaning I am sure those who put this together are.
Therefore, I am moving at this time my substitute motion, which is that we adopt C-18 only with the first three paragraphs contained on page 9 and that we strike from C-18 the last two lines on page 9, all of the lines on page 10, all of the lines on page 11, and all of the lines on page 12.

The effect of this substitute motion, then, would be that we would adopt C-18 only with the first three paragraphs, the first three lead paragraphs, on page 9.

CHAIRMAN MILLIKEN: The question is the amendment by Governor Exon. Is there support for that amendment?

GOVERNOR BENNETT: Second.

CHAIRMAN MILLIKEN: Is there discussion on the amendment offered?

Governor Bolin.

GOVERNOR BOLIN: Mr. Chairman and fellow Governors, I would support the amendment offered by Governor Exon. In reading the statement, I developed many of the same concerns that he had. If you look at page 10, you notice that while it is broadly drawn, we are supporting here universal coverage under point 1.

Under point 3 we emphasize the programs should be primarily financed by the Federal Government. Under part 5, we say that phasing in should occur only if there are pressing budgetary reasons.

I for one would have grave doubt about any universal
coverage program financed by the Federal Government or
administered thereby as opposed to a phased-in catastrophic
program perhaps administered through private insurance
systems.

I think that while it may not be our intention to
take a position in favor of universal coverage national health
insurance funded by the Federal Government, I think that the
breadth of the statement can certainly be interpreted as
putting the Association on record in favor of such a policy.

I think it also, as Governor Exon says, certainly
does not come close to addressing how the people of the country
could pay for such a program with the Federal deficit that we
already have.

I would second his motion because I think it would
be irresponsible for this Association to go on record so broadly
in favor of a program that could have tremendously high costs
without suggesting how it would be paid for.

CHAIRMAN MILLIKEN: The Chair will recognize Governor
Bowen.

GOVERNOR BOWEN: Mr. Chairman, I appreciate the
desire of the Human Resources Committee of the National
Governors' Association to articulate a position in this very
sensitive area, and this being done before HEW completes its
work on the Carter Administration's proposal for national
health insurance. But I think that the resolution is both
imprecise and premature.

We should not close off options just in order to be out in front. There are alternative approaches to financing health care, many of which have not even been mentioned in the proposed policy statement that is before you.

For example, just two weeks ago HEW's National Health Insurance Office forwarded to the NHI Advisory Committee four prototype plans for discussion by that body. This resolution as presently written recognizes only one of those options.

I think by adopting the resolution, that it would appear that a universal public sector approach is one option that the Governors would favor. And I don't think that this is true.

For instance, I know that some of you have already initiated medical care financing programs in your own States. If you vote for the resolution, you are saying that you are ready to abandon these programs.

Furthermore, I have very serious reservations about the fact that this policy statement totally ignores the possibility of private sector involvement in any national health insurance program.

The statement also seems to imply support for universal coverage, ignoring the fact that a large percentage of individuals are financially capable of providing for their own
health care needs either with their own funds or with third
party coverage.

Therefore, I would encourage you to vote against
the policy statement and let it go back to the committee for
further study.

CHAIRMAN MILLIKEN: Any further comments?

(No response.)

The question is the amendment offered by Governor
Exon. The Chair will recognize Governor Exon.

GOVERNOR EXON: May I ask Governor Bowen, if he
suggested, if I heard him correctly, the whole matter go back?

I would call your attention once again, Governor
Bowen, to the fact that the motion that is before us is to
adopt the policy only for the first three paragraphs and
delete all the others.

Since I assume you were speaking to the substitute
motion that I offered, are you in support of the substitute
motion or are you entertaining another motion after we vote
on this to refer the whole matter back to the committee?

GOVERNOR BOWEN: My first choice would be to refer
the whole matter back to the committee. However, as a second
choice, I would accept your amendment.

CHAIRMAN MILLIKEN: The question remains the
amendment by Governor Exon.

GOVERNOR DUKAKIS: Mr. Chairman.
CHAIRMAN MILLIKEN: Governor Dukakis.

GOVERNOR DUKAKIS: Mr. Chairman, I am once again somewhat puzzled by some of the comments I have heard this afternoon about this particular proposal. Some people have raised the question of cost. The people of this nation are currently spending $160 billion a year on health care -- $160 billion a year. And in many, many cases, they aren't getting very comprehensive care or coverage for it.

Secondly, Governor Exon has suggested that we adopt simply the first three paragraphs. The third of those paragraphs raises very, very serious questions about the nature and scope of health care and health coverage in this country today.

And the effect of adopting just those first three paragraphs, it seems to me, is to say to the people of this country and the Administration and the Congress that the Governors of this nation believe in the words of that third paragraph that many of our citizens still lack the financial resources to purchase medical care insurance coverage; many more are faced with financial ruin if they suffer a catastrophic illness. Some of them have third-party coverage, but a large portion of that existing coverage is not sufficient to insure access to a full range of services and so on. So the effect of adopting his amendment and simply endorsing those three paragraphs is to tell the Administration, the citizens of this
country, we as governors have very, very serious problems with
the existing health care system in this country, but we are
not prepared to do anything about it.

Governor Garrahy has spent an enormous amount of
time reaching out to the Governors of this country through
questionnaires and through a broad consultative process to
try to distill a consensus from what I suppose are probably
50 different opinions on this subject. From where I sit, this
resolution doesn't go far enough. But I recognize the fact,
and I think many of us have on the Human Resources Committee,
that some of you raise serious objections to this or to the
original proposal in Detroit. And so the process we have
gone through is an attempt to develop a consensus through and
with you behind the kind of resolution that is before you.

But I would hope that we would not leave this
meeting this afternoon simply acknowledging the fact that we
have a very, very serious health care problem in this country
and then after going that far, doing literally nothing to
respond to it.

CHAIRMAN MILLIKEN: Are you ready to vote on the
amendment?

GOVERNOR SCHREIBER: Mr. Chairman.

CHAIRMAN MILLIKEN: Governor Schreiber.

GOVERNOR SCHREIBER: I would like to urge that the
amendment be voted down. A careful reading is going to
disclose that anyone voting to support the amendment is going to be voting out phrases such as "the States can contribute significantly to the success of any national health program." I don't think there is anyone here that would deny that.

If you vote in support of this amendment, you are voting to take out a phrase such as "any new medical care financing program should rely primarily upon the Federal Government for its public financial support."

Anyone that votes in support of this amendment is voting to take out language that the State government should take the lead in monitoring the operation and evaluating the success of any new medical care financing system.

In the very short time that I have been privileged to serve with this Association, these phrases I just read to you are always the keystone. They were always the points that were driven home time and time again about the States' ability, not only to contribute significantly in a positive way, but also the great need to be involved in careful planning. And this statement doesn't commit us to any one special proposal. The statement does not commit us to any specific share of cost, of State limits. The statement does not commit us to any specific way of delivering the health care service. The statement does not commit us to exclusion or inclusion of any payer or provider.

What this statement does in its entirety is commit
us, the Governors of this nation, to an active role for the States in the design as well as in the implementation of any new financing system.

Because of this, I urge the defeat of the amendment and passage of the resolution as it is presented.

CHAIRMAN MILLIKEN: Governor Bennett.

GOVERNOR BENNETT: Mr. Chairman, it may well have been that several years ago, if the statement said no more than the Governor from Wisconsin thought it did, we would all vote for it just to move along. But now, as I recall, committees have broad authority to appear on behalf of this Association with these resolutions as their weapon as they go out and attempt to develop some kind of a policy with Congress. And it does have a lot of nice things in there.

If we could pull out all those nice things in there, I would probably support it. The problem that I see is it sets a tone for the activities of the committee in the paragraph which makes reference to the proposal to introduce a national health insurance proposal to the 95th Congress and then says that we would support such a proposal if it has these following principles which the Governor from Wisconsin has already said doesn't really commit us to anything.

I worry considerably about passing this resolution without some specific, without some limitation, without some safeguards.
The Governor from Indiana has pointed out that there are some other options. Those options are not addressed in the resolution. And I am supporting Governor Exon's motion to excise some of the offensive portions of this proposal.

But I also support Governor Bowen's motion, if he makes it, to rerefer the matter to the committee.

GOVERNOR LONGLEY: Mr. Chairman.

CHAIRMAN MILLIKEN: Yes, Governor Longley.

GOVERNOR LONGLEY: I support what Governor Garrahy and Governor Dukakis are attempting to accomplish, but I will vote against it because, lady and gentlemen, I do not think we are a legislative body. And for three years, in my membership in this organization, I have pleaded that we as an organization recognize if we elect Congressmen to legislative, then this organization should not be taking positions that are not unanimously expressed and then appear before the Congress as a position of the National Governors Conference. Because this is government by the minority. And I do not pretend to speak for the independent voters in this country, gentlemen and lady, but the Republicans and Democrats in this organization are not speaking to it either.

On an issue much more important or as important as this to each of our individual States, this noon, on the Indian land damage claim, maybe it is too politically sensitive for some people, but there isn't anything that should concern
the individual Governors more. And I think there are so many other priority items, budgets, the impacts on minority, the impact on working people and middle America that we are not addressing.

While I will write to my congressional delegation urging their support of Governor Garrahy's proposal, I vote against this motion unless it is unanimous.

CHAIRMAN MILLIKEN: Is there further comment?

(No response.)

If not, the question is the amendment offered by Governor Exon. All of those in favor of that amendment will raise your hands.

(Hands were raised.)

All those opposed?

(Hands were raised.)

The amendment as offered by Governor Exon does not carry.

The question now is on the adoption of the motion by Governor Garrahy.

GOVERNOR BOWEN: Mr. Chairman, is it in order to make a motion now that we refer the resolution on medical care financing back to the committee for further study?

CHAIRMAN MILLIKEN: That motion is in order.

GOVERNOR BOWEN: I would so move.

CHAIRMAN MILLIKEN: Is there support for it?
GOVERNOR BENNETT: Second.

GOVERNOR MILLIKEN: There is support. The question now is on the motion to refer the proposal back to the committee. The question is the motion to rerefer offered by Governor Bowen.

This will require for passage a majority of those present and voting.

GOVERNOR SNELLING: Mr. Chairman.

CHAIRMAN MILLIKEN: The question is not debatable on rereferal. The substance of the issue is not debatable. So unless it is a procedural question, Governor Bennett --

GOVERNOR BENNETT: First, a point of procedure, Mr. Chairman. Should this motion not pass and then we proceed to a vote, what is the required vote to approve the policy statement?

CHAIRMAN MILLIKEN: Two-thirds of the members present and voting.

GOVERNOR BENNETT: Thank you.

CHAIRMAN MILLIKEN: The question now is on the motion by Governor Bowen. Those in favor will raise your hands.

(Hands were raised.)

Those opposed raise your hands.

(Hands were raised.)

The issue will be returned to the committee by a
vote of 14 to 12.

The Chair will call upon Governor Dukakis.

GOVERNOR DUKAKIS: Mr. Chairman and fellow Governors, the remainder of the policy statement includes, very briefly, resolution C-10 with respect to manpower programs which essentially contains the bulk of the manpower policy statement which we adopted in Detroit, but expands the language on unemployment compensation to emphasize the dampening effect which increased payroll taxes can have on the national economy.

The resolution on the Older Americans Act at C-17 puts forward a specific set of legislative recommendations which were developed by 10 States, NGA task force headed by Governor Schreiber, and he obviously is available and here to answer any questions which may arise with respect to it.

The resolution C-19 deals with the question of intergovernmental cost-sharing for health programs and supports an expanded role for the States in those programs and increased grants to the States to accomplish that expansion.

And C-20 on social services represents the language required to support the Governors' request the title XX ceilings be raised and makes certain other recommendations with respect to the title XX program. That issue, I think, for all of us is particularly important because of the decline in the real purchasing power of social service dollars. Since the ceiling was first imposed in 1972, those ceilings have not been changed.
And for those States, an increasing number now that are using their full title XX entitlement, the failure to lift the dollar ceiling even for the purposes of reflecting inflation means we are receiving substantially less today in real dollars than we did when those ceilings were imposed in 1972.

Mr. Chairman, I would move adoption of these resolutions.

CHAIRMAN MILLIKEN: Governor Dukakis moves the adoption of the resolutions en bloc. Is there support?

GOVERNOR SCHREIBER: Second.

CHAIRMAN MILLIKEN: There is a second. The Chair will recognize Governor Thomson.

GOVERNOR THOMSON: Mr. Chairman, I would like, if it is in order, to move to segregate C-10 from the other items that are now before you and have a separate vote on that.

CHAIRMAN MILLIKEN: Governor, that does not require a motion. It will be done at your request.

The Governor has requested that a separate vote be held on C-10. And I am assuming there is no objection to a bloc vote on the remainder of the statements, C-20, C-19, C-17, on the latter three.

If there is no discussion, those in favor of those statements will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."
The statements are adopted.

The question now is the adoption of C-10. The Chair will recognize Governor Thomson.

GOVERNOR THOMSON: Mr. Chairman, I am very much opposed to this resolution because I think it would penalize frugality and thrift in those States that have been able to handle their unemployment security funds in a surplus manner. I would point out that including territories, according to figures I just obtained this morning, there are 24 States and one territory that are in a deficit position. And they would benefit under the proposed Act now before the House, which is H.R. 8291. The total amount of these 24 States or 23 States and one territory that we are talking about here is $4,727 million.

I think that we should also note that the bill that is before the House that would make this money available to the States that are in a deficit position on their unemployment funds carries in the last paragraph on page 7, which you probably don't have before you, a provision that these funds would be appropriated from the general fund of the Treasury without fiscal year limitations.

I look upon this as authorization for an unlimited amount of funding for unemployment security deficits in the future. There is no incentive for a State like New Hampshire
and many of the other States to try to manage their funding. in such a way that we do not go into a deficit.

I must ask the question why should the citizens of New Hampshire who, incidentally, during the late recession bit the bullet and did do away with the special relief for companies that had a good record, and we made the unemployment fund apply equally to all in order to maintain our funds above a deficit -- And I see no encouragement for that sort of frugal practice if we adopt the resolution that is now before us.

I certainly hope that we will not do it.

CHAIRMAN MILLIKEN: The question is the motion to approve the statement before the body. It has been seconded. Is there further discussion?

(No response.)

All those in favor of the adoption of the statement will raise your hands.

(Hands were raised.)

Those opposed.

(Hands were raised.)

The vote is 16 to 9. Two-thirds of the Governors having voted therefor, the statement is adopted.

That was a short-lived victory. I can see that I am going to be carefully checked on my arithmetic from now on. The statement by that vote, 16 to 9, is not approved. What a
pity.

Governor Dukakis.

GOVERNOR DUKAKIS: The final issue before us this afternoon from the Human Resources Committee has to do with a proposal for an information program on a fee-for-service basis which the Association would be making available to the States at their option. This is an optional program. It is designed to provide information to all of you if you chose to avail yourself of it in the field of manpower and employment and training services. It has, to repeat, been strongly endorsed, not only by the committee, but by the Executive Committee of the Association.

I would move its adoption.

CHAIRMAN MILLIKEN: Is there support?

GOVERNOR BENNETT: Second.

CHAIRMAN MILLIKEN: There is support. Is there discussion?

(No response.)

If there is no discussion, all those in favor of the adoption of the statement will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The statement is adopted.

That completes the report of your committee, I
believe.

I will next call Governor Shapp to report for the Committee on Executive Management and Fiscal Affairs.

GOVERNOR SHAPP: Our committee has had a very full year. We worked hard to secure a State role and passage of the Administration's economic stimulus package.

The committee led the fight against mandatory coverage of State and local employees in the social security bill.

The committee's report to OMB on advanced funding led to expansion of advanced funding of programs totaling over $6 billion in the FY 79 budget.

The committee's reports on "Federal Roadblocks to Efficient State Government" were included by the President's call for a major streamlining of program administration to simplify application and reporting requirements, standardized forms, expanded use of letters of credit and better advance consultation procedures. Some of this was reported to you earlier today by the Vice President.

The Subcommittee of Management Improvement, chaired by Governor Snelling, has worked with the Civil Service Committee to reorganize the Federal Civil Service System and revise merit system standards. The subcommittee is monitoring reorganization efforts in regulatory reform, uniform Federal management circulars and Federal planning requirements.
Governor Ariyoshi, Chairman of the Subcommittee on Public Retirement Systems, has initiated an NGA consultant service to Governors on labor-management relations issues, and plans are now under way to initiate an NGA monitoring project for State retirement systems. NGA will also participate in the White House and HEW studies of public retirement systems.

Before I present the four policy statements which I will recommend for passage from our committee, I would like to present a general statement concerning the impact of Federal cutbacks in programs financed by Federal matching funds and by the attempt to balance the Federal budget at the expense of State and local governments.

For the past several years the Federal Government has methodically phased out matching programs which Congress and the executive branch had initiated. In many cases, these programs were greatly needed and could not have begun if the Federal Government did not provide this substantial matching share to the State appropriations.

Many of us, as Governors, supported this type of Federal assistance to provide services to our people which otherwise would not have been available. Now due to the fiscal restraints which most States find themselves in, we are in the awkward position of leaving our people high and dry by discontinuing the services financed presently through the Federal grant programs now being phased out.
We must require the Federal Government to be more fully accountable for the cost of implementing congressional programs beyond the initial phase of implementation. There is no way that we, as Governors of our individual States, can assume the long-term financial responsibility of national programs that have been instituted with matching guaranteed funds for only the short term.

This brings me to my second point which concerns the long-established Federal policy of balancing the Federal budget by transferring the cost of certain programs at the expense of State and local governments. In the United States, as I have said many times, the most progressive of our tax structures exists on the Federal level with the Federal graduated income tax.

The most inelastic and most regressive taxes are found at the local levels followed closely by the State tax programs. Therefore, we should not be trying to balance the Federal budget by shifting the burden of financing needed services to State and local governments.

Cutting Federal taxes, shifting more of the burden to State and local governments, is not the way to do things. This will do nothing except severely damage our efforts to secure a sustained, balanced economic program.

In our Executive Management and Fiscal Affairs Committee, we have discussed a number of issues that deal
directly with these problems, and I hope that in the near
future -- particularly in regard to anti-recession financial
assistance programs and general revenue sharing -- we will be
able to examine in depth the impact on our States of these
Federal fiscal decisions.

I now turn to the specific resolutions that were
discussed and voted favorably out of our committee. In fact,
each resolution, as I recall, had the unanimous support of our
committee.

Four policy statements are recommended for passage.
The first, B-11, deals with State banking issues.
This policy affirms our strong support for maintenance of the
dual banking systems of Federal and State chartered banks.
The second, B-12, deals with social security deposits.
This policy affirms our support for continuance of the current
procedures of States making quarterly social security deposits
in opposition to HEW plans to require monthly deposits.
The third deals with Federal budgeting procedures, B-13. This policy urges the Administration to appoint a
commission to study and review the structure of our present
Federal budgeting system.

I would like to, at this point, offer the committee
amendment to B-13 Federal budgeting procedures. The amendment
deletes the reference to capital budgeting and proposes a
comprehensive review of our present budgeting procedures.
You have the amended resolution before you. And at this time I would ask for approval of the amended version of B-13.

GOVERNOR ROMERO: Second.

CHAIRMAN MILLIKEN: The question is the amendment offered by the committee. Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The amendment is adopted.

GOVERNOR SHAPP: Four, expanding the State and local government bond market, B-14. This policy gives our support to congressional legislation that would authorize commercial banks to underwrite revenue bonds.

These are the reports of our committee. At this time I would ask for your approval of the committee report.

CHAIRMAN MILLIKEN: Governor Shapp has moved the adoption of the four committee statements en bloc. Is there support for that motion?

GOVERNOR BOWEN: Yes.

CHAIRMAN MILLIKEN: There is support. Is there discussion on that motion?

(No response.)

If there is not, those in favor of the motion say, "Aye."
(Chorus of "ayes.")

Opposed, "No."

(No response.)

The reports are adopted.

Governor du Pont will report on the Committee on Community and Economic Development.

Governor du Pont.

GOVERNOR DU PONT: Thank you, Mr. Chairman.

The Committee on Community and Economic Development has three resolutions before you. It cannot act on them en bloc because one has been properly circulated and requires a majority vote. The other requires suspension of the rules.

If we could refer first to E-9 with an orange cover sheet, the resolution which was submitted to you in advance of the meeting regarding regional commissions, it is very short. It strongly endorses the extension of multi-State regional commission programs to encompass all States who wish to participate; gives States the option to decide on who should be members; to determine the boundaries; calls on the Federal Government to equitably allocate moneys among the various commissions.

I think this resolution is very straightforward, but it is of some importance to us since the Administration has for the past year been involved in some sort of reorganization or reanalysis of these programs which have succeeded in stopping
any new programs being adopted.

So I think it would be helpful, particularly to those of us who are trying to establish such commissions as we are in the Middle Atlantic region, to give this proposal a strong endorsement.

I would move the adoption of resolution E-9. Do I have a second?

GOVERNOR SNELLING: Second.

CHAIRMAN MILLIKEN: We have a second. Is there discussion on this?

The motion has been seconded. The question is now the adoption of the motion. Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The statement is adopted.

GOVERNOR DU PONT: The remaining two resolutions will have to be considered separately because there is an amendment to one of them. The resolutions appear with a pink cover. There are a number of resolutions in this regarding transportation, criminal justice, and so forth, but S-1 is the next resolution to be considered, the first one in the package.

This resolution was approved in our committee yesterday. It represents the work product of a great many months of effort on behalf of Governor Dukakis, Governor Busbee,
and Governor Hunt. It in effect puts forward a National Governors' Association position similar to the one we discussed for two hours this morning with the Federal panel.

I think the issues are very clear. The purpose of the resolution is to emphasize the consolidation of existing Federal grants in this area, the establishment of other grant incentive programs as we discussed this morning, the strong State role that we believe must exist if we are going to have effective community and economic development programming.

States, after all, are in the best position to understand the problems of their local communities and to direct an overall comprehensive and cohesive effort to solve those problems.

For those of you who want to give it a few moments' thought, I would refer you back in your minds to the debate this morning in the discussion we had here. I think the general thrust of the resolution was covered at that time.

In a moment I am going to ask Governor Snelling to present an amendment that he has. First, I will move the adoption of the resolution. It will require a three-quarters vote.

Do we have a second?

GOVERNOR BENNETT: Second.

GOVERNOR DU PONT: We have a second.

Governor Snelling.
CHAIRMAN MILLIKEN: Governor, may I interrupt just a moment? It will be necessary before we can consider this amendment to suspend the rules. That will be a three-quarter vote also.

May I call for that? Is there support for a motion to suspend the rules?

GOVERNOR DUKAKIS: So move.

GOVERNOR BUSBEE: Second.

CHAIRMAN MILLIKEN: Is the question of support --

GOVERNOR SNELLING: Point of order. We have not yet suspended the rules to consider the main motion, have we?

There is nothing on the floor at the moment.

CHAIRMAN MILLIKEN: The question, then, will be the suspension of the rules to consider the main motion. Do I have--

GOVERNOR SNELLING: Yes.

CHAIRMAN MILLIKEN: Is there support for that?

GOVERNOR DU PONT: Second.

CHAIRMAN MILLIKEN: The question is the suspension of the rules to consider the question. Those in favor say, "Aye."
(Chorus of "ayes.")

Opposed, "No."

(No response.)

The rules are suspended.

The question now is the --

GOVERNOR SNELLING: I understand that the principal motion is on the floor --

CHAIRMAN MILLIKEN: That is correct.

GOVERNOR SNELLING: -- and it is in order to present a proposal of amendment.

CHAIRMAN MILLIKEN: That is correct.

GOVERNOR SNELLING: And the proposal of amendment is before you. It has been discussed with Governor Busbee and Governor Hunt. It very simply would provide one small instrument of policy in this statement which would give us some comfort that the presentations of the States and the plans would not be played off against one another in the labyrinth of the bureaucracy.

GOVERNOR DU PONT: I would on behalf of Governors Dukakis, Busbee and myself, happily support and accept the amendment. We think it is a step in the right direction, and we would urge its adoption.

GOVERNOR EVANS: Mr. Chairman.

CHAIRMAN MILLIKEN: Governor Evans.

GOVERNOR EVANS: We don't seem to have copies of that
amendment before us. Could we have a copy?

GOVERNOR SNELLING: They have been put in everyone's place, but they may have gotten underneath things. Governor Evans, you have too many papers on your desk.

GOVERNOR EVANS: Thank you very much.

CHAIRMAN MILLIKEN: The question is the adoption of the amendment, requiring three-quarters vote. Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

the amendment is adopted.

The question now is the adoption of the main motion as amended. Is there discussion on that?

(No response.)

If there is no discussion on that, the question is the adoption of the main motion as amended. Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed?

(No response.)

The amended motion is adopted.

GOVERNOR DU PONT: The final piece of business from the Committee on Community and Economic Development is resolution S-2 originally offered to us in committee yesterday
by Governor Hunt. It is entitled "Resolution on Reducing
Unemployment and Underemployment."

The first order of business must be the suspension
of the rules in order to consider the question.
CHAIRMAN MILLIKEN: The question is the suspension
of the rules. Is there support?
GOVERNOR SNELLING: Yes.
CHAIRMAN MILLIKEN: Those in favor of the suspension
of the rules will say, "Aye."
(Chorus of "Ayes.")
Opposed, "No."
(No response.)
The rules are suspended.
The question is S-2.
GOVERNOR DU PONT: Mr. Chairman, Governor Hunt
could not be with us because he had to go to the White House
to an appointment with the President. He asked me to speak
briefly on behalf of his resolution.
I think it can best be explained by referring to
page 4 of the pink-covered package where you see that the
final phrase, "The National Governors' Association recommends
that national economic policy to reduce unemployment and
underemployment give priority to stimulating private investment
in natural resources and public services." Six or seven of
them are listed just above that paragraph.
GOVERNOR SHAPP: What page are you on?

GOVERNOR DU PONT: Page 4 of the material with the pink cover.

The committee believes that this resolution makes the proper emphasis, believes that it would be helpful in getting us out of our economic problems to stimulate private investment in these areas, and would urge the adoption of the resolution.

CHAIRMAN MILLIKEN: You have heard the motion to adopt the resolution. Is there support for it?

GOVERNOR SHAPP: Yes.

CHAIRMAN MILLIKEN: There is support. Is there discussion?

(No response.)

If there is no discussion, those in favor of the adoption of the resolution will say, "Aye."

(Chorus of "ayes."")

Opposed, "No."

(No response.)

The resolution is adopted.

GOVERNOR DU PONT: Mr. Chairman, in closing, I have one further comment. There was supplied to all the Governors in their packets before the conference a copy of a draft bill dealing with resolution S-1. It is our hope to use that as a talking paper. It, too, reflects the materials heard in the
debate this morning.

We would like to remind you all that if you have comments on that draft, if you could get them in to the Association within the next 30 days, we will take them into account. At that point we would like to firm that legislation up to see that it is introduced in the Congress to give us a focal point for our efforts in getting legislation passed.

Mr. Chairman, thank you.

CHAIRMAN MILLIKEN: Next, the Committee on Transportation, Commerce, and Technology. Governor Busbee will deliver the report of the committee.

GOVERNOR BUSBEE: Thank you, Mr. Chairman.

Authorizations for Federal highway aid and public transportation are exhausted for the current year, and new legislation is necessary prior to new apportionments. The Administration has proposed legislation which is being considered by the Congress now. And our committee has carefully considered these initiatives and has compared them to the National Governors' Association's policies.

Considering the importance and the need for the legislation, the committee wishes to offer a resolution relating to it which is S-4 on your pink slip.

Another issue under consideration by the Congress is airline regulatory reform. Several measures have been introduced, and the committee wishes to offer a resolution
giving more detail on Governors' opinions on this important subject. That is S-5, also on the pink slip.

The National Governors' Association is on record supporting the State Science, Engineering, and Technology Program, SSET. With NGA's support, Congress supported the program and funded it in the current fiscal year. Funding has not been provided in the Federal budget for fiscal year 1979, and a resolution is proposed calling for restoration of this funding as resolution F-13 which is faced with a brown sheet.

The first two of these resolutions, S-4 and S-5, will require suspension of the rules. Mr. Chairman, I move at this time the rules be suspended for resolutions S-4 and S-5.

CHAIRMAN MILLIKEN: You have heard the motion. Is there support for it?

GOVERNOR SNELLING: Yes.

CHAIRMAN MILLIKEN: Is there discussion on it?

(No response.)

There is no discussion. The question is on the suspension of the rules for the consideration of the two resolutions.

Those in favor say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The rules are suspended. The question now is the
GOVERNOR BUSBEE: Mr. Chairman, I don't know of anything that would have more effect on the State governments than S-4 in surface transportation. I would like to call the Governors' attention to it if you have not reviewed the resolution.

"The National Governors' Association commends the Secretary and the U. S. Department of Transportation for the open and consultative process they have utilized in developing the Administration's surface transportation legislative proposal.

"The Department's legislative package reflects many of the needs and concerns expressed to the Department by the National Governors' Association. The Governors applaud and stand ready to support the provisions in the package which move toward reducing the complexity of Federal aid by the consolidation of categories, recognition of the need for a major bridge program, and significant provisions to insure a timely completion of the interstate system.

"The provisions in the package providing for advancements on apportionments are major and constructive steps toward completion of the interstate system. However, the provision which would change the apportionment procedure to focus on 'essential gaps' is untimely. At this point in the interstate program it would, in fact, penalize those States
which have been more aggressive. The National Governors' Association strongly opposes such a measure.

"The National Governors' Association strongly opposes the Administration's proposal for direct funding and separate handling of the nation's urbanized areas. The States are constitutionally responsible and equipped to determine and fulfill the general transportation needs of the nation. The Governors collectively believe that all Federal-aid transportation funds should flow to the States for distribution into the cities and rural areas.

"The Governors encourage the Administration and Congress to increase the level of funding for the interstate resurfacing, restoration, and rehabilitation program to a level more commensurate with the needs of the system. Due to the deterioration of the older segments of the system, nationwide early attention needs to be given to upgrade designs and to improve roadbeds to a condition which will more adequately accommodate the demands of increased traffic loads.

"The National Governors' Association encourages the Administration to increase its request for funding level in both the highway and transit areas. The amounts proposed are insufficient to meet the nation's needs.

"Because the States and local areas can best determine their needs for transit capital and operating expenses, the Governors feel that the arbitrary and mandatory
requirement that 10 percent of the small urban and rural program be used exclusively for transit purposes is unnecessary.

"It is recognized that land use studies are a necessary element in transportation planning and in aiding local planning to meet air quality standards. However, the National Governors' Association feels that land use planning is a local responsibility and should not be imposed nor controlled at the Federal level."

Mr. Chairman, I move the adoption of this resolution S-4.

CHAIRMAN MILLIKEN: Is there support for that resolution?

GOVERNOR SNELLING: Yes.

CHAIRMAN MILLIKEN: Is there discussion on it?

(No response.)

If there is not, those in favor say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The resolution is adopted.

GOVERNOR BUSBEE: Mr. Chairman, I thought that was a very significant resolution. I read it in its entirety. The next resolution is S-5 on airline regulatory reform. This is an update on what you already adopted.

We now have several bills in the Congress. This
bill updates previous policy you have adopted to fit the legislation that is now pending. It has seven points outlined in it, all of which are consistent with what you have already approved.

I move its adoption.

CHAIRMAN MILLIKEN: Is there support for the motion?

GOVERNOR SNELLING: Yes.

CHAIRMAN MILLIKEN: There is support. Is there discussion?

(No response.)

If there is no discussion, those in favor say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The resolution is adopted.

GOVERNOR BUSBEE: Mr. Chairman, you have before you, passed out, F-18, transportation of nuclear materials. I would like to state that that resolution is not now before you and the reason why. That is on transportation of radioactive materials.

In response to Georgia's concerns and apprehensions over the increasing number of shipments of radioactive materials in my State, I created a task force on transportation of radioactive materials last year to review in an open
and educative way all aspects of something that is often an emotional issue. Out of that effort, we enhanced our State agency's ability to monitor these shipments, to respond quickly and effectively if ever necessary in the extremely unlikely event of a transportation accident involving a breach of container of highly radioactive materials.

We also identified what we thought was a serious gap or shortcoming in the Federal laws or regulations governing the movements of radioactive materials and Federal authorities and abilities to assist in responding to an accident.

As a result, your Committee on Transportation, Commerce, and Technology effected and approved the policy before you on the transportation of these materials.

This is an issue we must eventually address as a unified body. There are those in the Federal Government who profess there is no problem. They point with pride to the fact there has never been an accident or fatal accident associated with a breach of container of highly radioactive material being transported.

In other words, States are enacting, as is their right, statutes pertaining to the advance notification of movements of these materials and are measuring their capacity to monitor and respond to these shipments.

Our committee's concern is threefold:
One is that as we two levels of government attempt to regulate this movement of materials, we do not place unnecessary and excessive burdensome requirements on those who are doing all of us a great service by transporting these materials.

Two is that the States address this issue as a unified group with the Federal Government rather than responding in a piecemeal and uncoordinated fashion.

And, third is that with respect to the transport of these types of hazardous materials, we keep a perfect record with respect to no fatalities.

With respect to the transport of other hazardous materials, our record is not so good as evidenced by the tragic accidents in Florida and Tennessee in the last few days. These accidents demand our careful, our deliberate attention and not just an expression of concern, however sincere. We need to explore in a comprehensive and expeditious way improvements that can be made in the regulation of movement of all hazardous materials.

We need to examine the steps already taken or could be taken at the State level to insure the health and safety of all people as dangerous materials have been moved over our highways and railways.

We must work with the Congress, sharing our findings and our ideas on how the Federal Government might be of
Mr. Chairman, I move the adoption of F-13.

After consultation with Julian Carroll, chairman of the Natural Resources Committee, the members of the Transportation, Commerce, and Technology Committee have been persuaded to withhold for the moment consideration of the proposed policy on radioactive materials before you, in part because we believe members of that committee can and should add to and improve our recommendations.

Moreover, our committee believes that there is merit to also considering the movements of radioactive materials in the context of recommendations on the movement of all hazardous materials.

With the approval of Chairman Milliken, Governor Carroll and I have created a special task force between our committees on hazardous materials. And this special body will report back to both committees policy recommendations for consideration at our annual meeting this summer and will represent our collective interest at congressional hearings on this important subject.

Those Governors that wish to serve on the task force can contact our chairman or Steve Barber.

Thank you, Mr. Chairman, for this report. F-13, we failed to move its adoption. I explained the SSET, science and technology.

Mr. Chairman, I move the adoption of F-13.
CHAIRMAN MILLIKEN: Is there support for that motion?

GOVERNOR DUKAKIS: Second.

CHAIRMAN MILLIKEN: Is there discussion?

(No response.)

If there isn't any discussion, those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The resolution is adopted.

The Chair will now call for Governor Bowen, of Indiana, to come to report on the Committee on Criminal Justice and Public Protection.

GOVERNOR BOWEN: Thank you, Mr. Chairman.

Since NGA's annual meeting in Detroit last September, the committee, working principally through the Subcommittee on Criminal Justice and Crime Prevention, has maintained close contact with the Department of Justice concerning the proposed reorganization of LEAA.

The recommendations of the Attorney General to the President contained in his memorandum of November 21 urge continuation of a block grant funding mechanism for assistance to State and local units of government, although with some alterations in the present procedure. Nonetheless, the Attorney
General specifically noted that the nation's Governors were the group most insistent in its support of the block grant. It is a belief of the committee that its efforts had a significant impact on the Department's deliberations on LEAA.

Subcommittee chairman Jim Hunt met with President Carter and later Deputy Attorney General Designate Benjamin Civiletti to impress upon them the Governors' strong feelings of support for the block grant and point out the advances made at the State and local level because of strong State programs.

The committee will maintain close contact with the Department and the President's Domestic Affairs staff to continue to express our views about the future of this program.

The committee has also continued its support of legislation to assist States in shaping programs to compensate victims of violent crimes. The House has passed a bill, and Senate action is expected later this year.

At its committee session yesterday, the committee heard a report on LEAA from Governor Hunt and adopted a resolution urging that funding for LEAA part B, criminal justice planning, remain at the same $50 million level in fiscal year '79 as in fiscal year '78.

I will offer this resolution shortly.

The committee strongly believes that the 40 percent cut proposed in the Administration's budget is contrary to the
The committee will review Federal legislation which make appropriate recommendations at the annual meeting.

Finally, the committee reaffirmed the position it enlistment and reenlistment in the National Guard and reenlistment bonus for selected National Guard members with purpose of the Act and will work grave and unnecessary hardships on State criminal justice planning.

The committee also discussed four resolutions recently submitted by Governor Ariyoshi. They decided to oppose the resolution calling for outright opposition to the Attorney General's LEAA reorganization proposals because, as I previously noted, the committee believes that the Attorney General has made certain accommodations to meet the positions advocated by the Governors and that further negotiations and consultations are called for.

The committee deferred action on its resolution calling for amendments to the Juvenile Justice and Delinquency Prevention Act and will work with the National SBA Conference to determine what, if any, legislative changes are needed.

The committee will review Federal legislation which awards attorneys' fees and certain civil rights litigation and make appropriate recommendations at the annual meeting.

Finally, the committee reaffirmed the position it took in Detroit last year calling for further incentives for enlistment and reenlistment in the National Guard and reenlistment bonus for selected National Guard members with less than 12 years of service.

At this point I would like to call upon Governor O'Callaghan, who has done a superb job in the study of the Federal disaster assistance to report on the activities of the
intra-Federal coordination be maintained on a regular basis."

GOVERNOR O'CALLAGHAN: Governor Bowen, ladies and
gentlemen, your attention is invited to the amendments on the
proposed policy statement which were adopted by the standing
committee yesterday. These amendments were made available to
the Governors last night, early this morning, and they are
included in the last handout that you have received.

These amendments are not substantial. Language has
been changed or added only for the purpose of strengthening
or clarifying the essential recommendation, which is to
consolidate the responsibility for Federal emergency prepared-
ness and disaster relief into one office.

Emphasis should be placed on two points in particular.
First, on paragraph 3, which reads as follows:

"Establish the new agency in the Executive Office
of the President, or as an independent agency. The new agency
should be headed by a presidentially appointed director who is
charged with the responsibility to direct all Federal prepared-
ness and response activities and to work closely with the
States to meet those responsibilities."

In paragraph 6, a portion of which reads as follows:

"It is essential that the new agency include a
continuing strong regional operation so that State-Federal and
intra-Federal coordination be maintained on a regular basis."
These two recommendations go to the heart of the proposal. The subcommittee and the standing committee are of the opinion that most, if not all, States favor consolidation of the many Federal agencies which now administer similar emergency preparedness and disaster relief assistance. Chief among these are the Defense Civil Preparedness Agency, the Federal Disaster Assistance Administration, and the Federal Preparedness Agency.

Equally important, we believe most emphatically that such consolidation will be effective only if the new agency is a separate, autonomous entity or part of the Executive Office of the President. It cannot be strong and effective if it is an arm of another agency in the Federal Government.

In this connection, the subcommittee and the standing committee are grateful for the support of Mr. Greg Schneiders and Mr. Nye Stevens, of the White House. They have indicated that the proposed policy statement is consistent with the objectives of the President's reorganization project.

I will add that it has the support of a number of congressional committees, the U.S. Civil Defense Council, and National Association of State Directors for Disaster Preparedness. The White House has indicated that a strong expression by the Governors in this important area will be welcome.

In my judgment, the language contained in the proposed policy statement provides such expression. This
amendment is particularly important at this time because reorganization proposals are going to the President in the next week.

This clear, decisive expression at this time is vital, and I urge its adoption.

CHAIRMAN MILLIKEN: Your motion is to adopt the amendment?

GOVERNOR O'CALLAGHAN: Yes.

CHAIRMAN MILLIKEN: Is there support for adoption of the amendment?

GOVERNOR GARRAHY: Second.

CHAIRMAN MILLIKEN: Is there discussion on the amendment?

(No response.)

If not, those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The amendment is adopted.

Now, the question is the adoption of the resolution as amended.

GOVERNOR O'CALLAGHAN: I so move.

CHAIRMAN MILLIKEN: The motion has been made to adopt the resolution as amended. Is there support for that?

GOVERNOR GARRAHY: Second.
CHAIRMAN MILLIKEN: Is there discussion?

GOVERNOR GARRAHY: Mr. Chairman, I might just lend my own personal strong voice in support of this resolution from a Governor in a State that has gone through the worst storm in our history and clearly beyond the capability of the State to be able to dig itself out. Federal response came to help us, but was completely fragmented, not to be critical of the effort that came to help us, except that I think in a more coordinated, more central fashion, particularly along the lines that Governor O'Callaghan is suggesting, would make that Federal response much quicker, much more efficient, better in these types of disasters and storms.

CHAIRMAN MILLIKEN: Thank you.

The question now is on the resolution as amended.

Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The resolution as amended is adopted.

Governor Bowen.

GOVERNOR BOWEN: I now move to suspend the rules for the purpose of presenting Resolution S-6 before this body for discussion and action. S-6 is found on page 11 under the pink cover sheet.

CHAIRMAN MILLIKEN: Is there support for the
suspension of the rules?

GOVERNOR BOLIN: Yes.

CHAIRMAN MILLIKEN: Discussion?

(No response.)

If not, those in favor of the suspension of the rules will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The rules are suspended.

The question now is the adoption of the resolution.

GOVERNOR BOWEN: The resolution is very short and simply says the major vehicle of addressing the pressing problems of crime and the criminal justice system has been the State criminal justice planning agencies, supported by LEAA Part B funds. The President's proposed budget for fiscal '79 calls for only $30 million nationally for Part B, compared to $60 million in fiscal '77 and $50 million in fiscal '78.

The resolution simply requests that the $50 million be retained.

I move its adoption.

CHAIRMAN MILLIKEN: Support for the motion?

GOVERNOR SNELLING: Yes.

CHAIRMAN MILLIKEN: There is. Any discussion?

(No response.)
The question is the adoption of the resolution.

Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The resolution is adopted. Thank you.

When the Executive Committee met in full session, it reviewed the proposed amendments to the Articles of Organization of our Association and voted unanimously to recommend to the Association that membership in the National Governors' Association be accorded to the Northern Mariana Islands which has recently elected its Governor. And this action, we determined in the Executive Council, would be consistent with all of the other Executive and Legislative Branches of the Federal Government.

Accordingly, it is proposed, and I believe you have material in front of you to this effect, that the National Governors' Association include the Northern Mariana Islands as part of the Association.

It will require a three-fourths vote. It is my understanding it is entirely consistent with everything we have done heretofore and that it is not inconsistent with what we would be doing in the future.

Does the Chair hear a motion for the support of this amendment to the Articles of Organization?
GOVERNOR LINK: So move, Mr. Chairman.

CHAIRMAN MILLIKEN: It is moved, and is it supported?

GOVERNOR EVANS: Second.

CHAIRMAN MILLIKEN: Thank you.

Is there any discussion on it?

(No response.)

The question, then, is the adoption of the proposed amendment to the Articles of Organization. Those in favor will say, "Aye."

(Chorus of "ayes.")

Opposed, "No."

(No response.)

The amendment is adopted.

The final order of business is the resolution which is offered by Governor Thomson, S-7 resolution to amend Article XII, Section 2, of the Panama Canal Treaty.

It is my understanding that any resolution coming from the floor can only be considered by unanimous consent. I am advised that it was submitted in the same manner that the other resolutions were submitted, and it requires as the other did a three-quarters vote to suspend the rules to consider.

GOVERNOR CARROLL: Mr. Chairman, point of information. Three-quarters of the membership?
CHAIRMAN MILLIKEN: Three-quarters of the members present and voting.

Yes, Governor Thomson, on the procedural question?

GOVERNOR THOMSON: Mr. Chairman, I would point out that the resolution begins on page 12 of the pink sheet. I wondered whether I could simply point out what it was I was requesting to vote for.

CHAIRMAN MILLIKEN: You are not proposing to go into the substance of it, am I correct?

GOVERNOR THOMSON: I was going to, just as those who have preceded me, simply indicate --

CHAIRMAN MILLIKEN: Please do.

GOVERNOR THOMSON: Thank you very much.

The thrust of this resolution would be to put the Association, if it were approved, on record as favoring an additional subsection to Article XII of the proposed Panama Canal Treaty by asking, in effect, the same position for the establishment of missile bases, submarine bases, and that sort of thing, by a third state during the duration of the treaty as has been exacted of our negotiators with respect to building of a new canal anywhere in the Western Hemisphere if we should need it.

And, Mr. Chairman, if I may, I would like to move the suspension of the rules for the purpose of considering the resolution.
CHAIRMAN MILLIKEN: You have heard the motion to suspend the rules.

GOVERNOR ROMERO: Mr. Chairman, would it be proper to ask questions before --

CHAIRMAN MILLIKEN: I am sorry, it would not be. The first question has to be resolved, whether the rules would be suspended for the purpose of discussing the substance of the issue. Is that what you had in mind, Governor?

GOVERNOR ROMERO: What I had in mind was a question regarding whether or not Governor Thomson knew whether there was any other treaty or hemispheric treaty that would contain what he is trying to include in the Panama Canal Treaty, whether he is aware of the fact there might be, or is there not any other treaty in the hemisphere?

CHAIRMAN MILLIKEN: Can you respond to that?

GOVERNOR THOMSON: As I understand the question, I am not aware that there is any treaty on the books now that would prevent an agreement between the Republic of Panama if the proposed treaty is passed, ratified by the Senate, that would prevent the Republic of Panama from entering into an agreement with some third state to build missile bases, submarine bases, military bases, or anything else. This could happen under the treaty, as I understand it.

GOVERNOR SNELLING: Point of order.

CHAIRMAN MILLIKEN: Governor, I will recognize your
point of order. Proceed.

GOVERNOR SNELLING: I believe we are drifting into the never-never land of debate on a matter which is not properly before us.

CHAIRMAN MILLIKEN: Governor, in ruling on that point of order, I acknowledge that that is precisely what we are doing. And the first question, therefore, that must be resolved is whether the rules will be suspended. If three-quarters of those present and voting suspend the rules, then further discussion would be in order.

The question now is on the motion by Governor Thompson to suspend the rules for the purpose of considering this resolution. Those in favor will raise your hands.

(Hands were raised.)

Those opposed will raise your hands.

(Hands were raised.)

The rules are not suspended.

At this time, it is my privilege and pleasure to present the National Governors' Association awards for distinguished service to State government.

Two years ago, as you will recall, the Governors decided to inaugurate an annual program to provide national recognition to government officials and private citizens. These awards go to men and women who have not only served the citizens of their State exceptionally well, but would have in
many cases developed creative approaches dealing with problems that affect the nation as a whole.

The commitment, dedication, and action of these men and women have resulted in real and significant changes in State government and local communities.

Richard Gilbert, the president and general manager of WQAD-TV in Moline, Illinois, has served as chairman of the Independent Selection Committee which met in Chicago recently to review the nominees for this second annual award program.

Before I ask Dick Gilbert to come forward to the podium, I would like to recognize in the room a member of the selection committee, the distinguished judge from the State of Michigan, Judge Glenn Allen. Would you please stand and be recognized, Judge Allen?

(Applause.)

And now I will ask Dick Gilbert to give us a brief report on the selection process.

MR. GILBERT: Thank you, Governor Milliken.

Before I quickly report to you what your selection committee did and how we did it, first let me report to you what your committee did not do. When I had the pleasure of serving on Governor Bob Ray's staff, we soon discovered that gubernatorial committees usually create more problems than they solve. So the first part of my report is dedicated to Bob Ray.
Governors, you will be pleased to know that this gubernatorial committee did not recommend you give us more staff. We did not ask for a bigger budget. And, finally, we are not going to recommend to you that this committee should be legislated into a full-time agency of government.

Now, all of that is pretty unusual for a gubernatorial committee, don't you think?

Now, for what we did do. Governor Milliken said it well in his opening remarks. We received your nominees for the distinguished service awards, both for State government professionals and for private citizens. Each person was carefully screened by members of your committee, a committee, incidentally, which was selected by those people, those Governors, who serve on the Executive Committee of the NGA.

Our committee then met only once, which was also pretty neat for a gubernatorial committee. And we met in Chicago, as Governor Milliken pointed out, and selected from among an outstanding field of men and women those people who will today receive what we could rightfully say are the Oscars of State government and Emmies for citizen participation.

There are 10 recipients of the awards for distinguished service by a State government professional and 3 recipients for distinguished service to State government by a private citizen.

Your committee made every effort to fulfill the
I will now call to the podium each of the recipient charge, Mr. Chairman, as we understood it, to select and recommend to you with the highest honors of the NGA people who have worked hard, thought soundly, and influenced unselfishly in service to their States, their Governors and, most of all, to citizens of their States.

As Governor Milliken pointed out, this was the second year of the program. And none of us who serve on the committee have any doubt that the program will continue. The participation of the Governors in the nominating process which was just outstanding, the caliber of the nominees which was outstanding, and most of all, the quality of the award winners themselves, assure me as they should assure you that this program should and will continue to occupy a place on your agenda.

It has been an honor for me, Governor Milliken, Governor Ray, and other members of the committee, to be able to serve the NGA in this capacity. For this privilege, we thank you.

Now, Governor Milliken, may we have the envelopes, please?

CHAIRMAN MILLIKEN: Thank you very much, Dick.

Once again, all of us who are Governors want to express to you and to the selection committee our appreciation for a very fine job.

I will now call to the podium each of the recipients
to receive his or her award. And I would ask that those
Governors who are here, if there is a recipient from your
State, if you would come forward so that we can have
appropriate pictures taken of the formal presentation.

After this session is over, this brief session
is over, there will be a reception, a very brief one, for the
award winners and their families in the Columbia Room. I
am not sure where the Columbia Room is, but I am sure you can
find it, we all can.

For distinguished service to State government
in finance, Mr. Edwin Beach, the Deputy Finance Director of
the Department of Finance in California.

Will Mr. Beach please come forward?

(Applause.)

GOVERNOR BROWN: I would be very honored to make
this presentation to Ed Beach, a man who served my father very
well, who served Governor Reagen, and has now worked in my
administration, cutting and squeezing, but always with a heart.
Ed Beach is one of the finest civil servants I have ever had
the pleasure to meet and gives credit to the entire
system of merit appointment, of nonpartisan appointment, in
the highest offices.

He has risen to the number two spot within our
Department of Finance. He started out in 1945, and, Ed, how
long is that -- 34 years?
MR, BEACH: Approximately.

GOVERNOR BROWN: Four years longer, almost, than
I have been alive, he has been serving the people of California.
It is a real pleasure to honor him here among all these people.
(Applause.)

CHAIRMAN MILLIKEN: For distinguished service to
State government in natural resources, Mr. Joe Tanner,
Commissioner of Natural Resources in Georgia.

Since Mr. Tanner was unable to be here, the
Governor of Georgia will accept the certificate on his behalf.

GOVERNOR BUSBEE: Thank you.

Mr. Chairman, let me just say that I am delighted
to accept this on behalf of Joe Tanner, the Commissioner of
our Department of Natural Resources. It states here that it
was Joe Tanner that reorganized 35 environmental functions
into a single, consolidated department under Governors Jimmy
Carter and George Busbee and helped to develop model air and
water control programs.

Joe couldn't be here. His budget is under considera-
tion by the Conference Committee on Appropriations today. And
since both Jimmy Carter and George Busbee are in Washington
today and I had more to do with his reorganization than the
President, he asked that I accept it on his behalf.
(Applause.)

CHAIRMAN MILLIKEN: For distinguished service to
State government in marine sciences, Takuji Fujimura.

I don't know whether the Governor of Hawaii is here, but he could help me on that.

Oh, here he is.

The recipient of this award is unable to be here, and so I am very pleased to present the award to the Governor of Hawaii, who, as the Governor of Georgia, will directly convey this to him.

GOVERNOR ARIYOSHI: I would like on behalf of Takuji Fujimura to extend appreciation for this award. In our State, what we are attempting to do is make our State the tropical agriculture center of the Pacific. Mr. Fujimura has been very much involved in that effort, and I am very, very grateful on his behalf to accept this award.

Thank you.

(Applause.)

CHAIRMAN MILLIKEN: For distinguished service to State government in human resources, Dr. James McCain, Secretary of Human Resources, in Kansas.

Governor Bennett will officially make the presentation.

GOVERNOR BENNETT: Mr. Chairman, I am very pleased to present this award. I should tell my colleagues that I stole Dr. McCain from academia, or rather from retirement. He had finished a long and glorious career as the president of the
greatest agricultural university in the United States, Mr. Exon. And upon retirement, he was going to write a book and do a lot of traveling. But I had a lot of problems in the area of manpower, and he agreed to come to a reorganized department, to be goal-oriented in that department, and to take care of our many problems to the point that we are one of the lowest unemployment States in the nation. And also to the point that we just have something in the neighborhood of 50,000 new permanent jobs that the Secretary was able to handle once he got out of academia.

So it is a great deal of pleasure to present this to Mr. McCain.

(Applause.)

CHAIRMAN MILLIKEN: For distinguished service to State government in natural resources, Dr. James B. Coulter, Secretary of the Department of Natural Resources in Maryland.

The Governor of Maryland will formally make the presentation.

GOVERNOR LEE: Governor Bennett should know that he is a double winner today. Secretary Coulter is a native Kansan. He presides over the Department of Natural Resources in Maryland. And in doing so, he is the chief guardian of the Chesapeake Bay which is our most valuable single asset.

He also keeps a sharp eye on all of our forests and parks and waterways of every sort. He is in charge of water
pollution control and power plant site selection and all kinds of stray jobs. He does these with singular good sense, and he is known far and wide to be very firm and very fair.

He is a good man, Jim.

(Appause.)

CHAIRMAN MILLIKEN: For distinguished service in State government, environmental affairs, Dr. Evelyn Murphy, Secretary of Environmental Affairs in Massachusetts.

The Governor of Massachusetts will make the presentation.

GOVERNOR DUKAKIS: I don't know about the rest of you, but when I became Governor back in January of '75, my State was rent and wracked by endless conflict between environmentalists on the one hand and members of the development community on the other. And in less than three years, Evelyn Murphy has done the most extraordinary job of sitting them all down around a table and demonstrating to them that there is a common interest which binds us all.

To say that she has everybody eating out of her hand these days, including some very hard-nosed members of our legislature, would not be an exaggeration. I don't want that to go to her head because you never know in Massachusetts what is going to happen tomorrow. But she has not only been able to bring those communities together, she has done things in the field of urban park policy which are extraordinary and
has altogether made a magnificent record as our Secretary of Environmental Affairs.

While she has been a resident and a citizen of Massachusetts for a long time, Jim Hunt, you should feel very good about the fact she did her undergraduate and some graduate work at Duke University.

Dr. Evelyn Murphy.

(Applause.)

CHAIRMAN MILLIKEN: For distinguished service to State government in water management, Mr. William Marks, Assistant Bureau Chief in the Michigan Department of Natural Resources.

I take particular pride in this award because I have worked ever since I have been Governor in Michigan with Bill Marks. He is a remarkable public servant, respected within the bureaucracy of our State, respected by the legislature, highly respected by the public in the State of Michigan. And I am very pleased that he could be here and that he has received this award today.

(Applause.)

For distinguished service to State government in administration, Mr. Howard Barrett, Director of Administration, in Nevada.

And Governor O'Callaghan will make the award.

GOVERNOR O'CALLAGHAN: Howard Barrett served two
Governors prior to my arrival in office. I worked with him when I was a State department head. He is a fiscal conserva-
tive. He has helped in government reorganization.

As a matter of fact, he is so conservative when I ran for Governor the first time, he signed an ad in favor of my opponent.

But he has been good for government. He has been good for our State, and I am proud of Howard Barrett.

(Applause.)

CHAIRMAN MILLIKEN: For distinguished service to State government in human resources, Mr. Richard Davis, Director of the Department of Human Resources in the State of Oregon.

(Applause.)

For distinguished service to State government in mental health, Mr. Edmond Coletta, Assistant Director of the Department of Mental Health, in Rhode Island.

The Governor of Rhode Island will make the award.

GOVERNOR GARRAHY: I notice this award. I am grateful really to the Governors' Conference for this presenta-
tion to Ed Coletta for his work as a Deputy Director in Mental Health and Hospitals in our State. But I might like to say, as I just became the Governor in the State a year ago, our prison system in our State was a very troubled system. And I had all kinds of experts all over the State telling me what to
do, including a Federal judge. But I might like to say that
the man who really put it together for us in the State of Rhode
Island, who knows perhaps corrections better than anybody
else, is someone who I took from the Budget Office, who I got
from Mental Health and Hospitals, to come in and do a facility
study and a program study for us in the area of corrections.
And that was Ed Coletta.

I am deeply indebted to him. He has been in State
government for some 20 years and is a career professional.
If any of you have any trouble in corrections in any of your
States, don't call on me because we still have some of our
problems, and I need Ed Coletta to continue to help us straighten
them out. Thank you.

(Applause.)

CHAIRMAN MILLIKEN: For distinguished service to
State government by a private citizen, Mr. Robert Buckmaster,
chairman of the board of the Black Hawk Broadcasting Company
in Iowa.

Governor Ray, of Iowa, will make the presentation.

GOVERNOR RAY: I just want you to know that this
doesn't come as a result of having the chairman of this
selection committee coming from Iowa. This man truly earned
and deserves this special award.

Bob Buckmaster was very active in local affairs for
many, many years before he started serving his State on a
GOVERNOR O'CALLAGHAN: Any Chief Executive knows

State level. Bob Buckmaster has served under Democrat and Republican Governors. He came to my predecessor and discussed with him the need for some water conservation and some protection of our natural resources where he has truly been a great conservationist.

Because of him, we started a Water Pollution Control Commission. And since I have got him, we established a Department of Water Quality except he became a member of that, chairman of the Water Pollution Control part of it, and became chairman of the entire DEQ.

He has served in that capacity so long now that we are reorganizing the DEQ, and there is no better person to help reorganize any part of government than Bob Buckmaster. It is truly a pleasure for me to stand before this distinguished group, Bob, and make this presentation to you, a person who has contributed so much to State government, to your local community, and I might add as a world renowned conservationist for the entire country.

(Applause.)

CHAIRMAN MILLIKEN: Also for distinguished service to State government by a private citizen, Mr. Wallie Warren, a public relations consultant in Nevada.

Governor O'Callaghan will make that presentation also.

GOVERNOR O'CALLAGHAN: Any Chief Executive knows
the value of having history in his hands to make decisions for
the future. You can't make decisions for the future unless
you know the past.

Now, I am on my eighth year as Governor of the State
of Nevada. I have lived in Nevada less than 21 years. My
connection to the past, my connection to understanding what
went on before me so I can make decisions for the future have
been provided for me by Mr. Wallie Warren.

(Appause.)

CHAIRMAN MILLIKEN: Also a distinguished service
award to a private citizen, Mr. Evald Gustavson, a vice
president of the Southern New England Telephone Company in
Connecticut.

The Governor of Connecticut, Governor Grasso, will
make the presentation.

GOVERNOR GRASSO: We have saved the best for the
last.

In Connecticut, we have a strong and long tradition
of citizen participation in government. And whenever we have
any particular problems, we have turned to the community for
special help. We are grateful and appreciative for the kind
of work that Gus Gustavson has done, is doing, and will continue
to do.

Not only has he been a pillar of strength to the
Coalition of Northeast Governors, he has been of great help to
the Governor of the State of Connecticut and to the city of Hartford and other municipalities. He has helped us in our efforts for economic growth, economic development. He has been a dynamo of activity, and he is, luckily for all of us, a renewable resource.

(Applause.)

CHAIRMAN MILLIKEN: I want to add my warm personal congratulations to each of the award recipients. Each of you represents the very highest quality of public service. And the Governors of the United States are honored to be able to make these presentations to you today.

We are shortly to conclude this session, but I want to make an observation that American Samoa has been a member of this conference and this Association for some time, but we have here during this conference the first elected Governor of American Samoa in its history because, as you know, heretofore, the Governors have been appointed by the President of the United States.

I would like to ask our colleague, the Governor of American Samoa, to stand so that we can all recognize him.

(Applause.)

Governor Coleman, we are very pleased that you are with us. We look forward to a long and pleasant association with you.

I would like to make one other brief announcement.
Governor Exon, the chairman of the new Agricultural Committee — and this is a major and new and important departure for the Association — has a statement and a resolution on each of your desks in front of you with respect to agriculture and agricultural policy. I would urge you, as he does, to look it over because it was not possible to present it as a resolution. But nevertheless, it is an important policy statement that I think reflects the thinking of almost everyone here.

I also want to recognize a new Governor who is with us from Guam with whom I had the pleasure to have dinner last night and who is an important and vital part of the Governors' Association.

Governor Bordallo, would you stand, please?

(Applause.)

The Chair will recognize George Coleman for a statement.

GOVERNOR COLEMAN: Thank you, Mr. Chairman.

It was about 20 years ago when I first joined this organization. I was then appointed Governor. I was the first appointed Governor to be a member of the organization. So it is very much an honor to be back again as the first elected Governor to be a member of this organization.

Thank you for the recognition, Mr. Chairman.

(Applause.)

CHAIRMAN MILLIKEN: This concludes the formal part
of our program. I think it has been a very successful conference. I want to thank each of you for the cooperation and support you have given me as chairman.

I look forward to joining all of you tonight at the White House. I look forward especially to working with you in the coming weeks and months.

I believe that there are no further announcements. Are there any further announcements by any of the Governors?

(No response.)

If not, we stand adjourned. And we will see each other at the White House this evening.

(Whereupon, at 3:52 p.m., the meeting was adjourned.)