

# **PROCEEDINGS OF THE NATIONAL GOVERNORS' ASSOCIATION ANNUAL MEETING 1980**

**SEVENTY-SECOND ANNUAL MEETING**

**Denver, Colorado**

**August 3-5, 1980**

**National Governors' Association**

**Hall of the States**

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## EXECUTIVE COMMITTEE 1980\*

Otis R. Bowen, M.D., Governor of Indiana, *Chairman*  
Robert D. Ray, Governor of Iowa  
John Carlin, Governor of Kansas  
Joseph E. Brennan, Governor of Maine  
William G. Milliken, Governor of Michigan  
Thomas L. Judge, Governor of Montana  
George Nigh, Governor of Oklahoma  
John N. Dalton, Governor of Virginia  
Dixy Lee Ray, Governor of Washington

## EXECUTIVE COMMITTEE 1980-81

George Busbee, Governor of Georgia, *Chairman*  
Ella T. Grasso, Governor of Connecticut  
John V. Evans, Governor of Idaho  
James R. Thompson, Governor of Illinois  
Otis R. Bowen, M.D., Governor of Indiana  
Robert D. Ray, Governor of Iowa  
William G. Milliken, Governor of Michigan  
George Nigh, Governor of Oklahoma  
John N. Dalton, Governor of Virginia

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\* As of August 3, 1980, the opening day of the conference.

## STANDING COMMITTEES\*

### AGRICULTURE

Arthur A. Link, Governor of North Dakota, *Chairman*  
Charles Thone, Governor of Nebraska, *Vice Chairman*  
John V. Evans, Governor of Idaho  
James R. Thompson, Governor of Illinois  
Robert D. Ray, Governor of Iowa  
John Carlin, Governor of Kansas  
David C. Treen, Governor of Louisiana  
Albert H. Quie, Governor of Minnesota  
Joseph P. Teasdale, Governor of Missouri  
Bruce King, Governor of New Mexico  
William J. Janklow, Governor of South Dakota  
Ed Herschler, Governor of Wyoming

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Paul Calvo, Governor of Guam  
John Y. Brown, Jr., Governor of Kentucky  
Thomas L. Judge, Governor of Montana  
Brendan T. Byrne, Governor of New Jersey  
James B. Hunt, Jr., Governor of North Carolina  
James A. Rhodes, Governor of Ohio  
George Nigh, Governor of Oklahoma  
Richard W. Riley, Governor of South Carolina  
Lamar Alexander, Governor of Tennessee  
Juan F. Luis, Governor of the Virgin Islands

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\* As of August 3, 1980, the opening day of the conference.

## CRIMINAL JUSTICE AND PUBLIC PROTECTION

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Robert F. List, Governor of Nevada, *Vice Chairman*  
Forrest H. James, Jr., Governor of Alabama  
Peter T. Coleman, Governor of American Samoa  
Bruce Babbitt, Governor of Arizona  
John Carlin, Governor of Kansas  
Joseph E. Brennan, Governor of Maine  
Charles Thone, Governor of Nebraska  
William P. Clements, Jr., Governor of Texas  
Ed Herschler, Governor of Wyoming

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Richard A. Snelling, Governor of Vermont, *Chairman*  
George R. Ariyoshi, Governor of Hawaii, *Vice Chairman*  
Forrest H. James, Jr., Governor of Alabama  
Bruce Babbitt, Governor of Arizona  
Edmund G. Brown, Jr., Governor of California  
Pierre S. du Pont IV, Governor of Delaware  
George Busbee, Governor of Georgia  
Harry Hughes, Governor of Maryland  
Robert F. List, Governor of Nevada  
J. Joseph Garrahy, Governor of Rhode Island  
Richard W. Riley, Governor of South Carolina  
Lamar Alexander, Governor of Tennessee

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J. Joseph Garrahy, Governor of Rhode Island, *Chairman*  
Victor Atiyeh, Governor of Oregon, *Vice Chairman*  
Bob Graham, Governor of Florida  
John Carlin, Governor of Kansas  
Albert H. Quie, Governor of Minnesota  
Joseph P. Teasdale, Governor of Missouri  
Hugh Gallen, Governor of New Hampshire  
Hugh L. Carey, Governor of New York  
Carlos S. Camacho, Governor of the Northern Mariana Islands  
Dick Thornburgh, Governor of Pennsylvania  
Scott M. Matheson, Governor of Utah

## INTERNATIONAL TRADE AND FOREIGN RELATIONS

George Busbee, Governor of Georgia, *Chairman*  
Brendan T. Byrne, Governor of New Jersey, *Vice Chairman*  
Jay S. Hammond, Governor of Alaska  
Peter T. Coleman, Governor of American Samoa  
Pierre S. du Pont IV, Governor of Delaware  
Paul Calvo, Governor of Guam  
George R. Ariyoshi, Governor of Hawaii  
James R. Thompson, Governor of Illinois  
Robert D. Ray, Governor of Iowa  
John Y. Brown, Jr., Governor of Kentucky  
William G. Milliken, Governor of Michigan  
William F. Winter, Governor of Mississippi  
Thomas L. Judge, Governor of Montana  
Hugh L. Carey, Governor of New York  
Carlos S. Camacho, Governor of the Northern Mariana Islands  
James A. Rhodes, Governor of Ohio  
Victor Atiyeh, Governor of Oregon  
Carlos Romero-Barcelo, Governor of Puerto Rico  
William J. Janklow, Governor of South Dakota  
William P. Clements, Jr., Governor of Texas  
Dixy Lee Ray, Governor of Washington  
Lee S. Dreyfus, Governor of Wisconsin

## NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT

Richard D. Lamm, Governor of Colorado, *Chairman*  
Lee S. Dreyfus, Governor of Wisconsin, *Vice Chairman*  
Jay S. Hammond, Governor of Alaska  
Bill Clinton, Governor of Arkansas  
Ella T. Grasso, Governor of Connecticut  
Pierre S. du Pont IV, Governor of Delaware  
Bob Graham, Governor of Florida  
John V. Evans, Governor of Idaho  
Robert D. Ray, Governor of Iowa  
John Y. Brown, Jr., Governor of Kentucky  
David C. Treen, Governor of Louisiana  
Joseph E. Brennan, Governor of Maine  
Edward J. King, Governor of Massachusetts  
Albert H. Quie, Governor of Minnesota  
Thomas L. Judge, Governor of Montana



Bruce King, Governor of New Mexico  
George Nigh, Governor of Oklahoma  
Victor Atiyeh, Governor of Oregon  
Dick Thornburgh, Governor of Pennsylvania  
Carlos Romero-Barcelo, Governor of Puerto Rico  
Richard W. Riley, Governor of South Carolina  
William P. Clements, Jr., Governor of Texas  
Scott M. Matheson, Governor of Utah  
John N. Dalton, Governor of Virginia  
Juan F. Luis, Governor of the Virgin Islands  
Dixy Lee Ray, Governor of Washington  
John D. Rockefeller IV, Governor of West Virginia

#### TRANSPORTATION, COMMERCE AND TECHNOLOGY

James R. Thompson, Governor of Illinois, *Chairman*  
Harry Hughes, Governor of Maryland, *Vice Chairman*  
George Busbee, Governor of Georgia  
Joseph E. Brennan, Governor of Maine  
Edward J. King, Governor of Massachusetts  
William F. Winter, Governor of Mississippi  
Robert F. List, Governor of Nevada  
Hugh Gallen, Governor of New Hampshire  
Brendan T. Byrne, Governor of New Jersey  
George Nigh, Governor of Oklahoma  
Dick Thornburgh, Governor of Pennsylvania  
Richard A. Snelling, Governor of Vermont  
Dixy Lee Ray, Governor of Washington  
Lee S. Dreyfus, Governor of Wisconsin

## ATTENDANCE

Jay S. Hammond, Governor of Alaska  
Bruce Babbitt, Governor of Arizona  
Bill Clinton, Governor of Arkansas  
Edmund G. Brown, Jr., Governor of California  
Richard D. Lamm, Governor of Colorado  
Bob Graham, Governor of Florida  
George Busbee, Governor of Georgia  
George R. Ariyoshi, Governor of Hawaii  
John V. Evans, Governor of Idaho  
James R. Thompson, Governor of Illinois  
Robert D. Ray, Governor of Iowa  
John Carlin, Governor of Kansas  
John Y. Brown, Jr., Governor of Kentucky  
David C. Treen, Governor of Louisiana  
Joseph E. Brennan, Governor of Maine  
Edward J. King, Governor of Massachusetts  
William G. Milliken, Governor of Michigan  
Albert H. Quie, Governor of Minnesota  
William F. Winter, Governor of Mississippi  
Thomas L. Judge, Governor of Montana  
Charles Thone, Governor of Nebraska  
Robert List, Governor of Nevada  
Brendan T. Byrne, Governor of New Jersey  
Bruce King, Governor of New Mexico  
Hugh L. Carey, Governor of New York  
James B. Hunt, Jr., Governor of North Carolina  
Arthur A. Link, Governor of North Dakota  
James A. Rhodes, Governor of Ohio  
George Nigh, Governor of Oklahoma  
Dick Thornburgh, Governor of Pennsylvania  
J. Joseph Garrahy, Governor of Rhode Island  
Richard W. Riley, Governor of South Carolina  
William J. Janklow, Governor of South Dakota  
Lamar Alexander, Governor of Tennessee  
William P. Clements, Jr., Governor of Texas  
Scott M. Matheson, Governor of Utah  
Richard A. Snelling, Governor of Vermont  
John N. Dalton, Governor of Virginia  
Dixy Lee Ray, Governor of Washington  
John D. Rockefeller IV, Governor of West Virginia  
Lee S. Dreyfus, Governor of Wisconsin  
Ed Herschler, Governor of Wyoming

## **GUEST SPEAKERS**

**John B. Anderson, U.S. Representative, Illinois**

**Walter McClure, Director, InterStudy Health Policy Group**

**Bill McNichols, Mayor of Denver**

**Marc J. Roberts, Professor of Political Economy and Health Policy, Harvard  
School of Public Health**

**Lowell H. Steen, M.D., Chairman, American Medical Association Board of  
Directors**

## PROGRAM

**Sunday, August 3**

2:00 p.m.     **Concurrent work sessions**

2:00 p.m.     **Food in the 1980s**

*Empire Foyer Room, 2B Level*

Moderators: Governor Arthur A. Link, Chairman,  
Committee on Agriculture  
Governor Charles Thone, Vice Chairman

Guests: Esther Peterson, Special Assistant to the  
President for Consumer Affairs  
Clayton Yeutter, President and Chief Executive  
Officer, Chicago Mercantile Exchange  
John Gilligan, Chairman, New Directions  
William Pearce, Corporate Vice President,  
Cargill

2:00 p.m.     **State-Federal Strategies for Economic Stabilization**

*Junior Ballroom, Lobby Level*

Overview of the national economy

Moderator: Governor Dick Thornburgh, Chairman,  
Committee on Community and Economic  
Development

Guest: Robert D. Reischauer, Deputy Director,  
Congressional Budget Office

Federal economic stabilization issues

Moderator: Governor J. Joseph Garrahy, Chairman,  
Committee on Human Resources

State countercyclical strategies

Moderator: Governor Richard A. Snelling, Chairman,  
Committee on Executive Management and Fiscal  
Affairs

Budget stabilization strategies:

Michigan's "rainy day" fund

Governor William G. Milliken

Fred Whims, Michigan Department of Management and  
Budget

Local government data base: Indiana's early warning  
system

Governor Otis R. Bowen, M.D.

John Huie, Indiana Budget Director

Future roles for states in economic stabilization  
Roger Vaughan, Deputy Director, New York Office of  
Development Planning

3:00 p.m.     **The State Role in High Speed Intercity Rail Service**  
*Empire Room, 2B Level*

Sponsored in conjunction with the Center for International  
Transportation Exchange (CITE) at Michigan State  
University

Opening remarks

Governor James R. Thompson, Chairman, Committee on  
Transportation, Commerce and Technology

Views of rail executives

Alan S. Boyd, President, Amtrak

Ian Campbell, Vice Chairman, British Railways Board

Paul Gentil, General Manager, French National Railways

Gilbert F. Richards, Chairman of the Board and Chief  
Executive Officer, The Budd Company

J. F. Roberts, Chairman and President, VIA Rail Canada

Takeshi Tamura, Director, Japanese National Railways  
New York Office

The state response

Remarks: Governor William G. Milliken, Chairman, CITE  
and NGA Center for Policy Research Board of  
Advisers

Moderator: James C. Kellogg, Deputy Director, Michigan  
Bureau of Urban and Public Transportation

Guests: Francis B. Francois, Executive Director,  
American Association of State Highway and  
Transportation Officials

Adriana Gianturco, California Director of  
Transportation

John D. Kramer, Illinois Secretary of  
Transportation

Louis Rossi, New York State Rail Division  
Director

3:00 p.m.     **Press briefing**  
*Denver Room, Mezzanine Level*  
Governor Otis R. Bowen, M.D.  
Governor Richard D. Lamm

- 4:00 p.m.     **Meeting of the NGA Executive Committee and Standing Committee Chairmen**  
*Silver Room, Mezzanine Level*
- 4:00 p.m.     **Broadcast of “Issues and Answers” on KBTv, Channel 9, Denver**
- 5:00 p.m.     **Meetings of NGA Standing Committees**
- 6:30 p.m.     **Welcome reception for all annual meeting participants**  
*Larimer Square*
- 7:30 p.m.     **Dinner for Governors and families hosted by Governor and Mrs. Richard D. Lamm**  
*Governor’s residence*

**Monday, August 4**

- 9:00 a.m.     **Opening Plenary Session**  
*Grand Ballroom, Lobby Level*  
**Call to order:** Chairman Otis R. Bowen, M.D.  
**Welcome:** Governor Richard D. Lamm  
                  Mayor Bill McNichols
- 9:30 a.m.     **Restoring balance to the federal system: An agenda for action**  
**Moderator:** Governor Richard A. Snelling, Chairman,  
                  Committee on Executive Management and Fiscal Affairs  
**Discussion by the Governors**
- 10:30 a.m.    **State initiatives to address the costs of health care**  
**Moderator:** Governor J. Joseph Garrahy, Chairman,  
                  Committee on Human Resources  
**Guests:**    Lowell H. Steen, M.D., Chairman, American Medical Association Board of Directors  
                  Marc J. Roberts, Professor of Political Economy and Health Policy, Harvard School of Public Health  
                  Walter McClure, Director, InterStudy Health Policy Group  
**Remarks:** Governor Bob Graham  
**Discussion by the Governors**

- 11:15 a.m.     **Luncheon meetings of NGA Standing Committees**
- 1:30 p.m.     **Meetings of NGA Standing Committees**
- 3:30 p.m.     **Meetings of NGA Standing Committees**
- 5:00 p.m.     **Work session for Governors' staff: comprehensive  
emergency management in response to the 1980 disasters**  
*Silver Room, Mezzanine Level*
- Work session for Governors' press secretaries: how  
Cable News Network covers the states**  
*Colorado Room, Mezzanine Level*
- 6:30 p.m.     **Western reception and barbecue**  
*Currigan Hall*
- 9:30 p.m.     **Presentation of Fourth Annual NGA Awards for  
Distinguished Service to State Government**
- Concert by Doug Kershaw**  
*Boettcher Concert Hall*

## **Tuesday, August 5**

- 9:00 a.m.     **Closing Plenary Session**  
*Grand Ballroom, Lobby Level*
- 9:00 a.m.     **Voting on revised and new policy positions**
- 10:30 a.m.    **Speech by Representative John B. Anderson**
- 11:00 a.m.    **The Governors' energy policy: new directions for the  
1980s**
- Moderator: Governor Richard D. Lamm, Chairman,  
                 Committee on Natural Resources and  
                 Environmental Management
- Election of 1980-81 Chairman and Executive Committee
- Remarks by the new Chairman
- Salute to Governors completing their term of office
- Adjournment
- 2:30 p.m.     **Meeting of the 1980-81 Executive Committee and  
Standing Committee Chairmen**  
*Silver Room, Mezzanine Level*
- Evening       **The evening is open to visit the Denver area.**

# OPENING PLENARY SESSION

## Monday, August 4, 1980

**Chairman John N. Dalton:** I call the governors' meeting to order. For the benefit of those in the audience, I am Governor John Dalton of Virginia, and I am pleased to call to order the 72nd annual meeting of the National Governors' Association. As you know, I am serving as chairman of this meeting at the request of Otis Bowen of Indiana and the Executive Committee of the National Governors' Association. Doc and Beth had very much wanted to be with us today but because of Beth's grave illness, they were not able to attend.

For nearly eight years Doc Bowen has been a great governor of Indiana. For the past year he has done an outstanding job as chairman of NGA. The respect and the affection that the people of Indiana feel for Doc and Beth Bowen and for their warmth, their humility and their courage are shared by all of us, and we wish for them well in this difficult time.

For the opening remarks I would like to introduce to you your host governor for this convention. Dick and Dottie Lamm have provided a framework for an excellent meeting, and we deeply appreciate all the efforts that they have put into making this meeting possible. Ladies and gentlemen, the governor of Colorado, Dick Lamm.

### WELCOMING REMARKS

**Governor Richard D. Lamm:** Thank you, Governor Dalton. I would like at this point to dim the lights and keep you for a very short time, as we welcome you to Colorado and the West. I would like to explain a little bit about the West and some of our unique problems. Every region has its distinctions. We are, of course, proud of the richness and diversity of the West. Kathryn Lee Bates wrote *America the Beautiful* atop Pikes Peak. We truly do have "amber waves of grain" and "purple mountain majesty." We are immensely proud of our region. But, like every other place, there are problems and limits presented by the characteristics of our land and the pressures that are being imposed upon it.

Two unique factors characterize the West and bind it together as a region: aridity and the federal government's control of the majority of our land. The federal government is the landlord of over 50 percent of the West.



Let me first tell you about aridity. On early maps of the United States, the West was called the Great American Desert, and it is important for you to understand that in some ways it still is. Colorado, for instance, averages about 13½ inches of precipitation annually. Most of it comes in the form of snow in our mountains, and much of the water runs off in one thirty- to sixty-day period. That which we don't capture we can never use. All of the twenty-three major cities in Colorado rely on stored water.

If you draw a line north and south along the Mississippi River, 73 percent of the nation's precipitation falls east of that line, leaving all the other areas to share the remaining 27 percent. The Pacific Northwest gets 12 percent of that, leaving our region—which contains half of the nation's land area—with only 14.2 percent of the precipitation. Projects that store our water so that it can be used well beyond the runoff period run our civilization, run our industries and run our towns. We cannot exist without stored water.

It is difficult to describe how precariously we cling to the land out here. I think of it as an oasis civilization. Nothing comes easy in the West and nothing ever did. We live with aridity as a fact of life. You can go 100 miles from where we are and see, as these pictures show, the Oregon Trail—marks that were laid down 120 years ago and never healed. The West simply has lacked the precipitation to help the land recover. What in many parts of the country would be a scar that would be covered in a month lasts a century here.

The second factor shaping the West is the enormous influence the federal government has on our region. Not only do federal agencies control over half of the land mass, but Washington owns vast natural resources throughout our states. Therefore, it is no surprise that federal energy policy has targeted this fragile region for the accelerated development that we will need to reduce foreign imports of oil.

The real and actual pressure of possessing within this region over 60 percent of the developable coal reserves, 80 percent of the oil shale, and 90 percent of the uranium reserves has brought a real unity to the West. My colleagues, the WESTPO [Western Governors' Policy Office] governors, are working more closely together than at any other time in history to see that the accelerated resource development in this area is done prudently and thoughtfully. But there are risks. There are problems. It has taken since 1917 to accumulate the slag you see in this picture. We now produce one of these with our oil shale industry every few months. We have dramatically increased the amount of energy from the West in the last five years.

The only constant out here in the West is massive change. We in fact have coal, uranium, geothermal resources, oil, oil and gas, and oil shale. We want to develop these resources, but we don't want to be left like we have been so often in the past.

The history of the West is littered with all kinds of remnants of what

were once boom towns. If we were building Scarsdale, New York, or Evanston, Illinois, we would be more satisfied, but we are not. We are building towns that we are pretty sure a hundred years from now are not going to have the economy that they have today. The West is littered with bust towns that were once boom towns. The logical component of every boom town is a bust town. We have seen it all before. We have had it happen to us before.

They came to get the gold, and then they came to get the silver and the lead and the zinc and the uranium. There are thirty-one counties in Colorado that had larger populations in 1900 than they had in our last census. We are now asked to build new sewer systems, water systems, schools and housing for what is essentially a one-time harvest of energy over which we have very little control.

After that one-time harvest of energy is gone, we are not going to be left with Scarsdales or Evanstons. We are going to be left with Leadvilles and Independences and with a whole bunch of different towns that do not have an economy that will continue to support them.

Here, for instance, is Leadville during its boom days. They took over \$4 billion of riches from the Leadville area alone. And then in one federal decision, the demonitization of silver, this bust town is what we had left, and it is much the same to this day.

There are only a few thousand people in the oil shale area of Colorado. By our lowest estimates there will be at least 70,000 more people by 1985, and an Exxon proposal projects 1.7 million people in the next thirty years.

So western resources must continue to be developed. Synthetic fuels will be produced in the West over the next decade. But when those resources are exhausted, or when this nation moves on to a more adequate energy base, it is important to us in the West that the West remain as a beautiful and rich land. It is important for us to see that this region remains a place where people can live a good life and prosper. That is why it is important for national policy and strategies to take into account the uniqueness of the fragile nature of the Rocky Mountain West.

So, on behalf of Colorado, Dottie and I welcome you to Colorado. I take great pleasure in introducing to you the mayor of our largest town, esteemed person, former chairman of a number of the different organizations of mayors, Mayor Bill McNichols of Denver.

**Mayor Bill McNichols:** Governor Dalton, I am honored to join with our fine governor in welcoming you distinguished governors, your families, guests, friends, and staff to the Mile High City. There will be many differing points of view as you deliberate during your conference, so I am pleased to inform you that one thing you decided has met with widespread approval—your decision to convene this significant meeting in the City of Denver, the capital

of the great State of Colorado. On behalf of our citizens, our officials and myself, I say welcome, and may this be one of your most productive as well as one of your most pleasant meetings.

These are difficult times to serve your state as chief executive and even though you choose different paths to achieve your objectives, I perceive a common goal among you—your desire for a better life for present and for future Americans by improving our governmental processes at all levels.

I hope you can linger a day or two or three after your session here and enjoy some of the wonders of our area before returning to your important duties. But in any event, come again, soon. Good luck and Godspeed. Thank you.

**Chairman Dalton:** Thank you, Mayor McNichols.

Gentlemen, we have two brief announcements to make at this time. First, NGA has been developing systems to improve telecommunications among the governors. These systems are being demonstrated outside this room in the registration area. I think you will find these exhibits useful.

Second, Bob Bergland, secretary of agriculture, will meet with the Committee on Agriculture at 5:00 this afternoon in the Terrace Room. Governor Link has invited all governors concerned with the drought situation to join the committee.

At this time, Governor Bowen would have given his chairman's report to you, and I am pleased to present his remarks in his behalf this morning. These are remarks prepared by Governor Bowen for delivery at this time.

"My fellow governors and ladies and gentlemen: As you may know, this will be my last meeting of the National Governors' Association. After eight years in office, I am not able to seek re-election, and so if I return to visit with you in the future, it will be as an interested alumnus, or perhaps better, as a physician who has referred the case to other hands but who still cares deeply about the outcome.

"What I have enjoyed most about our meetings is the opportunity to debate and seek agreement on the great issues that face our nation from a perspective that is more fundamental and more enduring than that of partisanship.

"Woodrow Wilson, who was a great scholar as well as governor and president, once wrote that 'the question of the relationship of the states to the federal government is the cardinal question of our constitutional system. At every turn of our national development, we have been brought face to face with it, and no definition either of statesmen or of judges has ever quieted or decided it. It cannot, indeed, be settled by the opinion of any one generation, because it is a question of growth, and every successive stage of our political and economic development gives it a new aspect, makes it a new question.'

"Today, it is indeed a new question, and one that is full of hazards and

opportunities for the states. For events in Washington and in the world in just the last twelve months have made it evident that we stand at what Woodrow Wilson called 'a new turn in our national development.'

"It is clear, for example, that we are in the midst of a shift in federal resources away from domestic programs and toward policies designed to insure our national security in an increasingly dangerous and unstable world.

"It is also clear that Washington has changed the terms of the partnership that was envisioned during the dramatic growth of the intergovernmental aid system in the 1960s and that was symbolized for many of us by the enactment of the general revenue sharing program in 1972.

"That partnership was based on mutual respect and trust, on a sharing—not only of revenues but of responsibilities—on a conviction that by joining together, federal, state, and local governments could improve the material wellbeing of our citizens while preserving to the maximum degree their right of self-government.

"Although the intergovernmental partnership is functioning reasonably well, the signs of change are not difficult to find:

—The federal aid system has become more fragmented, not less, since 1972, more subject to special interest group pressure and bureaucratic whim and less responsive to the common sense judgments of elected political leaders.

—While federal aid has declined, federal rules and red tape have grown as Washington has sought control not only of its funds but of ours. It is now obvious that in many programs the federal government's policy voice far exceeds its financial commitment.

—The expansion of programs through which federal government deals directly with tens of thousands of local governments has undermined the ability of the states to coordinate resources in traditional policy areas and has made many cities dangerously dependent on federal aid.

—The rising federal tax burden, which this year will reach 22 percent of gross national product, the highest level since World War II, has not only failed to balance the federal budget but is eroding public support for all domestic spending and foreclosing the fiscal options of state and local governments.

—Finally, the governors' recommendations for achieving budget restraint through increased flexibility and lower overhead costs, which we made in December 1978 at a time when virtually all others were demanding higher spending, have been ignored. Instead, when the budget was resubmitted in March, a disproportionate share of the cuts came in the form of an unprecedented breach of commitments to flexible federal-state partnership programs—revenue sharing, LEAA [Law Enforcement Assistance Administration], welfare reform, highways, economic development, preventive health care and others.

“These concerns were expressed vividly and unanimously by the governors at a meeting of our Executive Committee in Washington several months ago, and they are shared by other thoughtful observers and actors in our federal system—study commissions, political scientists, even a handful of congressional leaders—who have called as we have called for a reassessment of federalism, a sorting out of functional responsibilities among levels of government. The Advisory Commission on Intergovernmental Relations [ACIR], in its recently completed three-year study of the federal role in the federal system, concluded that ‘contemporary intergovernmental relations have become more pervasive, more intrusive, more unmanageable, more ineffective, more costly, and above all, more unaccountable.’

“It is increasingly clear to me, however, that if there is to be a sorting out, the states must force it. The current drift toward centralization is not the product of one national administration and one session of the Congress. It is the result of forces far deeper and far stronger, forces embedded in our own bureaucracies as well as in Washington’s, forces which have caused other republics to find themselves inevitably, in the words of the poet Robinson Jeffers, ‘hardening into empire.’

“But our republic has the unique balance wheel of federalism—state governments, which, contrary to what many in Washington believe, are more than administrative subdivisions of the national government and which have far-reaching constitutional powers and popular allegiances secured by the forces of history and tradition.

“These powers will not be sufficient, however, if we lack either the will to seek change or the ability to convince the final arbiters of change—the people—of the rightness of our cause. For we must recognize that much of the impetus for greater centralization of power and resources in Washington derived from the failure of the states to meet the needs of many of our citizens.

“Today we know, and many students of governments know, that there has been a quiet revolution in state government, one that has gone largely unnoticed in Washington. States have modernized their constitutions, streamlined their administrative structures, and vastly expanded their fiscal powers.

“States, once accused of lacking compassion, now spend a larger percentage of their own resources than either the federal government or local governments for programs designed to meet the needs of the most unfortunate members of our society. And new studies by the National Governors’ Association, the National Science Foundation, the General Accounting Office, and others have shown that states, once accused of indifference to urban problems, are now targeting aid to hard-pressed local governments more effectively than a distant and overburdened federal bureaucracy.

“The new economic, fiscal, and political realities confronting the nation demand a new response from the states, a response that is more aggressive, more independent, more skeptical of federal power, a response that I believe

should be based less on revenue sharing than on revenue keeping.

“One approach to revenue keeping—and there are many others—is to secure the enactment of a federal tax credit for a portion of state sales and income taxes. Through such a tax credit, the states would have more room to raise their own resources in order to meet—at lower cost and more efficiently—the important needs which they have defined and to assume responsibilities in areas where the federal government is performing poorly. Such a tax credit would reduce the growing imbalance between federal and state revenues—now 22 percent of gross national product compared to 7 percent—but still enable the federal government to meet important national objectives.

“It would circumvent not only the worst features of an unnecessarily complex and inefficient grant system but also the entrenched alignments of special interest groups that pervade our nation’s capital.

“Such a change in the federal tax code could also be progressive, granting relief not just to the well-off who now claim state and local taxes among their itemized deductions but to low- and moderate-income families who do not itemize.

“We should not delude ourselves that persuading the Congress to make such a change will be an easy task, but neither should we underestimate our constitutional and political powers to bring about constructive change.

“One thing is clear: Whatever direction we decide to pursue, the time to act is now. We cannot afford to pass by this ‘new turn in our national development’ and allow the drift toward centralized bureaucratic rule to continue.

“Let us therefore say to whoever is elected this year to the presidency and the Congress: ‘We, the nation’s governors, pledge to work cooperatively with you to meet the needs of our people. But in their name and in their interest, we demand of you a commitment to a partnership worthy of the name.’ ”

I am sorry that Governor Bowen could not be here to deliver these remarks this morning but he wanted to share them with you, and I was pleased to have the opportunity to read them in his behalf.

Now, to moderate our discussion on federalism, I would like to call on the governor of Vermont, Dick Snelling, who has done an outstanding job as chairman on the Committee on Executive Management and Fiscal Affairs.

## **RESTORING BALANCE TO THE FEDERAL SYSTEM: AN AGENDA FOR ACTION**

**Governor Richard A. Snelling:** I am very pleased and I am sure all the members of the Committee on Executive Management and Fiscal Affairs are

equally pleased that Doc Bowen has made the question of how our federal system can work better to meet the needs of the people in the states a prime concern during his leadership of the National Governors' Association. I am also very pleased that George Busbee, who will shortly accept the responsibilities as chairman of this organization, has indicated as well that he sees federalism as a point on which we must focus as we work together to assure that we can deliver services to the people of our states which are reasonable in light of their expectations and needs. I think we would all agree that we must find ways and means to establish and to achieve the kind of fiscal restraint which the people of the United States are seeking. We must find ways to achieve that fiscal restraint without abandoning our social goals and our appropriate determination to achieve social justice. I think almost all of us would agree that the only way that we can do both is to manage better the affairs of government and that means in turn managing better the relationship between the federal government, the state governments, the county governments and the local governments. We have to find a way to apply the resources of America to the works of government so that they accentuate what works and so that we find and eliminate what doesn't. That's really what federal reform is all about.

Doc Bowen's statement, I thought, was a beautiful, moving and historic view of what has happened to the federal system. The part of that history that dealt with the last year or two has to be received by all of us with some sadness. Doc indicated that Congress and the president of the United States have not reacted to the concern we have been expressing about the shape of the federal system in a way that has resulted in the kinds of reform that we believe should come about.

It is clear that categorical grant programs are entrenched and are institutionalized. So we have to find a new tack if we are going to achieve the goals that we have described many times before. I would like to suggest to the governors as we start this discussion today that it's important that we do not see general revenue sharing as the beginning or the end or the rally cry of a new federalism. The question about revenue sharing may be far bigger than the relatively small percentage of the federal budget which the program sends to the states to use wisely in the light of their own knowledge of the affairs of the problems of the state.

I think we have to start this discussion by asking ourselves why it is that the Congress of the United States would prefer to abandon a program that costs one-twelfth of 1 percent to administer and that was responsible for something like \$2.6 billion and to keep relatively unchanged something like \$90 billion of categorical grant programs that cost an average of 12 to 17 percent to administer.

I think that it should become clear that there is a need for a broader alliance. We have had a working alliance but I think it is clear we need a

broadier alliance among those who are being harmed and who stand to be harmed by reduced budgets that ignore the knowledge of the states.

I suspect that every governor in the last three or four months has had to deal with the problems of, for example, reduced Title XX funding, reduced emergency medical services, closed health centers, or cuts in legal aid. No doubt he has had to explain the effect of those reductions, that he had no choice because of the system of categorical grants. He also has had the opportunity to explain that if the Congress of the United States saw fit that he might have had the opportunity to make judgments about which dollars were most necessary for his state.

I think what we need to do is come out with a thoughtful, tactful, powerful defense so the Congress will know that in the end they are responsible and accountable for the results of restraint in budgeting and for the results of the programs as they are administered in the states.

We have some allies. We have allies among the mayors who supported and joined with us in our meetings at the White House in the last year to show our support for revenue sharing and for consolidating grants. We have allies among the county officials and among the state legislators. If you are able to attend the meeting this afternoon of the Committee on Executive Management and Fiscal Affairs, you will have a chance to meet and to hear from Florida Speaker Pro Tem Richard Hodes, president of the National Conference of State Legislatures [NCSL]; Maryland Speaker Benjamin Cardin, chairman of the NCSL State-Federal Assembly; and Earl Mackey, executive director of NCSL.

The purpose of the hour that we have this morning on the subject of federalism is to receive suggestions and comments, and I would like to throw one on the table right now.

We should call upon the president and the Congress to create a commission with a two-year mandate to develop realistic proposals designed to accomplish the following four specific points that the Committee on Executive Management and Fiscal Affairs and ACIR have been working to accomplish the last several years.

First, the mandate of the special presidential commission should be to implement a strategy of full federal responsibility for certain federal domestic programs in conjunction with federal divestiture of the responsibility for other programs to state and local governments.

Second, the mandate should be to terminate, phase out or consolidate federal grant and aid programs that are either closely related in function, narrow in scope, or do not clearly satisfy national objectives as distinguished from federal objectives as that distinction was made perfectly clear by Madison in *Federalist* 39.

Three, the commission should develop legislation to require the Congress to prepare a fiscal note for every bill or resolution and the executive branch



to do the same for all new policies and resolutions, estimating the projected long-term cost to state and local governments.

And, fourth, the commission should develop a system of administering intergovernmental grants that maximizes the flexibility of the grantees, giving them the power to design programs that meet local needs and conditions and assuring fiscal and programmatic accountability through measurable program success rather than bureaucratic dexterity.

Colleagues, I think the time has come when we perhaps have to serve notice in the kindest and most gentlemanly way that we find the United States Congress standing more and more in contempt of the states. When the Congress responded to the cry of the people for spending restraint by stripping away general revenue sharing I thought it was a bad omen, but not necessarily indicative of their ability to perceive the concern that the American people have not only for the cost of government but for the quality of government.

But more and more, as we have testified before congressional committees in the last year or so, it has appeared that these programs are so entrenched that it is going to take a united effort of governors, state legislators, mayors, and county officials to achieve the new balance of federalism. Achieving this new balance is the only way that we are likely to be able to accomplish the works, goals, and responsibilities of government. We must put aside the dreams of the last decade or two that that work will always be accomplished by increases in taxation and a reduction in the share of the earnings of the working men and women of America.

To start the discussion I would like to call on Governor Bruce Babbitt, who not only is a key member of the Committee on Executive Management and Fiscal Affairs but also is a member of ACIR. Following Governor Babbitt's talk, we would like to have the comments and specific suggestions of every governor who would like to contribute to an agenda for fiscal reform in 1980. Governor Babbitt.

**Governor Bruce Babbitt:** Dick, thank you very much. I find myself at the outset in full agreement with my brothers Bowen, Dalton and Snelling. In fact, I am prepared to go quite a bit further to prescribe substantially stronger medicine. I recognize the irony of the Democrat with three Republicans urging that we go further.

These suggestions I am going to make I make as a committed liberal in social affairs, as an unapologetic Democrat, but equally as a governor who has undergone a metamorphosis in office about the realities of the federal system in this country.

I share the concerns of my fellow governors. My sense of alarm is perhaps a little more extreme. A lot of observers in this country feel that, taken on a historical scale, the states are obsolete, they are headed the way of the passenger pigeon and the Edsel. Even the optimist, I think, would say

the states at best are in dire danger of becoming simply administrative agents of Washington. The irony, of course, is that it didn't begin that way.

The proper relations between the states and the federal government in a federal system was the centerpiece of the constitutional debates. It was the principal subject of the most brilliant debate about the role of government in the history of western institutions, the debate between Alexander Hamilton on one side and Thomas Jefferson and Madison as principals on the other about what the federal government ought to do and what it is that the states as sovereigns ought to do that is different and unique and how they should relate to each other.

The problem is that that debate embodied in the Federalist Papers has gone neglected and gathered dust for 200 years. The result is that the federal system is in total disarray.

The United States Congress has lost all sense of restraint. It no longer even asks the question that Hamilton, Madison and Jefferson considered to be the central question in the federal system: "Is this an appropriate function for the federal government?"

I think it's long time past due to dust off those papers and to ask, with Jefferson, Hamilton and Madison, who should serve what function. I think Jefferson and Hamilton would ask, for example, not "Is it a good program?" but, "Is it a federal function?"

I think Jefferson and Hamilton would ask, "Is it really the role of a national congress to fund programs for jellyfish control? A comprehensive program for rat control? Grants for local libraries?"

I think Hamilton and Jefferson would ask, "Is it really appropriate to have a national grant and aid program that buys typewriters, desks, guns and patrol cars for every law enforcement agency spread across this entire continent?"

I think Hamilton and Jefferson would certainly ask how it is that the federal government has become so deeply involved in that most uniquely local of all American institutions, the neighborhood public schools. And they would certainly ask how we have allowed their creation—a carefully layered construction of federal, state and local responsibilities—to become scrambled into one great undifferentiated amorphous omelet by a cook in Washington.

They would ask what happened to the concept of enumerated powers. Why is the 10th Amendment nothing but a hollow shell?

I believe if the states are going to have a future that the process of sorting out, differentiating, developing an explicit philosophy of renewing the Federalist concept is of the highest order and of the highest priority.

I would suggest four specifics. First of all, we should advocate that each federal legislative proposal should have with it not only a fiscal footnote but a federal footnote, an explanation to the public from Congress (with the shades of Jefferson and Hamilton hovering above them) of why the proposal

is a matter of federal concern and why it should not be handled at some other level.

Next I would propose two constitutional amendments. They are process amendments designed to clarify and enhance the procedural role of the states in the federal process. I think we have been misled in attempting to redress the federal system by proposing specific constitutional amendments. I would suggest two specifics. The states should consider a constitutional sunset process for all federal legislation except that covering defense and foreign affairs.

Simply put, constitutional sunset would give the states by petition of two-thirds of the legislatures the power to sunset any federal law. It's a process amendment.

Second, I think it's of utmost importance that states address the issues proposed by the Ervin bill. Congress has deliberately ignored the issue of state-initiated constitutional amendments for far too long. The Ervin bill simply says that states should be put on a par with the federal government in the process of initiating constitutional amendments. The procedure should be made explicit.

The threat of a runaway convention can readily be removed by federal legislation. If Congress continues to refuse to enact those legislative remedies, I would suggest that the states should initiate a constitutional process amendment and clarify the procedures in Article V.

Last, I would join with Governor Snelling in urging that the president and the Congress and the governors call for a national convocation outside the constitutional process to begin a study of the federal system as we approach the bicentennial of the Constitution. It's long overdue, past efforts have failed, but we cannot stop. We must succeed.

In conclusion, I believe the states are at a crossroads. I believe that strong remedies are called for because being at the crossroads we can either look forward to abolishing the states, turning governors into administrative agents of the federal government, designating the state capitols as regional service offices for HEW and HUD [the U.S. Departments of Health, Education and Welfare, and Housing and Urban Development], or we can revive federalism by picking up the Constitution and the Federalist Papers and reading them, reviving the philosophy of the founders and reinstituting a federal system with the variety, the spirit and the energy that they envisioned. Thank you very much.

**Governor Snelling:** Thank you very much, Governor Babbitt.

The floor is now open for your comments. In order to permit the greatest number of governors to participate, it would be appreciated if you would make the central points of your suggestion. But I would like to encourage you to offer any suggestions that you may have for the agenda on reform of the federal system.

**Chairman Dalton:** Governor Treen of Louisiana.

**Governor David Treen:** Thank you, Mr. Chairman. I am a little bit hesitant to start this discussion, being the newest member of the group, but I didn't see any other hands go up and I felt very strongly about the remarks made by Governor Babbitt. I want to second the general tenor of those remarks and those of you, Mr. Chairman. As a former member of Congress, I would like to make a couple observations.

I think the concept of dual sovereignty is embodied in the 10th Amendment to the Constitution, and I believe it has been ignored. As a matter of fact, I cannot recall in the seven years I was in Congress ever hearing the 10th Amendment discussed when we had legislation on the floor for a new program for federal involvement. That certainly does need to be emphasized.

One of the ways in which I think we have destroyed the federal-state relationship envisioned by our Constitution is in the direct dealing between the federal government and local government, subdivisions of the states. Many, many congressmen, I might say even some governors, certainly mayors of big cities, have been at Washington's door repeatedly asking the federal government to be involved and help. Certainly the big cities needed help. I don't quarrel with that.

When the federal government starts dealing directly with the creatures of the states—the counties, the municipalities—we certainly have the seeds of the destruction of the federal system, and I think that ought to be condemned. The relationship should be between the states and the federal government, and we should end this direct relationship between the federal government and the creatures of the states.

Second, in the area of education. Congress recently approved the creation of a new Department of Education, which I, and I think some others who were members of the Congress before becoming governors, opposed. Education, certainly on the elementary and secondary level, and I think on the collegiate level as well, is one area in which the states, I think, are capable of acting. This is certainly an area in which the federal government should not have gotten involved.

If we want to do something strong, Governor Babbitt, I would suggest that this convention go on record as saying we do not need a federal Department of Education. Certainly we ought to be able to handle education on the local level. We embarked on federal aid to elementary and secondary schools in 1965 for the first time. I recall reading the debate on the floor of the House and the Senate—I wasn't there then—saying this would not lead to federal control of education. We know to a certainty that it will.

So, if we want to do something strong, we ought to say that education, certainly at the elementary and secondary levels, is something the states are capable of doing and that we ought to have sunset as quickly as possible with

respect to the Department of Education on the federal level. Thank you, Mr. Chairman.

**Chairman Dalton:** Thank you very much, Governor. Before I call on Governors Riley and Hunt, I would like to suggest that those who have specific suggestions should try to get them to the committee before its meeting this afternoon so that they might be brought to the floor tomorrow.

Governor Riley of South Carolina.

**Governor Richard Riley:** Mr. Chairman, I, too, appreciated your very astute comments and those of Governor Babbitt and was very touched by the comments of Chairman Bowen delivered by Governor Dalton. I also enjoy serving on ACIR and find it to be a very competent and well-staffed group.

I raise one point in determining what the functions of the various levels of government should be in this very complicated matter of intergovernmental relations. Certainly ACIR, which is composed of presidential representatives, governors, members of Congress, and representatives of local communities, is as fine a group as could be assembled for defining these functions and performing this very important job. It seems to me that the only advantage of having a commission perhaps would be the PR and the public attention which might in itself justify it.

Let me mention one point about this business of functions. It's not nearly as simple as many of us would like for it to be. Governor Babbitt, I always have enjoyed the comment of Thomas Jefferson that the government that governs least governs best. Now, that's been used by many people to say that governments that were weak were good governments. I point out that that is not what Thomas Jefferson meant by that statement. It is a very profound statement on functions of government. It's an intergovernmental statement, a statement that says that in our federal system, the lowest level of government, that is, the city, should perform all functions that it can perform and perform well, leaving for the county those functions that the city could not perform, and then for the state to perform those that the cities and the counties could not perform and perform well, leaving for the federal government only those functions that could not be performed and performed well in the lower levels of government.

I subscribe to that philosophy. I think it's a very clear one, and I raise the point, sir, that ACIR would be a sound group to do a complete study of that kind.

**Chairman Dalton:** Thank you very much, Governor Riley. Governor Hunt of North Carolina.

**Governor James B. Hunt:** Mr. Chairman, I wish to also commend and express my strong identification with the views that you and Governor Babbitt set forth in that very fine presentation. It's something that I think everybody here agrees with. I think we have been through an experience lately that

perhaps will be instructive or ought to be in terms of how we go about doing this thing.

We are talking about what I think is perhaps the most important governmental issue that this country faces. I think the solution to an awful lot of other problems depends on getting this matter squared away and getting the various levels of government carrying out their proper functions.

I would suggest, however, Mr. Chairman, that we be very careful and that we lay out with real consideration the strategy for doing this. For example, I would hope that we would not go into this being antagonistic toward the Congress or the executive branch of the federal government. We have had problems, and I think all of us recognize this in terms of federal revenue sharing, in part because the Congress felt that we were being critical of them when we called for balanced budgets and things of that sort. They misunderstood, I genuinely believe, the calls of the governors, the calls of the legislatures, the calls of the people.

I would hope that the members of the Congress and the Office of the President would understand the need to go through this kind of reassessment and delineation of proper functions. I would urge that we have some sort of special national convocation or study group that might look at this matter as we approach the bicentennial of the Constitution. But I think we should approach it in a spirit of cooperation instead of going at it as a challenge to the Congress, which I am willing to do if nothing else will prevail. I think my senators and my congressmen would respond to this. Most of them, I think, are concerned.

I have talked to one of my senators, for example. He is concerned about the very issues we have talked about here today. I think others would be if we approached them in the right way, expressed and laid out the problem and asked that we work together to try to resolve it.

I would certainly urge very strongly that we move on this matter aggressively but that we do it in a way that would result in the members of the Congress, in particular, joining with us to do this job instead of fighting with us.

**Chairman Dalton:** Thank you, Governor Hunt. I think your point is very well made. Permit me to observe that I have considered it to be very curious that so many congressmen express a great deal of sensitivity to criticism and also aspire to become governors. Sooner or later they may have to make a judgment between criticism and other aspirations.

Governor Thornburgh of Pennsylvania.

**Governor Dick Thornburgh:** Mr. Chairman, although the philosophical and political science aspects of this discussion are intriguing, and I subscribe to the rather stirring characterization of the history of federalism and the context in which that history must be viewed today, I suggest that there are also some

very important practical considerations that have been hinted at and which should form an important part of the examination that is being suggested.

Governor Babbitt quite properly raised a concern that the states may become mere agents of the federal government, and Governor Treen rightfully expressed some concern over the bypassing of the states in the construction and carrying out of a number of federal aid programs.

Within the last year the research center of this association published a report called *Bypassing the States: Wrong Turn for Urban Aid*, which I recommend for rereading by those of us who share the concerns of the speakers who addressed this problem this morning.

The reason for that suggestion, I think, will be indicated by my reading from the foreword to this report that I signed as chairman of the NGA Committee on Community and Economic Development along with our distinguished colleague, Governor Ella Grasso as subcommittee chairman of the Urban Policy portion of our committee. I quote, "The results of this study indicate that direct state aid combined with state-administered federal aid is more responsive to distressed cities than is direct federal assistance. This conclusion suggests that bypassing state governments with direct federal aid may not be in the interest of distressed cities and that a stronger state role in federal programs may be the most efficient way of distributing intergovernmental assistance to localities."

I suggest that efficiency and economy in the carrying out of these federal aid programs, which have grown to elephantine proportions under both Republican and Democratic administrations, are things that we should not lose sight of in the philosophical debate over the federal system and the structure in which we all desire to live.

In these times, with the focus on the economic ills of the nation and all of us struggling to cope with downturn syndromes in the economies of our states, the matter of targeting and timing of federal aid becomes crucial. I suggest it is equally crucial that states be given a more fruitful role in determining the targets of these aids and the timing and the framework in which they would be carried out.

The point is that there is a very practical aspect to this intriguing philosophical discussion and it is that practical aspect that I think has been focused on very well in this report. I would invite all of you to pull it off the shelf and look at it again as we begin this very important dialogue among ourselves and with our federal counterparts.

**Chairman Dalton:** Thank you very much. Governor Dreyfus of Wisconsin.

**Governor Lee S. Dreyfus:** As I listen to the discussion several things occur to me. Just let me say them to you quickly. One is if Governor Bowen were here, the only physician governor, I suspect he would characterize what has happened with the gathering of taxation at the federal level and its passing

back to the local level as something akin to the use of narcotics to ease the pain of a patient in serious distress in the hospital. There clearly comes a point in which the patient becomes addicted and in fact does not wish to be cured. I think that has happened here, and while we talk about the cities in distress, or townships or parishes or counties or whatever, I suspect that if all their representatives were here they would find this discussion very threatening. I suspect that in fact those levels of government, while they may or may not have read the Federalist Papers or any other papers, do not want the loss of that money.

It is clear now that they have become quite addicted to it. In my own state we move state money to local governments at a rate higher than any state represented at this table. The national average is \$32 per capita; in Wisconsin it is \$112 per capita. The closest state to us is Minnesota with \$84 per capita. Yet, I just recently told everybody they were to cut 4.4 percent out of their budgets and they were all absolutely prostrate. It cannot be done, it is just a terrible disaster, and the end of the world is about to come and we are at Armageddon. So I simply tell you that the amount of money moving through now is looked on as a base from which they must move to get more.

I don't think we'll be able to reform the system through cooperation. I don't see why congressmen would want to do that. All of their communiques go out saying, "I helped put through legislation which sent this to you." It is a rather large pronoun "I," and it has much to do with reelection. I personally believe that the only way in which we will be able to restrain this kind of taxation at one level and expenditure at another is to put constraints on the money. Until the federal government cannot raise increased revenues through inflation rather than taxation and until there are restrictions on its ability to print money when it needs it, we will not see a reduction in the amount of money going through the federal coffers and back out, particularly just prior to election.

**Chairman Dalton:** Thank you, Governor Dreyfus. Governor Ray of Iowa.

**Governor Robert D. Ray:** Mr. Chairman, I would like to join you in concurring that the time has come when we recognize this as one of the most, if not the most, serious problems that we as governors face. We have heard perhaps every cabinet member, every regional director, every president in our time say that they want a working partnership with the states and with the local units of government. Yet each year that each of us has been here we have seen an erosion of that partnership. I was most interested in Doc Bowen's comments about partnership. It was based on mutual respect and trust.

Today I question that there is a partnership. I honestly believe that the federal government is not a reliable partner, does not keep its word. Those who have spoken this morning about what has happened during the last few



months in revenue sharing have alluded to it. That is a symbol of that lack of mutual trust. We have seen it with the Cubans and the refugees that have come into some of our states with no consultation with the governors, and then the federal government requiring those states to pick up the costs brought about by that extra burden.

That is not a mutual partnership. I think that it is grand to talk about that which we must do in the future, but it is also necessary and important, in my opinion, that today this organization tell the federal government with some unity and some muscle that we cannot operate that kind of government on the local level with that kind of lack of understanding on the part of those who are making decisions in Washington, D.C.

I think it's tragic. Most of this federal behavior has come as a result of one thing: the pressure to balance the budget mentioned a moment ago by Jim Hunt. They haven't balanced the budget. It's going to be \$30 billion, admittedly, in deficit. It's probably going to be more like \$50 to \$60 billion, and we are the ones who are suffering, the people that you and I represent. So I would suggest that we not wait until we can get the Constitution changed, not wait until we can convince everybody in Washington, D.C., that we are the people that are the saviors. We must do something, I think, now to talk to these people and to insist that they keep their word so we can have our budgets intact so that we can keep our word to the people locally.

**Chairman Dalton:** Thank you. Governor Busbee of Georgia.

**Governor George Busbee:** Thank you. I would like to echo what Governor Babbitt said. I want to speak just a little bit on the 10th Amendment and the efforts that governors are making now in this field. I think we had some hope back in 1976 when the Supreme Court in *National League of Cities v. Usery* held unconstitutional direct congressional legislation of central state functions.

Federal aid has jumped from \$32.2 billion in 1955, which was 10 percent of state and local expenditures, to an estimated \$90 billion in 1980, which is 24 percent of state and local expenditures, and grant programs have increased from 150 in 1960 to almost 500 in 1980. When you look at these figures you have to see the political effect and the power grab and the destruction of federalism that has resulted from this proliferation.

I have an outline of the state legal actions that have been taken under the 10th Amendment. You can look at the cases in Arizona, California, Colorado, Florida, and North Carolina, where Congress has escaped the restraints of the *Usery* case simply by putting up the matching money, saying that it has a right to do this even though it's not a federal program because the states don't have to take the money—it is voluntary participation.

I think that one of the things that we should do is to seek those programs that the states can handle best and to separate them from the ones that the

federal government can administer best. Then we truly should participate as joint partners.

But the other thing that we have overlooked as an association is joining in all the lawsuits in this area. I hope that this association will create the new Legal Affairs Committee so that we might really be united as we fight these matters in the courts.

**Chairman Dalton:** Thank you very much. All who have indicated that they wish to speak have done so. Perhaps I might be permitted to conclude this particular section of the program.

**Governor Hugh Carey:** Chairman.

**Chairman Dalton:** Excuse me, Governor Carey.

**Governor Carey:** I do hope my colleagues who served in the Congress will recall that some of the measures passed responded to a national will, and the Congress created the first federal aid to education bill back in 1965 as a result of national will.

Long before that, a hundred years before, the federal government began to recognize its need to help the states develop educational resources, and Congress passed the Land Grant College Act.

When we passed the federal aid to education bill, Governor Treen, we did not think that in order to administer federal aid to education you needed a separate department. That's a later development. But we were careful to construct that department so that we would not unduly involve the federal government in the administration of education. We brought into play needed undergirding of education programs determined purely on the basis of need—need for handicapped children, need for children who were affected by poverty, and so forth.

So I hope that in your comment about 1965 aid to education, Governor Treen, you and other governors would totally agree that there is a federal function in undergirding education programs in our states, especially education programs for the handicapped. We are being mandated by the courts and indeed by Congress in many ways to increase our commitment to handicapped children without the resources to keep that commitment.

I believe it is time to look at the relationship between the states, localities, and the federal government, but I would suggest that it may be novel to look abroad here. The European Economic Community, loosely constructed of adversaries and allies, now shows us that on key matters of energy, economy, fiscal policies, common defense, and indeed in governmental relationships, they have been able to put it together.

I suggest the same thing may and should happen in the United States. We can't all get together, the fifty great states, but I suggest more than ever we look at the regional approach. Some regional commissions have worked

very effectively, particularly the Appalachian Regional Commission under the leadership of Jim Hunt and Jay Rockefeller. It is the granddaddy of all commissions.

I think we should approach this in terms of acknowledging that there are areas of our country that are suffering and undergoing great hardship because of the erosion of economic resources. The Northeast is one of those.

We should cooperate with the Congress on a regional basis and get them, as we said, not in an adversary position but working with us to determine how we would like to relate to the federal government and to each other.

I think that no better recommendation can be made than to say, "Let's not keep business and labor out of our discussions here," because the thought that the states and the federal government together can enunciate or evolve a sound economic policy I think is without substance. You have got to bring business into the mix. You have got to look to the differing resources and the differing needs and the impact on business of court decisions.

If not, then in any sense we are simply collapsing, defaulting in our competitive ability toward Japanese and other imports, toward imports from other parts of the Far East, toward the cartelization of OPEC.

These regional commissions are regional governments of sovereigns. We, I think, have to clearly identify that we may have different needs and that we can't address them nationally. But we must look at regionalism and speak to that in terms of relating to the federal government. We are going to have to do it because with the census the balance in Congress is going to change. The Congress will very clearly try to hold to its prerogatives, hold to the powers it has assumed, rightly or wrongly. And I think the only way to approach that is to coalesce with those who think as I do that we have got to bring into this mix the private sector and labor. Think of productivity, co-determination, some of the things that they are doing successfully and effectively in those regions of the world where they have taken our markets and really hurt us on the balance of payments and made it more difficult for the states to be on their own.

I would suggest that we look at this component. It's done effectively in other parts of the world. We should look at what we have to do in the remaining part of this twentieth century to stay alive competitively, given the fact that our system now is far more cumbersome than that of our competitors in other parts of the world.

**Chairman Dalton:** Thank you, Governor. Governor King of Massachusetts.

**Governor Edward King:** I would just like to congratulate you and Governor Babbitt for advancing this question so far. I think the vast majority of the governors gathered here agree with the general thrust. I certainly do.

But I think the key to it is what Governor Hunt said about the way we are going to be effective. It's easy to complain. So far with revenue sharing

we have not been effective. Now, whether it's in a cooperative way with a national convocation, whether it's a challenge, whether it's joining in the lawsuits, or whether it's regionalization or a combination of all of those, I think that if we focused on that we would have the most chance of being effective. I certainly would want it to be and would be helpful in every way I could to advance what you are putting forth here.

**Chairman Dalton:** Thank you very much.

**Governor Snelling:** In conclusion, the federalism agenda is the principal subject of the deliberations of the Committee on Executive Management this afternoon, and we do hope to be presenting some recommended positions to the assembly tomorrow. I think every member of the committee would join with Governor Babbitt in expressing a very strong conviction that 1980 is a crossroads year in the relationship between the federal government and the states.

I think we are all sensitive to the question of precisely how we can best present our case in order to preserve the 10th Amendment and the constitutional federal system as we have designed it.

I would like to suggest that we need more help from the governors. My personal point of view is that we ought not to be hesitant to state our point of view forcefully. I believe in government by the consent of the governed. I cannot believe that it is injurious to the spirit or harmony of the Constitution for the governors of the states to speak up loud and clear when they believe that the Constitution is not being honored.

I do not believe that we should stand in fear of the Congress which is the servant of the people just as we are, and I believe that if we believe the system is in jeopardy, it is our duty not only as elected officials but as servants of the Constitution to say so in the most specific way we can. Thank you very much.

**Chairman Dalton:** Thank you, Governor Snelling.

I am sure that all of us realize that the question of federalism is something that we have a vital interest in. I noticed that three of the governors mentioned that they were members of ACIR—Governor Snelling, Governor Riley, and Governor Babbitt. You might be interested to know that there are four governors that serve on that commission, two Republicans, two Democrats. I happen to be the fourth one. It is something that is taking up a good bit of my time as well as that of these other governors. We would be glad to hear from any of you who have any suggestions that you want us to take to ACIR.

Now, to moderate our discussion on state initiatives to control the cost of health care and to introduce the distinguished panel that we have with us this morning, I am going to call on the governor of Rhode Island, Joe Garrahy, who has done an excellent job as chairman of the Committee on Human Resources.

## STATE INITIATIVES TO ADDRESS THE COSTS OF HEALTH CARE

**Governor J. Joseph Garrahy:** John, thank you very much.

As John stated, this portion of the program is one in which governors have been paying and devoting increasing attention. I'm speaking of the problem of increased medical costs. Over the past twenty years, health expenditures have increased by over 700 percent nationwide. It must be remembered that the entire economy has been subjected to heavy inflationary pressure during this period; however, until very recently, medical care costs were increasing more rapidly than costs in the remainder of the economy.

This is a fact of considerable concern to state governments. It should go without saying that the citizens of each state who need medical attention are confronted by the impact of the rising costs of the care they need. These citizens also acutely feel the effects of medical care inflation when they pay their medical insurance premiums and when they pay their taxes.

We governors probably know better than others, and quite directly, that medical care cost increases hit state governments particularly hard at two points:

First, state governments are responsible for paying a significant portion of the total cost for the Medicaid program.

Second, most states make substantial contributions toward the premiums for medical care insurance for state employees.

Many states came to the conclusion—and others are coming to the same conclusion—that their governments and their citizens cannot continue to endure the rates of increase in medical care costs which they were or are now experiencing. So states and many governors began to look for, or now seek, some equitable yet effective means by which to bring these cost increases under control.

Three general approaches are available to states wishing to take action to control medical care costs. Many states employ two of the three in some combination. Those three approaches generally are: First, encouraging medical care providers to voluntarily reduce the rate of their cost increases. In November 1977 the health care industry initiated the Voluntary Effort to contain health care costs. Voluntary Effort is a program operated through committees in all fifty states.

The second approach is to establish new or to modify existing governmental regulatory approaches that require medical care providers to control their costs, such as mandatory hospital rate-setting programs.

The third approach is one which has recently attracted substantial attention: the so-called market reform approach, also sometimes referred to as the "competition" approach. Supporters of this concept propose strategies to increase the accountability to medical care consumers, that is, the patients,

for medical costs, and in this manner create incentives for an efficient delivery of medical care.

This morning we are privileged to be joined by three very distinguished authorities on the subject of medical care costs and cost containment. Each one will represent and comment about each of the three general approaches I have just described.

To begin these presentations, I would like to call upon Dr. Lowell Steen. Dr. Steen is the chairman of the board of trustees of the American Medical Association and co-chairman of the National Steering Committee of the Voluntary Effort to contain health care costs. Dr. Steen is a specialist in internal medicine with a private practice in Indiana. He has served as a clinical instructor at the Medical School at Loyola University in Chicago and received a Gubernatorial Citation for outstanding medical service in 1974.

Dr. Steen will be addressing the voluntary approach and, specifically, the Voluntary Effort to contain health care costs which is co-sponsored by the American Medical Association. Dr. Steen.

**Lowell H. Steen:** Thank you, Governor Garrahy.

Governor Dalton, distinguished governors, it is a great pleasure to be here and speak before you today. The last time that a representative of the American Medical Association spoke before this distinguished body was in 1974.

As an individual physician and as a spokesman, I am indeed pleased to have this opportunity to tell you what voluntary initiative is doing to curb health care costs. It's good to be able to go before you, the nation's governors, and report that providers, payers, and consumers of care have been able to scale down the cost rise by working together in a national, state and local coalition. It's good to be able to tell you that this coalition, the Voluntary Effort, was instrumental in saving American people about \$3 billion in 1978-79, the first two full years of its existence. And it's good to be able to tell you that such effort is designed not as a "quick win" for the applause of today, but as a broad program for the needs of tomorrow and on and on and on.

While much has been done to restrain the cost rise, much more needs to be done. And I have to tell you that doing it isn't going to be easy. Cost has to be seen as part of the steady cross-fertilization between health care's capabilities and consumer expectations.

Generally, consumers know that through one medical and financial recourse or another, they will be kept as well as possible, for as many years as humanly possible.

Those years keep adding to costs in a society where the ratio of elderly people, and hence of degenerative disease, keeps growing, and growing at a rapid pace.

Whenever shadows have been cast on some area of personal or social health, concerted moves have been taken to bring life, and such undertakings do add costs to the huge repair bill for damage wrought upon health by self-indulgent lifestyles.

Many consumers who expect the most from care are those who have done absolutely the least for their own health.

In terms of the massive consumer demands and expectations it has to meet, health care is indeed a mass industry with over 5 million personnel, 7,000 hospitals, and 375,000 active physicians. I could go on and on and astound you with the panorama of facts and figures that demonstrate the largeness of the health care industry. But this industry is not a mass production industry. It handles one patient at a time, according to his or her individual needs. Hence, it is not subject to the same per-unit measures of output and cost as, for instance, a canning factory can apply. Health care is something very special. It is something that has to be handled with care. The need for cost restraint has to be balanced with other great needs, notably quality of the health care and the availability that Americans have come to expect and demand.

Achieving this balance, of course, is no easy task. It is not easy for hospitals. It is not easy for physicians, who order most of the cost-impactive procedures in hospitals.

Nonetheless, physicians and hospitals are the natural and the logical choices for being given the core of responsibility for this task. They alone are in a position to see exactly how cost restraint can be effective without being disruptive. And they should work together at this task.

That's the outlook that did indeed prompt the American Medical Association, the American Hospital Association, and the Federation of American Hospitals to originate the Voluntary Effort late in 1977, after each organization recognized individually that this cost restraint was a very high priority.

The Voluntary Effort, or the VE as it has become known, immediately became expansive, both representationally and geographically. Its national steering committee includes people in health insurance, health-product manufacturing, business affairs, consumer affairs, local government, and labor.

Far from being a national monolith, the VE is organized in states and communities and depends on these communities. It's tremendously helpful that the governments of some states are represented on some of the state committees and we encourage this.

The national steering committee shapes broad objectives and monitors what the several states are doing. But it does not dictate the formulas to the states, the way the federal government might. It recognizes that situations vary from place to place and call for indigenous approaches.

Predictably then, the amount of progress also has varied from place to place. A number of states have made truly notable progress. Four examples

that come to mind immediately are Pennsylvania, North Carolina, Texas, and, of course, the state of Indiana.

Each of the vocations represented in the VE has made a distinctive contribution to cost restraint.

Partly through management engineering, numerous hospitals have boosted their productivity while holding the proper line on hiring of personnel and utilization of services. By proper line, I mean doing what can be done without cutting the quality and the needed availability of care.

Economies have also been achieved through sharing of services among hospitals and development of multi-hospital systems. The American Hospital Association and the FH have been catalysts in these endeavors.

Physicians, with the help, advice and criteria from the American Medical Association, are heavily involved in the utilization review and control in hospital settings. Well aware that physicians can be preoccupied with quality of care to the exclusion of cost, the AMA has tried to make physicians more cost conscious and has tried to make physicians aware of how various hospital and office procedures can be made more economical, or can be eliminated, without sacrificing quality.

Cooperation, as well as what the VE partners have done on their own, is reflected in the cost-restraint record to date. I would like to quote a few statistics for you.

Hospitals decelerated their increase in expenses from 15.6 percent when the VE was formed to an inflation-adjusted figure of 11.6 percent last year. A further deceleration of 1.5 percent, inflation-adjusted, is the 1980 goal. Physicians in the last couple of years kept their fee increase below the consumer price index in keeping with repeated appeals from the American Medical Association. This year the differential will be harder to sustain, one big reason being that recessions traditionally increase the pressures on medical services and, of course, subsequently costs.

However, any amount of deescalation achieved through the voluntary effort has a special economic advantage. The advantage is that the VE's participants have enabled it to do its job without creating any full-time bureau or hiring any extra personnel or spending any extra money. The costs it saves the consumer are complete savings for the consumer.

In particular, I want you to bear in mind that the Voluntary Effort is not a movie-lot facade but a growing structure for tomorrow and for the day after that. The coalition is here to stay, I am convinced, with long-range and deep-going objectives.

One huge subject for long-term consideration is employee health benefits. Business is, in effect, the largest consumer of health protection and picks up most of the tab for it. The VE can be a guide to management and labor in negotiating health benefits aimed at greater cost effectiveness and lower cost. Here's a field that symbolizes the advantages of the voluntary effort approach.



Now other VE partners have their own long-range ideas. What all the ideas betoken is that the VE represents an ongoing momentum for action. The momentum does not mean that change will come momentarily. Change affecting the whole health-care system has to be weighed and sorted out before it is meted out or else the whole system will come unglued. That is something that many outsiders seem unable to realize. But rather than complain about outsiders, I personally want more people to become insiders. I want more people to develop a close knowledge of the Voluntary Effort and get the information that is readily available.

More to the point, I want more state governments to get inside the VE and take a vigorous part in it. The greater the cooperation between you and your state VEs, the easier it will be to get a secure handle on all of our common concerns.

The Voluntary Effort is not a closed shop but an open forum with open minds. It does not, and cannot, offer the best of all possible worlds. It cannot sidestep the plain truth that health-care quality, demand and supply, and technological and organizational needs are all in the same pressure cooker as cost. But while it does not offer the best of all possible worlds, the Voluntary Effort does offer the best of all possible realities in my judgment. I invite you, the nation's governors, to help make those realities come true. Thank you very much.

**Governor Garrahy:** Thank you, Dr. Steen.

Next, I would like to call upon Marc Roberts. Dr. Roberts is a professor of political economy and health policy at the Harvard School of Public Health. He holds a doctor of philosophy degree in economics from Harvard where he was a summa cum laude graduate and held both Danforth and Fulbright fellowships. In the past he has served as chairman of the Commission on Environmental Alteration of the American Association for the Advancement of Science and as a member of the Steering Committee of the Institute of Medicine's Quality Care Study. He has also served on a number of other committees concerned with health, including the Board of Trustees of the Massachusetts General Hospital in Boston.

Dr. Roberts will make a presentation to us on the perceived limitations of voluntary and market reform strategies and the resulting need for effective regulatory programs to reduce medical care costs. Dr. Roberts.

**Marc J. Roberts:** Thank you very much, Governor. It's indeed a pleasure to be here this morning.

In listening to the previous presentation about the Voluntary Effort I was reminded of the famous story of the man standing in the middle of Times Square snapping his fingers. Someone came up to him and said, "Hey, buddy, why are you snapping your fingers?"

He said, "Well, I'm keeping the elephants away."

The guy said, "Well, there are no elephants within 10,000 miles."

The guy said, "See, it works."

It seems to me that we have a problem here of a correlation in causality. The effect of the Voluntary Effort in producing the changes in the numbers with regard to health care costs is hard to attribute.

I would like to make about six very quick points about the problems of health care cost containment and regulation. The first is that increases in health care costs are a rational response by providers to the incentives that the public sector has created for them. Insurance and public financing have met the costs. By and large, consumers at the time that they confront health care consumption decisions don't pay the cost of those decisions. They have no reason not to ask for more and better, and providers have no reason not to provide it. As a result, we have had expansion and duplication of facilities, the construction of major new buildings, and in general an unrestrained health care armaments technology race. We have had more staff, more services and more devices. Furthermore, this rate of cost increase in my judgment is not likely to go away because of a voluntary effort.

First of all, the year-to-year inflation-adjusted rate of increase is not really the issue. The real question is what percentage of the gross national product does the United States spend on health care costs relative to that of other advanced industrial societies and what do we get for that money. We tend to spend more than most other advanced nations on health care and we still have one of the highest infant and neonatal mortality rates and one of the less attractive rates of life expectancy.

So, it's not clear that we are getting returns for the money that we are spending and, furthermore, as the Voluntary Effort on statistics reveal, the percent of the economy devoted to health care is still rising. The gross national product increased some 10 percent last year and the health sector grew by 15 percent.

It is large and getting larger. You only need to look at the hospitals in your own state. What were modest-sized institutions twenty years ago and medium-sized institutions ten years ago now are full line producers complete with the total array of services and equipment.

My own studies in Massachusetts, for example, show one modest-sized community hospital that in 1958 had a budget of \$1 million, having a budget of \$21 million in 1978 for approximately the same number of beds.

Now, competition, which Walt McClure will talk about in a minute, is one possible response to this problem. We can attempt to create a marketplace so that the alternative providers beat each others' brains out the way automobile and meat packing producers do and by doing so force one another to keep down costs.

Walt is an able advocate of the competitive approach, and I will leave him to argue for its virtues which I think are intriguing. But my point this

morning is that the competitive approach is still a gleam in a series of economists' eyes. It has not been widely tried and its ultimate effectiveness is still mainly conjectural.

Furthermore, there are some obvious problems we will have to deal with. Just how many competitors will we have and will the competitors behave in a rivalrous and aggressive way? Will they beat each other up or will they engage in live-and-let-live tactics allowing all to raise costs in a calm manner typical of many industrial oligopolies one could mention?

Furthermore, how effective are consumers going to be in choosing among alternative health financing options? I don't know how many of you have had a chance to look at one of these briefing books that sketch the pros and cons of alternative insurance programs. I think I am a fairly rational and well-informed consumer. I find it difficult to know whether or not a slight increase in my coverage for mental health benefits outweighs a decrease in my coverage for dental benefits and whether this set of providers is marginally more attractive than that set of providers.

The notion that consumers will respond in a highly aggressive way to small differences in market signals seems to me one that is open to question. We also face equity problems in moving to the competitive strategy as your Governor Garrahy ably outlined. There is a question whether or not people who are sicker won't be forced into high coverage plans and people who are well will seek low coverage plans, thereby adding to insurance in the system.

Finally, there are problems of just how many competitors we will have in underserved rural areas and in some cases downtown urban areas, given all these problems with competition and the fact that it is still a mainly theoretical argument.

I am here this morning to urge you not to dismantle the regulatory and cost-containment apparatus that so many of your states have so carefully and painfully built up in recent years. By and large, I believe that regulatory mechanisms can be made compatible with increased competition. We can create a regulatory system of a sort rather like the belt-and-suspenders approach, keep the regulatory system in place, and if and when the competitive system proves to be effective, regulation will turn out to be a nonbinding constraint. The rate-setting cost containment people will discover that they will go out of business because no one will try to raise costs or rates. The people regulating new facilities construction will discover they will go out of business because people will not be coming in with a proposal to build new facilities. On the other hand, it's not clear if we dismantle the regulatory system that what we will get will be to our liking. It is well known among economists that small numbers industries, often called oligopolies, don't always behave with the greatest possible competitive vigor. I am sure all of you have your favorite examples. As Adam Smith, the father of competition, once said, the best of all monopoly profits is a quiet life.

We should expect the competitors in the health care system to behave in this way as well. In part because out of the highest of motives and the most exalted human purposes, they will inevitably conclude that more resources under their control and devoted to the care of patients are appropriate and so they will increase costs and resources for desirable reasons.

What do we have to do to make competition work? The main thing we have to do is to do something about the financing system. So long as compensation to employees in the form of health care benefits is tax-free to them, they have every incentive to take out compensation in the form of increased health insurance. Once they have increased health insurance, they have decreased incentive to react to market signals. There are proposals afoot to minimize or indeed even eliminate the tax-free treatment of certain sorts of fringe benefits. I think those proposals need serious consideration.

More directly of interest to you governors is the problem of Medicaid purchasing and how Medicaid can be moved out of an open-ended and cost-based reimbursement mode. A former assistant secretary of HEW once said that the medical profession is not unintelligent. If we give them a blank check they will fill in a large number. I think we have to be prepared to explore a variety of mechanisms through Medicaid that will lead to cost containment pressure from a purchasing point of view.

Now, what about cost control regulation? Can it work? Will it work? I think there is scattered evidence that these mechanisms do have an effect. I think utilization review, as fostered by the PSRO system, has contributed to a declining length of stay in hospitals. I think those states that have had aggressive rate setting programs, such as New York, New Jersey, Maryland, and Massachusetts, have shown a decline in the rate of hospital cost increase as compared to those states that have not.

I think facility regulation through health planning and certificate of need is more problematical in part because it takes longer to work. One of the realities that economists seem unaware of is that from the time you begin to put a facility regulatory program into place it takes four or five years before it shows up in changes in the number of facilities constructed. The reason is that it takes so long to build the building.

Colleagues of mine have looked at programs two years old, discovered no effect, and claimed the programs are a failure. Well, that sort of naivete is forgivable in academics but not in people who are responsible for important decisions. If you talk to the providers in the states with effective health planning mechanisms, they will tell you the program works. Otherwise they wouldn't spend so much time lobbying for removal of these systems.

The main thing I think we have learned about regulation is a point that I think is well known to, again, people experienced in public life but less so to people outside it: new public programs take time and effort, sophistication and managerial skill to remain effective.

Health planning is a relatively new art, and the software, the conceptual technology, is relatively primitive. Many of the people in it are not highly technically trained and the result is it takes a while for this thing to get off the ground. It takes a couple years for people to recruit and train staff, for people to develop effective means of making decisions, for people to develop standards. And it takes some time before we can expect to see results.

After all, one of the root problems, which will surprise some of you, I am sure, is that so little is known about what in clinical medicine works and doesn't work. The patina of American medical science and people in laboratories extends heavily in the biochemical area, but when it comes to the bulk of clinical practices many well-accepted clinical techniques have never been substantiated by well-conducted scientific trials. Many of them have uncertain results and unclear consequences.

I will give you an example. Every medium-sized hospital in America is busy trying to construct intensive care units. These are extremely expensive operations. They cost two to four times as much as a normal hospital bed. There is no demonstrated serious scientific study in literature that would suggest that these have much of an effect on mortality for those patients. Indeed, the few studies that have been done show they have little, if any, effect. That doesn't prevent hospitals all over America from constructing them, and of course that doesn't prevent people like you from having to pay for them.

The final point I want to make to you this morning is that if regulation is to work, the ball for making it work is in some sense squarely in your court. If there are to be effective and well-trained professional managers, you are the people who are going to have to appoint them. If these managers are to have adequate staff and the technical resources, then you are going to have to take the leadership in the budgetary process to help provide them. If these people are going to have the political support they need to withstand what has become America's most effective, best-organized lobbying group, namely the hospitals and the medical profession, then you people are going to have to stand behind them.

In state after state, governors have taken the lead in cost-containment regulation because you see the consequences most clearly. You see the possibility of tax increases on the one hand and the curtailment in other services on the other.

If the Medicaid budget in your state continues to rise without limit, you are in a better position than most to understand that money devoted to health care cost containment is not free. It comes from citizens and it comes from other services. Those interests need to be defended.

It is not enough for health care to be a good thing. It has to be enough of a good thing to justify the call on the public treasury which it is currently providing.

I think that there are possibilities and I think competition is worth a try. But for heaven's sake, let's keep going with the experiment that so many of you have supported so ably.

Thank you very much.

**Governor Garrahy:** Thank you very much.

The third of the three presentations on the general approaches to medical care cost containment will be made by Dr. Walter McClure. Dr. McClure is a nationally known health policy analyst and proponent of competitive market reforms in the health care sector. He currently serves as a director of the Health Policy Group of the Minnesota consulting firm of InterStudy. This firm and its director, Dr. Paul Ellwood, provided much of the impetus for the health maintenance organization movement, a term which Dr. Ellwood originated.

Dr. McClure will address the remaining approach to medical care cost containment: structural reform to create incentives for more efficient and economical delivery of quality medical care.

Dr. McClure.

**Walter McClure:** Thank you, Governor Garrahy and thank you, Governor Dalton. It is a privilege to be here.

I want to start out by telling you this is a terrible issue for elected officials. It's an insidious issue that does not come to the attention of the public. It eats away your financial budget, as you know, and the public is not terribly aware of that. If you try to do anything effective, you will find that every political interest in your state has been offended in some way. Anything effective is going to take five to ten years to work. You can take the heat and your successor can take the benefits. Now, isn't that wonderful?

We desperately need your leadership on this one. Now, the first thing you would have to get by is that this problem with your Medicaid budget is not going to be solved within those budgets alone. The problem is not the Medicaid program. The problem is the medical care system and the way it's organized and financed.

We have a very fancy term for this called market forces. The present system suffers the absence of market forces. By that I mean that neither patient nor provider of care is rewarded for cost-effective care, the kind of thing that you ladies and gentlemen are trying to get in your program. In fact, the more cost-effective providers are, the more they are penalized. If you want to get on top of this program, the only thing that you can do is change those incentives long term. So long as those incentives persist, you will be trapped with these escalating budgets.

Now, the problem is this screwy incentive, or as we say, the absence of market forces. There are two things you can do about it. You can use heavy economic controls at either the state or federal level. In other words,

you use heavy regulatory forces as a substitute for those missing market forces. Or you can restructure the private system to restore or establish those effective market forces.

That is your basic policy choice. You can put all the rest of the details aside and it comes down to that. Do you, in effect, want to turn medical care into some sort of public utility, which is essentially what Professor Roberts has advocated? Or do you want to try a different attack and see if private competition will work?

Professor Roberts is right. We don't have much of a track record on making competition work. Now, remember, when I say competition, I don't mean what goes on now. There is enormous competition in the present system but it's cost-generating competition because the incentives lead to increased cost. If you change the system to make effective market forces work, that competition will work for you.

How can you do that? You do it the way we are trying to do it in the Twin Cities and the way that it's coming along in other parts of the country. We have practical examples of what I am talking about. You give people a choice of plans. Some of these plans are different kinds of insurance plans, but more important, some of these plans are different kinds of doctor care plans where limited groups of doctors are competing with each other and with the rest of the conventional doctors.

First, employers, you as governors are some of the largest employers in your state, offer a multiple choice of plans and help doctors and hospitals in your state set up competitive alternatives. We desperately need your leadership. You get to this approach by leadership. You can't legislate your way there. I'm proud that Governor Nigh, Governor Carlin, Governor Miliken, and Governor Graham are getting the private sector together either publicly or behind the scenes to try to get this competitive approach underway. Governor Graham will discuss what he has done in Florida. I urge you to give him your attention.

Thank you.

**Governor Garrahy:** Thank you, Dr. McClure.

I think the doctor really curtailed some of his remarks so that the governors might be able to ask some questions. We appreciate that very much.

The three panelists will be here to answer questions for us. Dr. Steen is accompanied by Mr. John Krichbaum, director of the department of state legislation of the American Medical Association, and Paul Earle, executive director of the Voluntary Effort to Contain Health Care Cost.

Seeing that I have the microphone, I would like to describe quickly, if I may, Rhode Island's approach to the problem of medical care cost containment. There are two features to health care cost control in Rhode Island.

First, we see it as a shared responsibility between the public and private sectors. We believe it must be based on a working partnership between government and private institutions. Second, health care cost control in my state is being pursued on many different fronts. We do not believe there is any single magical solution. Rather, we believe that health care cost control must be based on a variety of related measures: first, disease prevention and health promotion. Probably the best method of containing health care costs is prevention. Few people will argue against the premise that prevention is preferable to cure. This strategy is the most humane and effective way to contain health care costs. We in Rhode Island feel we are pioneering in the development of preventive programs. We have enacted legislative measures designed to improve the health status of our citizens.

Most important, of course, is the development of certificate of need legislation. We know that's a well-known cost containment strategy. We feel we have been in the forefront of this, having enacted in 1968 the second such law in the nation. We think that we have demonstrated the value of the program over the past decade through its unquestionable success in containing the growth of health care costs in our state.

Since the beginning of our program, \$116.5 million in hospital projects have been reviewed; over \$10 million have been denied; and an additional \$5 million worth have been withdrawn. The annual operating cost savings of the denied projects is estimated at \$8 million, and another \$2 million for those projects that have been withdrawn. In addition, Rhode Island's program has denied or seen withdraw over \$17 million worth of nursing home and other projects with resultant annual operating cost savings of almost \$3 million.

We have also sought to restrict the supply of unnecessary hospital beds. Based on national data, with 3.7 community hospital beds per 1,000 population, we have one of the lowest ratios in the nation, bettered by only seven other states.

Probably the most innovative approach that we have taken in our state is prospective reimbursement, a unique cooperative approach to hospital cost control. The prospective reimbursement program, which began in 1974, represents a successful partnership involving providers, payers, and government in a mutual effort to restrain increases in hospital costs. Prior to the beginning of each fiscal year, an annual negotiated budget and a cap, which is called the Maxi Cap, is placed on hospital spending for all hospitals participating in the program. Thereafter, the budget of each individual hospital undergoes prospective review and analysis by a team of Blue Cross and state budget office analysts. Then the hospital administrators and third-party negotiators negotiate a budget within the constraint imposed by the cap.

Incentives for efficient behavior and protection for all parties are built into the system. The bottom line is that hospitals in Rhode Island are no



longer guaranteed open-ended cost reimbursement. The program appears to be working, for Rhode Island's rate of hospital cost increase is lower than that of the United States as a whole.

We feel that it is important to note that the Rhode Island prospective reimbursement program saves money in a way that does not sacrifice the ability to deliver high-quality care. It requires that all proposed medical service programs be subjected to system-wide priority-setting prices, with funds provided to only those receiving the highest priority ranking. In this way, we have been able to develop and sustain many needed programs without overloading the system.

In conclusion, I am confident that the states can build a variety of public and private programs to contain health care costs while maintaining appropriate levels of accessibility and quality. However, I believe that significant incentives must also be put in place at the national level.

I would now like to turn to another governor who we think has taken a very interesting approach to containing health care costs in his own state. Last fall, Governor Bob Graham of Florida invited a number of chief executive officers of some of South Florida's major employers to discuss steps they could take as employers to help stabilize the costs of health care for their employees. Subsequently a formal coalition of Miami-area employers was established for this purpose. Governor Graham would like to share with all of us the experience of this effort and the insights gained from it. Governor Graham.

**Governor Bob Graham:** Thank you, Governor.

First, I do not present this as either a panacea or single solution to the problem. I doubt that there is such a single solution. Second, this is a very fledgling undertaking and therefore its success is going to have to be determined in the future.

I would like to share with you some principles that we have been operating on which I think are important. First, to me there is a fundamental difference between costs and charges. Costs are what the person from whom you purchase a service or product had to pay to some third person in order to develop this service or product. Charge is what you as the purchaser pay for that product.

I doubt that over the long run there is going to be any great success in our attempting to deal with the cost structure of the providers of health care systems without fundamentally changing the nature of our system. I think, on the other hand, that there are some steps that states as major factors in health care economics can take to deal with the charges, that is, what we pay for those products. I also think that there are some prerequisites to a charge control system. One is that you have to deal with the parties as economic consumers, as distinct from individual consumers. This means primarily the

large employers. Second, you have to have a sufficient mass of these large employers to have an effect on the economics of the system in the particular community that is being targeted. Third, through this process a diversity of provider choice must be encouraged so that these large economic consumers who collectively represent a significant part of the purchasing power for health care in the community will have choices to make. Fourth, the state has a critical role here not as a regulator but as a consumer. In Florida almost 10 percent of all the health care dollars spent are spent either through state funds or at the direction of state government. We are the largest payer of health charges in the state of Florida. We are, therefore, in a crucial position to be the catalyst with other large payers for the establishment of such a coalition. Finally, the benefits of this system will affect all consumers because it will fundamentally affect the system of health care provision in a particular community.

How do we go about applying these principles? First, we organize on a regional basis. This was done because we felt that it was important to show the coalition's success and because that could be more easily accomplished in one section of the state rather than statewide.

Second, because the economic marketplace for health care tends to be on a regional basis, we selected the three counties of Palm Beach, Broward and Dade, which collectively represent approximately one-third of the population of the state, as our target region.

Third, we wanted to involve the largest employers in those three counties as the initial organizers of this effort. We have identified twelve such employers, three of whom are public employers and nine are private employers. Collectively they represent about 15 percent of the total employment in those three counties. Florida is characterized by relatively small economic units and that's why it was necessary to secure a fairly large number in order to have the critical mass that we felt was significant.

Over a period of nine months, the chief executive officers (it was important that those individuals be personally involved), as well as various designees who formed work forces, have developed a program that has now been launched as the South Florida Health Care Coalition. These twelve employers are each committed to \$10,000 for the initial funding of this enterprise.

The group has identified three initial objectives. First will be the development of common information upon which informed judgments can be made. I see this as being an evolving activity. For instance, with common information we will be in a better position to move to what is likely to be considered at the next stage. The next stage is common standards within our various employees' health plans that require certain consistent conditions from our health care insurers and providers such as second surgeon's approval prior to discretionary surgery.

The second program is going to be the encouragement of the development of competitive providers in such things as health maintenance organizations, outpatient surgical clinics, and deinstitutionalization of care where possible.

Third will be the promotion of corporate and general community wellness through various programs of physical fitness, anti-alcoholism, anti-drug, and environmental health issues, which tend to affect the overall level of wellness of the community in which these various private and public enterprises operate.

We are very encouraged at the enthusiastic participation and the financial commitment to this enterprise by these various employers. We think that it has the potential of being a very effective, a very aggressive, but nonintrusive program. I am more concerned with what we can do to restrain the charges that the state of Florida pays for the delivery of health care than I am with the cost that the provider incurred in rendering me that service. I believe that by concentrating on charges rather than costs we have some hope of making a fundamental difference over a reasonably short period of time.

**Chairman Dalton:** Thank you very much.

At this time I would like to open the floor to any governor who may wish to make a comment or to ask a question of any of our panelists who were with us here today.

Governor Jerry Brown.

**Governor Jerry Brown:** I'd like to talk about some of the things we're doing in California.

The states do have a big role in controlling health costs. One very immediate option under the federal Medicaid law is to administratively limit hospital reimbursements under the Medicaid program. This is a battle I have been fighting with a Court of Appeals decision. I have won the authority by regulation to limit rates of reimbursement for hospitals. The word "reasonable" is what has been used and the question is what's reasonable. Up until this court decision, the hospitals totally determined what reasonable reimbursement was. Now I believe that the federal government has given the states permission to write into the state Medicaid plan what we believe to be a reasonable limit on the amount of charges that hospitals can then bill the state Medicaid program.

The second item that I would just point to would be the increased sophistication of billing procedures by the intermediary. We have just signed a five-year contract with a fiscal intermediary that has a very sophisticated computer system. In the month of April alone, some of the items that have been brought to our attention indicate the difference. Up until we instituted this new billing procedure we wouldn't look at any charge below \$1,000. This new computer billing examination has found, for example, a catheter that cost \$4.95 billed to us for \$118.80. A closed urinary drainage bag that

cost \$3.72 was billed to the state of California for \$84.60. Another item, a Mayo cover, cost three cents, but the state was charged \$5.78.

This hospital business is one of the biggest rackets in America, and it is protected by the most powerful lobby that has ever been created. It makes the military look like pikers. It isn't just hospitals that lobby in the state capitol. They get the Little Sisters of the Poor. They get the Presbyterian ministers. They get the Hadassah Society. They get every religious organization, every campaign contributor from the left and the right. It is the greatest greed and guilt coalition that I have ever witnessed, and after they are finished we retreat.

Unless there is a major mobilization, I don't see this thing getting much better. The efforts at getting a sophisticated computer helped, and I think as we let people know just what a racket we have, they will rise up in righteous indignation. I think that something similar to the property tax revolt will happen because of excessive medical costs. I don't want to detract from the great quality of medicine that is being performed and provided in America, but there are a lot of people getting very, very rich providing redundant and in many cases dangerous services in our hospitals.

The third point is something that every state can do—that is support Senate Reconciliation Bill 2885, specifically Section 662. The bill will allow states to contract with hospitals and allow Medicaid recipients to go to only those hospitals that provide reasonable services, quality and costs. For example, we have found that for an uncomplicated appendectomy one hospital charges \$4,000 and another not too far down the street charges \$1,000. Now, the only way we can limit that is if the Senate will adopt that bill.

Under the doctrine of freedom of choice, Medicaid recipients are forced to go to any hospital no matter how outrageous its cost. Because the recipients are not paying the bill, they could care less. States are prevented from drawing up reasonable arrangements with hospitals so you don't find these wide cost discrepancies. Until that so-called freedom of choice is overcome, we are never going to get a real limit on these costs. But the Senate bill will provide a change in the law, and I think it could be very significant.

The fourth point, and one that was mentioned by Governor Graham, is focusing on wellness and fitness. Most of this whole medical-industrial complex relates to intervening after the body has been wrecked by smoking, excessive amounts of alcohol, drugs, lack of exercise or poor nutrition. Through the involvement of the private sector, involvement of athletes, dieticians, nutritionists—people who can focus on wellness—I am convinced that we can enable people to live better, live longer and not spend many years abusing their bodies in ignorance and then come to the state and the federal government and ask to be repaired and compensated by the taxpayers.

It is going to take several years to overcome some of the myths that get people to think that you can live any way you want, eat anything you want,

get as little sleep as you want, and then have some doctor fix you up after you have ruined yourself. People must recognize that hospitals, while they often cure, often destroy. Ten to 20 percent of the people who go to hospitals contract staph infections, receive improper chemicals, and excessive surgery. In general, you are much better off if you can stay away until it becomes absolutely necessary.

So those four points—limiting the Medicaid reimbursements from the state Medicaid plans, tightening billing procedures through appropriate computer intermediary procedures, supporting the Senate reconciliation bill, and setting up wellness and fitness councils—I think take some modest but very effective steps that each of us in our own respective jurisdictions can accomplish.

**Governor Garrahy:** Governor, thank you very much.

Our time has run out. I want to thank the panelists who were kind enough to be with us and Governor Graham and Governor Brown. I think this has been a very valuable session for all of us and will help us as we try to work with the problem of medical care cost containment and increases in our systems.

Thank you very much and we thank the panelists for being with us.

**Chairman Dalton:** Thank you, Joe, and thanks to you distinguished guests who have presented an excellent panel this morning. Before we proceed to our standing committees, I would like to remind you about one change in tomorrow's program. The plenary session which was scheduled from 1:30 to 2:30 p.m. tomorrow afternoon will not be held. Instead, we will complete our plenary business in the morning session. I would appreciate all of you being here at nine o'clock sharp tomorrow morning so that we can start on time.

I look forward to seeing you at the committee meetings this afternoon and the dinner, the awards ceremony, and the concert which are scheduled this evening. We stand adjourned until 9:00 a.m. tomorrow morning.

# CLOSING PLENARY SESSION

## Tuesday, August 5, 1980

### REPORTS OF THE STANDING COMMITTEES AND VOTING ON PROPOSED POLICY POSITIONS

**Chairman Dalton:** The meeting will come to order. Will the governors please take their seats? This morning we will consider and vote on the policy positions that guide our legislative efforts in Washington.\*

Last December Governor Bowen asked the standing committees to update and consolidate their policy positions. The committees have worked hard on this effort, and we on all the committees have a debt of gratitude. The material before you represents a recodification of existing policies rather than new policy positions. This morning the committee chairmen will offer this revised material for omnibus adoption. Then we will focus our attention on those policy positions that are new and that require serious debate.

On the table before you is a one-page summary of the rules of procedure. I might start out, before I call on John Lagomarcino, our parliamentarian, by saying that there is some question about what vote it takes on certain matters. As far as the amendments that have been adopted by the committee are concerned, I will rule that we can separate those and, if you don't want to vote on them in block, vote on any one on which any governor asks a separate vote. It would take a two-thirds vote to adopt the committee amendment.

As for the basic document, which was prefiled, we will vote on those resolutions without separating individual items out unless a majority of the governors requires that an individual paragraph be removed from the basic document. If the majority of you desires that an individual paragraph be voted on separately, we will pull it out, but we won't pull out each individual paragraph and vote on those. If there is any question about that, it would require suspension of the rules. I will ask John Lagomarcino, our parliamentarian, to review briefly the rules that govern this session. John.

**John Lagomarcino:** The chairman has noted the summary of the rules of procedure that should be before each of the governors. It attempts to highlight the principal rule indicating the two-thirds vote requirement for amendments and passage of committee proposals and the three-fourths vote for the passage.

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\*Note: The policy positions discussed in this section are published in *Policy Positions, 1980-81* (Washington, D.C.: National Governors' Association, 1980).

The summary rules of procedure note the source of the two-thirds vote requirement and the suspension of the rules requirement, which is a three-fourths requirement.

The first committee will be the Executive Committee, then followed by eight standing committees: Transportation Committee will be second, International Trade will be third, Criminal Justice will be fourth, Community and Economic Development fifth, Executive Management and Fiscal Affairs sixth, Agriculture seventh, Human Resources number eight, Natural Resources and Environmental Management nine.

You also have a small packet of amendments. They are noted by the diagonal line across the front. At the bottom of that packet are the three resolutions to be offered under suspension. Two of them will be taken up by the Committee on Criminal Justice and one by the Committee on Natural Resources.

**Governor James Thompson:** Mr. Chairman, could I ask a further parliamentary procedure, please? Under the explanation that you have given, and under the explanation of the parliamentarian, do I understand that amendments that were offered in standing committees and adopted by standing committees in our sessions yesterday have to all be re-offered as floor—

**Chairman Dalton:** No, no. Those amendments are before the governors, and if there is no reason to remove them from the block we will vote on them. If you have ten amendments out of your committee, we will vote on them in a block. But if one governor requests that one of them be removed from the block, we will pull it out and vote on it separately. We will then proceed to the full resolutions as were pre-filed and as have been approved as amended.

**Governor Thompson:** The governors have the power, do they not, to consider all committee amendments in block rather than debate each of them separately? There are almost three dozen committee amendments.

**Chairman Dalton:** You can consider them in block if you want to suspend the rules. I say that is my ruling as to how we should proceed.

**Governor Thompson:** All right. I think then, Mr. Chairman, I will move to suspend the rules to have all committee amendments that were adopted by majority votes of standing committees considered together as a block for presentation to this plenary session by each individual standing committee.

**Chairman Dalton:** Each standing committee's resolutions would have to be considered in a block?

**Governor Thompson:** Yes.

**Chairman Dalton:** You have heard the motion. Do I hear a second to it?

**Governor Charles Thone:** Second.

**Governor Hunt:** Mr. Chairman, is that debatable?

**Chairman Dalton:** The question to suspend the rules is not debatable. The question is whether to suspend the rules in accordance with Governor Thompson's motion. All those in favor will raise your hands. Keep your hands up, please. All those opposed, raise your hands. The vote is thirteen to eleven. You do not have the necessary three-fourths vote. We will take them up individually if any governor desires to take one out of the block.

We will begin with the policy position endorsed by the Executive Committee expressing support for the International Year of Disabled Persons. Governor Carlin, chairman of the Subcommittee on Social Services, will describe that policy position. Governor Carlin.

**Governor John Carlin:** Mr. Chairman, the resolution you have in front of you on the International Year of Disabled Persons simply puts the organization on record in support. It does not commit us at this point in terms of any fiscal responsibility as a group or individually. If there aren't any questions, I move the adoption of the resolution.

**Chairman Dalton:** You heard the motion. Is there a second?

**Governor Thornburgh:** Second.

**Chairman Dalton:** Motion seconded by Governor Thornburgh of Pennsylvania. Any further discussion? All those in favor of the motion say aye. Those opposed, no. The ayes have it. The resolution is adopted.

Next we come to the tan packet dealing with the Committee on Transportation, Commerce and Technology. Governor Thompson.

**Governor Thompson:** Thank you, Governor Dalton.

The Committee on Transportation, Commerce and Technology has accomplished a revision and recodification of the NGA policy in accordance with the wishes of the chairman of this association. In addition, we have recommended a series of amendments. Governor Bowen and the Executive Committee asked each committee to revise and update its policy for approval at the annual meeting. Fortunately, our committee undertook a major revision of policy last year and, therefore, the policy before you has few substantive changes.

Before I describe to you the few changes we have recommended and move for adoption of the recodified policy packet in block, I want to bring to your attention that the committee yesterday approved a compromise policy position on truck weights which we will propose to substitute for the policy sent to you in July.

The compromise the committee developed and unanimously adopted yesterday reaffirmed the National Governors' Association's traditional support for the 80,000 pound weight limit in current federal law. So we are returning



in this compromise to the traditional NGA policy in place of the policy that was sent to you in July.

The compromise satisfies the concerns of some governors that NGA not revise its support for uniform standards. The compromise also has the support of the American Trucking Association. In effect, the compromise says that NGA stands by its current policy of desiring uniformity of weight limits across the United States but urges that Congress not mandate such policy until the results of the congressionally mandated Department of Transportation [DOT] study on truck weight limits are available to us in January 1981.

All the governors on the committee felt that made sense, but that in the meantime, we would seek to persuade, on a state-by-state basis, those states, including my own, that have not quite reached the limits of federal law.

In effect, Mr. Chairman, the compromise proposal continues NGA policy as is until at least January 1981 when the DOT report is out. We understand that this should satisfy the interests of almost every governor and every major user of the highway.

In addition, Mr. Chairman, the committee approved yesterday an expansion of our current policy positions supporting improved rail passenger service in this country. I believe this amendment strengthens NGA's commitment to support the kind of energy-efficient transportation programs that we all need to conserve energy in the years ahead.

Mr. Chairman, before I present the revised policy position package approved by the committee, I move on behalf of the Committee on Transportation, Commerce and Technology that the two amendments I have just described be considered in block and that they be approved by the association according to the standard rules of procedure.

**Chairman Dalton:** Governor Hunt.

**Governor Hunt:** Mr. Chairman, I wish to speak to F.-2 on highway transportation. Mr. Chairman and my fellow governors, I am not a member of this committee and did not, of course, attend this committee meeting. I certainly respect the work that was done there. But I would like to point out to the governors here that the effect of this proposal is to substantially, I think, change what we did last year. The governors last year met at a time when we had very strong action taking place on behalf of independent truckers throughout this country. I personally felt very strongly that they had a good case. They took great heart from the action that was taken by the National Governors' Association calling for legislation establishing national standards for weight on interstate highways at 80,000 pounds and at a length of 60 feet.

They went from our meeting to the Congress hoping to get national legislation. There was, I think, a good bit of interest in the Congress for that legislation. After being there for a week, going around Capitol Hill and talking to people, getting a lot of encouragement, and meeting with the vice-president

and others, the Congress took a ten-day recess. The truckers strike ended. When the Congress came back, I don't think they gave another thought to the problems of the independent truckers in this country.

Mr. Chairman, I think it would be a real mistake for us to change the position that we have. I know that this matter needs to be researched. I think there is research already on both sides. I want to say right here that the truckers' association and the independent truckers in my state feel very strongly that we ought to have the uniform limits that this association called for last year.

I just want you to understand what's being proposed here. We are basically changing what we did last year, and instead of calling for national legislation for uniform standards of 80,000 pounds and 60 feet, we are now saying we back off, we do not support that any longer, we are waiting for a study to come in. That may have been the traditional NGA policy, but I think it was wrong. I think the one we adopted last year was right. I am not prepared to amend this. I think the only thing I would suggest is that we defeat this proposal to amend our resolution and keep the resolution that we passed last year as our policy position. We should continue to work for the federal funds to upgrade the interstate highways to those levels if that needs to be done, and I think it does.

**Chairman Dalton:** Let everybody understand the parliamentary position I see us in. As I understand, Governor Thompson has first moved the adoption of his committee report and then he has moved that we consider the two amendments and approve the two amendments jointly. Is there a desire that we vote on one of these separately?

**Governor Hunt:** Yes, I would request that.

**Chairman Dalton:** Let's suspend the rules and vote on them separately. We will take up first the amendment dealing with the weight limits, that's F.-2. Is there any further discussion on the committee amendment to F.-2? Was there a second to Governor Thompson's motion that we consider these amendments, from anyone on his committee?

**Governor Thornburgh:** I second it.

**Chairman Dalton:** Is there any further discussion on the committee amendment to F.-2? Governor Thompson.

**Governor Thompson:** Mr. Chairman, the policy position that was sent to all the governors for consideration at this meeting would have radically changed the NGA position, it was thought by some governors, in the direction that Governor Hunt pointed out. If this compromise is defeated, then that new policy position is the one before us for adoption. A number of governors, both from states that now have the 80,000 pound limit and those from states

that do not, found themselves caught between forces contending for highway safety and for additional resources for highway improvements and forces who believe that adoption of the uniform 80,000 pound national limit will increase energy savings and increase commodity transportation savings as well.

The Committee on Transportation recognized that there were valid arguments on both sides, and so we sought a compromise that could satisfy everybody. The compromise essentially says let those forces who favor adoption of the 80,000 pound limit work within those states that do not now have it to get it adopted, but do not call on behalf of the National Governors' Association for the imposition of a federal mandate on all states, at least until two basic questions have been answered. First, what are the results of the study that Congress itself ordered DOT to conduct on the issues of life safety and road damage at heavier weight limits? Those results will be available to us by congressional order on January 15, 1981. That's not such a long period to wait before we take the very radical step of calling upon the federal government to mandate something on us.

Second, since federal highway financing will be reexamined almost completely in the next session of Congress, where any mandate would have to be imposed in any event, the issue of extra compensation to the states in return for adopting a uniform weight limit because of damage to highways, which almost everyone will concede will occur, is very much tied into acceptance of such a federal mandate.

I think, Mr. Chairman, that it was the feeling of our committee, which adopted this compromise unanimously, with the assistance of the truckers' associations who felt comfortable with it, that waiting six more months for these two very important policy considerations is important enough to go to the compromise position. Therefore, on behalf of the committee, I again urge the adoption of this committee amendment as a floor amendment.

**Chairman Dalton:** Governor Ariyoshi.

**Governor George Ariyoshi:** Mr. Chairman, I would like a point of clarification because of a statement made by Governor Thompson. He said if a provision that is amended in the committee is defeated by the body here that we go back to the resolution as originally circulated.

**Chairman Dalton:** That's correct.

**Governor Ariyoshi:** Is that the position or do we go back to the position that existed before any action was taken?

**Chairman Dalton:** We go back to the position that was prefled for this meeting. If a majority of the governors decide to separate and to pull out a section from that position, we will do that at that time. You are voting right now on the amendment. Governor Hunt.

**Governor Hunt:** May I ask for a point of inquiry? If this proposal did not pass, then if the proposal sent out over two weeks ago failed, would we not then be back at where we were last year?

**Chairman Dalton:** If this amendment fails and a proposal that was previously filed fails, then we will be back with the position that we adopted at the conference in Louisville.

Is there any further discussion? The question is on the amendment to F.-2 from the committee. All those in favor will say aye. Those opposed, no. The chair is in doubt. Those in favor, raise your hands. Those in favor of the amendment from the committee, raise your hands. All those opposed, raise your hands. The vote is thirteen in favor, nine against. There is not a two-thirds vote. That committee amendment fails.

Now, we will go to the committee amendment F.-4 on rail transportation. All those in favor of committee amendment to F.-4 will say aye, Those opposed, no. The ayes have it and that committee amendment is adopted.

We now return to I believe F.-1, F.-2, F.-3, F.-4, F.-5, F.-6, F.-9, F.-10, F.-11. Governor Thompson has moved that these reports be adopted. Governor Hunt.

**Governor Hunt:** Mr. Chairman, I believe we need to separate these again, too.

**Chairman Dalton:** You desire to remove F.-2, Governor Hunt?

**Governor Hunt:** Yes, please.

**Chairman Dalton:** Governor Hunt desires that F.-2 be voted on separately. Any other resolution a governor desires to be taken out of the block? All right. We will vote on the other ten amendments in the block. We are not voting on F.-2 at this point. All those in favor of the other amendments from Governor Thompson's committee will say aye. Those opposed, no. The ayes have it and those resolutions are adopted. We are now back to F.-2 as previously filed. Any further discussion on that? Governor Thompson?

**Governor Thompson:** Am I correct that it will now take a two-thirds vote of this committee to remove F.-2?

**Chairman Dalton:** It will take a two-thirds vote to adopt this resolution.

**Governor Thompson:** Right. So if Governor Hunt's resolution does not receive a two-thirds vote the committee recommendation stands?

**Chairman Dalton:** No. Governor Hunt does not have a resolution before us. The resolution that is before us is F.-2. The vote that I put will require a two-thirds vote to adopt F.-2. If F.-2 is not adopted we are back to where we were last summer in Louisville. Governor Hunt.

**Governor Hunt:** Mr. Chairman, I would just say that this original proposal that was sent out is a lot worse than the compromise that came forward. I would hope very much that it would be defeated.

**Chairman Dalton:** Governor Alexander.

**Governor Lamar Alexander:** Governor Dalton, I regret that Governor Thompson's motion was defeated, and I therefore strongly urge support of this alternative. I respect Governor Hunt's position. Tennessee is wrestling with some of our neighboring states about what we might do about the administration of truck weight and length laws. Our own studies showed two things. One is that our state laws do not allow us to enforce the laws effectively. We have trucks on our highways of 115 and 120,000 pounds. We are going to change that in the next session of the legislature based on a recommendation of the administration, I hope.

Second, at a time when we are all worried about gasoline tax revenue going down, we looked at whether the big trucks were paying their fair share of our state road funds. We found that in the early 1970s the federal government basically agreed that the large trucks contribute to about 42 or 43 percent of the costs of building and maintaining roads. We looked at our state road funds and found that the large trucks contribute about 22 percent of the cost of building and maintaining roads. In other words, they are about \$87 million short in terms of their fair contribution to our state road funds based on a formula they agreed to early in the 1970s.

We are trying to determine to what extent large trucks should be made to pay a fair share of the state road funds. That takes a while. If we make them pay their complete fair share, they may be run completely out of business. We don't want to do that. It's a delicate matter. It's a matter, I think, that ought to be reserved to the states. I think that the compromise that was presented earlier is preferable, and I regret that it was defeated. As a result, I shall support the proposal on the floor now.

**Chairman Dalton:** Governor Thornburgh.

**Governor Thornburgh:** Mr. Chairman, I suggest that at a time that we are faced at both the federal and state levels with declining federal highway revenues, it would be foolish for us not to couple a change in the law very much desired by the trucking industry with an opportunity to secure the industry's support for an increase in the necessary revenues at the federal level. I would therefore support the committee's proposal as I supported the compromise.

**Chairman Dalton:** All those in favor of the adoption of F.-2 as previously filed will raise your hands. All those opposed, raise your hands. The vote is fourteen to nine. The resolution fails.

Next is the Committee on International Trade and Foreign Relations. Governor Busbee.

**Governor Busbee:** Mr. Chairman, I would like to defer to Governor Graham for the one proposed policy statement on the Caribbean.

**Chairman Dalton:** Governor Graham.

**Governor Graham:** Mr. Chairman, the proposed policy statement that was adopted by the committee is a parallel to what was adopted in February on relations between the United States and Canada and Mexico. This policy position is directed toward countries of Central America and the Caribbean. It encourages the governors and the states to take a special interest in the promotion of people-to-people programs through public institutions, private citizens and businesses in our states.

This is a crucial time for this region of the world. The states have substantial resources, and our citizens more so, that can contribute to strengthening the social and economic institutions of those countries. I think it's an appropriate area for the governors to express their interest. Governor Milliken and I serve on the board of governors of an organization called Caribbean-Central America Action, which will encourage these types of relationships.

**Chairman Dalton:** Governor Busbee moves the adoption of the resolution, seconded by Governor Graham. Is there further discussion? All those in favor, say aye. Those opposed, no. The ayes have it. The resolution is adopted.

Next is the Committee on Criminal Justice and Public Protection. Governor Hunt.

**Governor Hunt:** Mr. Chairman, the committee discussed the action of the Congress with regard to the Law Enforcement Assistance Administration. We then had a very thorough discussion yesterday with what many of us believe is the very best delinquency prevention program in America, a program called Partners, right here in Denver. I am asking one of my assistants to pass around to each of you a tabloid that describes that program.

About seven or eight governors were with us yesterday at lunch to hear it described. The unique feature about it, I think, is the fact that businesses are the ones who are in charge of supervising it. It is actually funded by large businesses in the Denver area. High officials in the corporations serve on its managing board of directors. It involves a matching of adults who care with young people who need help. I encourage all of you to look into this. My own experience in North Carolina has been that you can pass all the laws in the world, you can do everything to make punishment tougher, to have speedier trials and everything else, but you get only a marginal impact from those efforts. If we can really do something effective to reduce juvenile delinquency, to prevent young people from going into crime to begin with,

we can do something drastic about reducing crime in the years ahead. I would encourage all of you to look at that.

Governor Babbitt discussed the current status of the National Guard and the Portland Resolves. I would simply say to all of you that we have serious problems with our National Guard today. We have problems with enlistment in many states, and we have great problems with equipment and the readiness of the guard.

Mr. Chairman, let me add one other thing. Governor Ed Herschler gave an excellent presentation on the issue of rural crime and the things that we are doing about that. We have a new policy position for you with regard to this. We also considered the NGA comprehensive emergency management project.

First, Mr. Chairman, I wish to move the adoption of policy positions A.-2, 3, 4, 5 and 7 in a block. These are consolidations and updates of previous policy positions with no substantive changes. I move for their approval and adoption.

**Chairman Dalton:** Is there a second to the motion? Motion has been made and seconded to consider A.-2, 3, 4, 5 and 7 in a block. We will take up those at this time in a block unless someone desires otherwise. All those in favor say aye. Those opposed say no. The ayes have it. Those resolutions are adopted. Governor Hunt.

**Governor Hunt:** Now, Mr. Chairman, I wish to move the adoption of the amendment to policy position A.-1.

**Chairman Dalton:** A second to that?

**Governor Ed Herschler:** Second.

**Chairman Dalton:** The motion was seconded.

**Governor Snelling:** May I speak to this proposal on the amendment? Here we have an excellent example that tests the resolve of the National Governors' Association along the lines that has been discussed at several plenary sessions. The governors have been asked to cooperate in giving some advice to the administration and to the Congress on how we can accept reductions in federal expenditures with the least harm to the states.

One of the pieces of advice that we gave to the administration was that one of the federal programs that had the least support among the governors was the Law Enforcement Assistance Administration. That is not to say the governors did not support the program. It was not to say that they didn't believe that in some focus it could be profitable for the states. But it did indicate that when we were asked the very important \$64,000 question of what advice we could give to the administration with respect to a reduction of budget, LEAA was a prime target.

Now, we have another committee that is concerned, as are most committees, with programmatic funding. The committee is taking the Congress to task for doing in fact what NGA and many of its governors recommended that they do. Therefore, I think it would really be in bad taste for us to adopt the amendment to A.-1, and I hope that the governors reject it.

**Chairman Dalton:** Any other governor desire to speak? Governor Hunt.

**Governor Hunt:** Mr. Chairman, as the mover of this amendment, I would like to have a chance to speak to it. Let me say to my fellow governors that it may be that among some twenty issues or so, many of you do not rank LEAA very near the top. I think it is also clear that NGA has consistently called for its continuation and its improvement, and we have worked very hard to bring about the improvement of LEAA.

Last December, the Congress finally passed a bill that made the very important changes to LEAA that this association had recommended, and we were on the way to improving this program very substantially. Now, at a time that the Congress is trying to balance the budget, which I think all of us here support, we simply ask that LEAA not be cut drastically. We simply urge that LEAA, the only effort at the national level to try to reduce crime, the only program that the federal government is involved in, be continued with that kind of a commitment.

I think every single one of you are going to find that tremendous amounts of money are going into your corrections systems, into efforts to reduce juvenile delinquency, into efforts to upgrade your courts, into innovative approaches to reduce crime and so forth. Mr. Chairman, what this amendment does is simply say that we are very concerned and that we strongly disapprove of the recent actions of Congress and the administration to completely eliminate funds for the only major national effort to reduce crime. We go on to say that while governors understand the need for and support a balanced federal budget, we feel that all programs should take a fair share of the cuts, that a valuable program such as LEAA should not be singled out for total elimination. I would say one further thing, Mr. Chairman, and that is there are two major programs in which federal funds go to the states for the governors and state leaders to use as they think best. One is federal revenue sharing and the other is LEAA. We are on the verge of losing both of them.

I would strongly urge that we disapprove this action and I hope we can have some of the funding restored.

**Chairman Dalton:** Governor Rhodes.

**Governor John Rhodes:** Mr. Chairman, crime will rise parallel with the unemployment. I thought maybe unemployment would be an issue during our meeting. I think this alludes to it, and I think the issue today is unemployment and inflation.



I would like Governor Hunt to be consistent. He was with Congress before, now he is against Congress. He just defeated one thing here because Congress was for it. Let's make up our minds as to who is running this convention—Congress or the governors.

I am going to vote against it.

**Chairman Dalton:** Any other governor desire to be recognized? Governor Hunt.

**Governor Hunt:** May I simply correct Governor Rhodes? I am opposed to Congress on both of them.

**Governor Rhodes:** You predicated your whole argument on uniform standards that Congress turned it down after all the truckers had been to Washington.

**Chairman Dalton:** The question is on the adoption of the amendment to A.-1. All those in favor of the adoption of the amendment raise your hands. Keep your hands up, please. All those opposed to the adoption to the amendment to A.-1 raise your hands. Twelve for, thirteen against. The amendment fails.

We will now go to the amendment to A.-6. Governor Hunt.

**Governor Hunt:** I now move for the adoption of the amendment to policy position A.-6. If I may just make that motion and speak briefly then to explain it, Mr. Chairman.

**Governor Carlin:** Second.

**Chairman Dalton:** Governor Hunt.

**Governor Hunt:** Mr. Chairman, what this amendment really does is to incorporate policy position A.-8, a preexisting policy position, into A.-6. Policy position A.-8 deals with hazardous materials and emergency response management, and A.-6 concerns comprehensive emergency management. We simply thought it would be good to put these two together.

**Chairman Dalton:** Any discussion? All those in favor of the adoption of the recommendation to A.-6 say aye. Those opposed, no. The ayes have it. That amendment is adopted. Governor Hunt.

**Governor Hunt:** Now, Mr. Chairman, we submit two new policy positions A.-9 and A.-10.

**Chairman Dalton:** Governor Hunt, could we go back and adopt A.-1 and A.-6?

**Governor Hunt:** We adopted those earlier, did we not?

**Chairman Dalton:** We adopted the amendments. We have not taken up the

resolutions A.-1 and A.-6. You failed on the amendment to A.-1. You passed the amendment to A.-6.

**Governor Hunt:** All right. Then I move the adoption of those, with one of them having been amended.

**Chairman Dalton:** Do we hear a second to that motion?

**Governor Carlin:** Second.

**Chairman Dalton:** The motion is made and seconded that we approve A.-1 without the amendment and A.-6 as amended. All those in favor of that motion say aye. Those opposed, no. The ayes have it and those two are adopted. Governor Hunt.

**Governor Hunt:** Mr. Chairman, we now submit, as I said, two new policy positions, A.-9 and A.-10. Policy position A.-9 encourages governors to promote systemwide planning and coordination of criminal and juvenile justice services. It points out that the NGA staff will be available to assist in this area. I would like to point out that our staff is available to come into any state to have a workshop with your criminal justice people to help you improve the operations of that effort in your state.

Policy position A.-10 concerns crime in rural communities and includes the suggestion that the administration should consider the problem of rural crime as it develops a rural policy.

Mr. Chairman, I move the approval of these two new policy positions.

**Governor Carlin:** Second.

**Chairman Dalton:** All those in favor of the adoption of A.-9 and A.-10 say aye. Opposed, no. The ayes have it and A.-9 and A.-10 are adopted.

Governor Hunt, I believe S.-1 and S.-2 are the two that you need to take up under suspension.

**Governor Hunt:** Mr. Chairman, I move to suspend the rules to take up S.-1 and S.-2.

**Chairman Dalton:** Do I hear a second?

**Governor Carlin:** Second.

**Chairman Dalton:** The motion has been made and seconded to suspend the rules so that we can take up S.-1 and S.-2. Those in favor of suspending the rules say aye. Those opposed, no. The ayes have it to suspend it. Governor Hunt.

**Governor Hunt:** S.-1 simply urges the governors to take an active role in seeing that juvenile delinquency programs are developed. We set out a number of elements of effective programs that we think ought to be developed.

Primarily, however, Mr. Chairman, this is a call upon governors to personally take the lead in trying to get effective juvenile delinquency programs established, not necessarily with state money, in the various communities of their states.

Mr. Chairman, I move the adoption of S.-1.

**Governor Carlin:** I second it.

**Chairman Dalton:** You want to take S.-1 and S.-2 up in block?

**Governor Hunt:** If we may, yes.

**Chairman Dalton:** The motion is that we approve S.-1 and S.-2. Do I hear a second? Any further discussion? Those in favor say aye. Those opposed, no. The ayes have it and those two resolutions are approved.

Next, the Committee on Community and Economic Development. Governor Thornburgh.

**Governor Thornburgh:** Mr. Chairman, this committee has undertaken a thorough review to consolidate and rewrite the policy in this area. The committee approved the rewrite yesterday with the amendments that I will move following the policy statements.

In developing the proposed policy, we tried to move beyond simply preaching to the federal government on the proper roles that states should play in federal programs. We have identified suggested actions at both the state and federal levels for dealing with specific problems and issues. It is my hope that these new policies will be more than just a shelf document but that they will serve as a working agenda for the committee and the staff in the months ahead.

What we are calling for is a true alliance of local, state, federal and private resources to aid in the rebuilding of our economy to put the country to work again. These policy positions are a clear declaration that we as governors intend to be active partners in the restoration of the nation's economy, that it's time to insist that we have an active role in addressing questions of national economic policy and recognize that our separate efforts at recovery rise and fall with the flow of decisions on the Potomac.

As governors we are in a unique position to bridge the gap between Washington dollars and local experience and to help shape federal decisions accordingly. The economic blueprint submitted today calls for stimulation of jobs and production through such devices as federal tax and trade incentives focused on putting excess capacity in key industry and surplus labor to work and on helping state and local governments to provide needed public services during severe economic crises. We also suggest that the federal government help the states to establish state stabilization funds for targeted use and during

specific plant shutdowns or other problems that are tied to particular areas or sectors of industry and labor.

This policy statement in short suggests that the federal government work in concert with the states to help create a true public-private partnership for meeting the economic challenges of the 1980s.

I believe, Mr. Chairman, that everyone has had an opportunity to review the proposed policy positions. Unless there is some objection, I would like to deal with them in block. On behalf of the Committee on Community and Economic Development, I move the adoption of the new policy positions E.-1 through E.-5 as a substitute for existing policies E.-1 through E.-6 of the National Governors' Association. So moved.

**Governor Rhodes:** I second it.

**Chairman Dalton:** Is it my understanding that the governor from Pennsylvania has moved the adoption of the report and that has been seconded, and then he has moved the adoption of the amendments to the three.

**Governor Thornburgh:** I moved the adoption of the report and will move thereafter for the adoption of the amendments adopted in committee yesterday.

**Chairman Dalton:** All right. He has moved now for the adoption of the report and then the adoption of the amendments. We will have to take up the amendments first. That has been seconded. The question is on the adoption of the amendments to E.-3, E.-4 and E.-5. All those in favor of the adoption of the amendments to E.-3—

**Governor Thornburgh:** Excuse me. The parliamentarian informed me that it was necessary to move and secure the adoption of the policy substitutions first and then the amendments. Is that correct, Mr. Lagomarcino? I move the adoption of the committee amendments to E.-3, E.-4, and E.-5.

**Chairman Dalton:** All those in favor of the adoption of the committee amendments to E.-3, E.-4, and E.-5 say aye. Those opposed, no. The ayes have it. Those amendments are adopted.

Now we are back to the report of the committee on E.-1 through E.-16. Sixteen resolutions as amended?

**Governor Thornburgh:** In substitution for the sixteen resolutions, I move the adoption of the five proposed changes in policy.

**Chairman Dalton:** The chair stands corrected. The question will be on the adoption of E.-1, E.-2, E.-3, E.-4, and E.-5. All those in favor of the adoption of those five resolutions as amended will say aye. Those opposed, no. The ayes have it. Thank you. Those five resolutions are adopted.

Next is the Committee on Executive Management and Fiscal Affairs.

Governor Snelling. Let me back up just a minute. The chair recognizes Governor Hunt.

**Governor Hunt:** Mr. Chairman, a few moments ago when the motion to adopt S.-2 in the report of the Committee on Transportation, Commerce and Technology was made, the motion did not secure the required number of votes and thus we in effect retained our support of a uniform length and weight limit on interstate highways.

Mr. Chairman, F.-2, however, upon analysis, includes some additional language that recommends an increase to 90 percent in the federal share of the interstate resurfacing program and bridge replacement.

Therefore, Mr. Chairman, in order that we may take a position on those other matters that most of us did not realize were included in that resolution, I would move that we reconsider. I intend to make a motion that we reconsider the vote by which F.-2 was defeated in earlier action.

**Chairman Dalton:** Governor Hunt, you voted on the prevailing side?

**Governor Hunt:** I voted on the prevailing side.

**Chairman Dalton:** Do I hear a second on that motion from someone? It has been seconded. The question is to reconsider the vote by which we killed F.-2, which will require a simple majority to reconsider. All those in favor of reconsidering say aye. Those opposed, no. The ayes have it. F.-2 is back before us. Governor Hunt.

**Governor Hunt:** Mr. Chairman, I would now move the adoption of all portions of F.-2 excluding those items dealing with weight and length limits for trucks on highways.

**Governor Lamm:** Second.

**Chairman Dalton:** There is a motion that we approve F.-2 with the exception of the parts dealing with the weight limits. Is there any discussion? All those in favor say aye. Those opposed, no. The ayes have it and F.-2 is adopted with that exception.

Now, we will go to Governor Snelling.

**Governor Snelling:** The Committee on Executive Management and Fiscal Affairs has two proposals. First, a simple recodification of the existing policies which I will discuss in a moment and which would be adopted as I understand with a two-thirds vote. Then also in front of you is a revised agenda for restoring balance to the federal system which I would like to discuss in a moment because that will require a suspension of the rules.

Now, first, as to the routine business, you have before you a restatement of the prior eighteen policies that come under the jurisdiction of this committee. It is simply a rewrite of existing policies subject to the sunset provisions and

the suggestion of Doc Bowen. The policies do not, in the opinion of the committee, represent any departure from established policies. They do compress into nine positions the prior eighteen positions. I offer them for adoption before turning to the subject of the agenda for restoring balance to the federal system.

**Chairman Dalton:** Is there a second? The motion has been made and seconded that we adopt B.-1, B.-2, B.-3, B.-4, B.-5, B.-6, B.-7, B.-8, and B.-9. It has been seconded. All those in favor say aye. Those opposed, no. The ayes have it. Those are adopted. Governor Snelling.

**Governor Snelling:** Mr. Chairman, we will require a suspension of the rules to get the sense of this body on essentially what was the subject of the plenary session yesterday. The agenda for restoring balance to the federal system was before all of the governors yesterday. It was discussed at length during the plenary session and during the committee meeting. We did act so as to incorporate some additional suggestions made by Governors Carey and Babbitt and a number of others, but I believe the agenda is essentially in the spirit of what the governors have been indicating they wish to do in order to be a part of the fight for the restoration of the federal system. The governors will find the agenda to be harmonious with the prevailing sentiments of the body. I ask for a suspension of the rules.

**Chairman Dalton:** Governor Snelling has asked for a suspension of the rules. All those in favor of suspending the rules say aye. Those opposed, no. The ayes have it. The rules are suspended. Governor Snelling.

**Governor Snelling:** Now, Mr. Chairman, I offer the agenda for restoring balance to the federal system.

**Chairman Dalton:** Do I hear a second to that motion? The motion has been made and seconded that we approve the resolution on the agenda for restoring balance to the federal system. It has been seconded. All those in favor say aye. Those opposed, no. The ayes have it. The resolution is adopted.

Next is the Committee on Agriculture. Governor Link.

**Governor Arthur A. Link:** Mr. Chairman, fellow governors, distinguished guests. It is my privilege to share with you the report by our committee on agriculture. Before I begin discussions of the amendments before this body, I want to report on some of the activities of our committee. First, we now have a special report entitled *Preserving the Family Farm: State Initiatives*. This document highlights what state governors can do to protect this most important social and economic institution. I encourage each of you to read this report.

Second, our Subcommittee on Range Resource Management has prepared a report, "Partnerships-Stewardships: Making Federalism Work in Public

Land Management." I want to pay tribute to Governor John Evans of Idaho and Governor Bruce King of New Mexico for their efforts in preparing this most timely document.

And, finally, our committee played host to a work session Sunday on Food in the 1980s. We were fortunate to have four distinguished panelists who gave an outstanding presentation. We will prepare a transcript of this session and make it available to all governors and other interested parties. I want to urge each of you to study this document when it becomes available because I believe that we will see many important changes in the role of the food and agricultural area in the next ten years. Some of these changes will affect state government.

Our committee worked long and hard to formulate the policy positions that are before us today. The result of our efforts is the most comprehensive agricultural policy ever formulated by this organization. I personally wanted to thank each member of the committee, especially Governor Charles Thone of Nebraska, who served as vice-chairman, for his contribution to this policy.

Before I begin discussions of the amendments, I would like to comment briefly about the path the committee took in formulating policy. First, we were most concerned with developing policy that addressed long-term needs. Second, we were most interested in discussing locally derived solutions to our problems, including initiatives that could be taken at the state level. Our efforts are not perfect. Rather, I believe that this policy is a good beginning and is a major step in the direction that we as governors should take.

I want to discuss the amendments that are before this body. First, the amendment that has to do with transportation policy. This amendment was offered by Governor Janklow. Governor Janklow was able to persuade the committee that we needed further study of the possible solutions to the transportation problem before we committed ourselves to any particular approach.

I offer the second amendment, G.-6, agricultural marketing, because I believe that our committee should make a firm effort to promote our agricultural exports and work with those organizations that are committed to such efforts.

Governor Quie of Minnesota offered three amendments to G.-8, the commodity programs. Governor Quie's two amendments stressed that the loan levels and the target prices should be linked to world grain prices and that the reserve program and trigger price levels should have more flexibility.

I believe, Mr. Chairman, these amendments to be sound and of an uncontroversial nature and I would seek to move these amendments in block.

**Chairman Dalton:** Governor Link has moved that we adopt the resolutions from the committee. Is there a second to that?

**Governor Bruce King:** Second.

**Chairman Dalton:** It has been moved that we adopt the amendments to G.-5, 6, 8 and 12. Is there a second to that?

**Governor Carlin:** Yes.

**Chairman Dalton:** The question is on the amendments to G.-5, 6, 8 and 12. All those in favor of adopting those amendments say aye. Those opposed, no. The ayes have it. The amendments are adopted. Governor Link.

**Governor Link:** Mr. Chairman, that does not include 12. We deal with that separately.

**Chairman Dalton:** We will take that vote over again. We are going to vote on amendments to G.-5, 6 and 8. Those in favor say aye. Those opposed, no. The ayes have it. Those amendments are adopted. We now take up the amendment to G.-12. Governor Link.

**Governor Link:** Mr. Chairman, I would next move that we move to pass G.-2 through G.-11.

**Chairman Dalton:** The question is on the adoption of G.-1 through G.-11 as amended. Is there a second to that?

**Governor Thomas L. Judge:** Second the motion.

**Chairman Dalton:** All those in favor will say aye. Those opposed, no. The ayes have it. G.-1 through G.-11 as amended are adopted. Governor Link.

**Governor Link:** Mr. Chairman, we come to G.-12, our proposed policy concerning national security. This substitute and its predecessor were central topics in our deliberation yesterday.

The substitute policy permits embargoes only when such sales suspensions clearly produce the intended effect on the embargoed nation, when embargoes are administered efficiently and effectively so as to minimize domestic cost, and when the cost of such expressions of national policy are shared equitably by the entire nation.

Mr. Chairman, I would move the adoption of policy G.-12 as amended by the committee.

**Governor John V. Evans:** Second the motion.

**Chairman Dalton:** Moved and seconded. Governor Thone.

**Governor Thone:** Mr. Chairman and fellow governors. This is a controversial policy statement, to be sure. As Governor Link indicated, there are three prime conditions that are central to this resolution. Number one, embargoes are O.K. if they clearly produce the intended effect on the embargoed nation.

Frankly, your speaker challenges that and challenges it loud and clear. A recent editorial in the *Denver Post* concluded by saying the Soviets have



had no difficulty filling grain needs by buying elsewhere. Ironically, a large portion of this grain originated in the United States and reached Russia by intermediary destinations such as Brazil, Spain, Italy, Eastern Europe.

The administration recently gave U.S. traders a green light to use foreign subsidiaries to ship non-American grain to the Soviets. So in terms of condition one in the policy, I say the embargo has been a failure.

The second condition is that embargoes are administered efficiently and effectively so as to minimize domestic costs. I don't want to get into that too much. Most of the agricultural governors know that they have bought a lot of grain and stored it. My home state of Nebraska has 800 to 900 million bushels of wheat, corn and soybeans in storage now, thanks to the federal government, at a cost to the taxpayers of about \$2.5 or \$3 billion, I might add.

The last condition, central to this namby-pamby resolution here, is that the economic and social costs of such expressions of national resolve are shared equitably by the entire nation, not just the sector or region that produces the embargoed goods. I would like to offer that it's the United States farmers who have shared the full impact of that January 4th embargo that was unilaterally imposed by President Carter. Again, this editorial from the *Denver Post* points out that the aggregate income of the U.S. farmer will likely fall by one-third this year to around \$22 billion, the sharpest single-year drop in more than fifty years. So there is where the cost of this fiasco embargo is being shared. "Fiasco" is what, again, this editorial called it. In fact, the editorial begins by saying, "Jimmy Carter's embargo on U.S. grain sales to the Soviet Union as a response to the Russian invasion of Afghanistan has turned into a complete fiasco." That is exactly what it has been, a complete and total fiasco.

Jim Thompson, the fine governor of Illinois, was just over here, and he said, "Governor Thone, what are we going to do with this thing?" Well, I don't know. Governor Thompson, the rest of you governors, I suppose this statement is probably better than nothing, but barely. It is, to say the most, a toothless dagger that frankly was injected in partisan politics by Secretary Bergland yesterday afternoon. We had a clear understanding that it would not be handled this way. We felt perhaps that the Republican convention at Detroit handled the embargo as it saw fit and that the Democratic convention in New York City could treat it likewise and that we could keep NGA out of this partisan wrangle. Well, that understanding and agreement was totally violated by the secretary and his staff just prior to our meeting yesterday afternoon. That's why I make the statement that I make here this morning.

**Chairman Dalton:** Governor Thompson.

**Governor Thompson:** Mr. Chairman, on behalf of the farmers of Illinois, and I hope my fellow governors from agricultural states will support me in

this whether they are Republican or Democrat, I agree, and therefore could not have voted for the original policy had I been present yesterday in the Agricultural Committee meeting. I agree that the nation should never take a stand against an embargo as an ultimate weapon without knowing the circumstances or the enemy.

I cannot support any policy that absolutely rules out any embargo of farm goods. On the other hand, I share the sentiments Governor Thone just expressed that the substitute resolution, upon which we are now going to vote, is effective only if it's carried out, if those three criteria are adhered to, particularly the one concerning the economic and social cost of such expressions of national resolve being shared equitably by the entire nation, not just the sector or region that produces the embargoed goods.

The farmers of Illinois, Mr. Chairman, do not believe that they have been fairly treated with regard to the grain embargo against the Soviet Union. The farmers of Illinois believed that, contrary to what they were told in the meeting of the American Farm Bureau at the time that the president imposed the embargo, they would not bear the burden alone. But they are bearing the burden alone.

Therefore, Mr. Chairman, I think we can have it both ways. We can approve the policy on embargoes, which would not deprive the president and the Congress, indeed the nation, of the use of that weapon if it became necessary at some time in the future, but we can also give greater meaning to this resolution and express our displeasure with the way in which this current embargo against the Soviet Union has been mishandled.

Therefore, Mr. Chairman, I now move to amend G.-12 by inserting the following sentence on page 6 following the first sentence after point 3. Point 3 now reads "the economic and social costs of such expressions of national resolve are shared equitably by the entire nation, not just the sector or region which produces the embargoed goods."

Mr. Chairman, I now move to add a new sentence which reads as follows: "We do not believe that the imposition of the current grain embargo on the Soviet Union by the administration meets these three criteria."

The effect, Mr. Chairman, of the adoption of this amendment would be to agree that a future president and a future Congress might have a grain embargo in the arsenal of weapons of the United States under certain conditions but that it is the sense of the National Governors' Association that this administration has failed to meet these three criteria by the imposition of the current embargo. I so move.

**Governor Dreyfus:** I second the motion of Governor Thompson.

**Chairman Dalton:** The motion has been made and seconded that the amendment be amended as worded by Governor Thompson.

**Governor Evans:** Do not our rules say that amendments must be in writing and presented to the governors?

**Governor Thompson:** My understanding is that amendments to any resolution may be made from the floor.

**Chairman Dalton:** I don't believe that's correct. This would require two-thirds vote.

**Governor Thompson:** Right.

**Chairman Dalton:** Governor Evans.

**Governor Evans:** This was the sense of the controversy that erupted in the Agricultural Committee there yesterday. Governor Thompson has brought in the issue of politics, brought in the issue of whether the president should have embargoed the grain shipments to Russia as a result of the invasion of Afghanistan. The compromise resolution that's now before us is just that—a compromise—and to now condemn the administration is purely politics. I think everybody here should recognize that in my view it's not appropriate to condemn the president in the initiation of an issue and a program that is essential to the national welfare of our great nation. Thank you.

**Chairman Dalton:** Gentlemen, we are going to suspend debate on this. We will come back to Governor Thompson's amendment after hearing from our guest.

Gentlemen, I would like to introduce our special guest this morning, Congressman John Anderson, who is now completing his twentieth year of distinguished service in the House of Representatives. This year as an independent candidate for president, he has and continues to have a particularly important impact. It is with great pleasure that I introduce to you Congressman John Anderson.

## REMARKS BY CONGRESSMAN JOHN ANDERSON

**Congressman John Anderson:** Thank you very much, Governor Dalton.

Distinguished members of the National Governors' Association, ladies and gentlemen: Two years ago when you met in Boston it was at the invitation of your chairman at that time, my good friend Bill Milliken of Michigan, that I had the privilege of addressing your conference. Today I return to you, as your chairman has just said, as an independent candidate for the presidency.

Now, I understand that some of your group have been discussing for the past day or so the subject of an open convention. Of course, I do not rely on delegates but rather on about one and a half million petitioners to achieve my own nomination. I just want you to know that you are all welcome to join

in that process. Regardless of how you may feel about the process and regardless of how you may feel about the proceedings that will take place in New York City next week, I am very grateful to you for opening your convention, or perhaps I should more properly say your conference, to an independent candidate like myself.

One of the great major parties has just concluded its convention. Another, as I have just indicated, will shortly begin that process. The Republican party has proposed a 30 percent tax cut while calling for major increases in military spending across the board. And, meanwhile, it seems to me that the problems of our cities, the elderly, those who need jobs, a myriad of our social needs are being dealt with only in passing and in the most general offhand manner.

I bring you no easy answers to the problems that I have just outlined, but over the course of my campaign I have begun to outline a comprehensive program to try to address in specific fashion the issues that the next president of the United States will be obliged to face. I am fully aware that as president I will not be able to solve those problems alone, that I will need the help of the men and women who are seated around this table this morning.

When Abraham Lincoln accepted the Republican senatorial nomination in 1858, he declared that if we could first know where we are and whither we are tending we could better judge what to do and how to do it. The same need confronts us today. I have spend now almost fourteen months traveling across this great country of ours, meeting and talking with Americans of all political persuasions, men and women from all walks of life, and I believe that as a result I now do have a clear sense of where we are, whither we are tending, and I believe I can now better judge what to do and how to do it.

Today I want to share with you briefly that sense and outline in the broadest possible way what I deeply believe we as a united nation must do in the next decade. It was another president, Franklin Roosevelt, when he took office almost half a century ago, amid a great national crisis, who set in motion the policies that we have come to describe as the New Deal, policies also that were designed to solve specific problems and to confront the devastating circumstances of the Great Depression. They were policies that were appropriate to the times and they ably contributed, most historians believe, to the national recovery.

Today we face another great crisis but one of a very different kind. Fifty years ago raw materials were plentiful. Now many are either scarce or they are very costly to recover. Energy was cheap. Now it is expensive and growing moreso every day. Then we suffered from deflation and underconsumption. Today we suffer from inflation and, certainly in certain areas, excessive consumption. Our task then was to increase production, now it is to increase productivity. Then we believed that we could fix the value of our currency and the direction of our economy from within our own borders. Now we know that we cannot. Then there were some racial and economic groups that

dominated others, and they submitted because they saw no alternative. Now these formerly submissive groups have entered the political arena and they demand redress for their grievances. But precisely because our society has changed so dramatically, the public philosophy of the New Deal that has dominated politics since Roosevelt's time gives us little guidance to solve our present problems.

We need new answers, but I do not believe that the so-called New Conservatism of Ronald Reagan or of the right wing that he represents provides them. They simply suggest that we repeal many of the policies that have come to be accepted many years ago under the rubric of New Deal legislation and that we return to the policies of some easier era.

I believe very deeply that modern America cannot afford the politics of nostalgia and escape. We cannot repudiate the covenant that we have made among ourselves to help those who are in need, to provide security to the ill and the aged, and to protect the civil, social and economic rights of all our citizens. Nor do our citizens appear to be happy at the prospect of returning to power a Democratic administration that has shown so little capacity for breaking new ground, for providing genuine leadership.

The outdated quarrel between liberalism and conservatism, which the two major parties seem now about to resume, has ceased to illuminate our most pressing public problems. Indeed, to the extent that those philosophies are still relevant, and some people are beginning to suggest to what degree they really are, they ought to provide the basis for unity and not for discord, for there is a sense in which we are all liberals, we are all conservatives, we all believe that prosperity without justice is unacceptable and that justice without prosperity is unattainable.

We all know that government must be bold and purposeful, but we have learned that the unintended consequences of its actions frequently undermine its good intentions. We all believe that individuals are responsible for their acts, but we also recognize that sometimes they are compelled to act within conditions for which they are not individually responsible. We all believe that life without liberty is intolerable but that liberty without order is self-defeating. And we all, liberal and conservative alike, know that it is within the framework of that consensus that we must seek solutions to our present problems.

When FDR entered office in 1933 he did not have a program worked out to the last detail, and he was certainly no theoretician. He was determined to correct the mistakes of the past, return to basic human values and to make new departures in the spirit of frank and open experimentation. He never claimed to have all of the answers and neither do I. He did, however, make a basic commitment to action, to face our problems of that time squarely and honestly and to seek specific solutions for them. It is in that kind of spirit, I submit, that we must move today.

For what is my approach? I think it can be summed up very simply. In economics, common sense. In our social life, common decency. In government, plain dealing.

Now, common sense surely tells us that we cannot consume more than we produce. If we wish to have economic growth, we must consume less and must save more, if we would invest in the future of this country. And we must use those savings then to increase and to rebuild our industrial base, to increase the productivity of our workers so that once again we resume a competitive position in world markets.

We must use our savings to promote the research and development that leads to new products, to innovation, new ways of producing them. Only in this way are we really going to create new jobs and achieve long-term relief from the high unemployment that today so sorely afflicts our economy.

Now, common sense should also tell us that we cannot halt inflation until we stop printing money faster than we produce goods and services, but we can only slow the creation of money if we restore the balance of our federal budget. Now, it need not be balanced in every year, and it surely will not be in the year that will begin October 1. But over the course of a business cycle the deficits that we incur to counteract recessions ought to be matched by the surpluses that can be achieved in times of more rapid growth. This is going to require a new sense of discipline and a new sense of moderation in our approach to government. Higher prices always result when government fails to make the hard explicit choices among the competing claims that are going to be placed upon scarce resources.

Common sense tells us that we cannot save and invest for the future if we simply ship—

[At this point, a man subsequently identified as José Calderón began moving toward the plenary table where the governors were seated, shouting and hurling eggs.]

**José Calderón:** Mr. Anderson, you represent World War III and Fascism. Take that [throwing egg]. And Hunt, you killed the Communist Workers Party Five. Take that [throwing egg]. Long live the Communist Workers Party Five, killed by the government, killed by the FBI, and we are going to avenge the CWP Five. We are serving notice to the politicians. We will be at the Democratic convention. We will serve notice there.

[The incident ended when Calderón was subdued by state officials, NGA staff, and security personnel and was removed from the room. Calderón was arrested and tried in U.S. District Court in Denver. He was convicted of assault on a congressman, and he was sentenced in January 1981 to thirty days in jail. As soon as Calderón was removed from the room, Rep. Anderson returned to the podium.]

[Standing applause]

**Congressman Anderson:** I think we all needed a break and that seemed like a very good place to pause.

Common sense tells us that we cannot save and invest for the future if we ship an ever-increasing share of our national wealth overseas to pay for imported oil. It's very simple. If we do not tax ourselves to further our own national goals, OPEC is simply going to continue to tax us to promote its goals. I have proposed a strong conservation plan to reduce consumption of gasoline.

But that is only the very first step. We must move aggressively to save energy in transportation, in our homes, in our commerce and industry, indeed in every aspect of our lives.

Common sense tells us that we must revitalize our cities. I have proposed, therefore, an urban reinvestment trust fund to rebuild the foundations of our cities, the streets, the sewers, the water systems, the bridges. I have proposed that federal programs be designed to rehabilitate old buildings and to restore our neighborhoods through self-help programs.

Common sense tells us that we should stress inner city employment. There are many ways to do this, such as encouraging the formation of small businesses, which can bring jobs to the jobless, and providing incentives to those employers who can hire the unemployed.

It is also common sense to make sure that our mass transit systems are prepared for the increased ridership of the 1980s, particularly in our urban centers. Thursday in Pittsburgh I will be outlining a broad and comprehensive community transportation program that is designed to meet that specific need.

Finally, common sense tells us that we must conserve what we cannot replace—our air, our water, and our land. Renewing our environment is not a luxury to be abandoned in the face of economic stringencies.

Without a healthful and stable environment, we cannot lead healthy and satisfying lives. If we impulsively and reactively simply return to the destructive policies of the past, the life of our species and indeed of all species will be placed in jeopardy once again.

And what of common decency? Common decency requires us to renew our strong commitments to equal rights for all. Those who believe that the civil rights battles of the Sixties and the Seventies have ended, and I took part in all of those battles, are mistaken. It is unacceptable that the unemployment rate among blacks in some of our cities is more than 40 percent. It is unacceptable that the women of this country do not have built into our Constitution and into our laws the same rights that men now enjoy. It is unacceptable that we have declared a truce in a war that was never won, a war on poverty. Common decency also requires that we must put teeth into our fair housing laws and make sure that all minority groups enjoy real equality of opportunity. We must renew our efforts to feed the undernourished

of our nation, and our responsibility to relieve misery and to satisfy basic human needs does not halt at our national border.

Common decency requires us to protect all Americans against the economic burden of catastrophic illness. We must encourage the expansion of home health care so that the sick and the aged can receive treatment that is more economical and at the same time more dignified and humane.

And yet common decency requires us to encourage the restoration of stable family life. We must revise the tax policies, the welfare policies, and the Social Security policies that have literally encouraged divorce and desertion and have penalized marriage. We must make sure that the parents of our nation can once again afford to feed and clothe and house and educate their children. For a nation that permits child rearing to become prohibitively expensive has allowed itself to forget what is really important.

Common decency requires us to provide all who are physically and mentally fit with the opportunity to contribute to our society through productive labor. Removing millions of Americans from the workplace as we are currently doing is not only inefficient but it is also unfair in a society that claims to distribute income in accordance with individual contribution.

And so it is that government must actively undertake and seek to create new jobs in the private sector, productive permanent jobs that hold out the real prospect of personal advancement and not simply make-work, dead-end, temporary jobs.

While we strongly favor the free market, I think the most efficient mechanism yet devised for the allocation of resources, we must consider that it is entrepreneurs and shareholders who should bear the risks of economic change and not workers. I therefore oppose simply the automatic bailout of large corporations.

But common decency should require that the federal government would do more to furnish displaced workers with opportunities to learn new skills in the growing sectors of our economy. It must not only ward off misery today, but it must be a period where we can permit the workers of this country to seek and to obtain and to invest in a better future.

Finally, let me talk of the third point that I mentioned, plain dealing. We must deal plainly with the world and with ourselves. In foreign policy we must cease to oscillate between unscrupulous realism and unrealistic idealism. Our diplomacy must center on those nations that most closely share our traditions and interests. Plain dealing requires that we should not act without consulting them, while common sense suggests that we cannot expect them to blindly follow our lead.

To the less developed nations, let us offer our moral encouragement and material support in cooperation with our allies. Let us neither withhold assistance out of pique nor grant it out of fear. And let us, and this is so important, let us also deal plainly with ourselves. Let us never again pretend



that we can get something for nothing, that we can consume without producing, produce without saving, or save without sacrificing. Let us never again pretend that we can defend ourselves and our allies without economic strength and diplomatic steadfastness.

Let us never again pretend that we can govern ourselves and rise to the height of new challenges that face us without making some very hard, very difficult choices. But at the same time, let us not fall into hand wringing or despair, for we are still rich in natural resources and in human skills and energy. We have stable and flexible political institutions. We contain within ourselves a vision of human freedom that brings streams of refugees to our shores each year. It is in this free competition for the loyalty of human beings that we are the unrefuted winners.

The core of the American experience is a vision of personal liberty embodied in our Declaration of Independence, reborn in civil strife, renewed in generations of struggle. I believe that our generation must be prepared to make some basic sacrifices to preserve the vision of liberty that we share. But let us allocate those sacrifices openly and fairly. Let us protect those who cannot easily bear additional burdens. Let those of us who have prospered contribute to the reconstruction of the nation in proportion to the advantages that we have enjoyed.

If we sacrifice as a nation, composed of individuals who share and accept a common fate, then we can cease warring among ourselves, restore honesty and credibility in our national public life, and give new vitality, new strength, new meaning to the common wealth that we have all inherited. Thank you very much.

**Chairman Dalton:** Thank you, Congressman Anderson.

We will go back to the debate on the grain embargo resolution. The governor from Illinois, Governor Thompson, has made a motion to amend the committee amendment. We are debating Governor Thompson's amendment. Is there further discussion on Governor Thompson's amendment? Governor Thompson.

**Governor Thompson:** Mr. Chairman and my fellow governors, I would like to take just a moment to reply to my friend Governor Evans of Idaho, who I think misperceives the nature of my remarks and the thrust of my amendment. By asking this conference to add one simple sentence that says the administration has not carried out the policies that it said it would carry out at the time that it imposed the embargo, I do not seek to inject partisanship into these debates. I seek merely to call the attention of the governors and for the governors to call the attention of the nation to the fact that the administration has failed to live up to its contract that it made with the farmers of America.

Now, Governor Evans, on Sunday I sat in the Executive Committee meeting with you and Governor Dixy Ray and Governor Judge from Montana.

My recollection is, sir, that all three of you Democratic governors heaped abuse on the administration and FEMA [Federal Emergency Management Agency] for its failure to adequately deal with the emergency arising out of the eruption of Mount St. Helens. In fact, Governor Judge of Montana was particularly incensed and so was Governor Ray. It was my feeling, and I suspect it was Gene Eidenberg's feeling, that you three governors, and impliedly the rest of the Executive Committee who sat there and did not dispute your assertions, were very unhappy with the national administration for failing to keep its promises, which are implicit in the adequate working of FEMA.

You can't have it both ways. You can't criticize the national administration when something happens to one of your states in a spirit of nonpartisanship but object to some of us criticizing the national administration in another way when it affects some of our states. Moreover, I will point out to you, Governor, and to all the governors that in one of the policy resolutions from the Committee on Agriculture which we have just adopted, and I did not hear a dissenting vote so I assume Governor Evans voted for it, G.-8, we explicitly say that the disaster relief programs of the Department of Agriculture have not been effective and responsive in meeting the needs of farmers and ranchers.

Now, Mr. Chairman, that is a criticism of the Department of Agriculture which we just adopted unanimously, and it is impliedly a criticism of the administration for not living up to the responsibilities that it sought when it sought office. It is no more partisan than my amendment.

I would be the last governor in the world to inject partisanship in these proceedings. I think there is agreement among both Democratic and Republican governors that the farmers of America have not been fairly dealt with in the question of the grain embargo. Therefore, I urge once again the adoption of my amendment.

**Chairman Dalton:** Governor Hunt.

**Governor Hunt:** Mr. Chairman, let me say, first of all, that the tempting thing is to talk in a purely partisan sense here. But I don't think that would be the right thing to do. I want to simply say to my fellow governors that it appears to me that the Agriculture Committee, under Art Link's superb leadership, and with a lot of working and reasoning together, has come forward with a valuable position with respect to how the nation ought to go about determining if and when future embargoes might be utilized. It's fairly seldom that we pass something at these meetings that we believe might be unique and could be used in Washington or elsewhere, but particularly in Washington and particularly by the president in making very important decisions.

I think this committee has done that, and I want to strongly commend

the committee that has worked so hard at it. But, Mr. Chairman, the reason I would appeal to all governors, Republican and Democratic, to oppose this amendment is because this amendment in its very nature is prospective. It is saying that we think any future decisions with regard to embargoes ought to look at these three elements, and only if these three things are there should the embargo be placed or be established.

This amendment was written with the benefit of 20/20 hindsight. It is easy for us to say that at this point those three elements didn't happen with the embargo that we now have. For that reason, Mr. Chairman, I think it is totally illogical and out of place here. I would urge that we defeat it. I believe that the president of the United States took the only actions available to him when the Soviet Union was guilty of naked aggression that, I think, was the worst since the beginning days of World War II. The only actions available to him were this embargo, the embargo on certain technological equipment that is very sensitive and very much needed by the Soviet Union, the boycott of the Olympics, strong efforts to bring about registration for the draft, and then, of course, an increase in military spending in real terms, something that has been going down under the last several administrations.

Mr. Chairman, I think it would be very bad for us to adopt a resolution that is really worthwhile, one that is intended to look ahead and say this is the way it ought to be done in the future, whatever administration is in, but one that contains this little criticism of the actions of our president, who is acting strongly against communism and its aggression in the world.

**Chairman Dalton:** Governor Snelling.

**Governor Snelling:** Our organization exists to attempt to improve the administration of government and the relationship between the federal government and the states. We have over and over and over again indicated that an administrative department has failed in our judgment to do its duties. We have not heretofore, to the best of my recollection, winced from accepting failures in a spirit of offering constructive changes for the future. I do not view this proposal of amendment as partisan any more than any of the hundreds of past examples in which we have said we think it ought to be done differently and we have attempted to contrast that which we hoped for the future with that which we have experienced in the past.

This compromise says we believe that there are certain circumstances under which embargoes can and should be imposed. We believe that there are conditions and that those conditions must be met. The proposal of amendment by the governor of Illinois simply indicates, so that we have a benchmark, that we do not believe the process that has been used in the past for making judgments as to the appropriateness of an embargo has in fact been in line with what we are offering for the future.

I anticipate that many of us will be gathering together under another

president. I don't say at any particular date, but I suspect there will be some who are in this room who will be here when there is a different president. Presidents come and go as do governors, and if we adopt now a policy that we will not criticize the administration lest it be judged partisan, then we will become a marching and chowder society without the opportunity to make the constructive recommendations we need to make in order to play our part in improving the quality of government.

**Chairman Dalton:** Governor Janklow.

**Governor William J. Janklow:** Mr. Chairman, fellow governors, I will be extremely brief. I would like to support the amendment as it has been offered. It has been interjected that because there is an objection about administrative action that it's political. That's absolutely nonsense. It's just as nonsensical as when this administration proposed that state revenue sharing on the state level be eliminated and the governors of America rose up virtually unanimously and opposed that move. Nobody said they were being partisan; nobody said they were being political.

We were making the judgments that we felt were necessary for the preservation of the balance that we all talk about. When the administration proposed that the states have the responsibility to put up significant matches for future water development, this organization spoke in opposition and nobody said that was being political.

And when it's been proposed that we have to come up with state matches for disasters that are sent to us by someone other than ourselves, again, this organization has spoken very eloquently at times and nobody has said that is political.

I can remember four long years ago when a president in my party imposed a grain embargo. I was the attorney general of South Dakota and I was involved in some of the legal action to try to prevent it. I remember Governor Ray from Iowa, a Republican governor, speaking out against that kind of action. I remember Governor Thone, who was then a congressman, speaking out against that kind of action. There is nothing political when people in my party objected to the action that had been taken in the previous embargo, and I can't believe that anybody would suggest that this is a political question.

I don't know what military aid and military expenditures have to do with this discussion. It has been suggested that this administration has increased military spending and past presidents haven't. Well, I propose that presidents propose and Congress disposes. We all know how that works so that should answer that problem.

But I think the key thing we have to address is what the embargo is really doing to the people that we represent, our constituents who we have to listen to every day and who we have to deal with. Is it costing them money? Has it had the desired effect? Is a 1 percent reduction in Soviet livestock

production for the first six months of this year the intended result by this administration? I submit that we are going to have a greater reduction in America than that in livestock production over the next six months given the incredible drought that goes from the Texas border to the Canadian border through the entire central part of this great country.

There is nothing political about it when we recognize that we are just trying to draw attention to the fact that the administration, be it Republican or Democrat, has made a mistake and that they should get back on track in keeping the faith with the people that all of us and all of them represent. I support this particular measure.

**Chairman Dalton:** Governor Dreyfus and then Governor Thone.

**Governor Dreyfus:** First of all, as the seconder of the amendment, let me say that I agree with Governor Hunt that this applies to the future. I think he is quite accurate. I think he misunderstands the thrust of Governor Thompson's amendment because what he is talking about is the future. This committee has done a very able job, Governor Link, of putting together what it sees as three criteria that any future embargoes ought to be measured against. I disagree with Governor Hunt's notion that this play is over and therefore this is Monday morning quarterbacking and 20/20 hindsight.

What is going to happen tomorrow on this embargo, Governor Hunt, is not hindsight at all. Therefore, to keep this nonpolitical, nonpartisan, I would urge you, Governor Hunt and Governor Evans, to vote for this amendment if you genuinely believe that a continuation of this current embargo does not meet the three criteria of the policy you are espousing. If you believe that this current embargo does meet those three criteria, obviously you ought to vote against this amendment. But I see this as a futures decision. Lastly, I would say there is no partisan or even political issue here for cash grain farmers, none at all. It is an economic issue of deep and serious proportions.

**Chairman Dalton:** Governor Thone and then Governor Quie.

**Governor Thone:** Mr. Chairman and fellow governors, Governor Dreyfus has pretty much crystallized my thoughts.

Governor Hunt talked about this proposed policy as a unique thing—that was the phrase that he used. I sure couldn't agree more. It's a unique thing in that it is a namby-pamby sort of verbiage that doesn't say a darn thing, really. And as Governor Dreyfus so eloquently pointed out, unless you add the Thompson amendment you've got nothing.

To get a meaningful compromise in the committee, Governor Quie suggested an amendment as follows: "We support action to end the current embargo and encourage action to prevent future interference with private sales of agricultural products to customers located in foreign countries."

That amendment was debated extensively and lost on a vote of four to

four, a tie vote. Had that amendment been added as it should have been, we wouldn't be debating the issue here again this morning. We wouldn't need the Thompson amendment. But we definitely need the Thompson amendment to have anything meaningful for American agriculture in this policy statement. Let me just summarize very, very briefly why the editorial comment generally has been to the effect that the embargo has been a fiasco and why it should be terminated forthright.

First, the embargo is not absolute, and that's a condition necessary for it to be effective as a punitive action. Second, it represents a reversal of the historic and humanitarian U.S. position of not using food as a weapon in foreign policy. Third, it has reduced the net income of the farmers by one-third in 1980, as the *Denver Post* editorial of last week pointed out. And, frankly, it will do so in future years. Fourth, it will nullify, and it already has in some respects, many years of intensive and productive efforts to expand traditional new markets for U.S. farm products. Fifth, it raises doubts, serious doubts. I talked to some of the wheat people that are here for the commodity convention, and there is no question but there are doubts raised by some of our foreign customers as to U.S. dependability as a supplier. Sixth, it has encouraged our competitors to increase their grain production to supply those former U.S. customers. And, seventh, it has increased government expenditures, as I pointed out in my preliminary remarks, to the tune of about \$3 billion and has aggravated inflation.

George McGovern wasn't my favorite choice for president some years ago, but when Black Friday hit on January 4th, I remember that he said that history has treated each and every embargo badly. Frankly, that's exactly what has happened with this one.

**Chairman Dalton:** Governor Quie.

**Governor Albert H. Quie:** Let me point out that this isn't the first embargo. When there was another embargo I stood publicly in opposition to the president of my own party who invoked the embargo. But some of you may say this embargo is different because it is a matter of national interest in foreign policy and, as Governor Hunt indicated, it may stem the tide of communism.

I just want you to bear these two things in mind. The president earlier this year told multinational grain companies of this country that while they may not continue to sell domestically grown grain, they can sell foreign-grown grain to the Soviet Union.

Second, he has not finished selling grain this year. We will be selling the rest of that 8 million metric tons to the Soviet Union. That is just like saying to the track star on the Olympic team, "We are going to send some track stars there but not any gymnasts." And that's about as effective as his embargo is now.

We were torn at one time between the question of protecting our farmers

and protecting the national defense, national interest, of this country. After the decision was made to permit the sale of foreign-grown grain, I figured the principle is lost. Now we ought to end the embargo.

**Chairman Dalton:** Governor Lamm.

**Governor Lamm:** I would call the question.

**Chairman Dalton:** All those in favor of the pending question say aye. Those opposed, no. The chair is in doubt.

All those in favor of taking up the pending question raise your right hand. The question is to put the pending question. Raise your right hand. The pending question is on the adoption of the amendment offered by the governor from Illinois, Governor Thompson.

All those in favor of the adoption of that amendment to the substitute raise your hands. All those opposed to the Thompson amendment raise your hands. The amendment is defeated. The question is now on the amendment in the nature of a substitute.

**Governor Thompson:** Mr. Chairman, could I just ask the vote?

**Chairman Dalton:** The vote was fifteen in favor, sixteen against. It would have taken a two-thirds vote, and it was actually not a simple majority.

**Governor Thone:** Mr. Chairman.

**Chairman Dalton:** Governor Thone.

**Governor Thone:** I ask for a roll call vote.

**Governor Janklow:** I second it.

**Chairman Dalton:** The rule says that a roll call vote may be requested by any member on any pending question. The roll shall be called upon a show of hands by ten members. Governor Thone has requested a roll call. Do I see ten hands?

One, two, three, four, five, six, seven, eight. We need ten hands. Put your hands back up. There are ten.

**Governor Riley:** Mr. Chairman, I raise a point of order that there is no matter before this group.

**Chairman Dalton:** The chair has been requested to call a roll. There were ten hands. The roll will be called.

**Governor Riley:** On what?

**Chairman Dalton:** On the question of Governor Thompson's amendment.

**Governor Riley:** That has already been resolved, Mr. Chairman.

**Chairman Dalton:** That has not been resolved. The question is that Mr. Thone asked for a roll call vote on that question.

**Governor Riley:** Was it not after the count had been announced?

**Chairman Dalton:** He asked for a roll call vote on that question and the rules provided if there are ten hands up—

**Governor Riley:** Even after something is finished and behind?

**Chairman Dalton:** We have not moved on anything else.

**Governor Evans:** A point of order. I certainly support the position of the governor from South Carolina that you had finalized the vote and that you had announced the vote. It is behind us now. Now to call for a roll call vote is most improper under our rules.

**Chairman Dalton:** There are ten hands up and the rules call for that.

**Governor Riley:** Mr. Chairman, the point is, sir, that there is no matter before this group that the ten hands could represent.

**Chairman Dalton:** The question is, the governor has requested the count and the rules provide that if ten hands are raised the roll must be called, Governor.

**Governor Riley:** We would never have a question of reconsideration.

**Governor Snelling:** Point of order, Mr. Chairman.

**Chairman Dalton:** Governor Snelling.

**Governor Snelling:** Since the ruling of the chair has not been contested, all that is transpiring is in violation of the rules. There is discussion on no motion and no motion to censor or disagree.

**Chairman Dalton:** The parliamentarian tells me we should call the roll. Call the roll.

**Parliamentarian Lagomarcino:** Governor Lamm.

**Governor Lamm:** Yes.

**Parliamentarian Lagomarcino:** Governor Thornburgh.

**Governor Thornburgh:** Yes.

**Parliamentarian Lagomarcino:** Governor Busbee.

**Governor Busbee:** No.

**Parliamentarian Lagomarcino:** Governor King of Massachusetts.

**Governor King:** No.



**Parliamentarian Lagomarcino:** Governor Riley.

**Governor Riley:** No.

**Parliamentarian Lagomarcino:** Governor Hunt.

**Governor Hunt:** No.

**Parliamentarian Lagomarcino:** Governor Snelling.

**Governor Snelling:** Yes.

**Parliamentarian Lagomarcino:** Governor Treen.

**Governor Treen:** Aye.

**Parliamentarian Lagomarcino:** Governor Milliken.

**Governor William G. Milliken:** Yes.

**Parliamentarian Lagomarcino:** Governor Clements.

**Governor William P. Clements:** Yes.

**Parliamentarian Lagomarcino:** Governor Dreyfus.

**Governor Dreyfus:** Yes.

**Parliamentarian Lagomarcino:** Governor Quie.

**Governor Quie:** Yes.

**Parliamentarian Lagomarcino:** Governor Carlin.

**Governor Carlin:** No.

**Parliamentarian Lagomarcino:** Governor Janklow.

**Governor Janklow:** Yes, sir.

**Parliamentarian Lagomarcino:** Governor Herschler.

**Governor Herschler:** No.

**Parliamentarian Lagomarcino:** Governor Nigh.

**Governor George Nigh:** No, sir.

**Parliamentarian Lagomarcino:** Governor Nigh, was that no?

**Governor Nigh:** Yes, that was a no.

**Parliamentarian Lagomarcino:** Governor Ariyoshi.

**Governor Ariyoshi:** No.

**Parliamentarian Lagomarcino:** Governor King of New Mexico.

**Governor King:** No.

**Parliamentarian Lagomarcino:** Governor Matheson.

**Governor Scott Matheson:** No.

**Parliamentarian Lagomarcino:** Governor Evans.

**Governor Evans:** No.

**Parliamentarian Lagomarcino:** Governor Judge.

**Governor Judge:** No.

**Parliamentarian Lagomarcino:** Governor Link.

**Governor Link:** Aye.

**Parliamentarian Lagomarcino:** Governor Rockefeller.

**Governor John D. Rockefeller:** No.

**Parliamentarian Lagomarcino:** Governor Thone.

**Governor Thone:** Aye.

**Parliamentarian Lagomarcino:** Governor Brown.

**Governor Brown:** No.

**Parliamentarian Lagomarcino:** Governor Ray.

**Governor Ray:** Yes.

**Parliamentarian Lagomarcino:** Governor Graham.

**Governor Graham:** No.

**Parliamentarian Lagomarcino:** Governor Clinton.

**Governor Bill Clinton:** No.

**Parliamentarian Lagomarcino:** Governor Brennan.

**Governor Joseph E. Brennan:** No.

**Parliamentarian Lagomarcino:** Governor Thompson.

**Governor Thompson:** Aye.

**Parliamentarian Lagomarcino:** Governor Rhodes.

**Governor Rhodes:** Aye.

**Parliamentarian Lagomarcino:** Governor Brown.

**Governor John Y. Brown:** No.

**Parliamentarian Lagomarcino:** Governor Garrahy.

**Governor Garrahy:** No.

**Parliamentarian Lagomarcino:** Mr. Chairman.

**Chairman Dalton:** Yes. Fourteen ayes, nineteen nos. The amendment fails.

We now go to the amendment in the nature of a substitute, that is G.-12. All those in favor of the amendment in the nature of a substitute say aye. Those opposed, no. The ayes have it, then. The amendment is adopted. That was an amendment in the nature of a substitute so we do not need to go back to the rest of the report. That concludes that report.

The Committee on Human Resources, Governor Garrahy.

**Governor Garrahy:** Thank you, Mr. Chairman. The Committee on Human Resources, in compliance with Governor Bowen's request, has two sets of recommendations to make to the conference. The first one is a review of all of the existing policy statements with an eye toward recodifying, updating and eliminating duplicative language and obsolete references in combining twenty-three policy statements to nine.

I should point out that we will not go through in detail the contents of each of these revised policy positions. The information has been pretty well laid out, and I can assure you that all the policy revisions are nonsubstantive revisions on the policies that have been adopted by this conference in the past.

I would just like to restate for the members here that the committee took Governor Bowen very seriously when he requested this updating and that we scrupulously avoid any substantive changes in the policy. So, Mr. Chairman, because this particular package of nonsubstantive policy revisions is noncontroversial, it is recommended without objection by the membership of the committee staff advisory council and by the committee itself.

So, Governor, I move adoption of the first grouping of nonsubstantive policy recommendations which just recodifies those recommendations.

**Governor Carlin:** I second it.

**Chairman Dalton:** Governor Garrahy has moved that we adopt the nonsubstantive revisions of the existing policy. They are all before you and that has been seconded. Is there a discussion?

All those in favor say aye. Those opposed, no. The ayes have it. Governor Garrahy.

**Governor Garrahy:** Mr. Chairman, I would like to move on to the second portion of the Committee on Human Resources' recommendation for policy revisions.

As I noted earlier, the committee, in addition to its compliance with

Governor Bowen's request for reordering and updating nonsubstantive issues, undertook to propose new policy in four different areas.

The first one was proposed by the Subcommittee on Education, chaired by Governor Quie. The subcommittee concluded that the relatively detailed policy position that has been our policy for some time was not the most desirable or effective way to represent the governors' views with respect to education. The subcommittee recommended instead a very brief list of priority principles to govern the state-federal relationship in education. The proposed policy is a substitute for existing policy and consists solely of eight principles. The committee yesterday adopted two minor amendments to the language of the proposed position as it has been sent to all the governors two and a half weeks ago. These amendments are before each of you now.

At this time, Mr. Chairman, I would like to move adoption of the proposed education policy position which would become a substitute for the existing policy on this subject. Immediately after that motion, I would like to move to adopt the amendment as proposed by the committee. Following that, Governor Quie would like to make some comments regarding the educational policy statement.

**Governor Quie:** I second it.

**Chairman Dalton:** You have moved that we adopt the original language of the education resolution?

**Governor Garrahy:** That is right.

**Chairman Dalton:** That has been seconded. All those in favor say aye. Those opposed, no. The ayes have it.

**Governor Garrahy:** I would like to move the amendments as recommended by the committee, Mr. Chairman.

**Chairman Dalton:** The question is now on the adoption of the amendment. Do I hear a second?

**Governor Carlin:** I second it.

**Chairman Dalton:** That is C.-2 as before you. All those in favor of the adoption of the amendment say aye. Those opposed, no. The ayes have it. Governor Garrahy.

**Governor Garrahy:** I think at this point Governor Quie would like to make some comments regarding the education policy.

**Chairman Dalton:** Governor Quie.

**Governor Quie:** Education is the responsibility of the state, a local function

and a federal concern. We laid out the principles that I believe that all the governors can adhere to.

I would recommend that our new Executive Committee consider giving each subcommittee the chance to develop a one- or two-page set of principles that would be consistent with NGA's positions. This, I think, would not only make it clear to us, but it would be a good guide for new governors, members of Congress, and other officials of our basic beliefs in the issues area. These summaries would provide the general principles to guide our federal-state relations efforts. Our staffs also could look at the particular principles that guided us when we develop in more detail some of our positions on forthcoming legislation.

**Chairman Dalton:** We now have before us C.-2 as amended, C.-3, C.-4, and C.-8. The question is on adoption of those four resolutions. All those in favor say aye.

**Governor Garrahy:** Just the education one.

**Chairman Dalton:** He wants to take up just C.-2 at this time.

**Governor Garrahy:** We will take the other two following that.

**Chairman Dalton:** All right. The question is on the adoption of C.-2, as amended. All those in favor say aye. Those opposed, no. The ayes have it.

**Governor Garrahy:** Mr. Chairman, in order to expedite things, if there is no objection, I recommend that the additional three policy issues be taken up as a block. I will attempt to explain the three policy recommendations.

The second policy, Mr. Chairman, has been brought on by the experiences with Indonesian refugees. In fact, many of the states are still dealing with the resettlement efforts for the Indo-Chinese and Cuban-Haitian refugees. The Committee on Human Resources believes that the brief paragraph in existing policy is insufficient to effectively communicate the governors' positions with respect to division of federal and state responsibilities for the resettlement of such refugees. As a result, the committee presents to you today a proposed policy position on this particular subject.

The third policy position proposed by the Human Resources Committee is on medical care financing. At our 1978 winter meeting a motion was approved instructing the committee to work with the language of the proposed position that had been presented at the winter meeting and later withdrawn for further consideration. The committee sought to comply with this mandate but found that there were areas meriting more careful scrutiny. Accordingly, the Subcommittee on Health was convened and made a proposal to the full committee.

The language of the position proposed to you today is a statement of broad principles applicable to expansion in the federal financing of medical

care. The committee determined that there appears to be no consensus on a number of fundamental but controversial issues, such as the extent of the federal medical care financing coverage, the eligibility that was desirable, or the program structure preferred if the current structure is changed or even whether the current structure should be substantially altered.

The National Governors' Association is, of course, an organization that functions on the basis of substantial consensus and requires a two-thirds vote of approval for any policy. It is my view, after several attempts and after working at previous conferences on this particular question, that no such consensus exists among the governors on the broad range of issues that I have just noted.

But there are, in the committee's view, a number of areas of vital concern to a substantial majority of states in the medical care financing field: in particular, issues revolving around the extent of federal responsibility for the increased costs of any expansion of eligibility or program content within the federal medical care financing of the program; the desirability to increase accountability for costs generated by medical care financing programs so the consumers and providers will be more cost conscious and therefore careful in making medical care decisions; and the desirability to provide incentives for providers and the third-party payers in order to develop more cost-effective medical care delivery financing mechanisms. So the proposed position makes fundamental changes in those particular areas.

I want to emphasize, however, that what this policy position does not do is probably as important as what it does do. It does not call for a massive new federal financing program or for that matter advocate any expansion in federal medical care financing by the federal government. It has focused on what some of the characteristics of such an expanding program should be from state government's perspective if the federal government moves to expand federally financed medical care.

The last question, Mr. Chairman, is the much complicated issue of unemployment insurance. Governor Teasdale, of course, who chaired that particular subcommittee, is not here with us today. But unemployment insurance is an issue that has been raised by Governor Rhodes and a number of other governors who are suffering high unemployment at this particular time. I would like to point out that during the '74 and the '75 recession, twenty-four states depleted their trust fund reserves and were forced to borrow from the federal government to pay jobless benefits. The federal unemployment account also incurred massive debts to the general revenue account of the federal treasury as a result of the cost of recession-related extended benefits and the federal supplemental benefits.

Aggregate debts in the federal-state system currently total more than \$12 billion, a figure that could increase substantially with the current recession and the extension of benefit maturation to long-term unemployed workers.

Our policy position really focuses on the issues that the Unemployment Commission was focusing on and that many of the governors wanted us to look at.

Modification of the trigger for the extended benefit program is a new point. At present the national unemployment rate can trigger the extended program in all states regardless of the economic condition in a particular state. The recommended alternative in the policy position would guarantee states the right to determine at what state unemployment rate the national trigger would be effective.

Another addition to the policy would be on special worker programs. We noted a concern two years ago about the proliferation of the special workers program created for single categories of workers, and we asked the commission to review programs created for workers dislocated by foreign trade, the preservation of redwood forests, and the deregulation of the airline industry. We believe now that these programs, if they ought to be continued, should be consolidated into a single program, and if Congress wants to continue them, the federal government must fully fund both the benefit and the administrative costs.

We are recommending that a phased increase in federal unemployment taxes be supported. Over the years, the tax wage base has reflected a declining portion of the national average wage. The committee further believes that the federal tax base should more closely follow the average wage paid in this country, a step that will also guarantee that sufficient revenues are collected to maintain the trust fund's solvency.

The committee's other recommendation concerns taxable wage base. Our assumption is that tax rates could and would be lowered if sufficient revenues were available to meet the demands on the federal trust fund.

And, finally, Mr. Chairman, we are recommending that immediate action be taken to remove the state trust funds from the unified federal budget. Currently, the federal government collects the taxes that finance both the administration of the state and federal programs as well as the moneys of the federal share of extended benefits. We have witnessed in the past years major infringements on our funds during the balance of budget exercise, and even though benefit payments were dedicated to the trust fund and primarily from state trust funds all payments are counted as federal outlays. We cannot help but believe that taking the state trust funds off the budget will remove the federal incentives to improve federal standards on these programs.

Yesterday we received the final report on the national commission's recommendations on unemployment insurance. I recommend that each governor, when he receives a copy of that report, establish within his own state an interagency task force, perhaps including members of his own cabinet and perhaps key legislators, to review the full range of the commission's recommendations. Our own Subcommittee on Employment and Training will

continue to review questions regarding unemployment insurance, particularly questions that have been referred to us by a number of governors.

Mr. Chairman, I would move adoption of the three additional policy positions as recommended by the Human Resources Committee, the one on refugees, the one on medical care financing and the final one on unemployment compensation.

**Chairman Dalton:** Do I hear a second?

**Governor Carlin:** Second.

**Chairman Dalton:** The question is on the adoption of the C.-3, C.-4 and C.-8. All those in favor say aye. Those opposed, no. The ayes have it, and those three resolutions are adopted.

The next item on the agenda is a final set of policy positions. I would remind the governors before we get into that that we are getting close to being under twenty-five as far as our quorum is concerned. I would hope you would all stay in the room because there will be some heated discussions, I believe, on some of these matters.

I would like to make an announcement about the incident that occurred during Congressman Anderson's speech. It is my understanding that the man who caused this disruption during Congressman Anderson's speech was stopped at the door of the plenary session this morning by Colorado credential checkers who said they would not admit him unless it was the desire of Congressman Anderson's staff that he be admitted.

The Colorado credential checkers also called this man to the attention of a Secret Service agent. The man was referred to an Anderson staff person who presumably, after checking him out, later specifically requested that he be admitted into the plenary session. Details are being provided to the press by our public affairs staff.

At this time, I'm going to ask Governor Lamm to come to the central microphone since the report of the Committee on Natural Resources and Environmental Management has quite a few items of interest to all of us. Governor Lamm.

**Governor Lamm:** Thank you, Mr. Chairman. I know the hour is getting late. We will make this as expeditious as possible. But as you know, at our winter meeting, several governors asked this committee to completely rewrite our natural resources and energy policy.

Following the winter meeting, the staff advisory committee to our committee, which consists, by the way, of twenty-seven governors, did get together and came up with some proposed revisions. We also have additional policies.

Now, there has been phenomenal cooperation, bipartisan and collegial. Lee Dreyfus as vice-chairman of the committee has been a particular help.



Also doing a great job were Governor Rockefeller in coal; Governor Nigh in oil and natural gas; Governor Thornburgh and Governor Evans in nuclear; Bob Graham has done a stunning job in renewable resources; similarly, Governor Clinton in environment and energy; and Governor du Pont has come through and done a whole new section on the state role in energy development.

Could I have a motion to move D.-1 and D.-2?

**Governor Evans:** I so move.

**Governor Carlin:** Second.

**Chairman Dalton:** There is a motion to move D.-1 and D.-2. All those in favor say aye. Those opposed, no.

**Governor Lamm:** We have attempted to consolidate in D.-2 a major summary statement on energy. This section also provides a statement of findings upon which our policy is based so that, in the future, instead of amending all the policy statements, we can go to one section at the beginning of our policy statement and find in there certain assumptions and findings upon which our policy is based.

D.-2 is a new section that deals with the state role in energy development and environmental protection and then tries to differentiate the state role from the federal role.

The new policy is definitely more production oriented than was our previous statement. It is our feeling that there are two wheels on the cart of the energy crisis. One is conservation but the other is definitely increased production. The committee substitute does not abandon our emphasis on energy conservation, renewable energy resources, or environmental protection. In that regard, the policy acknowledges the need to clean up the regulatory practice and to streamline the application of environmental laws, but it does not throw out environmental standards that protect our health. So the policy statement is, I think, a balanced judgment.

We have a series of amendments to D.-1 and D.-2 that I think it would be appropriate to take up at this time.

The chairman has said I am to move all of the amendments at once. I will so move.

**Governor Clinton:** Mr. Chairman, I would like to move that we consider the amendment regarding the Clean Air Act separately.

**Chairman Dalton:** The question is to back out the third amendment, regulatory reforms. We will consider that one separately. Are there any other requests for separate consideration? Governor Rhodes.

**Governor Rhodes:** Mr. Chairman, an explanation. Take the Clean Air Act on the controversial coal out of that?

**Chairman Dalton:** If you look at the amendments, there are seven committee amendments. It has been requested that we vote on the third one separately. We have six still in the block. Does any governor desire that any of the six be removed from the block? Otherwise all those in favor of the other six—

**Governor Rhodes:** Can I have his motion again?

**Chairman Dalton:** There are seven amendments that have come in from the committee. Governor Clinton has asked that we remove the third one, the one on regulatory reform, from the block. We would vote on the other six in a block unless some governor desires to remove one from the block.

All those in favor of the other six—

**Governor Clements:** Mr. Chairman, I respect Governor Clinton's motion, but I also respectfully say that I disagree with it. I think that our committee gave very careful consideration to those seven amendments. I have discussed this with Chairman Lamm and Vice-Chairman Dreyfus. I think as a member of that committee that the proper and appropriate way for this body to consider those issues is to vote on all of them at one time, so I am opposed to what Governor Clinton is trying to do by pulling out that one amendment from the committee's work.

**Chairman Dalton:** I will say this, Governor Clements. When we started the session this morning I announced that if any governor desired to take up a committee amendment separately, we would allow him to do that unless someone stated that they wanted the rules suspended. There was no governor that asked for that at that point, and we have been proceeding along that line all morning.

**Governor Clements:** I am sorry, I was not here at that time. Let's move forward.

**Chairman Dalton:** The question now is on the six committee amendments. Governor Brown.

**Governor John Y. Brown:** I would like to ask Governor Clinton what the rationale is to pulling this out other than that he lost on it yesterday and would like to win on it today.

**Chairman Dalton:** Governor Clinton.

**Governor Clinton:** Governor Dalton, this issue came up late in the meeting yesterday, and I had to leave to take a phone call from President Carter. I am subcommittee chairman and this area is within my jurisdiction. I didn't even get to say anything about it. Governor Graham and Governor Rockefeller were at the meeting, and they feel the same way I do. They too would like to have this matter debated separately. It is an issue of major importance—

unlike many of the things that we spend time arguing about here, and I would like to have a little time to talk about it.

**Chairman Dalton:** All those in favor of the other six committee amendments say aye. Those opposed, no. The ayes have it. Those six committee amendments are adopted.

The question now is on the third committee item of D.-1 dealing with regulatory reform. Governor Clinton.

**Governor Clinton:** I would like to speak in opposition to the amendment as it was adopted yesterday for several reasons. First of all, the committee plans to address the Clean Air Act in detail this fall in anticipation of the proposed reauthorization next year. This is a very complicated major issue. I think that it, along with a few other issues, will have more to do with the quality of life in America in the 1980s than, as I indicated, most of the things that we argue about here.

If we were to adopt this substitute, it would be read as a statement of the governors of the United States in favor of weakening the Clean Air Act. I am opposed to it. I think it would be a mistake. We heard Congressman Anderson say something today that I think every American politician—liberal, conservative, Republican or Democrat—should agree with, and that is that we cannot survive into the twenty-first century without a strong commitment to have economic growth consistent with preserving our environment and national heritage. I think it would be unwise and precipitous for us to adopt a brief statement that will be seen as an abrogation of our commitment to the Clean Air Act and to the generally safe environmental policies which have been developed in the 1970s.

Moreover, I think it's simply not clear what this statement means. I believe that we would be far better advised to take this up in the fall, which would be plenty of time to deal with it before Congress comes back in session in January to consider the reauthorization. So I would respectfully ask that the governors vote against this amendment.

**Chairman Dalton:** Governor Thompson.

**Governor Thompson:** Mr. Chairman, I was one of those governors who met yesterday to write this amendment. It was the sense of at least some of us in that meeting that we did not want to do anything that would implicate any notion that we were in favor of lowering environmental standards. This amendment was drafted to not at all refer to environmental standards or to the changing of particulate tests or sulfur tests or anything like that. A great number of governors, all the Republican governors in fact, believe that we can accomplish much more for this nation with the burning of coal and the conversion of boilers to coal where feasible without lowering environmental standards.

Now, some of us might want the standards lowered, but we all agree we can do much more with United States coal than we have been doing. Even the president believes that. He has called for a specific program on coal conversion; he has not called for lowering environmental standards.

The Republican Governors Association's energy policy statement, adopted in Austin, Texas, last November, did not call for lowering environmental standards. All we say in this amendment is that the Clean Air Act in some respects is cumbersome. Are there any governors who believe that the Clean Air Act is not cumbersome or that the Surface Mining Act is not cumbersome? I think all of us in our hearts believe that both of those acts are cumbersome, and the amendment simply asks Congress to go back and take another look at it.

The word "cumbersome" is not a harsh word. It has nothing to do with air quality standards, nothing to do with backing off of a commitment to the people of this nation to keep their air clean. It just says the act doesn't work very well in its relationship to the states. As a governor of a state who has had to deal with both the Surface Mining Act and the Clean Air Act, I can't think of a milder word to apply to both of them than the word "cumbersome."

I am in favor of the adoption of this committee amendment.

**Chairman Dalton:** Governor Riley.

**Governor Riley:** I would like to point out that in D.-1, which has been approved, that there is a statement regarding uncertain governmental policy and regulatory delay. It says that slow federal regulatory decision making in energy and environmental areas has hamstrung the development of domestic energy resources, conservation efforts, and so forth. I think that from a policy standpoint basically that is what concerns governors, and in the event that Governor Clinton's motion prevails, we still have that general statement, which I think is sufficient.

**Chairman Dalton:** Governor Rhodes.

**Governor Rhodes:** I think, in the estimation of most people who have been familiar with the Clean Air Act that there has been an oversight on the validity of the standards. Nature puts 60 percent of the particulates in the atmosphere, 65 percent of the sulfur dioxide comes from nature, and 70 percent of hydrocarbons come from nature. The grass in your front yard has more hydrocarbons than the emissions from your automobile. We can't tell the EPA that because they will put a catalytic converter on your grass.

Ninety-three percent of the carbon monoxide, 90 percent of the ozone, 99 percent of the oxide nitrogen comes from nature. The EPA recently issued a report on the effect on health of sulfur dioxide. The report was so bad that they now have ordered an alternative because no one has proved scientifically that SO<sub>2</sub> affects any human being.

The burning question now in the EPA and the Clean Air Act is the validity of the standards, and I think this will be settled within the next six months. We have to reevaluate and take an inventory and do what is good for the people, especially the working people of America.

**Chairman Dalton:** Governor Rockefeller.

**Governor Rockefeller:** If we go on record as favoring amendments to the Clean Air and Surface Mining Acts, we are going to substantially diminish our ability in Congress, which is where they pass bills. We can talk about them, but they pass them. The Clean Air Act comes up for consideration anyway next year. We already have in our policy statement, in the section on coal conversion, which will help this nation move away from oil dependency, a statement saying that we should respect our Clean Air Act and not weaken it. Now, do we want to weaken the Clean Air Act now or show that that is the governors' predilection? Then all you are doing is asking for no coal conversion legislation this year from Congress.

Second, with respect to the Office of Surface Mining and the Surface Mining Act of 1977, the problem is not with the bill. The problem is with the rules and regulations. Senator Byrd last week attached the Rockefeller amendment to another bill to try and get it moving again. It passed the Senate once. It's not the bill that's the problem. It's the rules and regulations that accompany the bill that are the problem.

And, therefore, to do this, we not only go in violation of responsible clean coal, which we are going to have to convince the American people can still be produced, but we weaken the possibility of getting any coal conversion legislation out of the Congress this year. We need it this year because we are sending \$100 billion overseas every year, and there is no prospect that we will be producing one more barrel of oil at the end of 1980 than we are today. So we need coal to start burning in some of these utilities. It's not the time to start talking about reducing standards in the Clean Air Act and the Surface Mining bill. I strongly hope this amendment fails.

**Chairman Dalton:** Governor Clements.

**Governor Clements:** Mr. Chairman, since this was my amendment, I would like to speak to it very briefly. I vigorously differ with Governor Rockefeller and Governor Clinton. I certainly do not want this to be put into the context in the case of Governor Clinton that Arkansas is the only state concerned with quality of life. We are neighbors. I think the quality of life in Texas is as good if not better than that in Arkansas, in that sense.

I want to remove the discussion from quality of life. I don't think that has anything to do with it. What I am talking about is producing coal, and I am somewhat surprised to have Governor Rockefeller on a different side of the issue. I think that his judgment, and I use that term and put that in

quotes, that this amendment would impair or jeopardize pending legislation is not entirely valid. I have a different view.

I think that if the governors say that we would like Congress to look at the Clean Air Act and the Surface Mining Act, it would perhaps, and I use that term because I think that is the right term, have an accelerating influence on the Congress. They might pay some attention to us. I see a lot to be gained and nothing to be lost. I certainly do not agree with him that our action here would in some strange tedious way foreclose any legislative action. I just don't agree with that and I don't believe that.

**Chairman Dalton:** Governor Thompson.

**Governor Thompson:** Mr. Chairman, may I ask Governor Rockefeller a question?

**Chairman Dalton:** The governor yields? The governor yields.

**Governor Thompson:** Governor, is the so-called Rockefeller amendment an amendment to the Surface Mining Act?

**Governor Rockefeller:** No, it's an amendment that would affect only the rules and regulations. The coal conversion bill has passed the Senate 86 to 7. It is now before a House subcommittee where there is substantial disagreement about it.

All I am guaranteeing you is that if you go into this thing trying to weaken the Clean Air Act and at the same time taking on the Surface Mining Act of 1977, first you are going to have one of the biggest brawls you ever saw, and you are going to get no coal conversion legislation.

Governor Clements, you in Texas want to see more coal mines. So do I in West Virginia and all over. But you are not going to get it by passing this kind of an amendment because it feeds right into the hands of those people in the House subcommittee right now who would say, "You see, I told you so. If we get coal going they're going to weaken the Clean Air Act." Coal has yet to prove itself to the nation to be what I know it to be, and that is a clean source and a cheap source of fuel for our people.

I am not suggesting strengthening the environmental laws, but by weakening the laws right now in the politics of the Congress you are going to end up with no coal conversion legislation. I follow it daily, sir.

**Governor Thompson:** What does the Rockefeller amendment amend?

**Governor Rockefeller:** The Rockefeller amendment amends only one section of the Surface Mining Act that reflects upon rules and regulations put forward by federal bureaucrats.

**Governor Thompson:** That's right, you want to get the bureaucrats—

**Governor Rockefeller:** That does not, however, reflect upon the basic thrust of the Surface Mining Act of 1977.

**Governor Thompson:** I suggest to you that this amendment here does exactly the same thing as the Rockefeller amendment does for the Surface Mining Act. We do it for the Surface Mining Act and the Clean Air Act. All we want to do is get the bureaucrats out of there and give the state a greater role. Not one person here today has suggested weakening air quality standards. You want it for coal, we want it for air. You want it for mines, we want it for air, same thing.

**Governor Rockefeller:** If I truly believed, Governor Thompson—

**Chairman Dalton:** We have a running debate. Let's direct your questions to the chair. Governor Rhodes.

**Governor Rhodes:** Governor Rockefeller's approach is a Band Aid. The oil backout conversion of only a small number of utilities and only boilers will result in about a 5 percent reduction in OPEC imports between now and 1990. There are 80 or so boilers out of a potential of over 200.

I might say that in Governor Rockefeller's state during the 1978 election the standards on sulfur dioxide were raised. I didn't hear anything from Governor Rockefeller when they raised the standards then, and it played a very important part in the elections for the Senate in the state of West Virginia.

**Chairman Dalton:** Governor Dreyfus and then Governor Graham.

**Governor Dreyfus:** If we have arrived at a point where less "cumbersomeness" in federal government is now defined as weakening, then I think we all better take a closer look at the federal-state relationship.

Now, I submit to you, Governor Rockefeller, what we are talking about is a Clean Air Act that works. If the act becomes more efficacious it can then move forward things such as coal and further exploration of other minerals. The intent here is too say that we have an act that is in fact cumbersome. In many cases it is cumbersome for the private sector. It is cumbersome for the state governments and local governments. What we want is an act that works better, that will protect our air and at the same time keep things within a reasonable time frame and within some constraints within court litigation that allow us to protect our air at the same time that things such as coal move forward. I will not accept that a reduced "cumbersomeness" is by definition weakening, when in fact it will improve and strengthen that bill. That's why I think we must go ahead with the amendment that came out of that committee.

**Chairman Dalton:** Governor Graham and then Governor Lamm.

**Governor Graham:** Mr. Chairman, I think there is a real policy question of the National Governors' Association's adopting proposals that are as vague

as the second paragraph in this proposed amendment. I think vague proposals will have the effect of reducing the credibility and influence of this organization when it does seek to affect congressional or executive action.

But my attention is focused on the first part where there is no ambiguity. The current recommended position of this organization states that utility fuel conversion should be made in full compliance with existing air quality standards. The proposed amendment would strike "existing" and substitute the word "proven." Clearly that is a code word for a weakening of air quality standards at the time of conversion.

The pragmatic issue here is a very significant one to my state and to others that are user states and are attempting to convert.

With substantial assistance from the regulatory officials we have reached an understanding that as we convert existing oil-fired plants to coal that they will not be considered as new facilities for purposes of the standards that they must meet so long as they are within the ambient air quality standards. That was a very significant position, one that I think is both eminently reasonable in terms of its environmental consequences and extremely economically important to our state and will speed the process of conversion.

Now, to go beyond that reasonable position to one that says that we will further degrade the standards of air quality at the time of conversion I think is going to weaken the ability to convert a substantial number of plants in Florida and other user states. So I urge on those pragmatic grounds that we reject this amendment.

**Chairman Dalton:** Governor Lamm.

**Governor Lamm:** Mr. Chairman, with an eye to the clock, the debate has been constructive but long enough. I would call the question.

**Chairman Dalton:** All those in favor of taking up the pending question will say aye. Those opposed, no. The ayes have it. The pending question is on the amendment on regulatory reform. All those in favor of the amendment raise your hands. The question is for a roll call. It will take ten hands to have a roll call. There are enough hands. The secretary will call the roll.

**Parliamentarian Lagomarcino:** Governor Lamm.

**Governor Lamm:** No.

**Parliamentarian Lagomarcino:** Governor Busbee.

**Governor Busbee:** No.

**Parliamentarian Lagomarcino:** Governor King of Massachusetts.

**Governor King:** Yes.

**Parliamentarian Lagomarcino:** Governor Riley.



**Governor Riley:** No.

**Parliamentarian Lagomarcino:** Governor Hunt.

**Governor Hunt:** No.

**Parliamentarian Lagomarcino:** Governor Snelling.

**Governor Snelling:** Yes.

**Parliamentarian Lagomarcino:** Governor Treen.

**Governor Treen:** Yes.

**Parliamentarian Lagomarcino:** Governor Clements.

**Governor Clements:** Yes.

**Parliamentarian Lagomarcino:** Governor Dreyfus.

**Governor Dreyfus:** Yes.

**Parliamentarian Lagomarcino:** Governor Quie.

**Governor Quie:** Yes.

**Parliamentarian Lagomarcino:** Governor Carlin.

**Governor Carlin:** No.

**Parliamentarian Lagomarcino:** Governor List.

**Governor Robert List:** Yes.

**Parliamentarian Lagomarcino:** Governor Janklow.

**Governor Janklow:** Yes.

**Parliamentarian Lagomarcino:** Governor Herschler.

**Governor Herschler:** Yes.

**Parliamentarian Lagomarcino:** Governor Nigh.

**Governor Nigh:** Yes.

**Parliamentarian Lagomarcino:** Governor Babbitt.

**Governor Babbitt:** No.

**Parliamentarian Lagomarcino:** Governor Ariyoshi.

**Governor Ariyoshi:** No.

**Parliamentarian Lagomarcino:** Governor King of New Mexico.

**Governor King:** No.

**Parliamentarian Lagomarcino:** Governor Matheson.

**Governor Matheson:** Yes.

**Parliamentarian Lagomarcino:** Governor Evans.

**Governor Evans:** No.

**Parliamentarian Lagomarcino:** Governor Judge.

**Governor Judge:** No.

**Parliamentarian Lagomarcino:** Governor Link.

**Governor Link:** No.

**Parliamentarian Lagomarcino:** Governor Thone.

**Governor Thone:** Yes.

**Parliamentarian Lagomarcino:** Governor Rockefeller.

**Governor Rockefeller:** No.

**Parliamentarian Lagomarcino:** Governor Brown of California.

**Governor Brown:** No.

**Parliamentarian Lagomarcino:** Governor Graham.

**Governor Graham:** No.

**Parliamentarian Lagomarcino:** Governor Clinton.

**Governor Clinton:** No.

**Parliamentarian Lagomarcino:** Governor Thompson.

**Governor Thompson:** Yes.

**Parliamentarian Lagomarcino:** Governor Rhodes.

**Governor Rhodes:** Yes.

**Parliamentarian Lagomarcino:** Governor Brown of Kentucky.

**Governor Brown:** Yes.

**Parliamentarian Lagomarcino:** Governor Garrahy.

**Governor Garrahy:** No.

**Parliamentarian Lagomarcino:** Mr. Chairman.

**Chairman Dalton:** Yes.

Sixteen ayes, sixteen nos. The amendment is rejected. We have adopted

six amendments, we have rejected one. We are now back to the basic resolutions. Governor Lamm.

**Governor Lamm:** Mr. Chairman, I would move D.-1 and D.-2 as amended. I call on Governor Dreyfus with this preface—that this last debate should not be allowed to overshadow or eclipse the great bipartisan support.

Governor Clements, I particularly singled you out for your constructive attitude yesterday. I really feel that we have another issue that is more regional than partisan. It is about the severance tax. To raise the issue I would like to call on Governor Dreyfus.

**Governor Dreyfus:** My purpose in doing this is to simply divide out the question. I think there are some things that need to be said on both sides. Governor Judge and Governor Herschler see this essentially as a taxation issue and not primarily an energy issue. I therefore ask for a majority vote to divide out the segment on severance tax. So moved.

**Chairman Dalton:** The motion has been made that we take up the section on the severance tax by itself. As I stated in the opening remarks, that would require a majority vote. Governor Judge.

**Governor Judge:** The motion hasn't been seconded? Is there a second to the motion?

**Chairman Dalton:** Governor Thone.

**Governor Thone:** Seconded.

**Governor Judge:** I will speak against the motion.

**Chairman Dalton:** Governor Judge.

**Governor Judge:** By eliminating this section, what we are really saying to the people of this country and to the news media is that the states do not have the authority to establish a severance tax on the extraction of mineral resources. It has been a historical right of the states to impose severance taxes.

Tomorrow Governor Herschler and I will be testifying on this issue before the Senate Energy Committee.

**Governor Dreyfus:** Point of order, Mr. Chairman.

**Chairman Dalton:** State your point.

**Governor Dreyfus:** The point is that we are not debating the merits or demerits of this section. The motion was not to delete, the motion is to separate and carry out this very debate immediately following the passage of all the rest of the issues. I think the issue is whether we should separate and discuss it separately.

**Governor Judge:** But I think my remarks in this debate are important to speaking against the motion to separate.

**Chairman Dalton:** If you hold yourself to speaking against the motion to separate, you have the floor.

**Governor Judge:** If we eliminate this section, we are helping those who would restrict the rights of states to impose a severance tax. As I pointed out, that debate is going on at this very moment in the Congress. I would urge the governors to vote against the motion to separate.

**Chairman Dalton:** The question is on the motion to separate. Governor Dreyfus.

**Governor Dreyfus:** The intention is not to eliminate this from the section. If this is taken up in separate form and it is passed, it becomes a part of this policy. It's just that it will be dealt with separately and that's all that's being asked in this motion.

**Chairman Dalton:** Let me explain to everyone the parliamentary position we are in. If we separate this, it will require a majority vote to take it up separately. To adopt this paragraph then would require a two-thirds vote just for that paragraph. If we leave it in the body of the resolution, it will go along with the whole resolution and require two-thirds vote of the whole resolution. Does everyone understand the parliamentary position?

The question then is on taking this up separately from the rest of the resolution. All those in favor of taking it up separately will raise your hands. All those opposed to taking it up separately raise your hands. Simple majority, 15 to 12, in favor of taking it up separately. That item will be considered separately. I would suggest that we get to that at this point, Governor Dreyfus.

**Governor Dreyfus:** To move the entire body of the energy policy and pass that now?

**Chairman Dalton:** This is in effect an amendment at this point, so let's take that up right now.

**Governor Dreyfus:** As a matter of fact, that's why I didn't make it an amendment, Mr. Chairman, so we could vote on an energy issue position.

**Chairman Dalton:** The motion is that we approve the last paragraph on page 4. Do I hear a second to that motion?

**Governor Herschler:** Second.

**Chairman Dalton:** Then the question before us is the adoption of the last paragraph on page 4 which would require a two-thirds vote. Is there any

discussion on that? All those in favor of the last paragraph on page 4 raise your hands.

**Governor Dreyfus:** Are you not permitting any debate?

**Chairman Dalton:** I was looking for someone. No one desired.

**Governor Dreyfus:** I don't think people understood that.

**Chairman Dalton:** All right. Let's back up. Does anybody desire to debate the last paragraph of page 4?

**Governor Judge:** Yesterday morning we spent a considerable amount of time talking about how the states' role in the federal system has eroded. And here we have a principle that is as old as the states themselves, the right to impose a severance tax on the extraction of natural resources.

Eighteen states have severance taxes on coal, twenty states tax other minerals, eighteen states tax timber, but all of a sudden because some of the states need revenue to deal with the enormous impacts of coal development—impacts on roads, on schools, on law enforcement and social services—that one state or several states should not be forced to bare themselves to deliver energy to the rest of this country.

Now, Congress has taken it upon themselves to decide to place a limit on the amount that states can impose on the extraction of coal. This is a fundamental question of states' rights. If the states are going to give up their prerogative and let Congress decide how much we can tax our resources, then I think that we have reached a sad day in the federal system by voting to eliminate the last paragraph on this page. We are virtually telling the press and the Congress that the governors have given up the rights that they have traditionally had, most properly decided by state legislatures, to the Congress of this country to place a limit on the amount states can charge as a severance tax.

Montana and Wyoming are being singled out, but if you compare our severance taxes on a million BTUs of energy, our taxes are no higher than the taxes on oil and natural gas in the states of Oklahoma, Texas, Louisiana, and New Mexico.

The states in the Midwest that we ship our coal to impose a sales tax. Michigan has a 4 percent sales tax, Iowa's is 3 percent. Those sales taxes are costing the consumers more than the Montana or the Wyoming severance tax, which is less than 3 percent of the total cost of energy converted into electricity.

The argument that the severance tax is increasing the cost of energy does not hold up. It's less than a nickle a week to the ultimate consumer. Rail freight rates are somewhere in the area of 50 to 70 percent of the delivered price of coal. Federal regulations and federal taxes are greatly higher than

what these western states derive from their severance tax. Coal is still the cheapest fuel in this country at \$1.29 per million BTUs compared to \$1.83 for natural gas and \$4.03 for oil.

If Congress were really concerned about the cost of energy, then they would come up with a program to transport coal more cheaply and more efficiently than the present method. They ought to convert oil boilers to coal and do so immediately, instead of taking an attack that would eliminate the right of states to decide for themselves a level of taxation.

If our severance tax was too high, the market would take care of itself. The energy companies would mine coal in other states and ignore the state of Montana or the state of Wyoming. There is no way that these states are going to be able to deal with the enormous impacts if we don't get a fair return from the coal that is extracted from our states.

The question of whether it's a burden on interstate commerce is currently before the courts. We won that case in the Montana Supreme Court, and it will probably be appealed to the United States Supreme Court. That is where that issue should be decided, not by the Congress.

By voting to eliminate this paragraph, we are absolutely turning over whatever we have left as junior partners in the federal system to the all-powerful federal government to decide for us what our level of taxation should be. So I strongly urge the governors to cast a two-thirds vote to retain the last paragraph on page 4.

**Chairman Dalton:** Governor Treen.

**Governor Treen:** Mr. Chairman, I want to address the parliamentary situation as well as the issue itself. It's my understanding that the draft paper would be considered the document and that it would take a two-thirds vote to amend or change that. Governor Dreyfus is changing the document, and therefore it would require a two-thirds vote.

Do I now understand the chair to say that it would take a two-thirds vote to put this back into the document?

**Chairman Dalton:** For this body to adopt a position according to all our rules requires a two-thirds vote. As I said this morning when we started out, if there was an amendment that was put into the committee which the whole body did not have fifteen days in advance and any governor desired to pull one committee amendment out, he would be allowed to do that.

If you had had the fifteen-day notice, and you desired to vote on a section of that separately, it would require a majority vote to pull it out. That was what Governor Dreyfus's amendment did. But to adopt anything as a policy position requires a two-thirds vote. By considering this separately, we are going to have to have a two-thirds vote to approve it.

**Governor Treen:** And if the motion fails, we do not have that particular paragraph in the document at all?

**Chairman Dalton:** If you do not have a two-thirds vote, this paragraph will not be in the document.

**Governor Treen:** I would like to speak to the issue.

**Chairman Dalton:** The governor from Louisiana.

**Governor Treen:** I think that Governor Judge has stated the issue very succinctly. But I recall that we had a great deal of speech-making yesterday, and apparently with the concurrence of the vast majority of the governors, about the sovereign right of the states, about the relationship that the states have with the federal government.

We even heard the 10th Amendment quoted here, and we haven't heard that talked about much in national politics in recent years. That is the amendment that makes it clear that all powers not given to the federal government by the Constitution are reserved to the states or to the people. And I suggest that there is nothing in the United States Constitution that would permit the Congress of the United States to exercise power in this area, nothing that allows it to tell the states in what areas they may tax or not tax when it comes to a state activity.

One might argue that a severance tax is not just a state activity, that it has other implications. While that may be true, that is a judicial question and not one to be decided, it seems to me, by the Congress of the United States. If indeed state activity in this area is a burden on interstate commerce or for some other reason unconstitutional, that is a judicial question and not a legislative question. But for us not to adopt this language, when legislation is pending, as pointed out by Governor Judge, not to have it as part of our statement would be a signal to the Congress of the United States that insofar as we governors are concerned, this is an activity that can be controlled by the federal government, that it is not essentially a state activity.

I suggest to those who may be concerned about the immediate impact of this particular issue that if we yield on this that there will be other occasions, I think, when we will be sorry that we did. Other activities that we consider to be essentially within our authority will come under the purview and the direction and the control of the federal government, other areas of taxation. Indeed, in almost every area of taxation there are implications beyond our borders.

The policies of the state of Michigan with respect to auto workers and so forth, for example, all have an impact upon the price of automobiles that are sold everywhere in the United States and throughout the world. So I suggest to you the implications of this are very, very grave, and we should take a stand based upon the principles that so many of us espoused, I think,

not only in our speeches yesterday but in the response to those speeches. That is an area that belongs to the states, and if we yield this, we are contributing to the demise of the responsibility and the authority of the states. So I urge the governors to vote to include this statement.

**Chairman Dalton:** I would ask specifically that no governor leave the room. We have twenty-five right now and I hope we can conclude this debate. Governor Hunt.

**Governor Hunt:** My state has no coal, no oil and no uranium. But I really believe that states ought to be allowed to put on severance taxes. There are a lot of costs associated with extracting those minerals out of the land. Those revenues in many states have been used for very important purposes. One of Governor Treen's predecessors, for example, used the revenues from severance taxes many decades ago to help a lot of poor people, and a lot of roads and schools were built and so forth.

I believe that this is an important states' rights issue, and I intend to support allowing states to enact severance taxes.

**Chairman Dalton:** Governor Snelling.

**Governor Snelling:** Mr. Chairman, I think that the elimination of this paragraph does not make a final judgment on the question of whether the levying of severance taxes is a states' rights issue or not. I believe that what Governor Dreyfus has asked is that this be separately considered in a judicious manner. Governor Treen says it is a judicial question and not a legislative question, and it deserves the kind of attention which I think cannot properly be given under the circumstances and given the hour.

Now, the Constitution not only contains the 10th Amendment, but it also enjoins the states from creating barriers to trade and commerce. I think that there is a very good reason for us to await judgment.

I may very well take a position in favor of the judgment that a severance tax is an inalienable right of the states when we have the time to debate that. I know that long since, however, the federal Congress has decided that it has a constitutional right to force a state to accept a corrections institute or a maximum security jail.

This morning a majority rejected the notion that we could even ask the Congress to reassess some of its standards which affect the cost of energy in the East. So that has obviously been adjudged to be an area where the federal Congress may act in a way which has a very significant consequence on the states. So I think it would be very consistent with other positions that we have taken were we to eliminate this paragraph and take it up another date under circumstances when we can make a considerate judgment about its appropriateness.



**Chairman Dalton:** Governor Herschler.

**Governor Herschler:** Mr. Chairman, first of all, let me say that I am not sympathetic to the position of Governor Dreyfus because of the ever-increasing cost of utilities in the Midwest and various other areas that use western coal. But Governor Snelling, I must disagree with you, sir, because you indicated that this is not an urgent matter. It is an urgent matter. There are three bills before the United States Congress at the moment not to tell us that we cannot levy a severance tax, but to set a limit of 12.5 percent on coal.

Now, Congress is taking the position that it has the infinite wisdom to determine what is a burden on interstate commerce, and I think that is a proper function of the courts and not the Congress. When you get that limitation, and if the Congress passes this bill and we determine later on that the sales tax, for example, in Minnesota on utilities, on electrical energy, is a burden to those people in Minnesota, then the Congress will come in and say, "Minnesota, you should only levy a 2 percent sales tax." I am sure that you wouldn't like that. And the next thing we get into is ad valorem taxes and cigarette taxes and liquor taxes and various other things. I think this is an area in which the Congress of the United States has no business.

Now, let me give you a couple of examples about Wyoming's severance tax on coal, which is at 10 and a quarter percent. We also have an ad valorem tax. That's a production tax of about 6 percent which goes back to all of the counties and is levied by the county commissioners and the Board of Equalization. Right at the moment, we have a mine near Gillette that is producing coal that is all going to a public utility near San Antonio, Texas. That coal which is valued at about \$6 a ton when it is FOB the cars at Gillette is taxed at 63 cents, so the coal is \$6.63 FOB the car. When that coal is delivered in San Antonio, Texas, the cost of that coal to the utility there is \$25.55. In other words, the railroad that's carrying that coal and, incidentally, they require the utility to buy the cars, is charging in excess of \$19 a ton for the coal to be delivered in San Antonio, Texas. The cost to that utility, so far as the severance tax goes, is less than 2 and a half percent.

Now, let me give you one other example. There is a mine or a power plant being developed in North Dakota north of Bismarck and all of the power from that power plant is dedicated to the state of Minnesota. There is about 5.6 million tons of coal that will be produced and used annually by that power company. It is projected that there would be about 60 billion kilowatt hours of electricity produced and used in Minnesota. Minnesota, because of its 4 percent sales tax, would receive \$1.2 million more than the state of North Dakota would receive, using a hypothetical situation, if North Dakota had a 30 percent severance tax as Montana does, and with that, Minnesota has none of the socioeconomic impacts, burdens and environmental concerns that North Dakota has.

We have some problems in our state. For example, we are getting into the synthetic fuel area. There is a coal gasification plant that will be built in a little town called Douglas. That town is about 5,000 in population. For a five-year period of construction there will be 2,500 construction workers in that little town. How in the world do you think that town is going to provide sewer and water and housing and police protection, and believe me welfare? That's where most of our severance tax goes.

We don't use that severance tax just to build up a big surplus in our state. We use it to build roads that go to these mines. We use it to build schools for the coal miners' kids as well as for the superintendent's. And believe me, when we let Congress get into this thicket with their infinite wisdom, I think we are all in trouble. I can't understand how a governor would vote for not retaining this particular amendment. Thank you very much.

**Chairman Dalton:** Governor Clements.

**Governor Clements:** Mr. Chairman, from a parliamentary procedure standpoint, I move to reconsider the original motion to withdraw the clause from the submitted report.

**Chairman Dalton:** Did you vote with the fifteen?

**Governor Clements:** Yes.

**Chairman Dalton:** All those in favor of reconsidering that vote raise your hands. All those opposed to reconsidering that vote raise your hands. The motion to reconsider prevails. The question then is on whether we are going to go along with Governor Dreyfus's request that we pull out this last paragraph. Does anybody want to discuss that or should we get right on with the debate?

**Governor Dreyfus:** I would like to ask that you continue the debate and give me an opportunity to respond to all of these arguments.

**Governor Snelling:** Point of order.

**Governor Dreyfus:** Do I understand that we have agreed to at least separate the question? That was done earlier, was it not?

**Chairman Dalton:** We agreed to separate, but then we agreed with that vote to put it back in. It's part of the whole package now. Let me back up. We have undone what Governor Dreyfus first did. He wants to separate it. You have to vote a majority to separate it now. Governor Treen

**Governor Treen:** Mr. Chairman, if we go back to the status before the motion, the opportunity to debate the question will still be there because Governor Dreyfus will have a right to move that the article be separated. That

would take a two-thirds vote, but he would have the right to debate. Is that not correct?

**Chairman Dalton:** To separate it, I have said, would require a majority vote. But if you do separate it, it's going to take a two-thirds vote to approve it.

**Governor Snelling:** To separate takes a majority. To lay on the table an individual portion, does that also take a majority?

**Chairman Dalton:** Lay what on the table? The whole thing?

**Governor Snelling:** No. To lay on the table a portion should take the same ratio as to separate, ought it not?

**Chairman Dalton:** The motion? There is nothing to table right now except the whole resolution.

**Governor Thompson:** Mr. Chairman.

**Chairman Dalton:** Governor Thompson.

**Governor Thompson:** Mr. Chairman, am I right that by a majority vote we voted to consider this question separately?

**Chairman Dalton:** That's right.

**Governor Thompson:** And we undid that? Then by majority vote we moved to reconsider that motion. Are we not now in the posture, having reconsidered that motion, of having it lying before us on the table?

**Chairman Dalton:** Governor Dreyfus's motion right now is on the floor.

**Governor Thompson:** The motion is before us?

**Chairman Dalton:** But somebody is moving to table that paragraph.

**Governor Snelling:** No, my point of order, Mr. Chairman, is this: We were in the midst of considering a motion. There was a motion on the table. The motion before us was the motion that we adopt the separate question. So we were in the business of considering item No. 4. I believe that under Mason's and under Robert's it is improper to reconsider a prior motion since the house is not clear. There is work before the body, and I do not believe that you can reconsider while the proper action of the body is to take up a motion that is being debated. That would be true under either Mason's or Robert's. Mr. Chairman, the motion to reconsider was out of order from the beginning.

**Chairman Dalton:** Robert's Rules of Order says it can be moved and entered on the record when another has the floor but cannot interrupt business then before the assembly.

**Governor Snelling:** That's my point. My point is there was business before the house.

**Chairman Dalton:** No one was speaking at the time that we took the vote, were they?

**Governor Snelling:** It's not a question of was someone speaking. The question is, is there a motion before the body? There was a motion before the body, and that motion had not been acted upon.

**Governor Dreyfus:** I think that needs to be concluded and then reconsidered.

**Governor Thompson:** Mr. Chairman, following our own precedent of the morning, we previously reconsidered on Governor Hunt's motion.

**Chairman Dalton:** The parliamentarian says it is a question for the chair to determine whether there is an interruption of business, and I do not feel that there was.

**Governor Riley:** Mr. Chairman, a parliamentary inquiry. Was the vote on point of reconsideration and not on the language itself?

**Chairman Dalton:** That's right. And so the language is now up for consideration. We are now back to Governor Dreyfus's motion that we separate.

**Governor Thornburgh:** I move the question.

**Governor Treen:** Parliamentary question. If the motion now is to separate, and if that motion is defeated, is it not true that Governor Dreyfus would have the opportunity to amend a document and have his debate?

**Chairman Dalton:** Yes, he could offer an amendment to the full body and that would require a two-thirds vote.

**Governor Busbee:** I move the question.

**Chairman Dalton:** Governor Busbee moves the pending question which is Governor Dreyfus's motion. All those in favor of taking up the pending question say aye. Those opposed, no. All those in favor of taking up just the question of whether we are going to consider Governor Dreyfus's motion raise your hand. All those opposed to taking up the question raise your hand. All right. The pending question is, shall we separate out the last paragraph and vote on that separately?

All those in favor of separating out, which is what Governor Dreyfus wants us to do, raise your hands. All those opposed to separating out raise your hands.

Nine in favor of Governor Dreyfus's motion, eighteen opposed to Governor Dreyfus's motion. That paragraph is still in the whole resolution at this time.

Now, the question would be D.-1 and D.-2. Did you want to propose any floor amendment, Governor Dreyfus?

**Governor Dreyfus:** Yes. I assume that's a procedure by which I get to answer.

**Chairman Dalton:** That's where we are at this time. All other amendments have been adopted.

**Governor Dreyfus:** What do we need for me to be able to propose an amendment from the floor?

**Chairman Dalton:** You have the floor. If you desire to propose an amendment, it would take a two-thirds vote.

**Governor Dreyfus:** All right. I move that this entire section be deleted and that a task force be created to prepare us for full discussion of this issue at the February, Washington, D.C., meeting.

**Chairman Dalton:** Governor Dreyfus moves that the last paragraph on page 4 be deleted. That is his amendment to this resolution. Is there a second?

**Governor Ray:** Second.

**Chairman Dalton:** Is there any discussion? I think everybody understands what the question is.

**Governor Dreyfus:** Is this the time to discuss the merits of the knowledge?

**Chairman Dalton:** The governor has the floor.

**Governor Dreyfus:** First of all, we have, I think, almost in concert and unity been working for the approach of reliance on domestic fuel sources. That's a critical difference to everything that's been said on every subject up to now. Let us assume a scenario in which we achieve 100 percent domestic fuel source in the United States. That certainly would be in our national interest. But then having achieved that with no import of fuel, those states that produce have unrestricted taxation capability of those who utilize. I submit to you that it is not a matter of severance tax. It is a matter of degree so that after creating a domestic monopoly we could then allow unrestricted future taxation.

Governors Judge and Herschler argue effectively about the current status quo taxation. I do not really debate with you that, in any sense, what you have imposed to this date appears excessive.

The moves by western coal states have cost Wisconsin consumers an addition \$10 million. And in fact we have moved to eliminate the sales tax. The question is whether that could become a \$100 million. This is such a serious issue of national interest that those states that have the fundamental energy-producing capabilities could in fact generate so much tax income from

the users that they could then begin to erode away industrial base, business base and everything else and say, "How would you like to move your corporation to a state that has no corporate taxes, has no income taxes?"

We are setting something in motion that I think has potential for the republic. It is the issue of unrestricted taxation that concerns me, representing a totally energy consuming state.

It is, I think, because of the complexity of issues—like states' rights, like national policy, like trying to curb our dependency on foreign oil—that I believe this needs an absolute full discussion. Our staffs need to get into the ramifications of it.

I do believe that our national interest is involved. I do not oppose a fair return. I am simply saying if it's unconstitutional, that will be decided. But that's why I would vote to defer this until our February meeting and put that task force in motion. The chairman could appoint the task force of producing and nonproducing states to present to us the complexities of what we are setting in motion and not just the one issue of a state's right to collect taxes.

**Chairman Dalton:** Governor Janklow.

**Governor Janklow:** Mr. Chairman, I, like Governor Hunt, come from a state that has no oil, no gas, no uranium, none of the natural resources. I originally intended to be opposed to this particular provision. I honestly can't believe that any governor who has spoken in these proceedings or anyplace else about federalism, about states' rights and about the 10th Amendment could be opposed to this. I have heard a lot of discussion here today about what is or what is not constitutional. We generally criticize people who run to the government to stick their nose in other branches or areas more important.

Under our Constitution you can't have a restraint on trade. The United States Supreme Court has ruled that you can't put an unreasonable burden on interstate commerce. They have never said it can't have some burden. They have merely said you can't have an unreasonable burden.

At any particular time any state is taxing. Unfortunately, all we can tax in our state is our people. I would just as soon have some natural resource to tax, but we don't have it.

The important thing is, at what time does it become an unreasonable burden on interstate commerce? The courts have always interjected themselves to strike those kinds of things down. So I think that anybody who believes in federalism cannot be opposed to this particular type of provision. We are really saying that we believe in federalism, we believe in states' rights, we believe in the 10th Amendment only when it's politically expedient for us. And that's not proper.

**Chairman Dalton:** Governor Brown of Kentucky.

**Governor Brown:** Mr. Chairman, I purposely haven't said much since I am

a new member here. I have come 1,500 miles and I would like to just relate what I witnessed here. I see on one hand that we all feel that government has taken too much power, has taken all our money, put all kinds of restrictions on us, and left us there to be nothing but beggars and nothing but administrators. I think that's the most important issue that's been brought up here. On the other hand, I see us walking on cracked shells, being very afraid to offend the Congress, being very afraid to even suggest they might look at the Clean Air Act or the Surface Mining Act and being afraid to even suggest that they don't take all our taxing powers away.

I think perhaps we ought to recognize that Congress isn't going to change. They are not our friends. They are really our adversaries. We are here to protect states' rights. As governors, we take a sworn oath to protect our states. The balance of the bureaucracy has gotten totally out of hand to where we really can't operate effectively within our own states. No one can question that we can't do it better than the federal bureaucracy. I would like to just read you one paragraph here from, I think, a very good message by Bill Swisher called "American Survival." It simply says that the government failed and continues to fail because we the people, the worker, the business and industry, have given government more responsibility than it can possibly understand or handle.

The government has asked to do for us what we should have done for ourselves. As Lincoln said, "The government that governs best governs least." I think the big issue is what approach we are going to take with the federal bureaucracy to get some of our dollars, some of our programs back into the states where they can be more effective.

I would like to think sending policy statements and resolutions to Washington is going to do the job, but I don't think it does. I think we are being too cautious and too nice, and I think we ought to use our power within this room of fifty governors.

It's the most powerful element of American society and we are sitting here at the mercy of Congress and thinking, well, they are going to take care of everything.

Yesterday I couldn't help but be somewhat amused when we suggested that we are going to ask the federal government to form a committee and do a two-year study to eliminate those programs that we don't need and to lay out a plan for a way in which we can have more money and more power. It would be like a businessman asking his competitor to form a committee and make recommendations on how he is going to give us more business and more profit. That is not going to happen.

I think we need to take perhaps a more forceful approach, whether it is by lobbying committees or whatever, to really push the major problems that we face as states. And the major problem is that the federal government is taking all the money. They have taken all the power. They sit up there

somewhat as parasites to get all the power they can get. That is human nature. They are going to continue to do it.

And then they dress in a red suit and white whiskers and playact Santa Claus and delegate out all the grants and all the money from Washington, where they can't really establish the priorities for the states. I think that's our major problem, and it's insulting to think that we can't stand up and protect our states' rights. When it gets to the point we can't even ask them to let us tax ourselves, we have gone into a sorry state.

Kentucky has been a pretty good beggar. We get \$1.26 back for every dollar we give, but I would rather have that dollar and spend it ourselves. We will get more mileage out of it.

And I would like to go in the direction of really changing the policy of Congress with some forcefulness. It is not easily done, but we are pretty much in agreement on the nature of the problem. I think it's time we started showing our muscle and the governors have, I think, more muscle in the states than all the senators and all the congressmen combined. But we need to be heard more effectively and to face up to some of these issues and to put them into the future. It's only going to get worse. It's not going to get better.

**Chairman Dalton:** Governor Matheson.

**Governor Matheson:** Mr. Chairman, I don't believe that any governor here would dispute the argument that we made about federalism. I don't think that is what Governor Dreyfus is talking about. I think he is as committed to traditional federalism as any governor.

One of the basic reasons, however, I disagree with the governor's proposal is the fact that timing is critical.

If we were to remove from our policy the opposition to the Congress imposing severance taxes—incidentally, not just on coal but on all minerals—then we will default that opportunity and not allow Governors Herschler and Judge to go to Washington to represent the governors on the issues.

We will effectively limit the opportunity of the National Governors' Association and the staff from pursuing those objectives in the Congress. And knowing the Congress as well as we do, it seems to me that it is abundantly clear that when the governors leave the field of battle and leave a vacuum somebody is going to rush in to fill it. I absolutely don't believe that we can afford to do that on an issue as basic as the right of the states to impose severance taxes.

The differences of opinion that we have with respect to inequity ought to be addressed among ourselves at the state level. I do not believe it is appropriate for us to look to the Congress to maintain the integrity of the process which I think the states can do better.

I am from a coal-producing state, and we do not have a severance tax



as of now. But from that point of view, Governor, I simply have to vote against you.

**Chairman Dalton:** Governor Herschler.

**Governor Herschler:** I don't wish to prolong this much longer, Mr. Chairman, but I would like to say this. One of the things that concerns me about the severance tax bills that are pending before the Congress is that they set a limitation of 12.5 percent on coal. When they, in their wisdom, decided that 12.5 percent is the amount with which we all can live and which will not become a burden on interstate commerce, I would suspect that that will give us a level at which we can raise our severance taxes on oil, uranium and various other nonrenewable resources that we have in our state.

We are one of the largest oil and natural gas producers in the United States. We are second in the production of uranium. At the present time, we levy a severance tax of 4 percent on oil and a tax of 6 percent on uranium. So I would suspect that if this bill passes Congress and we have to reduce our revenues, I am going to go to our legislature and raise the severance tax on oil and gas from 4 to 12.5 percent and on uranium from 6 to 12.5 percent.

Congress is telling us what we can levy, and I suspect that that 12.5 percent plateau is going to be dandy. I am sure that if this occurs we are going to be hurting other states that are dependent upon uranium for their nuclear power plants and those areas that use heating oil.

So I am not so sure that Congress knows any more about how much tax we ought to levy on our nonrenewable resources than we do in our particular states. I urge you to keep this particular section in mind in this energy policy.

**Chairman Dalton:** Governor Busbee.

**Governor Busbee:** Mr. Chairman, I agree with Governor Janklow that certainly there are occasions that we can have burdens placed on interstate commerce. But I think that we should think twice before we say that we are willing to preempt the right of a state to raise revenue and to take away a tax base of the state. I agree with Governor Matheson. Now it's a question of timing.

If we adopt this language now, certainly we will have time to come back. If there is abuse, I think we would concur with our federal brethren that we should have some key restraints on the state. But to preempt the states at this point and to take away a tax base until this unreasonableness that Governor Janklow pointed out is proven, I think is putting the cart before the horse. I think that we are bringing our own demise if we do this.

**Chairman Dalton:** Governor List.

**Governor List:** I can't help but draw a parallel to the boom situation that Nevada is experiencing—something I share with Governor Matheson—with

the MX missile. There is a parallel first in that that, too, is in the national interest to provide for the national security. In order to deal with the schools, the roads, the sewer systems and the water systems, we too find ourselves going on bended knee to the Congress in order to get the money.

Governors in states with severance taxes are dealing with a matter of national interest, too, in the form of energy, but they don't have that ability to go to Congress and get that kind of special assistance to deal with those boom impacts. I wish we had the wherewithal at the state level to somehow raise those revenues to deal with the MX missile. We don't.

When national interest is at stake, the Congress takes care of it. In the case of energy, there is no way for the Congress to take care of those impacts.

To me it is perfectly consistent with the past national policy of this country that when national interest is at stake that those who benefit bear the cost of it—that the cost of the coal and its extraction should be passed on. This is a clear and consistent way to handle it.

My state doesn't have a severance tax. We don't have any coal, but I can certainly sympathize. I know that we are looking at a billion dollars in capital construction to deal with the MX missile. There is just no way that a state like Montana or Wyoming can expect their state taxpayers to pick up that burden. There is no other source of revenue.

I certainly hope that this would remain a portion of our overall policy and that we send our colleagues to Washington with our best wishes for success.

**Chairman Dalton:** Governor Treen.

**Governor Treen:** Mr. Chairman. If the matter of state taxation in the area of severance taxes or anything else becomes a national peril because of economic consequences to other areas of the country, we do have the means by which to rectify that situation and that is by amendment to the Constitution.

**Chairman Dalton:** Governor Snelling.

**Governor Snelling:** The majority will, of course, prevail, but I think it's important that in assuring their superiority, which I think is already manifest, that they do not state arguments that the minority are not offering. I did not hear Lee Dreyfus nor myself nor anyone else suggest for one moment that the authority to levy these taxes be given to the federal government. No one made that argument. Quite to the contrary. What we argued merely was that this particular language ought to be excluded at this time. There are three points made in this paragraph and I agree with two of them. One says states traditionally have levied the severance taxes. I agree with that, and they should be allowed to continue doing so.

The second point made in this language is that the federal government ought not to levy severance taxes, and I agree with that.

My objection to this paragraph lies in only one brief phrase which is clearly without the constitutional arguments of the federalism that we discussed earlier. The phrase that begins at the end of the first line says that the retention of state authorities shall be "without interference by the federal government." In other words, that the section of the Constitution to which Governor Janklow referred shall be satisfied and that's the phrase which says that there shall not be any unreasonable restraints.

I do not argue that a severance tax is by its nature an unreasonable restraint. My only objection is to a phrase that appears to say that the federal government shall have no interest in severance taxes regardless of how high they may be or how discriminatory or what it shall mean to the disproportionate circumstances of the people in Alaska or the people in Vermont. In the spirit of compromise, for my part, I would accept all the rest if the body would agree to withdraw six words "without interference by the federal government." It would leave intact the fact that states levied severance taxes, and it would leave intact the judgment of this body that the federal government ought not to preempt that. I would make such a motion.

**Governor Dreyfus:** I second that. The statement would then read "the retention of state authority to establish severance taxes. The states have traditionally levied—"

**Governor Snelling:** Correct. All the rest would be there exactly as it is. The only thing that would be removed would be that one phrase, and the two major points of the language would remain intact.

**Chairman Dalton:** Governor Riley.

**Governor Riley:** Mr. Chairman, I would just offer a suggestion that I think would speak to the same point that the governor has just mentioned. I would add the word "reasonable" between "establish" and "severance" and leave the language as is with just the word "reasonable" being added.

Governor Dreyfus indicates that that would be acceptable to him.

**Chairman Dalton:** Where are you talking about?

**Governor Riley:** On the first line, before the word "severance" add the word "reasonable."

**Chairman Dalton:** "Reasonable"?

**Governor Dreyfus:** And leave in "without interference"?

**Governor Riley:** And leave in "without interference."

**Governor Dreyfus:** To me it's six of one and half a dozen of the other. The principle is there.

**Governor Riley:** That would be consistent with the constitutional interpretation.

**Chairman Dalton:** The question that was before us was to take out that whole paragraph.

**Governor Riley:** Mr. Chairman, I would make a substitute motion that the paragraph—

**Chairman Dalton:** Governor Snelling, you withdraw yours?

**Governor Snelling:** Yes, for the time being.

**Chairman Dalton:** Governor Dreyfus, do you withdraw yours for the time being?

**Governor Dreyfus:** I withdraw the second in deference to Governor Riley, who will now make his motion.

**Chairman Dalton:** All right. And your substitute is that we just put in the word “reasonable” before “severance”?

**Governor Dreyfus:** I will second that.

**Governor Link:** Mr. Chairman, a point of parliamentary.

**Chairman Dalton:** Governor Link.

**Governor Link:** Isn't there a motion before this body presented by Governor Dreyfus?

**Chairman Dalton:** He has withdrawn it.

**Governor Link:** And asked for the establishment of a study committee?

**Governor Dreyfus:** That was part of it, but by withdrawing the whole motion in deference to this, this now becomes the motion.

**Chairman Dalton:** Governor Dreyfus has withdrawn his motion. Governor Snelling has withdrawn his motion. The only motion before the body is Governor Riley's motion to simply put in the word “reasonable” before “severance.” Governor Rhodes.

**Governor Rhodes:** Just an observation, Mr. Chairman. If two or three of these governors go to the restroom this meeting is over for 1980. Now, I think we ought to expedite this so we can get out of here. Many have planes at 2:30, 3:00. I will call for anything.

**Chairman Dalton:** You call for the previous question?

**Governor Rhodes:** Yes, the previous question.

**Chairman Dalton:** The previous question has been put. All those in favor of taking up the previous question will raise your hands. All those opposed raise your hands. All right. The first question then that we will take up is on the substitute by Governor Riley on the question of adding an amendment—just adding the word “reasonable” between “establish” and “severance.” All those in favor of that amendment will say aye. Those opposed, no. All those in favor raise your hands. All those opposed raise your hands. That passes. The question now is on the adoption of the D.-1 as amended by Governor Riley. All those in favor of the adoption of D.-1 will say aye. Those opposed, no. The ayes have it. D.-1 is adopted. We have D.-2 still before us.

**Governor Lamm:** I think the motion was to pass both D.-1 and D.-2.

**Chairman Dalton:** All those in favor of D.-2 will say aye. All those opposed, no. The ayes have it and D.-2 is adopted.

**Governor Lamm:** Mr. Chairman, the only remaining motion is to adopt the recodification. That doesn’t change any policy at all.

**Governor Dreyfus:** So moved.

**Chairman Dalton:** All those in favor of that say aye. Those opposed, no. The ayes have it and that is adopted.

Now, we have one other thing.

**Governor Lamm:** We do have one remaining thing, which is the low-level waste disposal policy which was referred to my committee. That’s going to require a suspension of the rules. I would move for a suspension of the rules to consider Governor Babbitt’s low-level waste policy.

**Chairman Dalton:** The rules say that in order to consider any policy statement or resolution that has not been prepared and presented in accordance with rule 9, the association may suspend the articles of organization by a three-fourths majority vote. The motion to suspend is not debatable under such a suspension. The proposed policy or statement resolution may be debated on an amendment adopted upon a simple majority vote of the association.

So it is not debatable. All those in favor of suspending the rules to take that up say aye. Those opposed, no. The ayes have it. The rules are suspended.

**Governor Lamm:** I move Governor Babbitt’s low-level waste disposal policy.

**Chairman Dalton:** Any discussion? All those in favor say aye. Those opposed, no. The ayes have it and that is approved.

Before we continue, I would like to make one more announcement. Governor Bowen has asked me to give you a special message which I will read at this time. He says, “Upon the conclusion of my first year as your

chairman, I want to thank each of you governors and your staffs for your support, your assistance, and your encouragement. I also want to especially recognize and thank the hard-working, dedicated and local staff of our association. The assistance rendered by Steve Farber, Pat Torbit, John Lagomarcino and Rick Rodgers, along with all the other talented NGA staff, has been invaluable to me during my tenure. Please know that it has been a privilege and an honor to Beth and me to serve as your chairman. Thank you. Governor Doc Bowen."

Let me add that the staff's organization and ready helpfulness have certainly made my job of presiding over this meeting a great deal easier for me.

Governor Thompson.

**Governor Thompson:** I would like to move that it is the sense of the National Governor's Association that you, Mr. Chairman, on short notice at the request of our regular chairman, Doc Bowen, have done one fine job as taking over as presiding officer here.

**Governor Riley:** Having had a slight disagreement with the chair on one occasion, I would like to second that motion out of respect to you.

**Chairman Dalton:** Thank you.

Now we come to the final portion of our plenary session this morning, the election of the '80-'81 chairman and Executive Committee. I call on Governor Bob List, the chairman of the Nominating Committee, to make his report.

## REPORT OF THE NOMINATING COMMITTEE

**Governor List:** Mr. Chairman, I move the nomination of our distinguished colleague, Governor George Busbee of Georgia, as chairman of the National Governors' Association and its Executive Committee for 1980-81. In addition, I submit the following names in nomination to serve on the Executive Committee for 1980-81: Governor Bowen of Indiana, Governor Dalton of Virginia, Governor Evans of Idaho, Governor Grasso of Connecticut, Governor Milliken of Michigan, Governor Nigh of Oklahoma, Governor Ray of Iowa, Governor James Thompson of Illinois. It is with pleasure that I submit these names in nomination.

**Chairman Dalton:** Do I hear a second to that? All those in favor of those officers to serve for the coming year will say aye. Those opposed, no. The ayes have it. Governor Busbee, I would like for you to come forward. It's a real pleasure to turn this gavel over to you and welcome you as our new chairman.

## REMARKS BY THE NEW CHAIRMAN

**Governor Busbee:** Thank you, John.

I would first like to say that I am indeed honored to have the privilege and the opportunity to serve you as chairman of this association. Again I join with you in expressing to John Dalton our thanks for a job well done at this meeting on behalf of Governor Bowen. I know that the hour is late and we have several events and meetings that will be ahead of us, but I would like to make several observations.

First, I believe that it is clear from the plenary session yesterday that all of the governors are presently united in the belief that our federal system is out of balance. The pendulums of power, influence and fiscal resources have swung too far in favor of the federal government. And to me, there is no doubt that the federal umbilical cord is beginning to strangle all of us.

I think there are several reasons for this. The failure of our predecessors and previous state legislatures to properly carry out what were once state responsibilities and within the states' domain. Also, Supreme Court decisions which extended federal authority into those things which were exclusively state concerns; so-called congressional reforms, which diminished the power of the leadership and resulted in the subsequent growth of independent committees, subcommittees, and special interest caucuses; the decline of influence of political parties on issues and our loss of influence in national party matters and conventions as governors; and the rapid rise of categorical grants and our subsequent dependence on them and on the special interest groups which have grown up around these categorical programs. All of these interrelated events and more have been documented fully as reasons for our present concern.

The fact of the matter, regardless of what caused the current situation, is that it is getting worse. With every legislative session that I have, I see our latitude and flexibility with state resources diminish and federal influence grow. If something isn't done in a rational and orderly way to reverse this trend, then I fear that my successors and your successors ultimately will be relegated to mere clerks of the federal establishment. I am tired of the governors being treated as a barrier which must be hurdled in order to implement the federal will. I am personally tired of spitting into the federal wind.

Second, if we are to restore balance to the federal system, we will need, above all, a strong personal commitment from each governor—not just some of the governors, but all of the governors. A commitment not just to develop policies and positions, but to follow through and to implement these policies and positions. There is absolutely no substitute for direct gubernatorial participation. We must either determine that we have the time as governors to spare for an effort to reverse this trend toward federal domination or accept

the fact that we are undermining the office we hold for ourselves and our successors. We need a concerted strategy to follow, especially with the United States Congress.

And third, it is time and it is necessary to admit that in many instances we have contributed to our own decline. A recent ACIR study on federalism concluded, "To . . . Washington officials . . . the nation's governors, state legislators, mayors and county officials now seem to be just another special interest, rather than co-equal partners in the business of governing, and they are sometimes regarded more as a part of the problem of contemporary federalism than as part of the solution."

When we request and receive federal assistance, we need to be sure that we have determined that the request for or acceptance of that federal aid for some immediate problem isn't compromising or undermining the federal, state and local balance of power in the long run.

To be effective, we must move collectively. To move collectively, we must first know where we are going. Thus, I would like to outline a few goals that I hope we could particularly pay attention to and partially or totally complete during this next year.

The first is to further strengthen and to improve the collective image and power of this association by specific accomplishments in implementing our policy; second, to exercise regular direct formal communications with the congressional leadership; third, and perhaps a corollary of the second goal, to provide more input into the Congress on fiscal matters; and fourth, to better educate ourselves, the public and the federal government on federalism issues and the options open to us to equalize the federal, state and local balance of powers.

These goals are set high, but the majority could be achieved by the end of this year. They are a direct reflection of the past leadership of this organization. Ten years ago, this group was basically a social organization. It was because of the leadership of men like Dan Evans, Cal Rampton, Bob Ray, Cecil Andrus, Reubin Askew, Bill Milliken, Julian Carroll, and Doc Bowen that I can say that this association is ready and able to creatively and constructively forge a "new union." I look forward to working with all of you toward this end in the coming year.

Thank you again for the honor of serving as your chairman.

When we convene in February in Washington, two of our fellow governors will have completed their terms of office. The friendships among the governors extend across the lines of party and region, and they are among the warmest we have.

Tom Judge is completing his eighth year as governor of Montana. During that time he has earned a much-deserved reputation as a leader of great ability and vision, not only in Montana, but in the West and the nation. As governor of Montana, he has been a pivotal force in shaping creative policies toward



the use of natural resources. He has broken new ground in fields ranging from international trade to sensible energy development. He has served with distinction as a member of our Executive Committee, and he has been a leader for all of the governors on coal transportation, regional economic development and other crucial issues.

So I ask you, ladies and gentlemen, all to rise and express our admiration and friendship for a great governor, Tom Judge.

I was deeply saddened to learn that Doc and Beth Bowen were unable to be with us these past three days. Our hearts and our prayers go out to Beth and Doc in their hour of need. Doc Bowen is completing his eighth year as governor of Indiana. He will not be able to succeed himself under the constitution, and I think it is a good thing for any potential opponent that he cannot. Doc, I think, enjoys the great respect and affection of the people of Indiana because of the kind of man he is—warm, hard-working, decent, and totally dedicated to the well-being of the people of his state.

I have here a plaque which I had hoped to convey to Governor Bowen. Its inscription reads, "Presented to Governor Otis R. Bowen, M.D., governor of Indiana, for his outstanding service as chairman of the National Governors' Association, 1979-80." I hope that Doc will be as pleased to receive this plaque as we are to present it to him. It is an honor richly deserved, and I know all of us will miss Doc Bowen.

At this time I would like to call Judy Palmer, the administrative assistant for Governor Bowen, to come forward and present her the plaque and for her to convey our personal and best wishes to the governor.

Because of Governor Bowen's foresight, we were able to eliminate the time gap that has so often occurred in the past in naming key leadership positions for the association. The new process for determining committee preferences has worked well, and before we adjourn, I would like to formally announce the new standing committee chairmen for 1980-81.

Leading the Agriculture Committee will be John Carlin of Kansas. Vice-chairman is Charles Thone of Nebraska. Community and Economic Development will be headed by Dick Thornburgh of Pennsylvania and the vice-chairman will be Bill Clinton of Arkansas. Bob List of Nevada as chairman and Hugh Gallen of New Hampshire as vice-chairman of the Committee on Criminal Justice and Public Protection. Executive Management and Fiscal Affairs will be chaired by Dick Snelling of Vermont, assisted by Hawaii's George Ariyoshi as vice-chairman. International Trade will be headed by Brendan Byrne of New Jersey, and Bill Clements of Texas will be vice-chairman. Bill will also head a new task force on North American cooperation. Human Resources will be chaired by Jim Hunt and the vice-chairman will be Minnesota's Al Quie. Natural Resources and Environmental Management will be chaired by West Virginia's Jay Rockefeller, and Vic Atiyeh of Oregon will be the vice-chairman. Because Jim Thompson has been promoted to the

Executive Committee, Harry Hughes of Maryland will be chairman and Jerry Brown of California vice-chairman of the Committee on Transportation, Commerce and Technology. Our new Legal Affairs Committee, which has an extremely important mission, will be chaired by Joe Brennan of Maine.

Before we adjourn, I think we would all be remiss if we failed to express our appreciation to Dick and Dottie Lamm for the warm and generous western hospitality extended to everyone these past three days.

Dick, I don't know whether Dottie is present or not, but I think you can judge by the applause that we are all indebted to you for the many hours of long and hard work and the planning that was involved. And as a result I think we all concur that we have had a very successful conference with substance and enjoyment that will indeed be a challenge to Brendan Byrne to top next year. On behalf of all of us, Dick and Dottie, thank you for a job that's well done and an experience we shall long remember.

Is there any further business to come before this association? If not, we are adjourned. Thank you.



# **APPENDIXES**

# Appendix I

## THE GOVERNORS, AUGUST 1980

State or Jurisdiction	Governor	Regular Term, in Years	Present Term began January	Number of Previous Terms	Consecutive Terms Allowed by Constitution
Alabama	Forrest H. James, Jr. (D)	4	1979	—	2
Alaska	Jay S. Hammond (R)	4	1978(a)	1	2
American Samoa	Peter T. Coleman	4(b)	1978	1(c)	2
Arizona	Bruce Babbitt (D)	4	1979	(d)	—
Arkansas	Bill Clinton (D)	2	1979	—	—
California	Edmund G. Brown, Jr. (D)	4	1979	1	—
Colorado	Richard D. Lamm (D)	4	1979	1	—
Connecticut	Ella T. Grasso (D)	4	1979	1	—
Delaware	Pierre S. du Pont IV (R)	4	1977	—	2(e)
Florida	D. Robert Graham (D)	4	1979	—	2
Georgia	George Busbee (D)	4	1979	1	2
Guam	Paul Calvo (R)	4	1979	—	2
Hawaii	George R. Ariyoshi (D)	4	1978(f)	1	2
Idaho	John V. Evans (D)	4	1979	(g)	—
Illinois	James R. Thompson, Jr. (R)	4	1979	1(h)	—
Indiana	Otis R. Bowen (R)	4	1977	1	2
Iowa	Robert D. Ray (R)	4	1979	4(i)	—
Kansas	John Carlin (D)	4	1979	—	2
Kentucky	John Y. Brown, Jr. (D)	4	1979(j)	—	(k)
Louisiana	David C. Treen (R)	4	1980(l)	—	2
Maine	Joseph E. Brennan (D)	4	1979	—	2
Maryland	Harry Hughes (D)	4	1979	—	2
Massachusetts	Edward J. King (D)	4	1979	—	—
Michigan	William G. Milliken (R)	4	1979	3(m)	—
Minnesota	Albert H. Quie (R)	4	1979	—	—
Mississippi	William F. Winter (D)	4	1980	—	(k)
Missouri	Joseph P. Teasdale (D)	4	1977	—	2(e)
Montana	Thomas L. Judge (D)	4	1977	1	—
Nebraska	Charles Thone (R)	4	1979	—	2
Nevada	Robert F. List (R)	4	1979	—	2
New Hampshire	Hugh Gallen (D)	2	1979	—	—
New Jersey	Brendan T. Byrne (D)	4	1978	1	2
New Mexico	Bruce King (D)	4	1979	1(n)	(k)
New York	Hugh L. Carey (D)	4	1979	1	—
North Carolina	James B. Hunt, Jr. (D)	4	1977	—	2(e)
North Dakota	Arthur A. Link (D)	4	1977	1	—
Northern Mariana Is.	Carlos S. Camacho	4	1978(o)	—	3(p)
Ohio	James A. Rhodes (R)	4	1979	3(q)	2
Oklahoma	George Nigh (D)	4	1979	2(r)	2
Oregon	Victor Atiyeh (R)	4	1979	—	2
Pennsylvania	Dick Thornburgh (R)	4	1979	—	2
Puerto Rico	Carlos Romero-Barceló (NPP)	4	1977	—	—
Rhode Island	J. Joseph Garrahy (D)	2	1979	1	—
South Carolina	Richard W. Riley (D)	4	1979	—	(k)
South Dakota	William J. Janklow (R)	4	1979	—	2
Tennessee	Lamar Alexander (R)	4	1979	—	2
Texas	William P. Clements, Jr. (R)	4	1979	—	—
Utah	Scott M. Matheson (D)	4	1977	—	—
Vermont	Richard A. Snelling (R)	2	1979	1	—
Virginia	John N. Dalton (R)	4	1978	—	(k)
Virgin Islands	Juan F. Luis (I)	4	1979	(s)	2
Washington	Dixy Lee Ray (D)	4	1977	—	—
West Virginia	John D. Rockefeller IV (D)	4	1977	—	2
Wisconsin	Lee S. Dreyfus (R)	4	1979	—	—
Wyoming	Ed Herschler (D)	4	1979	1	—

- (I) Independent.
- (NPP) New Progressive Party.
- (a) Alaska Constitution specifies first Monday in December as Inauguration Day.
- (b) Governor Coleman is the first elected Governor of American Samoa. He was elected to office in November 1977; his term will expire in January 1981, when the gubernatorial election cycle in American Samoa will change to presidential election years.
- (c) Governor Coleman served as presidentially appointed Governor from 1956 to 1961.
- (d) Governor Babbitt, as attorney general, became Governor in March 1978, following the death of Governor Wesley Bolin. Elected to full four-year term in November 1978.
- (e) Absolute two-term limitation, but not necessarily consecutive.
- (f) Hawaii Constitution specifies first Monday in December as Inauguration Day.
- (g) Governor Evans, as Lieutenant Governor, became Governor in January 1977, when Governor Cecil D. Andrus resigned to become secretary of the interior. Elected to full four-year term in November 1978.
- (h) Two-year term.
- (i) Three two-year terms.
- (j) December 1979.
- (k) Governor cannot serve immediate successive term.
- (l) March 1980.
- (m) Governor Milliken also served a prior partial term.
- (n) Previous term, 1971-75.
- (o) Governor Camacho is the first elected Governor of the Northern Mariana Islands. He was inaugurated January 9, 1978, when, with the inauguration of its new constitutional government, the Northern Mariana Islands entered into the final stage of becoming a commonwealth.
- (p) Absolute three-term limitation, but not necessarily consecutive.
- (q) Previous terms, 1963-67; 1967-71; 1975-79.
- (r) Governor Nigh, as Lieutenant Governor, filled two unexpired terms of Governors who resigned, once in 1963 and once in early 1979.
- (s) Governor Luis, as Lieutenant Governor, became Governor in January 1978, upon the death of Governor Cyril E. King. Elected to full four-year term in November 1978.

## Appendix II

# ARTICLES OF ORGANIZATION\*

### Article I NAME AND MEMBERSHIP

The name of this organization shall be the "National Governors' Association," hereinafter referred to as the "Association."

Membership in the Association shall be restricted to the Governors of the several States of the United States, the Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Northern Mariana Islands. The Association shall maintain its headquarters in Washington, D.C. All members shall have voting rights, but there shall be no voting by proxy.

### Article II DURATION

Deleted.

### Article III FUNCTIONS

The functions of the Association shall be to provide a medium for the exchange of views and experiences on subjects of general importance to the people of the several States; to foster interstate cooperation; to promote greater uniformity of state laws; to attain greater efficiency in state administration through policy research and analysis of issues affecting all levels of government and the people, and a strong program of state services; to facilitate and improve state-local and state-federal relationships; to vigorously represent the interests of the States in the federal system, and the role of the Governors of the American States, Commonwealths and Territories in defining, formulating and expressing those interests.

### Article IV MEETINGS

The Association shall meet semi-annually. A winter meeting shall be held in Washington, D.C., and an annual meeting shall be held at a time and place determined by the Executive Committee. The proceedings summary of

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\* As approved by the Association, July 10, 1979.

the semi-annual meetings shall be properly reported to the membership and others, as directed by the Executive Committee.

Special meetings of the Association may be held at the call of the Executive Committee.

Twenty-five members present at the semi-annual meetings of the Association or any special meetings of the Association, as may be called by the Executive Committee, shall constitute a quorum.

## Article V CHAIRMAN

The Chairman of the National Governors' Association shall be elected by the Association at the final business session of the annual meeting.

The chairmanship shall alternate annually between the two major political parties, and a majority of the members of the Executive Committee shall always be of a political party other than that of the Chairman.

The Chairman shall hold office until the adjournment of the succeeding annual meeting and until his successor is chosen. A vacancy in the chairmanship shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the committee. Such vacancy shall be filled by an Executive Committee Governor of the same political party as that of the Chairman who has vacated the position.

The Chairman shall preside and vote at meetings of the Executive Committee and at the semi-annual meetings of the Association, as well as any special meetings called by the Executive Committee.

The Chairman of the Association shall appoint the chairmen of the standing committees of the Association, and following consultation with the Executive Committee and appropriate standing committee chairmen, appoint members and chairmen of any subcommittees or special committees, special projects, or study committees authorized by the Executive Committee or by the Association. The chairmen of the subcommittees reporting to each standing committee, supplemented as necessary by other Governors appointed by the Association Chairman, shall constitute the membership of the standing committee.

The Chairman of the Association shall, with the assistance of the Executive Director of the Association, prepare the agenda for all Executive Committee meetings. The Chairman shall, with the advice and counsel of the Executive Committee and with the staff assistance of the Executive Director, prepare the agenda of the semi-annual meetings, and any special meetings called by the Executive Committee.

The Chairman of the Association shall periodically inform all Governors of the status of current and proposed activities and projects of the National Governors' Association.



The Chairman shall appoint a Nominating Committee to serve at the annual meeting. The Nominating Committee shall consist of five members, three of whom shall be of a political party other than that of the person who shall be elected as next Chairman of the Association. The Nominating Committee shall present a single slate of nominees for the offices of Chairman and members of the Executive Committee. Additional nominations may be made from the floor, and election shall be by secret ballot in all cases where the number of nominees exceeds the number of officers to be elected.

## Article VI EXECUTIVE COMMITTEE

The Board of Directors of the National Governors' Association, which shall be known as the Executive Committee, shall consist of the Chairman of the Association and eight other members elected at the final business session of the annual meeting.

Not more than five members of the Executive Committee shall be representative of a single political party. To the extent practicable, the members of the Executive Committee shall be widely representative of the various areas and regions of the United States.

Members of the Executive Committee shall hold office until the adjournment of the succeeding annual meeting and until their successors are chosen, except as follows: the currently retiring Chairman and three other members of the currently retiring Executive Committee shall be returned to serve on the new Executive Committee. Regarding these four automatically selected members of the new Executive Committee, no more than two such members shall be of the same political party.

Vacancies in the Executive Committee may be filled by the Chairman subject to ratification by the remaining members of the committee by mail ballot or by vote at the next subsequent meeting of the committee.

The Executive Committee shall meet not less than four times each year. It shall have authority to act for the Association in the interim between semi-annual meetings.

The Executive Committee is empowered to authorize the creation of standing, special project or study committees of the Association and to assign and reassign to such committees the activities and studies authorized by the Association.

## Article VII EXECUTIVE DIRECTOR, SECRETARY AND TREASURER

The Executive Committee is empowered to employ and fix the salary of an Executive Director who shall serve at the pleasure of the Executive

Committee. The Executive Director shall be the principal administrative officer of the Association and shall have responsibility for the administration of all Association functions and activities established by the Executive Committee.

The Executive Director shall employ, fix the salaries of, and direct such personnel as may be required to carry out the purposes of the Association in accordance with budgets adopted by the Executive Committee and shall provide the Association with periodic reports on the activities and projects of the Association and its personnel.

The Executive Director shall be the chief executive officer of the Association. He shall exercise such duties as customarily pertain to the office of the President, and shall be responsible for the general and active management of the property, business and affairs of the Association, subject to the supervision and control of the Executive Committee.

The Executive Director is also empowered to employ and fix the salary of the Secretary of the Association, who shall serve at the pleasure of the Executive Director. The Secretary of the Association shall attend and keep a correct record of all meetings of the Executive Committee and of the Association; safely keep all documents and other property of the Association which are committed to him; and shall perform all duties which are customarily incident to the office of Secretary and as required by those Articles, the By-laws and the Executive Committee.

The Secretary, subject to direction and oversight by the Executive Committee, shall also serve as Treasurer of the Association at the pleasure of the Executive Director. The Treasurer is authorized to utilize accounting and fiduciary services of the Council of State Governments or other organizations to assist in meeting the fiscal needs and responsibilities of the Association. The Treasurer or his agent as may be authorized by the Executive Director shall have custody of the funds of the Association, and shall deposit the funds of the Association in its name, annually reporting at the close of each Association fiscal year, or as soon thereafter as is deemed feasibly possible and prudent, all receipts and disbursements and balances on hand. The Treasurer shall perform all duties as are customarily incident to the office of Treasurer and as required of him by these Articles, the By-laws and the Executive Committee. Financial rules not otherwise expressed or implied by these provisions may be incorporated in financial rules which may be adopted by the Executive Committee or by the Association, and which may or may not appear in the Association's By-laws.

The Executive Director and Secretary shall furnish bonds with sufficient sureties conditioned for the faithful performance of their duties, the cost of such bonds to be borne by the Association.

## Article VIII

### ORGANIZATIONAL AFFILIATION AND ADMINISTRATIVE SUPPORT

The Executive Committee is empowered to enter into agreements with the Council of State Governments and its Executive Director for the administration and implementation of service to the Association and its members. Such services may include, but not necessarily be limited to, general logistical support for Association activities, research on special projects, publications, and general staff support. The Executive Director of the National Governors' Association shall negotiate and administer the terms of such agreements as are entered into with the Council of State Governments for the provision of supportive services to the Association. Any such agreement shall be subject to continuing oversight and supervision by the Association's Executive Committee.

Subject to specific recommendations of the Association's Executive Committee and acceptance by the Association at a semi-annual or at a special meeting, the Association may affiliate with other organizations or may accept the request of other organizations to affiliate with the Association.

## Article IX

### POLICY STATEMENTS

Statements reflecting policy positions or resolutions of the Association shall be in the form of summary statements prepared by standing committees, subcommittees, special task forces, or other special committees authorized by the Chairman, with the approval of the Executive Committee, to prepare or issue such proposed policy positions or resolutions. The Chairman, in consultation with the Executive Committee, shall determine the number and jurisdiction of each committee and subcommittee and may assign, reassign or withdraw special policy issues from, or to, any committee.

Proposed policy statements developed pursuant to the procedure stated in the preceding paragraph shall be submitted to the Executive Committee and to all Governors at least fifteen days in advance of any meeting where their adoption is sought. Adoption by the Association shall require an affirmative vote of not less than two-thirds of the Governors present and voting. Submission of a recommended policy statement to the full Association may be made either by a committee authorized to prepare and issue policy statements or by the Executive Committee by majority vote of its members. Amendments to any policy statement may be offered from the floor and will require the same majority as is required to adopt the statement.

Between the meetings of the Association, both the Executive Committee and standing committees of the Association are empowered to adopt policy statements not inconsistent with existing policy adopted by the Association. Such policy statements are subject to review by the Association at its next

meeting. A policy statement considered in the interim by the Executive Committee or a standing committee shall be considered adopted if it receives an affirmative vote of at least two-thirds of its members; however, a policy statement adopted by a standing committee is subject to review by the Executive Committee as well as the Association.

The Executive Committee, upon recommendation of the appropriate standing committee, is empowered to endorse or oppose specific federal legislation or administrative actions, when, in the judgment of the Executive Committee, such action is in the best interests of the states. Such action shall require the affirmative vote of at least two-thirds of the members of the Executive Committee. All Governors shall be immediately notified by the Chairman of any Executive Committee action of this type.

Any individual Governor desiring to have a policy statement considered by an authorized committee of the Association shall do so by transmitting the substance of such a policy proposal to the Executive Director of the Association not less than 45 days prior to the meeting of the Association, at which time such an issue would be expected to receive consideration. In such cases, the Executive Director shall transmit promptly the substance of such a proposal to the Chairman of the Association and to the chairman and all members of the appropriate standing committee of the Association.

## Article X DUES

Each member shall contribute such amounts as may be necessary to finance the programs and operations of the Association, in accordance with contribution schedules approved by the Association. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Association and an independent audit shall be conducted not less than once a year by a reputable firm of certified public accountants.

## Article XI AMENDMENTS

The Association at any meeting may amend these Articles of Incorporation by a two-thirds vote of all members present and voting. Notice as provided for in the District of Columbia Non-Profit Corporation Act, shall be given to all members and said notice shall advise of the specific proposed amendments, together with an explanatory statement regarding the proposed amendments.

## Article XII SUSPENSION

Any article of procedure for conducting the business of the Association, which articles of procedure are specified and set forth in the By-laws of the Association, may be suspended by a three-fourths vote of all members present and voting at the meeting wherein the article of procedure is sought to be suspended.

## Article XIII DISSOLUTION

In the event of the dissolution of the National Governors' Association, any assets of the Association shall be distributed to the members (as defined in Article I) in the proportion which each member contributed to the support of the Association in the year preceding dissolution. Any assets so distributed to a member shall be used for a public purpose.

## Article XIV INCORPORATORS

(List of incorporators is on file in the offices of the Association.)

## Article XV REGISTERED OFFICE AND ADDRESS

The name of the registered agent and the address of the registered office is: William J. Bigham, Sterns, Herbert & Weinroth, P.A., Suite 600, 1150 Seventeenth Street, N.W., Washington, D.C. 20036.

## Appendix III

# RULES OF PROCEDURE\*

### PREAMBLE

1. These Rules of Procedure shall be in specific conformity with the Articles of Organization of the National Governors' Association and, to the extent practicable, shall be consonant with precedents and traditions of the Association.

2. On any issue not covered by these Rules of Procedure or by the Articles of Organization, *Robert's Rules of Order* shall be the standard authority, when applicable.

### RULE I—POLICY STATEMENTS AND RESOLUTIONS

1. Policy statements or resolutions shall come before the Association in the manner set forth by Article IX of the Articles of Organization. Policy statements or resolutions adopted by the Association shall remain in force and effect until rescinded or superseded by the Association.

2. Subject to the review of the Association at its next semi-annual meeting, standing committees and the Executive Committee may adopt interim policy statements or resolutions. Statements or resolutions must receive the affirmative vote of two-thirds of the members of the committee. Interim policy statements or resolutions adopted by a standing committee are subject to review by the Executive Committee at its next meeting as well as the Association at its next semi-annual meeting.

3. In order to consider any policy statement or resolution that has not been prepared and presented in accordance with Article IX, the Association may suspend the Articles of Organization by a three-fourths majority vote. The motion to suspend is not debatable. Under such suspension, the proposed policy statement or resolution may be debated, amended and adopted upon a similar majority vote of the Association.

4. Any member intending to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution shall give notice of such intention and shall distribute to all members present a copy of such proposal at least one session before such motion is put to a vote except in cases where the meetings of the Association are scheduled for less than three days in duration. If a meeting is for two days, then a member who intends to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution on his own behalf or on behalf of a standing committee shall give notice of such intention and shall distribute to all

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\* As approved by the Association, August 28, 1978.

members present at the meeting a copy of such proposal by the end of the calendar day before such motion is put to a vote.

## **RULE II—ORDINARY BUSINESS**

1. Any proposal or motion necessary to carry on the business of the Association may be approved by a simple majority vote.

## **RULE III—MOTIONS TO AMEND**

1. Motions to amend most propositions are in order. An amendment may be amended. Amendments shall be adopted by the same proportionate vote as is required on the main motion being amended.

2. Every amendment proposed must be germane to the subject of the proposition to be amended. To be germane, the amendment is required only to relate to the same subject, and it may entirely change the effect of the proposition. An amendment to an amendment must be germane to the subject of the amendment as well as to the main proposition.

3. Any amendment must be in writing if the Chairman so requests.

## **RULE IV—MOTIONS TO TABLE**

1. The purpose of a motion to table is to eliminate further consideration of any pending matter. Such motion is in order to either the entire question or on a pending amendment, and the member offering the motion should identify the breadth of his motion. A motion to table is not debatable. Adoption requires a simple majority vote. Motion may be renewed after progress in debate.

## **RULE V—PREVIOUS QUESTION**

1. The purpose of a motion for the previous question is to close debate and vote immediately on either the pending amendment alone, or on all amendments and the main question seriatim. Member offering the motion should identify the breadth of his motion. A motion for the previous question is not debatable. Adoption requires a two-thirds vote. Motion may be renewed after progress in debate.

## **RULE VI—POSTPONE INDEFINITELY**

1. The purpose of a motion to postpone indefinitely is to reject a main proposition without the risk of a direct vote on final passage. It may not be applied to an amendment and may not be renewed. The motion is debatable. Adoption requires a simple majority vote.

## **RULE VII—ROLL CALL VOTES AND OTHER MATTERS**

1. A roll call vote may be requested by any member on any pending question. The roll shall be called upon a show of hands by ten members.

2. Whenever the roll is called, all members present shall be entitled to vote. No proxies shall be permitted.

3. The proportion of votes required for adoption of any motion, as set forth in these Rules of Procedure, refers to the number of members voting Yea or Nay on the motion, a quorum being present. Members are entitled to indicate that they are present but not voting, or to explain their vote.

## **RULE VIII—SUSPENSION OF RULES**

1. These Rules of Procedure may be suspended by a three fourths vote of all members present and voting at the meeting wherein the rule of procedure is sought to be suspended.



Appendix IV

**FINANCIAL REPORT**

**COMBINING BALANCE SHEET**

June 30, 1980

<u>Assets</u>	Undesignated	National Governors' Association Designated	Restricted	National Governors' Association Center for Policy Research	Combined Total
Current assets:					
Equity in (obligation to) pooled cash and investments	\$ 66,768	\$2,305,311	\$21,494	\$ (29,116)	\$2,364,457
Receivables:					
Grants and contracts	—	—	—	436,007	436,007
State dues <sup>(1)</sup>	—	—	—	—	—
Other	4,804	—	—	4,850	9,654
Total receivables	4,804	—	—	440,857	445,661
Prepaid Expenses	22,596	—	—	—	22,596
Total current assets	94,168	2,305,311	21,494	411,741	2,832,714
Advances to joint venture	117,336	—	—	—	117,336
Property and equipment at cost:					
Furniture and equipment	304,461	—	—	—	304,461
Leasehold improvements	27,634	—	—	—	27,634
	332,095	—	—	—	332,095
Less accumulated depreciation and amortization	88,794	—	—	—	88,794
Net property and equipment	243,301	—	—	—	243,301
	<u>\$454,805</u>	<u>\$2,305,311</u>	<u>\$21,494</u>	<u>\$ 411,741</u>	<u>\$3,193,351</u>
<u>Liabilities and Equity</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$204,423	—	—	\$ 137,925	\$ 342,348
Deferred income—state dues and fees	5,850	—	6,435	—	12,285
Advances on grants and contracts in progress in excess of related costs	—	—	15,059	262,260	277,319
Total current liabilities	210,273	—	21,494	400,185	631,952
Equity	244,532	2,305,311	—	11,556	2,561,399
	<u>\$454,805</u>	<u>\$2,305,311</u>	<u>\$21,494</u>	<u>\$ 411,741</u>	<u>\$3,193,351</u>

<sup>(1)</sup> Net of \$9,750 allowance for doubtful accounts.

**STATEMENT OF REVENUE AND PROGRAM EXPENSES**  
**July 1, 1979 — June 30, 1980**

	National Governors' Association				NGA Center for Policy Research			
	Undesignated		Designated		Restricted		Combined Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance (Deficit)	\$ 175,000	104,416	\$2,217,800	2,191,893	—	—	\$2,392,800	2,289,434
<b>Revenue:</b>								
Dues from the states	\$1,470,700	1,460,950	—	—	—	—	\$1,470,700	1,460,950
Interest	30,000	29,104	172,000	229,041	—	—	202,000	258,145
Royalties	—	—	150,000	113,418	—	—	150,000	113,418
Publication sales	3,000	953	—	—	900	—	13,000	8,909
Gifts and contributions	—	39,969	—	—	—	—	—	39,969
Registration fees	157,000	132,600	—	—	—	37,917	157,000	177,892
Services fees from the states	—	—	—	—	204,800	256,102	204,800	256,102
Grants and contracts	—	—	—	—	6,000	7,956	2,899,450	2,705,567
Transfers from NGA	(50,400)	(50,400)	(172,000)	(229,041)	—	—	2,905,450	2,713,523
Miscellaneous	—	987	—	—	—	—	—	—
<b>Total revenue</b>	<b>\$1,610,300</b>	<b>1,614,163</b>	<b>\$ 150,000</b>	<b>113,418</b>	<b>\$210,800</b>	<b>302,875</b>	<b>\$3,131,850</b>	<b>3,008,762</b>
							<b>\$5,102,950</b>	<b>5,039,218</b>

Program Expenses:

Agriculture	\$ 92,850	75,611	—	—	\$ 6,000	7,956	—	—	\$ 98,850	83,567
Community and economic development	112,100	67,062	—	—	—	—	236,600	266,933	348,700	333,995
Criminal justice and public protection	35,350	43,411	—	—	—	—	198,100	500,991	233,450	544,402
Executive management and fiscal affairs	137,400	128,628	—	—	—	—	349,100	413,493	486,500	542,121
Human resources	195,350	188,011	—	—	204,800	268,052	1,130,200	778,109	1,530,350	1,234,172
Natural resources and environmental management	205,650	211,506	—	—	—	—	532,250	452,237	737,900	663,743
Transportation, commerce and technology	75,750	79,739	—	—	—	—	201,500	215,497	277,250	295,236
International trade and foreign relations	30,850	55,390	—	—	—	26,867	84,400	132,685	115,250	214,942
State-federal relations	133,950	128,438	—	—	—	—	—	—	133,950	128,438
Chairman	30,000	10,753	—	—	—	—	—	—	30,000	10,753
Public affairs	177,500	183,590	—	—	—	—	—	—	177,500	183,590
Publication coordination	81,750	71,031	—	—	—	—	—	—	81,750	71,031
Annual meeting	128,300	147,026	—	—	—	—	—	—	128,300	147,026
Winter meeting	70,400	61,267	—	—	—	—	—	—	70,400	61,267
Center research and state services	—	—	—	—	—	—	399,700	230,386	399,700	230,386
Unallocated general and administrative	19,000	22,584	—	—	—	—	—	—	19,000	22,584
Total Expenses	\$1,526,200	1,474,047	—	—	\$210,800	302,875	\$3,131,850	2,990,331	\$4,868,850	4,767,253
Excess revenue	84,100	140,116	150,000	113,418	—	—	—	18,431	234,100	271,965
Ending fund balance	\$ 259,100	244,532	\$2,367,800	2,305,311	—	—	—	11,556	\$2,626,900	2,561,399

## Appendix V

### ANNUAL MEETINGS OF THE NATIONAL GOVERNORS' ASSOCIATION

1st	Washington, D.C.	May 13-15	1908
2nd	Washington, D.C.	January 18-20	1910
3rd	Frankfort and Louisville, Kentucky	Nov. 29-Dec. 1	1910
4th	Spring Lake, New Jersey	September 12-16	1911
5th	Richmond, Virginia	December 3-7	1912
6th	Colorado Springs, Colorado	August 26-29	1913
7th	Madison, Wisconsin	November 10-13	1914
8th	Boston, Massachusetts	August 24-27	1915
9th	Washington, D.C.	December 14-16	1916
10th	Annapolis, Maryland	December 16-18	1918
11th	Salt Lake City, Utah	August 18-21	1919
12th	Harrisburg, Pennsylvania	December 1-3	1920
13th	Charleston, South Carolina	December 5-7	1921
14th	White Sulphur Springs, West Virginia	December 14-16	1922
15th	West Baden, Indiana	October 17-19	1923
16th	Jacksonville, Florida	November 17-18	1924
17th	Poland Springs, Maine	June 29-July 1	1925
18th	Cheyenne, Wyoming	July 26-29	1926
19th	Mackinac Island, Michigan	July 25-27	1927
20th	New Orleans, Louisiana	November 20-22	1928
21st	New London, Connecticut	July 16-18	1929
22nd	Salt Lake City, Utah	June 30-July 2	1930
23rd	French Lick, Indiana	June 1-2	1931
24th	Richmond, Virginia	April 25-27	1932
25th	Sacramento and San Francisco, California	July 24-26	1933
26th	Mackinac Island, Michigan	July 26-27	1934
27th	Biloxi, Mississippi	June 13-15	1935
28th	St. Louis, Missouri	November 16-18	1936
29th	Atlantic City, New Jersey	September 14-16	1937
30th	Oklahoma City, Oklahoma	September 26-28	1938
31st	Albany and New York, New York	June 26-29	1939
32nd	Duluth, Minnesota	June 2-5	1940
33rd	Boston and Cambridge, Massachusetts	June 29-July 2	1941
34th	Asheville, North Carolina	June 21-24	1942
35th	Columbus, Ohio	June 20-23	1943
36th	Hershey, Pennsylvania	May 28-31	1944
37th	Mackinac Island, Michigan	July 1-4	1945

38th	Oklahoma City, Oklahoma	May 26-29	1946
39th	Salt Lake City, Utah	July 13-16	1947
40th	Portsmouth, New Hampshire	June 13-16	1948
41st	Colorado Springs, Colorado	June 19-22	1949
42nd	White Sulphur Springs, West Virginia	June 18-21	1950
43rd	Gatlinburg, Tennessee	Sept. 30-Oct. 3	1951
44th	Houston, Texas	June 29-July 2	1952
45th	Seattle, Washington	August 2-6	1953
46th	Lake George, New York	July 11-14	1954
47th	Chicago, Illinois	August 9-12	1955
48th	Atlantic City, New Jersey	June 24-27	1956
49th	Williamsburg, Virginia	June 23-26	1957
50th	Bal Harbour, Florida	May 18-21	1958
51st	San Juan, Puerto Rico	August 2-5	1959
52nd	Glacier National Park, Montana	June 26-29	1960
53rd	Honolulu, Hawaii	June 25-28	1961
54th	Hershey, Pennsylvania	July 1-4	1962
55th	Miami Beach, Florida	July 21-24	1963
56th	Cleveland, Ohio	June 6-10	1964
57th	Minneapolis, Minnesota	July 25-29	1965
58th	Los Angeles, California	July 4-7	1966
59th	S.S. Independence and Virgin Islands	October 16-24	1967
60th	Cincinnati, Ohio	July 21-24	1968
61st	Colorado Springs, Colorado	Aug. 31-Sept. 3	1969
62nd	Lake of the Ozarks, Missouri	August 9-12	1970
63rd	San Juan, Puerto Rico	September 12-15	1971
64th	Houston, Texas	June 4-7	1972
65th	Lake Tahoe, Nevada	June 3-6	1973
66th	Seattle, Washington	June 2-5	1974
67th	New Orleans, Louisiana	June 8-11	1975
68th	Hershey, Pennsylvania	July 4-6	1976
69th	Detroit, Michigan	September 7-9	1977
70th	Boston, Massachusetts	August 27-29	1978
71st	Louisville, Kentucky	July 8-10	1979
72nd	Denver, Colorado	August 3-5	1980

## Appendix VI

### CHAIRMEN OF THE NATIONAL GOVERNORS' ASSOCIATION 1908-1980\*

Governor Augustus E. Willson, Kentucky	1910
Governor Francis E. McGovern, Wisconsin	1911-14
Governor David I. Walsh, Massachusetts	1914-15
Governor William Spry, Utah	1915-16
Governor Arthur Capper, Kansas	1916-17
Governor Emerson C. Harrington, Maryland	1918
Governor Henry J. Allen, Kansas	1919
Governor William C. Sproul, Pennsylvania	1919-22
Governor Channing H. Cox, Massachusetts	1922-24
Governor E. Lee Trinkle, Virginia	1924-25
Governor Ralph O. Brewster, Maine	1925-27
Governor Adam McMullen, Nebraska	1927-28
Governor George H. Dern, Utah	1928-30
Governor Norman S. Case, Rhode Island	1930-32
Governor John G. Pollard, Virginia	1932-33
Governor James Rolph, Jr., California	1933-34
Governor Paul V. McNutt, Indiana	1934-36
Governor George C. Perry, Virginia	1936-37
Governor Robert L. Cochran, Nebraska	1937-39
Governor Lloyd C. Stark, Missouri	1939-40
Governor William H. Vanderbilt, Rhode Island	1940-41
Governor Harold E. Stassen, Minnesota	1941-42
Governor Herbert R. O'Connor, Maryland	1942-43
Governor Leverett Saltonstall, Massachusetts	1943-44
Governor Herbert B. Maw, Utah	1944-45
Governor Edward Martin, Pennsylvania	1945-46
Governor Millard F. Caldwell, Florida	1946-47
Governor Horace A. Hildreth, Maine	1947-48
Governor Lester C. Hunt, Wyoming	1948
Governor William P. Lane, Jr., Maryland	1949
Governor Frank Carlson, Kansas	1949-50
Governor Frank J. Lausche, Ohio	1950-51
Governor Val Peterson, Nebraska	1951-52
Governor Allan Shivers, Texas	1952-53
Governor Dan Thornton, Colorado	1953-54
Governor Robert F. Kennon, Louisiana	1954-55

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\*At the initial meeting in 1908, President Theodore Roosevelt presided.

Governor Arthur B. Langlie, Washington .....	1955-56
Governor Thomas B. Stanley, Virginia .....	1956-57
Governor William G. Stratton, Illinois .....	1957-58
Governor LeRoy Collins, Florida .....	1958-59
Governor J. Caleb Boggs, Delaware .....	1959-60
Governor Stephen L. R. McNichols, Colorado .....	1960-61
Governor Wesley Powell, New Hampshire .....	1961-62
Governor Albert D. Rosellini, Washington .....	1962-63
Governor John Anderson, Jr., Kansas .....	1963-64
Governor Grant Sawyer, Nevada .....	1964-65
Governor John H. Reed, Maine .....	1965-66
Governor William L. Guy, North Dakota .....	1966-67
Governor John A. Volpe, Massachusetts .....	1967-68
Governor Buford Ellington, Tennessee .....	1968-69
Governor John A. Love, Colorado .....	1969-70
Governor Warren E. Hearnes, Missouri .....	1970-71
Governor Arch A. Moore, Jr., West Virginia .....	1971-72
Governor Marvin Mandel, Maryland .....	1972-73
Governor Daniel J. Evans, Washington .....	1973-74
Governor Calvin L. Rampton, Utah .....	1974-75
Governor Robert D. Ray, Iowa .....	1975-76
Governor Cecil D. Andrus, Idaho .....	1976-77
Governor Reubin O'D. Askew, Florida .....	1977
Governor William G. Milliken, Michigan .....	1977-78
Governor Julian M. Carroll, Kentucky .....	1978-79
Governor Otis R. Bowen, M.D., Indiana .....	1979-80
Governor George Busbee, Georgia .....	1980-81