

PROCEEDINGS OF THE NATIONAL GOVERNORS' ASSOCIATION ANNUAL MEETING 1983

SEVENTY-FIFTH ANNUAL MEETING

Portland, Maine
July 31 - August 2, 1983

National Governors' Association
Hall of the States
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Washington, D.C. 20001

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EXECUTIVE COMMITTEE, 1982-83

Governor Scott M. Matheson, Utah, chairman

Governor James R. Thompson, Illinois

Governor John Carlin, Kansas

Governor Joseph E. Brennan, Maine

Governor James B. Hunt, Jr., North Carolina

Governor Dick Thornburgh, Pennsylvania

Governor William J. Janklow, South Dakota

Governor Lamar Alexander, Tennessee

Governor Richard A. Snelling, Vermont

STANDING COMMITTEES*

AGRICULTURE

Ted Schwinden, governor of Montana, *chairman*
David C. Treen, governor of Louisiana, *vice chairman*
Bill Clinton, governor of Arkansas
John V. Evans, governor of Idaho
Terry Branstad, governor of Iowa
John Carlin, governor of Kansas
Robert Kerrey, governor of Nebraska
Toney Anaya, governor of New Mexico
Allen I. Olson, governor of North Dakota
William J. Janklow, governor of South Dakota
Ed Herschler, governor of Wyoming

COMMUNITY AND ECONOMIC DEVELOPMENT

Christopher S. Bond, governor of Missouri, *chairman*
John Y. Brown, Jr., governor of Kentucky, *vice chairman*
Bill Clinton, governor of Arkansas
Joe Frank Harris, governor of Georgia
Ricardo Bordallo, governor of Guam
James R. Thompson, governor of Illinois
Harry Hughes, governor of Maryland
Michael S. Dukakis, governor of Massachusetts
Rudy Perpich, governor of Minnesota
William F. Winter, governor of Mississippi
Robert Kerry, governor of Nebraska
Richard H. Bryan, governor of Nevada
Allen I. Olson, governor of North Dakota
Richard F. Celeste, governor of Ohio
Lamar Alexander, governor of Tennessee
Juan F. Luis, governor of the Virgin Islands
John D. Rockefeller IV, governor of West Virginia
Anthony S. Earl, governor of Wisconsin

* As of the opening day of the conference.

CRIMINAL JUSTICE AND PUBLIC PROTECTION

Charles S. Robb, governor of Virginia, *chairman*
Carlos Romero-Barcelo, governor of Puerto Rico, *vice chairman*
George C. Wallace, governor of Alabama
George Deukmejian, governor of California
Bob Graham, governor of Florida
George R. Ariyoshi, governor of Hawaii
David C. Treen, governor of Louisiana
Harry Hughes, governor of Maryland
Mario M. Cuomo, governor of New York
Dick Thornburgh, governor of Pennsylvania

ENERGY AND ENVIRONMENT

John D. Rockefeller IV, governor of West Virginia, *chairman*
John Spellman, governor of Washington, *vice chairman*
Bill Sheffield, governor of Alaska
Bruce Babbitt, governor of Arizona
Richard D. Lamm, governor of Colorado
William A. O'Neill, governor of Connecticut
Joe Frank Harris, governor of Georgia
John V. Evans, governor of Idaho
James R. Thompson, governor of Illinois
John Carlin, governor of Kansas
John Y. Brown, Jr., governor of Kentucky
David C. Treen, governor of Louisiana
Joseph E. Brennan, governor of Maine
Michael S. Dukakis, governor of Massachusetts
Christopher S. Bond, governor of Missouri
Ted Schwinden, governor of Montana
John H. Sununu, governor of New Hampshire
Thomas H. Kean, governor of New Jersey
Toney Anaya, governor of New Mexico
Richard F. Celeste, governor of Ohio
George Nigh, governor of Oklahoma
Victor G. Atiyeh, governor of Oregon
J. Joseph Garrahy, governor of Rhode Island
William J. Janklow, governor of South Dakota
Mark White, governor of Texas
Charles S. Robb, governor of Virginia
Anthony S. Earl, governor of Wisconsin
Ed Herschler, governor of Wyoming

HUMAN RESOURCES

Richard D. Lamm, governor of Colorado, *chairman*
Thomas H. Kean, governor of New Jersey, *vice chairman*
George C. Wallace, governor of Alabama
Peter T. Coleman, governor of American Samoa
Bruce Babbitt, governor of Arizona
Pierre S. du Pont IV, governor of Delaware
Bob Graham, governor of Florida
Joseph E. Brennan, governor of Maine
Michael S. Dukakis, governor of Massachusetts
James Blanchard, governor of Michigan
Christopher S. Bond, governor of Missouri
Richard H. Bryan, governor of Nevada
Mario M. Cuomo, governor of New York
James B. Hunt Jr., governor of North Carolina
Carlos Romero-Barcelo, governor of Puerto Rico
Richard W. Riley, governor of South Carolina
Lamar Alexander, governor of Tennessee
Juan F. Luis, governor of the Virgin Islands

INTERNATIONAL TRADE AND FOREIGN RELATIONS

Bob Graham, governor of Florida, *chairman*
John Spellman, governor of Washington, *vice chairman*
Bill Sheffield, governor of Alaska
Peter T. Coleman, governor of American Samoa
William A. O'Neill, governor of Connecticut
Pierre S. du Pont IV, governor of Delaware
Ricardo Bordallo, governor of Guam
George R. Ariyoshi, governor of Hawaii
James Blanchard, governor of Michigan
Rudy Perpich, governor of Minnesota
William F. Winter, governor of Mississippi
Pedro P. Tenorio, governor of the Northern Mariana Islands
George Nigh, governor of Oklahoma
Victor G. Atiyeh, governor of Oregon
Dick Thornburgh, governor of Pennsylvania
J. Joseph Garrahy, governor of Rhode Island
Mark White, governor of Texas

TRANSPORTATION, COMMERCE, AND TECHNOLOGY

Robert D. Orr, governor of Indiana, *chairman*
William F. Winter, governor of Mississippi, *vice chairman*
George Deukmejian, governor of California
James R. Thompson, governor of Illinois
Terry Branstad, governor of Iowa
David C. Treen, governor of Louisiana
Harry Hughes, governor of Maryland
John H. Sununu, governor of New Hampshire
Toney Anaya, governor of New Mexico
Mario M. Cuomo, governor of New York
James B. Hunt Jr., governor of North Carolina
Dick Thornburgh, governor of Pennsylvania
Charles S. Robb, governor of Virginia
John Spellman, governor of Washington

ATTENDANCE

George C. Wallace, governor of Alabama
Bill Sheffield, governor of Alaska
Peter T. Coleman, governor of American Samoa
Bruce Babbitt, governor of Arizona
Bill Clinton, governor of Arkansas
Richard D. Lamm, governor of Colorado
William A. O'Neill, governor of Connecticut
Pierre S. du Pont IV, governor of Delaware
Bob Graham, governor of Florida
Joe Frank Harris, governor of Georgia
Ricardo J. Bordallo, governor of Guam
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Robert D. Orr, governor of Indiana
Terry E. Branstad, governor of Iowa
John R. Carlin, governor of Kansas
Joseph E. Brennan, governor of Maine
Harry Hughes, governor of Maryland
Michael S. Dukakis, governor of Massachusetts
James J. Blanchard, governor of Michigan
Rudy Perpich, governor of Minnesota
William F. Winter, governor of Mississippi
Christopher Bond, governor of Missouri
Ted Schwinden, governor of Montana
Robert Kerrey, governor of Nebraska
Richard H. Bryan, governor of Nevada
John H. Sununu, governor of New Hampshire
Thomas H. Kean, governor of New Jersey
Toney Anaya, governor of New Mexico
Mario M. Cuomo, governor of New York
James B. Hunt Jr., governor of North Carolina
Allen I. Olson, governor of North Dakota
Richard F. Celeste, governor of Ohio
George Nigh, governor of Oklahoma
Dick Thornburgh, governor of Pennsylvania
Carlos Romero-Barcelo, governor of Puerto Rico
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

Mark W. White, governor of Texas
Scott M. Matheson, governor of Utah
Richard A. Snelling, governor of Vermont
Charles S. Robb, governor of Virginia
John Spellman, governor of Washington
John D. Rockefeller IV, governor of West Virginia
Anthony S. Earl, governor of Wisconsin
Ed Herschler, governor of Wyoming

PROGRAM

Sunday, July 31

- 10:30 a.m.- **Meeting of the NGA Executive Committee and Standing Committee Chairmen**
12:15 p.m. *Aragon Room, Holiday Inn Downtown*
Governor Scott M. Matheson, chairman
- Discussion of jobs and infrastructure
Governor James R. Thompson, chairman, Task Force on Jobs and Infrastructure
- 12:15 p.m.- **Meeting of the staff advisory council of the Committee on International Trade and Foreign Relations**
12:45 p.m. *Lincoln Room, Holiday Inn Downtown*
- 12:30 p.m. **Press briefing**
Press Conference Room, Civic Center
Governor Scott M. Matheson, chairman
Governor Joseph E. Brennan, host
- 12:30 p.m.- **Governors' Task Force on Technological Innovation work session**
2:30 p.m. *Main Floor, Civic Center*
Moderator: Governor James B. Hunt, Jr., chairman, Task Force on Technological Innovation
- New frontiers in economic growth
Guest: Robert B. Reich, professor, John F. Kennedy School of Government, Harvard University
- Review of the final report on state initiatives in technological innovation
Governor James B. Hunt, Jr.
Governor Dick Thornburgh, vice chairman, Task Force on Technological Innovation
- Discussion by the governors
- 12:30 p.m.- **Special Governors' staff work session: State initiatives to link public and private resources for economic development**
2:30 p.m. *State of Maine Ballroom, The Eastland Hotel*
- Overview of public/private partnerships in economic

development

Moderator: J.H. Frappier, chairman, NGA Committee on Community and Economic Development Staff Advisory Council

Guest: Walter D'Alessio, president and chief executive officer, Latimer and Buck, Inc.

Discussion of states coordinating public and private funds for economic development

Moderator: Rush Dozier, general counsel to Governor John Y. Brown, Jr.

Panelists: James M. Howell, senior vice president and chief economist, Bank of Boston

John Milton, general manager, Area Enterprise Program, Control Data Corporation

Norton Berman, secretary, Rhode Island Department of Economic Development

Stephen H. Bollinger, assistant secretary for community planning and development, U.S. Department of Housing and Urban Development

Peter B. Harkins, staff director, Senate Subcommittee on Housing and Urban Affairs

2:45 p.m.-

COMMITTEE ON AGRICULTURE

4:15 p.m.

Howard Room, Holiday Inn Downtown

Governor Ted Schwinden, chairman

Discussion of emerging trends in the U.S. food system

U.S.-Japanese trade relations

Guest: The Honorable Okawara Yoshiro, Japanese Ambassador

Farm policy and equipment manufacturers

Guest: Louis W. Menk, chairman of the board, International Harvester

Trends in trade adjudication

Guest: Veronica A. Haggart, commissioner, U.S. International Trade Commission

Discussion of Committee policy positions

2:45 p.m.-
4:15 p.m.

**COMMITTEE ON INTERNATIONAL TRADE AND
FOREIGN RELATIONS**

Aragon Room, Holiday Inn Downtown

Governor Bob Graham, chairman

Report of the Chairman

Consideration of proposed policy statements

Enhancing international competitiveness: State roles and
strategies

Keynoters: Ira C. Magaziner, president, TELESIS, Inc.

Robert B. Reich, professor, John F. Kennedy School of
Government, Harvard University

Speaker: Admiral Bobby R. Inman, president, Microelec-
tronics and Computer Technology Corporation

2:45 p.m.-
4:15 p.m.

**Meeting of the staff advisory council of the Committee
on Community and Economic Development**

Boothbay Harbor Room, The Eastland Hotel

Discussion of the state of the municipal bond market

Guest: Richard Tauber, vice president, Morgan Guaranty
Trust Company

**Meeting of the staff advisory council of the Committee
on Energy and Environment**

Kennebunkport Room, The Eastland Hotel

**Meeting of the staff advisory council of the Committee
on Human Resources**

Bar Harbor Room, The Eastland Hotel

**Meeting of the staff advisory council of the Committee
on Transportation, Commerce and Technology**

Main Floor, Civic Center

4:30 p.m.-
6:30 p.m.

PLENARY SESSION

Main Floor, Civic Center

Governor Scott M. Matheson, chairman

Call to order

Opening remarks: Governors and new economic challenges
Governor Scott M. Matheson

Education for economic growth
Moderator: Governor James B. Hunt, Jr.
Guest: Terrel H. Bell, secretary of education

Economic growth in the decade of the 80s
Guest: Vice President George Bush

6:30-
8:00 p.m. **Reception for all meeting participants**
Canal Bank Plaza

7:30 p.m.-
10:30 p.m. Reception and dinner for governors, their spouses and
children, and specially invited guests hosted by Governor
Joseph E. Brennan

Monday, August 1

8:00 a.m.- **Special governors' work session**
10:00 a.m. Meeting current fiscal challenges while planning for the
future
Aragon Room, Holiday Inn Downtown

Fiscal management in times of austerity
Moderator: Governor James R. Thompson

The role of Wall Street
Remarks: Governor Christopher S. Bond

Looking beyond the current fiscal conditions
Guest: Dr. Alan Greenspan, president, Townsend-
Greenspan and Company, Inc.

8:00 a.m.- **Special work session for governors' assistants and all**
9:30 a.m. **other meeting participants:** How are we doing—pulse-
taking in the eighties
Oxford Room, Holiday Inn Downtown

Moderator: Bill Hoch, chief of staff to Governor John
Carlin of Kansas

Panelists: Peter D. Hart, president, Peter D. Hart Research
Associates, Inc.

Robert M. Teeter, president, Market Opinion
Research

Larry Sabato, associate professor, Department of
Government and Foreign Affairs, University of
Virginia

9:30 a.m.- Staff briefing on immigration reform legislation
10:30 a.m. *Sagadahoc Room, Holiday Inn Downtown*

Meetings of NGA Standing Committee

10:15 a.m.- **COMMITTEE ON COMMUNITY AND ECONOMIC
12:15 p.m. DEVELOPMENT**

Howard Room, Holiday Inn Downtown

Governor Christopher S. Bond, chairman

Discussion of the importance of the service sector in the international, national and state economies and the possible role of states in promoting its growth.

Guests: George Ball, president and chief executive officer, Prudential-Bache Securities

James C. Olson, president, University of Missouri-Columbia

Mancur Olson, distinguished professor of economics, University of Maryland

Discussion of the role of states in assisting maturing industries and minimizing economic dislocations caused by plant closings and structural changes in the economy.

Guests: Joseph D. Duffey, chancellor, University of Massachusetts at Amherst

Howard D. Samuel, president, Industrial Union Department, AFL-CIO

Robert B. Peabody, president, American Iron and Steel Institute

Discussion of committee policy positions

10:15 a.m.- **COMMITTEE ON TRANSPORTATION, COMMERCE
12:15 p.m. AND TECHNOLOGY**

Main Floor, Civic Center

Governor Robert D. Orr, chairman

Report of the Task Force on Technological Innovation
Governor James B. Hunt, Jr.

Report and recommendations of the Task Force on Jobs

and Infrastructure

Governor James R. Thompson

Report on the State Working Group on Truck Issues

Andrew Fogarty, secretary of transportation, Commonwealth of Virginia

Consideration of new policy on hazardous materials transportation

Governor John Spellman, lead governor for Transportation of Hazardous Materials

Consideration of revisions to existing policy

Governor Robert D. Orr

Governor Dick Thornburgh, lead governor for highway transportation

Governor John H. Sununu, lead governor for air transportation

Governor Terry Branstad, lead governor for rail freight transportation

Governor Robert D. Orr, lead governor for rail passenger transportation

Governor David C. Treen, lead governor for water transportation

Governor James R. Thompson, lead governor for public transportation

Governor William F. Winter, lead governor for commerce, tourism and communications

Governor James B. Hunt, Jr., lead governor for science and technology

Discussion with Governors:

Long-term transportation strategies to promote economic growth

Panelists: Lowell Bridwell, secretary, Maryland Department of Transportation

Peter Koltnow, president, Highway Users Federation for Safety and Mobility

Larry Hecker, chairman, Arizona Transportation Board

Richard Harris, vice president, Public Finance, First Boston Corporation

Bill Watt, chairman, Indiana Transportation Coordinating Board

Luncheon Meetings of NGA Standing Committees:

12:30 p.m.- **COMMITTEE ON HUMAN RESOURCES**

2:30 p.m. *Main Floor, Civic Center*

Governor Richard D. Lamm, chairman

Discussion of the role of human resource programs in stimulating and facilitating economic development

Panelists: Governor James B. Hunt, Jr., chairman,
Subcommittee on Education

Governor Pierre S. du Pont IV, chairman,
Subcommittee on Employment and Training

Report of the Task Force on the Status of Children
Governor Joseph E. Brennan, chairman

Report of the Task Force on the Homeless
Governor Mario M. Cuomo, chairman

Discussion of state initiatives in health cost containment
Governor Thomas H. Kean, chairman, Subcommittee on Health

Report of the Subcommittee on Income Security
Governor Carlos Romero-Barcelo, chairman

12:30 p.m.- **JOINT MEETING OF THE COMMITTEE ON STATE-**
2:30 p.m. **LOCAL RELATIONS AND THE LEGAL AFFAIRS**
COMMITTEE

Aragon Room, Holiday Inn Downtown

Committee on State-Local Relations
Governor Richard W. Riley, chairman

Legal Affairs Committee
Governor Allen I. Olson, chairman

Overview and discussion of judicial federalism today
Governor Allen I. Olson

Preemption of authority
Moderator: Governor William J. Janklow

Sovereign roles and responsibilities
Moderator: Governor Bruce Babbitt

Conditions, mandates and costs
Moderator: Governor William F. Winter

Local impact and concerns
Moderator: Governor Victor G. Atiyeh, vice-chairman,
Committee on State-Local Relations

Guests: Mayor Charles Royer, president, National League
of Cities

County Supervisor Sandra Smoley, president-elect,
National Association of Counties

Mayor Ernest N. Morial, chairman, Advisory
Board, U.S. Conference of Mayors

Discussion and summary of a corrective action agenda
Moderator: Governor Richard W. Riley, chairman,
Committee on State-Local Relations

Guests: Professor Lewis B. Kaden, Columbia University
School of Law

Lawrence R. Velvel, chief counsel, State and Local
Legal Center

Meetings of NGA Standing Committees:

2:45 p.m. - **COMMITTEE ON CRIMINAL JUSTICE AND
PUBLIC PROTECTION**

5:00 p.m. *Boleyn Room, Holiday Inn Downtown*
Governor Charles S. Robb, chairman

Discussion of state experiences in managing disasters and
emergencies

Utah floods and mudslides: Governor Scott M. Matheson
Three Mile Island and the Centralia mine fire: Governor
Dick Thornburgh

Mount St. Helens: Governor John Spellman

Times Beach: Governor Christopher S. Bond

Arizona floods: Governor Bruce Babbitt

New York prison riot: Governor Mario M. Cuomo

Guests: Louis O. Giuffrida, director, Federal Emergency
Management Agency

Robert D. Vessey, national director of disaster
services, American Red Cross

Violence and extremism: A report of the Maryland Task
Force

Governor Harry Hughes

Discussion of committee business

2:45 p.m.-

5:00 p.m.

COMMITTEE ON ENERGY AND ENVIRONMENT

Main Floor, Civic Center

Governor John D. Rockefeller IV, chairman

Discussion of state energy policies as a key to economic
development

Consideration of amendments to NGA comprehensive
energy and natural resources policy statement dealing with
energy related tax policies

Governor Joseph E. Brennan, chairman, Subcommittee on
Renewable Resources and Conservation

Consideration of amendments to NGA coal transportation
policy

Governor John D. Rockefeller, IV

Consideration of amendments to NGA coal surface mining
policy

Governor Ed Herschler, chairman, Subcommittee on Coal

Consideration of amendments to NGA natural gas policy
Governor James R. Thompson

Consideration of amendments to NGA nuclear energy
policy

Governor John Evans, chairman, Subcommittee on Nuclear
Power

Consideration of new NGA policy on the Clean Water Act
Governor Bruce Babbitt, chairman, Subcommittee on Water
Management

Consideration of committee resolution on a national recrea-
tion assessment

Governor John Carlin, chairman, Subcommittee on
Environment

Consideration of committee recommendation for creation of
an acid rain task force

Governor Michael S. Dukakis

Discussion of national environmental policies

Guest: William D. Ruckelshaus, administrator, U.S.
Environmental Protection Agency.

5:00 p.m.- 6:00 p.m. Time available for meetings of regional governors'
organizations

6:00 p.m.- 10:00 p.m. Reception, lobster bake and pops concert for all meeting
participants

Tuesday, August 2

7:45 a.m.- 8:45 a.m. Breakfast meetings of the Democratic Governors'
Association and Republican Governors' Association

9:00 a.m.- 12:00 noon PLENARY SESSION

Main Floor, Civic Center

Moderator: Governor Scott M. Matheson, chairman

Voting on revised and new policy positions

Public-private initiatives in the 1980s

Guest: John H. Filer, chairman, Aetna Life & Casualty

Innovative approaches to state economic development

Remarks by NGA committee chairmen

Presentation of Seventh Annual NGA Awards of
Distinguished Service to State Government

Salute to governors completing their term of office

Election of the 1983-84 chairman, vice-chairman and executive committee

Remarks by the new chairman

Adjournment

12:30 p.m.-	Meeting of the new NGA Executive Committee
1:00 p.m.	and Standing Committee Chairmen
	<i>Aragon Room, Holiday Inn Downtown</i>
1:00 p.m.-	Time available for meetings of regional governors'
2:00 p.m.	organizations

FIRST PLENARY SESSION

Sunday, July 31, 1983

Chairman Matheson: As chairman of the National Governors' Association, I now call the 75th annual meeting to order. I have a motion for the adoption of the rules of procedure.

Governor Hunt: So moved.

Chairman Matheson: May I have a second?

Governor Brennan: Second.

Chairman Matheson: Any discussion?

(No response.)

Those in favor of the basic rules of procedure we follow please say aye.

(Chorus of ayes.)

Opposed.

(No response.)

The rules are in place, and the rules are adopted. It is my pleasure now to call upon our host, Governor Joseph E. Brennan of Maine.

WELCOMING REMARKS

Governor Brennan: Thank you very much, Governor Matheson, and my fellow governors.

I have had the chance to welcome nearly all of the governors personally. I would like to extend that same warm welcome to all the participants in this meeting. To those governors who would like to host one of these annual meetings, you should know that it is not really as difficult as you might think. It is actually just a little more difficult. I know I speak on behalf of the City of Portland and the people of Maine when I say we feel privileged that you selected this state for this meeting. It may well be the most distinguished gathering ever held in our state. I hope that you and your families will have ample opportunity to enjoy a taste of summer life in this state. As a matter of fact, many of you already have enjoyed some real Maine hospitality courtesy of Vice-President and Mrs. Bush. And I know I speak for all the governors when I say how grateful we are to them for their very generous welcome last night down in Kennebunkport.

A great many Maine citizens have worked very hard in order to extend the state's hospitality. If there is anything else that we could do to make your

visit here more pleasant, I hope you will ask us. In the meanwhile, like you, I am looking forward to a very productive meeting. Thank you very much.

Chairman Matheson: Thank you, Governor Brennan.

Governors, their spouses, and all of the registrants at our conference have already tasted the Maine hospitality. We like it. All of the rancor that all the governors are facing at home has dissipated, and we are thoroughly enjoying ourselves among you here in Maine. Thank you very much for all of the kindnesses you have shown us.

CHAIRMAN'S OPENING REMARKS

I have the opportunity as chairman to submit brief opening remarks. I had a moment last night to pick up one of the local newspapers published here in Portland, the Portland Press Herald. And there is an interesting editorial which probably sums up the basis of why we are here a whole lot better than any of the governors would normally present themselves. And the editorial is entitled, *Governors/Hard Work*: "What the governors do in Maine in terms of food and drink will be of little consequence: what they smell or don't smell from across the harbor doesn't really matter. Speeches of contenders for political offices are momentary."

What the governors should do, according to this editorial, is make the most of the opportunity to analyze, discuss, and propose solutions to the basic public issues that confront us every day in our states. And those are the issues, and those are the matters that the governors are here to talk about.

It is an honor for me to preside over the 75th annual meeting of the National Governors' Association. The agenda for our meeting here in Portland stands in sharp contrast to that of our predecessors who met for the first time 75 years ago at the request of President Theodore Roosevelt. The only subject on the agenda: conservation. The diversity and critical import of issues facing us in 1983 and beyond says as much about the leadership capacity of the governors of the 1980s as it does about the increased responsibilities of state governments spawned by remarkably different times.

The contours of state government have changed dramatically in the last 75 years at the hands of state executives determined to make their states a better place for their citizens. They have initiated sweeping reforms in the structure of our executive branch and substantially strengthened their budgeting, their planning and their managerial functions. Had the governors' conference not matured beyond its early function as a clearinghouse of information, the improvements we have made in our ability to govern as a result of our collaboration would have made our fraternal organization completely worthwhile.

Progressive governors like Woodrow Wilson who foresaw an institutional role for an organization of governors to influence federal action would be un-

doubtedly pleased with the 1983 version of the National Governors' Association. Whether it has been helping to secure various phases of new federalism, successfully lobbying for the congressional fiscal note, or preparing the way for sorting out of federal responsibilities, my good friend Professor Larry Sabato at the University of Virginia credits the National Governors' Association with "making itself heard in the last decade and proving that the governors' collective influence is substantial."

Sabato says in his book, *Goodbye to Good-time Charlie: the American Governorship Transformed*, "The Governors' Association has institutionalized a national-level role for the state chief executives, enabling them to affect federal aid and regulations that directly influence their ability to perform their job well."

Indeed, the dynamics of our federal system in just the past 10 years have thrust governors into the Washington scene whether they want to be there or not. We have become serious players, pressing our case before Congress and the administration on issues ranging from water policy to health care. And even more aggressive players. I hope we will be in the future. It is a measure of our ascending influence that the 1984 budget resolution adopted by Congress bears the unmistakable print of the budget resolution we adopted last March.

That single action marks an historic milestone for the nation's governors who had previously limited their comments and concerns to only those portions of the federal budget that directly flow to state treasuries. Our association turned the corner with the passage of that resolution and our ensuing efforts to demonstrate its validity on Capitol Hill. By entering the national dialogue about the defense budget, entitlement programs, and the federal deficit, governors ably demonstrated our grasp of national issues whose impact is peculiar to none, but universal to all.

Overall, I believe Congress acknowledged our recommendations and will continue to respect our perspective. As governors, we are closer than anyone to the suffering that recession brings to our states. As governors, we know how to balance the budget, even when it means painful budget cuts and unpopular and difficult tax increases. As governors, we must force a resolution to the budget stalemate. We have made the first step, and we must continue.

We are joined by a number of prestigious and knowledgeable individuals and organizations in our belief that high future deficits are inimical to long-term economic growth. Only Thursday, Federal Reserve Chairman Paul Volcker cautioned Congress once again about the importance of reducing budget deficits to sustain an economic recovery that will last. He said rising private credit demands are beginning to clash with the heavy financing needs of the government.

The nonpartisan Committee for a Responsible Federal Budget said this bluntly: "The United States today is facing a crisis so urgent that it threatens

to tear apart the very fabric of our economic and political life. It is the prospect of continued federal deficits. And continued high deficits will strangle a recovery."

The overriding consideration of the NGA budget resolution was the long-term impact of federal budget deficits on economic recovery. Economist Lester Thurow's comments at our Western Governors' Conference in Kalispell three weeks ago confirmed the wisdom of the resolution and left me convinced that one of the most valuable contributions this organization can continue to make is to focus national debate on the long-range consequences of federal actions proposed and undertaken today.

Thurow and many other economists believe that a large measure of today's economic difficulties can be traced to the "bottom-line" mentality that characterizes our business and political leaders. The desire to plan for the long term and to invest in the future is continually subjugated to the more immediate need to turn a profit or to win an election. As long as the planning horizon extends no further than the next financial reporting period or term of office, this country can expect no more than short-term solutions to seriously pressing problems.

In connection with the federal role in economic development, the governors have come to Portland to continue the task begun last March of developing thoughtful, pragmatic proposals for an economic recovery that can be sustained far beyond just 1984. We will continue to press Congress for fair and balanced spending reductions coupled with equally equitable revenue increases in order to stave off deficit-induced interest rate increases.

But meanwhile, we are preparing our own slate of state-sponsored initiatives designed to foster economic recovery, acknowledging at the outset, however, the tremendous impact of federal policies on every private business investment, every consumer purchase, and a lot of the decisions governors make every day.

The federal government can foster private activity with sensible monetary and fiscal policies by reducing the deficits. It can aid the private sector by encouraging development of a stable framework for international trade. It can create a climate that encourages long-term investment in research and development so vital to long-term competitiveness. But most important, amidst the concern about our declining industrial competitiveness in the world economy, the federal government must acknowledge that the scores of policies governing taxation, trade, subsidies, government spending, agriculture, energy, environment, transportation and education add up to an "industrial policy" that will determine the future for this country. What we urge the federal government to do is consider carefully the long-term, cumulative impact of all of that existing maze of programs and policies before heaping upon them another bundle of initiatives that may treat the symptoms but not the causes of economic stagnation.

And the states must play a role. As partners in the federal system, the states are eager to help in the formulation and implementation of a national economic recovery plan. Indeed, the states are uniquely suited for that very responsibility. For instance, the overwhelming majority of new jobs in this country are created by small business. The smaller, decentralized nature of the states makes them well suited to work with that small business climate.

One reason that is cited for Japan's economic miracle is the commingling of the private and public sector goals that make government and business policy in many cases virtually indistinguishable. States are not only laboratories of democracy, in Justice Holmes' words, but also of economic experimentation in which to test new entrepreneurial approaches. With modifications, successful economic programs in one state can be adapted to meet the needs of another state.

Finally, and perhaps most important, high rates of economic growth have historically been based on a firm foundation of both a social and physical infrastructure, areas that have traditionally been the prime responsibility of state and local governments. States are making important contributions to that recovery with innovative approaches in education reform, public works projects, and employment and retraining programs.

When Teddy Roosevelt convened the governors 75 years ago in 1908, we had just embarked on what he called "the American Century." The United States has been the preeminent economic power throughout the twentieth century in the entire world. But an interdependent global economy has replaced national economies and none of the old rules seem to apply anymore. In this new age, America needs the intelligent use of all its physical and human resources in order to regain its worldwide economic position. The states and their governors must play a critical and primary role in returning prosperity by participating as a full partner in the intergovernmental system. And with that system working with Washington, we can restore America's economic greatness.

The state initiatives we discuss here, coupled with federal policies to promote competitiveness, encourage innovation and provide fiscal and monetary stability, together with our commitment and our presentations on the subject of quality education lay a basic groundwork for a sound economic recovery. And that, my fellow governors, in my opinion, is the place for us to begin. Thank you very much.

Throughout this meeting today, we have been discussing many of the things of economic recovery. And some of the policy statements will deal directly with those immediate challenges, such as the subject of education. At the conclusion of our education discussion today, which will be led by Governor James Hunt, we will vote on the proposed education policy statement. That statement should be at your desks. It has been approved by the Human Resources Committee and the Executive Committee.

It is now my pleasure to call upon the Governor of North Carolina to moderate our discussion on education for economic growth. Governor Hunt.

DISCUSSION OF EDUCATION FOR ECONOMIC GROWTH AND CONSIDERATION OF PROPOSED POLICY POSITION

Governor Hunt: Thank you very much, Mr. Chairman. I do not believe that we could begin the work of this meeting on a more appropriate subject, considering the new role for American governors that we have just described, Mr. Chairman, than the one that we are going to be discussing here today as the first business of this meeting by your decision.

My fellow governors, you have in front of you this book and report entitled, *Action for Excellence*. I will refer to it during our discussion this afternoon. And you have a series of brochures in front of you that are developed for different people who must exercise leadership. If we are going to bring about excellent schools in this country, I would especially ask you to have in front of you the brochure that is directed to governors entitled, "Action for Governors."

I have just completed my term as the chairman of the Education Commission of the States. Governor du Pont of Delaware is succeeding me.

That is an organization that was originally established by governors. Governor Terry Sanford, working with the then-president of Harvard University, Dr. James P. Conant, established an organization to bring together governors, state legislative leaders, state school superintendents, and the leaders of higher education. Each year a governor is the chairman of that organization and also serves as the head of the Subcommittee on Education within our Human Resources Committee.

This group met about a week ago in Denver—nine or ten of our governors were there—and had an outstanding meeting. So it is from them and from the fine work of this organization that we bring our report to you today.

I am delighted to join with my co-chairmen, Frank Cary and Governor Pete du Pont, in bringing before the National Governors' Association a report that does not bemoan what is wrong with education in America, but proclaims what can be made right.

This report is the result of a six-month study by the Education Commission of the States Task Force on Education for Economic Growth. What we found convinced us, 14 governors, 12 business executives, and others, that our nation does face a real emergency, but that emergency does not call for blame or despair. It calls, my friends, for action. And "Action for Excellence" is the title of our report and our call to America.

We call on all Americans—government, business, educators, labor, students, parents, concerned citizens everywhere—to join together in a new social contract dedicated to excellence in education to create a new ethic of educa-

tional excellence which is absolutely essential to maintaining America's economic and technical leadership in the world. We must literally restructure our thinking about the role that education plays in our lives.

I would say to you as my fellow governors, education cannot be one of our top ten priorities. For America to be number one, education must be number one in America. And we must make it so. In our recommendations, we see a path back to excellence in American education. This is a national problem. It has been discussed by the president and by Democratic candidates for president here yesterday. But this is a national problem that they can't solve in Washington.

We have in this report to you today eight recommendations. We must solve this problem primarily at the state and local level.

Our first recommendation—and I would suggest that you follow these in your brochure, if you would; if you will turn in to about the middle, you will see action recommendation number one. And I hope that you will not only learn this by heart, but read this entire report.

Our first and our chief recommendation—and this is really central to everything that must happen—is that each of you as governor spearhead the development and, as promptly as possible, have an action plan to improve education in your public schools from kindergarten through graduation. We urge you to make this your top priority, to get your people interested, to get them educated in the matter, to develop a long-range plan for your state, but also your short-range legislative programs. So that is the first recommendation, a plan that you lead the development of education in your state.

Number two, we need to create broader and more effective partnerships for improving education in our communities, and particularly partnerships between businesses and schools. Tax money is not the only resource that is available to us.

Recommendation number three. We must marshal the resources that are essential for improving our schools. The president of this country and all of us must understand that it will take more than money in order to do this job. There is no third-class economy plan.

Four. It is essential that we express a new and higher regard for teachers and for the profession of teaching. And we must take that very seriously. We have many excellent teachers now, but we must develop a strategy to get the best teachers and to keep them in our classrooms.

Our fifth recommendation. We recommend that the academic experience be made more intense, more challenging, and more productive. We must have rigorous testing, and we as governors must know how our children are doing. We must have harder work in those schools, more discipline, tougher requirements to graduate and to get into college, more homework.

Number six. We want to provide quality assurance in education by rewarding teachers, not just for seniority, but most of all for superiority. Teachers

must have incentives to achieve excellence. And they must participate in developing those incentives.

Seven. We must improve leadership and management in our schools. A super principal will have a super school. Principals should be put squarely in charge of the instructional program and its quality.

Eighth and final, we must do a better job of serving those students whose education needs are now unserved or underserved.

My fellow governors, those recommendations are our response. You have heard the problem, you have heard the report of the Commission on Excellence. This is how we suggest we respond to the problems facing American education today.

But as governors we have a unique responsibility and opportunity in each of our states, separate in different states. That responsibility, I believe, is to lead this effort. I urge you to appoint a task force to lead in educating your people as to what they need to do in your state, not just what some national commission recommended, not just some general and perhaps vague suggestions about what America needs, but to go out into your own state and with your own people decide what you need to do.

You need to do this to lead as governors, and then to mobilize and galvanize your people to act, to take action for excellence. And thus it is to you as governors that we direct our report. America will successfully build excellent schools, I believe, in the states where governors take the lead—and only in those states. And those states, I further believe, will get the best industry and have the best jobs in the years to come.

Let me now present to you the co-chairs of our task force. I would like to first of all introduce Frank Cary, the former chairman of the IBM Corporation. He currently serves as the chairman of the IBM executive committee.

Frank Cary has long had very deep and powerful interest in education. He has been instrumental in the work of this task force and has given freely of his time, and dedicated and donated so many resources from IBM for us to do this successfully. He along with Pete du Pont served as the co-chairs. And I am now proud to present to your Mr. Frank Cary of IBM.

Mr. Cary: Thank you, Governor. Good afternoon, everyone. I am delighted to have this opportunity to make a brief statement to you regarding the role of business in education because I think it is an enormous one. And it is not just a matter of social responsibility or corporate citizenship. I think it is really a matter of survival.

The plain fact is that no nation today can compete successfully without an adequate supply of literate workers. And no company can grow without an adequate supply of literate recruits. All of us in business need employees with a solid foundation in the basic disciplines, and particularly in math and science. And we also need employees that are equipped by their education

to respond to changing job requirements, people who have learned how to learn.

Even during this period of very high unemployment, there have been shortages of skilled workers in a number of job categories. And that, of course, is a tragedy for those who lack the skills to find a job. But it is also a very real problem to the businesses that cannot find the human resources they need. And that, of course, hurts us all as taxpayers, as consumers, and as citizens.

Now, I think there is ample evidence that other nations around the world are giving a higher priority to the education of the new generation than we are. They know that education is the basis for economic growth, and so do we, because in the past, many businesses in this country have been involved in education, particularly at the university level.

This is certainly true of IBM. In fact, in June of this year, we awarded \$40 million in systems to 20 universities for the use in their manufacturing engineering education and in July another \$10 million in cash grants to five universities to help them establish new graduate-level manufacturing engineering programs.

But while it is essential to keep improving the university and the graduate education, that is not going to increase the number of 18-year-olds that arrive on campus with the skills and the interest to take full advantage of the improvements that we are providing, nor will that upgrade the skills of the majority of workers who enter the job market without the benefit of college. And that is why we think there must be more involvement by the business community in the scope and in the quality of education from kindergarten through the twelfth grade.

Our task force report urges action to create more effective partnerships for improving education in the states and in the communities. We think that this is going to help keep the curriculum in tune with the needs of the nonacademic world.

We are recommending specifically that business leaders across the nation establish partnerships with schools to explore and to develop concepts such as team teaching, using specialists from industry, job training efforts between businesses and schools, training of students and teachers in the use of specialized equipment, business-sponsored recognition for principals and teachers, economic education of the sort that is provided by Junior Achievement and a number of other organizations.

We already have considerable experience in this country in how such partnerships can work. And we think that if that experience is shared and expanded upon, there is almost no limit to what we can accomplish. In short, business needs to support our education system more fully than it has in the past.

We think it is not only good corporate citizenship, but I think it is good business as well to do so. Thank you very much.

Governor Hunt: Thank you, Frank Cary.

Let me also add that we had either the president or a top representative of the Business Roundtable, the Committee for Economic Development, the Conference Board, the U.S. Chamber of Commerce, and the National Association of Manufacturers serving on this task force. So Frank Cary speaks for an awful lot of top business leaders in this country.

Next to bring you comments on the future activities of the task force, I am very pleased to call on Governor Pete du Pont of Delaware. He is the new chairman of this task force, which will continue. He is the new chairman of the Education Commission of the States, an organization that I hope every one of you become active in. And he is the governor who developed Jobs for Delaware's Graduates, now Jobs for America's Graduates.

I am pleased to call on Governor Pete du Pont.

Governor du Pont: Governor Matheson, Governor Brennan, we thank you for this lovely Maine day, this wonderful place in which to meet. My friend Jim Hunt, who has just stepped down a week ago as chairman of the Education Commission of the States and as chairman of our task force, has left me the responsibility of continuing that task force forward for another year.

We have a lot of work to do if we are to take the recommendations that exist in that red report that you have, and turn them into practical, workable suggestions that any one of the school boards or Parent-Teachers Associations or Education Associations of America's 16,000 school districts can use to improve the quality of education in their district.

This is the time and this is the place to present such an agenda for improving the quality of our educational process. I hope what we can do in the next year is rededicate all interested parties in the country to seek a new direction for public education. It is late. We must hurry if we are going to get home before dark. We have a lot to do and not much time in which to do it.

As Frank Cary pointed out, crucial to the success of this effort will be a consensus among the private sector business leaders, among educators, among governmental leaders, because, in the words of Benjamin Franklin, if we don't hang together, we are going to hang separately. And the quality of American public education will not improve.

I think we should recognize that any program to improve the quality of education rests upon some very fundamental truths that need to be recognized. We have to recognize that technology is very rapidly and very dramatically changing our world. Public education must anticipate that change, recognize it as an opportunity, and use it by preparing students for tomorrow instead of yesterday.

Another truth is that as long as we have been working at education, we don't have very concise or well-defined objectives of public education. We ought to set those objectives out before we begin to change the nature of our education system.

Another truth is that those objectives must be defined in measurable terms, measurable for students, for parents, for teachers, and for those who manage the public education system, developing a system of incentives and disincentives that reward excellence and discourage unacceptable performance. Meeting those objectives must be a part of whatever we do to improve the quality of our education system.

We also must convince the people of this country that today's public education is tomorrow's national economic and social health. If we are not preparing our young people to meet challenges of tomorrow, we are failing today. And our young people come first, before governors, before legislators, before school board members, before teachers. If what we do is not in the interest of the child, then it is not in the interest of American public education.

On those concepts, we hope to take our task force forward to develop recommendations in seven very specific areas. The first of those is a definition of the goals of public education, including the ability to function competitively in American society *and* to obtain an entry-level job or be accepted by an institution of post-secondary education.

Those goals then must have standards, a definition of the standards to achieve the goals we wish to achieve, curriculum and operations standards for schools, achievement standards, and skill competencies for students.

Third would be quality control, a series of evaluation programs for administration, for teachers, and for students to determine whether they are making progress towards those standards and goals.

Fourth, accountability: holding the management and the governing officials of the school system responsible for meeting minimum state standards at each step in the process.

Five. Performance and incentives, a system of funding to reward individual and group success in meeting educational goals by teachers and administration in local school boards.

Six. Flexibility. Once management is provided clear objectives to be accomplished, it should be given maximum flexibility to achieve those objectives.

Finally, accessibility. The opportunity provided by our system of education, the economic opportunity, the educational opportunity, the cultural opportunity, must be accessible to all—for the full development of every young person's potential is crucial to the social fabric, economic progress, and the security of our nation.

The key to that agenda, of course, is agreement on objectives that can be the basis for developing the new programs, the new incentives, and most important, the new standards and measurements.

Now, I have heard, as every governor in this room has heard, that you cannot judge, you cannot quantify, education. I think that is nonsense. Every employer in this room can judge the degree of acceptability of an entry-level employee. Higher education judges the ability of students every summer and

every fall. The military judges thousands of young men and women every year. And every day teachers evaluate students' performance in the classroom. If all those people can do it, surely we can develop standards to accomplish it as well.

Education has in America's history been the principal hope for improving the individual in society. Together, then, let us try in the next year to improve the one institution that has been instrumental in bringing hope and opportunity and freedom to millions of Americans for hundreds of years. All of us recognize that what America needs is solid competence in the curriculum, teachers and students in our school system, and a commitment to excellence to rebuild the spirit and the substance of superior education achievement that has been the foundation of our nation's progress through its first 200 years.

Our task in the next year is to adopt an agenda for excellence that is going to move us towards those goals. And I would encourage every governor to be a part of that effort. We need your help and we would like to have your thoughts and your assistance. Thank you.

Governor Hunt: So you see, the Education Commission of the States and the National Governors' Association will continue with this primary focus. All of the staff and all of the materials that have been developed will be available to help you in your own states.

Education Secretary Bell will be here in about 20 minutes or so. He will share some things with us from the federal level. But I think it is very appropriate that the governors first of all talk about what is being done. It is at our level that the action must take place. And many states are already out there doing what has to be done to bring about excellence, to stem that rising tide of mediocrity.

I will ask some of them to share some of their thoughts with you right now. For example, I know that Governor Bob Graham of Florida has just passed what may be the biggest and most significant program to radically improve education in any state in this country. Governor Graham, I would call on you to please share some of that with us, if you will, briefly, because we would like to get as many governors involved in this as we can. We are excited about what Florida has done, and we want all to learn about this from you and draw strength from that.

Governor Graham: Thank you very much, Governor Hunt. I would like to talk about what has happened in our state, and also the special role which I believe governors must play in making it happen.

We did two years ago what has been recommended. That is, we set up a broadly based commission to look at the issue of education in our state. We had in fact two, one post-secondary and one secondary. My comments today will be directed particularly to the work of the commission that looked at our high schools.

This commission was appointed by me and represented the range of education, business, and political leadership that must be brought together for there to be effective political action. This commission identified an agenda of the weaknesses in our school system, its strengths, how we could enhance the latter and reform the former. Some of the areas that were particularly identified were very consistent with those we have already heard about.

We identified the fact that we needed to increase the academic rigor of our high schools and therefore we just increased the graduation requirements, so that beginning next year a student will have to have three years of math and three years of science, four years of English, and other required credits totaling 22 to graduate. And three years from now there will be a requirement of 24 credits to graduate from a Florida high school.

We also recognized the fact that we had to reward our teachers in order to make it a profession that would be more attractive for initial entry and for retention. So we have set about a program of bringing up our teachers' salaries, ultimately with the objective of being among the top 12 states of America in terms of average teacher salary, and institute a program of merit pay and master teacher career ladder, so that those teachers who demonstrate the greatest professional skills will receive a financial reward for those skills. Our master teacher program, for example, will pay \$5000 additional beyond whatever might be negotiated at the local level for those teachers who are indicated as having the greatest skills.

Third, we recognize the special problems in math and science. We have attacked this problem in a variety of ways. First, we have added a seventh period to our high school, beginning this year, for math and science, with the expectation that it will be expanded to all areas three years hence. Half of our math and science teachers will go back to college in the summer of 1984 for an intensive retraining program. We are going to spend \$30 million this year on science laboratories and computers for our classrooms. We will expand our current summer camps with particular emphasis on computer literacy so that students in the greatest need and the students with the greatest gifts will be able to return to school in the summer to continue and intensify their educational experience.

Those were all of the items on the reform program. Frankly, there was relatively little disagreement with the need for reform and the specific program to achieve it. Where we encountered our greatest difficulty was the political question of how to pay for that reform. And here again, I think the role of the governor is critical.

The governor can bring a coalition outside education to support the value of education and its worth, to raise the taxes to make those reforms happen. We had a group entitled "Education Means Business," which was made up of our leading business citizens. They not only provided their words, but also offered \$60,000 of their money behind an effort which included full-page ads

in our major state newspapers in support of higher-level funding for education, and a willingness to go before the legislature and say, "We are willing to pay our share of the price of educational improvements."

We increased taxes by over \$230 million, plus adding most of the growth which we experienced in our state this year to this education reform program in order to bring per-student spending up on a statewide average in the range of 10 to 12 percent.

The third role of the governor is after the legislature goes home and after the taxes have been raised and after the additional revenue is going to be committed. I believe a governor should put himself on the line to say, "I am going to assume personal political responsibility to see that these reforms result in their only intended objective, which is increased student performance."

It is a high-risk political strategy, but I believe it is one you must take if you are going to gain the credibility with the public and if you are going to gain the leverage with the entrenched institutions that would like to have more money but no real change. If you have taken the political risk of saying, "I am going to assume personal responsibility that these changes will result in increased performance," it then gives you leverage with those groups that are necessary to move in order to achieve that objective.

I am very enthusiastic about what we have done. I also recognize that as of today, the last day of July, that not one single student in one single school in any subject matter in Florida is doing better than they did on the day that school closed down in June; that the whole challenge of performance is still before us. I believe that I am committed, and hopefully a large segment of the political and business and educational community of Florida is committed, to see that all those promises result in the performance of a higher level of our students.

I commend Governor Hunt for the national leadership he has provided in this. That has been a substantial part of our ability in Florida and of the other states to achieve this enhanced level of public and political appreciation of the importance of education to our collective future.

Governor Hunt: Thank you, Governor Graham, for setting the standard for all of us.

As Governor Graham has indicated, in the final analysis, the political leadership has to be the force behind higher standards. The educational leadership probably believes in it, but we have to represent the people in insisting on it and devising means by which we can be assured of it.

As governors, I would urge you to have a member of your staff who is just working on education for you, and not to rely on somebody over in Budget or somebody over in the Department of Public Education. I have two members of my staff who do nothing but work on education. They are involved in every single aspect of it, and have certainly enabled me to be deeply involved in trying to give leadership to it.

Let me call on Governor Tom Kean of New Jersey, who has been deeply involved in this, for some of his experience.

Governor Kean: Thank you very much, Governor.

I first want to say how strongly I agree with the thrust of this report. The gross disparity which now exists between skills of our children and the skills of the children of some of our competitors will result in, I think, an across-the-board economic disadvantage for us and for our various states and for this country. In other words, what we don't know is going to hurt us sooner rather than later.

In New Jersey, we have taken a fundamental new approach, and we have switched our entire philosophy regarding the state's role in education from defining and monitoring minimum basic skills to demanding proficiency in advanced skills. And we are demanding that before we hand anyone a New Jersey diploma.

New Jersey had a statewide testing system, but its emphasis was on the bare minimum skills needed to survive in our society. It monitored things like whether or not students could add and subtract whole numbers—whether they could add and subtract whole numbers, by the way, in the ninth grade. This was considered a minimum basic skill. Of course, it is minimum. But no student should be allowed to get as far as the ninth grade without knowing how to add and subtract. Unfortunately, that is the standard we set. What we get when we set standards is students who will learn up to those standards and not much else.

We now have a new statewide testing standard with rigorous standards in reading, and we have approved advanced programs in learning to use those skills. This is a test which all graduates in New Jersey will have to take and pass before they can graduate from high school.

Obviously, we are going to have more students failing this kind of a test, but it is going to be backed up by testing in the third and sixth grade, which we hope will identify a student's need before they get to the ninth grade and before he or she takes the test required to graduate, before it is too late to remedy the student's problems.

It is especially important to maintain high academic standards for our students and make sure they get teachers who have real and continuous experience in their subject. And we are now reexamining the whole question in our state of teacher certification standards and also of course, the salary system for public school teachers, particularly teachers just entering the profession.

I believe there is a place for differential pay in public education. I think there has to be a place for it if we are going to draw more of our best graduates into teaching in our public schools. We are trying to do four things:

First, to open up the profession to more people who might not otherwise consider teaching as a career. Secondly, to make sure that the ones who enter

teaching are up to the standards that children require. I don't think it is any surprise we are not getting the math and science teachers we need when the starting salary is three-fifths of what a man or woman gets in the private sector. Pending the final report of an advisory commission I have on science and math teaching, we have created seven summer institutes for math and science teaching, open to teachers at all levels who will receive a stipend for attending.

We are also working on discipline problems, particularly in the urban schools. We realize this is a real deterrent for people entering the profession and for people staying in the profession in some of the areas where teachers are needed most.

I feel very strongly that, as our report states, the challenge requires a fundamentally new approach to education in America. And if we don't succeed here, we are certainly not going to succeed anywhere else.

Governor Hunt: Thank you, Governor Kean.

One of the first things I did when I was elected governor was sponsor legislation for rigorous testing in grades 1, 2, 3, 6, and 9, and the competency test for graduation. I frequently announced those test scores at gubernatorial press conferences. That is the way I think we need to be involved.

Governor Robb of Virginia.

Governor Robb: Thank you, Governor Hunt.

In the interest of time, I am not going to repeat some of the things that my two colleagues have already alluded to that we are also doing in Virginia.

It seems to me one of the things that might be of some interest, particularly to those who are considering the whole question of increased compensation for increased competency and superior performance, is a two-part trial program that we are in the process of instituting in Virginia at this time.

One would involve a true master teachers concept. We envision at this point a trial project for approximately 5 percent of the teachers. This particular program would offer that elected group—and teachers would have an instrumental role in the selection—\$6000, \$1000 basically simply a reward or stipend for excellence, and another \$2500 for in-kind support either in terms of computer software that might assist that teacher, library additions that would be of assistance to the teacher, or additional tuition for advanced work in their particular or chosen field. It would result in compensation above and beyond.

The principal component of this plan is our proposal for 10 percent increases in each of the next two years, as we have proposed in the last two years, in order to begin to elevate teacher salaries across the board to the level we think they ought to be and commensurate with the value that society places on the service they perform.

Finally, we are talking about \$2500 that would be a fellowship for that teacher to be a teacher of teachers for new teachers and to help in the develop-

ment of curricula for other teachers. A second part of that particular component is a much more broadly based concept that would be available, again up to one-third or perhaps more of the teachers who demonstrate excellence as either specifically selected by their peers or with major participation by teachers. This would compensate them for that additional degree of skill, perhaps \$1000 or so across the board for teachers so identified on that particular plan.

I think it is important, and I think most of us recognize that we simply have not compensated our teachers adequately. And that has to be the first thrust of almost any program in which we participate.

One of the concepts that has not been mentioned, is that we are also experimenting and are going to flesh out in a very short period of time with what we are going to call a center for instruction for all our innovation and technologies.

In our Task Force on Science and Technology earlier, I talked about a center for technology which will help to coordinate the resources of the state and some of the research capability. This is a different entity, designed to take master teachers and others to give them an additional stipend on the development of the curriculum and other advanced course offering. We will be using a school that already exists, not new bricks and mortar, but the idea is in the discussion phase at this point to be fleshed out very soon. It has generated a great deal of interest.

I won't go on to some of the other areas we have addressed at this time because I think it basically will repeat what we have already talked about with some of the others. But it is very clear all of us are making a major commitment in this particular area.

Governor Hunt: Very good.

Another governor who believes strongly education is essential for jobs is Governor Orr of Indiana.

Governor Orr: Governor Hunt, one of the important ingredients in all of this is the leadership which you have provided in the Education Commission of the States and in this task force. I applaud you for it.

I applaud also the leadership of Governor du Pont in recognizing that as we move forward, it is most necessary, indeed, for us to review where we are, where we are going, to absorb all of the innovation that will come about as a result of the hard efforts of 50 governors.

I think as a result, at this time next year we may have a great deal to report on as to the success of individual efforts within the states. One of those things not often understood by those who are not fortunate enough to be a part of the Governors' Association is the dynamics that exist within this organization, both in terms of the active competition which prevails among the states, but at the same time eager willingness on the part of all of us to share our experiences, our successes, our failures, whatever they may be, with one another.

Nowhere is this more important than in terms of the economic growth of this country. For each individual state, nowhere is it more important than in education, both in terms of the success of it within our states as well as the joint success of the states altogether, so that we can properly recognize the position the United States has today in its competition economically, backed up with an educational force in the world at large.

It seems to me terribly important, therefore, that as each of us pays heed to what is in this book, and certainly, those eight recommendations for governors are vital. We have done some of these in Indiana—I would say we might be about a year behind the state of Florida in a good many different ways.

And I will not indicate the specifics, but simply to say this, that it is important, for each of us to communicate one with another, to take from each the opportunity that there is in the success that each has found or the difficulties that we have encountered so as to build upon what is in this book. By this time next year it can be said that the governors of the United States of America have provided the leadership by which this country can succeed properly in the world at large.

By combining an interest in economic development, economic growth, and growth in superiority of education, it can be said that we have met the test in this period of time.

Governor Hunt: Thank you, Governor Orr.

We are about out of time for this discussion, but I would like to call for about a minute each on three governors who have already indicated an interest to say a word.

Governor Snelling, our former chairman of this organization, from Vermont; Governor Anaya of New Mexico; and Governor Alexander, who is doing such a great job on this in Tennessee

Governor Snelling.

Governor Snelling: Governor Hunt, I am excited by the willingness of the public as well as the governors to identify education as an unusual opportunity. And I am struck by some comparisons on these times and some several decades ago when Sputnik caused a similar, seemingly similar, interest in education. I really think the comparison is very favorable to these times.

In the first place, we didn't have a large single event like Sputnik to generate the enthusiasm which has come now from the report of the Commission on Excellence or our own committee. It was deduced to be an important item on the agenda of America.

And secondly: Then, there really did seem to be a tendency for the response to be more spending, but no real plan of action to change the way the monies were spent. What your committees have done and the governors who have already spoken have indicated is that we are now dealing with some specifics.

And finally, I do not think that in the former case, there was the immediate

response in terms of governors putting specific meat on the bones, as it were. In Vermont, we are very excited by the opportunities for early education.

In your call to marshal resources, it seems to us important also to use the resources in the way which will be most rewarding. And it is a sad fact that at the present time in American education, the most money is spent towards the end and the least is spent at the beginning. The cost of education rises per grade, at an almost uniform rate, until finally high school in most states costs almost twice as much per year per pupil as does kindergarten or first or second or third grade.

Furthermore, there isn't really a significant difference in the intensity of the relationships between teachers or other caring adults and students in the early years. Yet we know that those are the years in which so much is determined. Students are eager to learn, and their capacity to learn is very great. Gordon Appelbaum and John Goodland and others have spoken about that.

In Vermont, we would like to share with others and get back in return their experiences with early education. Here is what happened to us:

First, the University of Vermont made an intensive study of the literature and the cases and, I think, put together a persuasive case that a great deal of opportunity exists in intensifying early education. Secondly, we consulted with the teachers, the superintendents, and the principals throughout the state and found that they too were eager to engage in such a process. We did ask the legislature for increased funds, and they turned us down for the time being. But what the people and the educators did next is most significant. Some 35 communities immediately indicated their willingness to participate in these kinds of programs. The Early Education Institute, which was established, was immediately oversubscribed, and we are now proceeding to implement some of the elements of this intense early education proposal even without increased funding.

It is an opportunity, I think, which goes beyond a minute or two or three, but I hope that other governors who have had any particular experiences with early education will have interest in ours and will share their experience. I think it is a means to an end in a way that will enable us to do better about some of the general goals expressed in what you have done.

Governor Hunt: Thank you, Governor Snelling.

And focusing on those earliest years is really the key. If they learn to read and write and do math in the first three grades, they probably will not drop out of school.

I think Governor Riley had it right in South Carolina when in his first inaugural address he said, "We may not build the first schools in America in South Carolina, but we can have the best first grade."

Governor Anaya of New Mexico.

Governor Anaya: Mr. Chairman, thank you very much. I will be extremely

brief and save as much time as possible for Secretary Bell. I want to welcome him here and assure him I will treat him with more kindness than I did when he came to New Mexico.

We have been following the work of the other governors and taking on the example of Governor Hunt and Governor Graham and others and have recently established two commissions in New Mexico—one on public schools that will look at kindergarten through 12th grade, the other on higher education.

I have directed them to review the structure, the way in which we are attempting to deliver a good education to our children, to take a look at the money that is going to be required. And I was interested in Governor Graham's comments about his tax increase in Florida.

I have a peculiar problem in New Mexico that other governors may or may not have. And that is that I have a State Department of Education under a separately constituted body. There are ten elected members who select their own superintendent of education. Under my direction, I have an Office of Education that is in charge of the funding. The department is in charge of programs.

I am going to seek a constitutional amendment to merge those two bodies directly under the governor. That is probably the most controversial, second only to possibly the tax increase. I will probably be calling on other governors. I know I will, especially on Governor Graham, who indicated that he was able to sell his package.

One of the problems I am finding, which other governors may or may not find, is the acceptance by the media. In my state the media have not been used to having the governor directly involved in trying to improve the quality of education. That has always been rather taboo, even though in my state we spend roughly 70 to 75 percent of our budget in education. It always seemed when the governor tried to do anything, it was politics. But I hope to be involved rather strongly.

A final point, Mr. Chairman: We could all recount some of our experiences of what we are trying to do in our respective states. But I would hope we would not lose sight of the need for the federal presence. I am pleased to see the secretary here because, as I review what is being done in other countries, and we have heard statements here already today to that effect, in these other countries they are national priorities, they are national goals, it is a national commitment. And while none of us want to see the federal government take over education in our respective states, there still must be some national goals, some national priorities, and some national funding.

With that, Mr. Chairman, I look forward to learning a great deal more here. And certainly after seven months on the job, I am just now learning there is a problem, much less trying to find out the solution.

Governor Hunt: And for our final word, the governor who has been the

pioneer governor in finding means to pay more money to teachers who do a superlative job. Governor Alexander of Tennessee.

Governor Alexander: Thank you, Jim.

I want to thank you and Frank Cary and Pete du Pont for the tremendous leadership you have shown in putting before all of us in the country how we can move in a comprehensive way on education.

I would want to say two brief things. While we all recognize there are a great many parts to what we have to do, I believe the biggest change in the next year will be this: Today, no state public school system pays one teacher one penny more for doing a good job teaching. I am convinced by next time we meet, which will be in Nashville, that every state legislature will have considered a way to reward outstanding teaching. I mean next summer's meeting.

And by the fall of 1984 when Bob Graham's new program goes into effect, and I hope one down in Charlotte and I hope in Tennessee, that a dozen, maybe half the states, will begin the implementation of programs. That is a radical change in public education. As Jay Robinson from your state says, we need to do all of the other things, but if we don't attract and keep superior teaching, the rest of it doesn't amount to a hill of beans.

The final thing is merit pay. Those are two bad words. They mean to most teachers a pop quiz evaluation with a small bonus for a few people. We ought to conduct a contest to get a different name for what we are trying to do, because no one is proposing merit pay as teachers understand it. We are talking, as your report says, career ladders, peer review, continuous evaluation, something to look forward to. That is what I believe every state will be doing.

Governor Hunt: Very good. Thank you. And let me just say in terms of how we must go about this, obviously, the governors must be developing. We have got to have everybody else with us, particularly that business community that is ready to come. And I am very proud that the educator organizations are so involved and so cooperative. We have here today, for example, Mr. Al Shanker, the president of the American Federation of Teachers, Mr. Edwin Haines, who is representing the National Education Association, and we have just worked hand in glove with all of these people. Lamar has, Bob Graham has, and I think all the rest have. This is the time that I think together we can do this job.

Let the Chair now recognize Governor Lamm of Colorado.

Governor Lamm: Mr. Chairman, I would move the adoption of this policy, with my thanks to the good work of you and Governor du Pont in developing it. I move its adoption.

Governor Hunt: Is there a second?

Governor Kean: I second.

Governor Hunt: Governor Kean seconds. I will turn the chair over to our chairman, Governor Matheson.

Chairman Matheson: Thank you, Governor Hunt, for that excellent presentation. Mr. Cary, Governor du Pont, and all of the governors, we have before us the policy statement C-3 before you. It has been moved and seconded. Do we have discussion?

(No response)

Hearing none, we will call for a vote.

All in favor of the proposal please say "Aye."

(Chorus of "Ayes.")

Opposed.

(No response.)

Carried. Congratulations, Governor Hunt and governors, an excellent piece of business.

(Applause.)

We are going to change our format just slightly in view of the schedule of the vice president and the secretary of education. I asked him what he would like to do, and he graciously said he would postpone his time. He is also a houseguest of the vice president's, so he thinks he should do that.

I would like to make just two very brief comments. The remaining policy positions for the governors will be considered at our second plenary session on Tuesday morning. We would like to notify all governors that if they are interested in suspension of the rules with respect to the policy statement, it would be most appreciated if they would make the proposal available no later than the end of business Monday or if you really twist my arm, Tuesday morning, so we can have it in writing if we wish to consider that later on. I would also hope that if you have substantial amendments that you wish to submit, on any policy statement, that you would prepare those ahead of time and circulate them so that all of the governors will have a chance to understand exactly what issues will be before them.

I would like to announce at this point the nominating committee which will select next year's executive committee. It will consist of Governors Robb, Ariyoshi, Olson, Spellman, and the chairman will be Governor Orr of Indiana. Gentlemen, we will ask you for your report at the end of the plenary session on Tuesday afternoon.

You have before you some information with respect to the establishment of a Holocaust Memorial museum in Washington, D.C. Between now and Tuesday morning, please review that. We will have a presentation at that time from two governors and the wife of the governor of Massachusetts. We look forward to that opportunity.

I will now call upon Governor Robb for a comment.

Governor Robb: Thank you, Mr. Chairman.

In view of the fact that our distinguished guest is en route but not here, I think it would be appropriate and on behalf of all of the governors who have participated in one way or another in the Task Force on Education for Economic Growth, specifically the report on Action for Excellence, to ask that we join in a round of applause for the co-chairmen of that group, Mr. Frank Cary, and our fellow governor, Pete du Pont, and the exceptional leadership that has been provided by our colleague Jim Hunt.

(Applause.)

Chairman Matheson: Thank you very much, Governor Robb, for that thoughtful comment. I would now like to introduce our next speaker.

George Bush is a product of New England, a Massachusetts native. He was at age 18 the youngest commissioned pilot in the Navy at the time. When he returned home from the service, he completed his economics degree at Yale University as a Phi Beta Kappa. He was elected to the United States House of Representatives in 1966 and reelected two years later.

From 1971 to 1973, he served as United States Ambassador to the United Nations. He was then appointed director of the Central Intelligence Agency.

In July of 1980, Mr. Bush was selected by Ronald Reagan to be his running mate at the 1980 Republican Convention. And on November 4, he was elected vice president-designee of the United States, and, of course, in January of 1981, was sworn in as the 43rd vice president of the United States.

My fellow governors, please join me in welcoming the vice president of the United States, the Honorable George Bush.

REMARKS OF VICE PRESIDENT BUSH

Vice President Bush: Thank you. Thank you all very much. Thank you, Governor Matheson, and to you with that big smile, evidencing shedding your responsibilities, I guess, as the outgoing chairman.

I would like to commend you, sir, and say how much we have enjoyed working with you, and also my respects to Jim Thompson, the incoming chairman.

And also, I would like to thank, I expect on behalf of all of us, Governor Brennan of Maine for hosting this madhouse and extending this fantastic hospitality. I am delighted to be here.

My respects to Secretary Bell, our houseguest, and my friend and the friend—good friend—of education for everybody in this country.

First, I would like to mention, if I might, just one matter of particular concern really to all governors. And that is the question of drug interdiction. At the governors' meeting in Washington last March, you called on the president to increase the national drug interdiction efforts. I believe that came out

of Governor Robb's committee. The president has now responded to the concerns with the establishment of the National Narcotics Border Interdiction System. And I am pleased to tell you that these six NNBIS centers are up and running and working to counter the threat on the borders.

NNBIS has already begun to make headway against smuggling, built on what we think a successful effort in Miami on that task force. Now with these five additional task forces, we have begun to make headway against smuggling, and we are getting the active participation of the governors in making effective this total coordination between federal, state and local resources that we are trying to bring to bear on this insidious threat to our country.

I was in one of the centers the other day, the one in New Orleans. Governor Treen, I guess, is not here. But there was total cooperation between the state police, the local police of New Orleans, all the federal agencies. And it is this that we have tried to do in six centers. I think that we have received just superb cooperation from the governors.

Today, I would like to comment on the economy and then a few words at the end, if I might, on a question that is on everybody's mind. And that is Central America. I just came back from a trip in Europe, and there is more interest in that there, I think, than almost any other question.

In January 1981 the president and I took our oaths of office. And the prime rate of interest had reached 21.5 percent, the highest point since the Civil War, two weeks before we were sworn in. Inflation had settled into double digits, and it stood then at 12.4 percent. Such rates undercut savings. They had commenced to wreak havoc in the capital markets, and they infected the whole economy with a sense of uncertainty. At the same time, the federal government had embarked on a massive transfer of resources from the American people to Washington to the bureaucracies there. And during the decade of '69 to '79, taxes in the United States rose 60 percent more than prices.

Inflation itself, however, represented perhaps the heaviest tax of all. In 1978 alone, the government gained some \$50 billion in additional tax revenues from bracket creep, spurious capital gains, doubtful corporate profits, and social security tax increases that resulted all from inflation. And because of inflation, government received another \$50 billion in the form of a reduction in the value of its debt. And thus, inflation alone expanded the government coffers by roughly \$100 billion dollars, all of which ultimately came from the wages and the savings and the investments of the citizens in this country and from the private enterprises.

Because of inflation, a low-income family living on a fixed income of \$10,000 in 1979 would have seen the value of that income fall to less than \$8000 by the end of 1980. And for a family on a fixed income of \$20,000, the comparable figure, purchasing power would have dropped to less than \$16,000 by the end of 1980. And a family living at \$30,000 income, the comparable figure would be \$24,000 at the end of the same period. Now, we have

heard a lot about fairness, and I know the charge is leveled at sometimes something being unfair. But I think if we really take a look at those numbers and put them in perspective, it is not too much to say that that was unfair to the families that were out there trying to make ends meet.

This transfer of resources away from the risk-taking and innovative and dynamic private sector set a heavy hand on the whole economy. During the 1970s, American investment as percentage of gross national product stood at half of that in Japan. Average growth in output per man-hour, an important measure of productivity, fell one-third below that of Great Britain. And it is a matter of historic record that in 1981, we faced the most serious economic crisis since the Great Depression. Compared to the vibrant free nations of Asia, the United States was well on its way to some kind of economic disaster.

We came in. This administration, the Reagan administration, took office determined to halt that downward slide. And we cut the growth in federal spending in half. We supported a sound monetary policy. We pruned many of the needless regulations. And I had the pleasure of visiting with the governors on that a couple of years ago. We haven't finished the job, but we have pruned out many of those regulations that are excessive, that are needless. We have passed tax indexing, so that, if somebody is going to inflict higher taxes on people, the Congress ought to stand up and vote yes or no on increased taxes. We have enacted three individual income tax cuts, allowing the American people to keep a greater share of what they earn. Today, less than two years after we began to set these policies in place, with the help of the Congress, a surging economic recovery is well under way. And it is surging.

We realize that there are some things that are lagging behind as the recovery gets moving, no question about that. But the recovery is here, and it is strong, and it is sound. Inflation has plummeted from 12.4 percent when we took office to less than 3 percent for the past 12 months, the lowest rate in more than 15 years. The prime rate, which as I mentioned was at 21.5 percent two weeks before we took the oath of office, is 10.5 percent now, still too high, but there is dramatic improvement in the last three years.

Real wages rose last year for the first time in three years. And in the last six months, productivity climbed 3.2 percent. The Gross National Product grew in the second quarter of this year at an annual rate of 8.7 percent, showing the biggest quarterly increase in more than two years, and shrinking our estimates of the federal deficit for fiscal year 1984 by some \$10.5 billion.

The inventory decline has been reversed. Factory orders, retail sales, housing starts, and auto sales are up. The stock market has been undergoing perhaps its biggest post-war boom. Since December, the economy has created 1.1 million new jobs, and unemployment, though still too high, still way too high, has dropped nearly a full point. The figure 1.1 million new jobs essentially is based on what is called the Survey of Establishments, meaning those com-

panies large and small that were in business as of last December. If you use the figures from the Labor Department's survey of households, the number of new jobs since last December increased by 1.7 million. Either way you look at it, the recovery is clearly producing the volume of new jobs necessary to reduce the level of unemployment.

I am not suggesting to the governors that anyone in this administration is relaxed about unemployment. It is on your doorsteps; you are tremendously concerned, as are we. But I do think it is fair to put these numbers out there and put them in perspective.

Some have argued since the recovery has begun we should raise taxes and increase spending—to raise taxes hopefully to reduce the deficit alone. The House of Representatives, for example, recently passed a resolution calling on the federal government to spend \$11 billion more next year than the president has proposed and to raise some \$120 billion in higher taxes between now and 1986. The president has repeatedly stated that he will reject any spending bills that break the budget that he sent up. And he not only refuses to consider tax increases in the next two years, but insists instead that the Congress cut \$150 billion from federal budgets over the next five years.

Now we know that the current deficits represent a challenge, tremendous problem, and that when the federal government engages in its massive borrowings, it crowds out and squeezes resources away from the private sector. But the answer cannot possibly be to raise taxes and spend money just as the recovery is gathering strength. Instead, we have got to continue to control government spending and hence foster the government revenues.

The standby tax that you are all familiar with is the one tax that the administration is endorsing. And that is to guarantee that the out-year deficits trend downward in the event that the recovery itself is not able to guarantee this decline in deficits that we must have if we are going to have confidence, all of us, in the marketplace.

Having said that, we remain strong in our belief that budget cuts are the right way to reduce deficit spending. The rewards for all Americans will be substantial. Personal income has begun rising, and as I mentioned, since December, some 1.1 million Americans have found jobs. And there are signs that this recovery may be unlike any other in our history. Let me just give you a few figures on this.

The American economy is undergoing a fundamental shift. It is possible, perhaps likely, that the United States is now engaged in a major transition, a change from one economic era to the other as far-ranging and as important as the Industrial Revolution. As computer technology is dispersed throughout the economy, vast new efficiencies and increases in productivity are being realized, not only in the high-tech industries, but throughout the service sector and the mainland manufacturing industries.

In the American auto industry, computers streamline design and testing, assist workers in production lines, and hence play a critical role in competition with foreign manufacturers. If the government returns to its old ways of transferring massive quantities of resources from private enterprises to sprawling bureaucracies, it is going to once again stifle the innovation that we see now coming forward. Other nations would then take the lead in the great economic transition, and America's economy would again become stagnant. Yet, if we in Washington and you in the statehouses who are on the front line of all of this continue to exercise discipline and prudence, Americans will have nothing to fear. For their own thrift, diligence, and sense of enterprise is going to keep this country economically vital. And America will enter an era of greater prosperity than we have ever known.

We are bullish on the economy and on our country's ability to compete. As you know, when unemployment is high, protection pressures mount and it is to the president's credit that he has resisted the broad call for protectionism. It has enormous political appeal, as you know, but the president is insisting on resisting those pressures. As unemployment goes down, I am confident that the pressures for protection will lessen.

Let me just conclude, if I might, by mentioning a few things on Central America because it is on everybody's minds. I don't know whether I would be violating any rules of the Governors' Association, and I asked Scott if it would be all right just to make a few comments on it. I didn't want to take advantage of a captive audience, but typical of him and his thoughtfulness, he said, "You talk about anything you want to." But I do want to mention it, if I might.

The president has repeatedly stated our desire to see peace and prosperity in Central America. And he has now articulated four basic, sensible, moral and humane goals of our Central American policy. And they are so important, and frankly they are so misunderstood, perhaps not by the distinguished governors here, but I think by many of your constituents and ours, that I wanted to repeat them again.

First, we are committed to supporting the democratic governments of the region, and we are committed to fostering the growth of democratic goals and principles and ideals. Second, we strongly support economic development in Central America. And again, three out of every four dollars of assistance are being used for economic and humanitarian assistance. Third, it is our goal to facilitate meaningful dialogue between nations of the region and within nations of the region. We believe in the resolution of regional problems through discussion and negotiation. We especially believe in the need for dialogue in the overall issues of regional security.

In one of the Scandinavian countries that I recently visited, one of the leading foreign affairs experts in government asked me, "Why are you not

supporting the Contadora group? Why are you not supporting some regional process?"

I said, "We are. The president said it in his earlier speech last year. And we have had Ambassador Stone down there trying to do something about it. And we are."

But that brought it home to me. Here was one of the leading foreign policy people, and we had just not made clear to him in this country what it is that we are thinking of in terms of regional security and regional negotiations.

And fourth, it is our objective to provide the area with a security shield, in particular for those countries whose economic infrastructures are being destroyed by the guerrillas, and to strengthen the democratic process in those countries.

Now, how are we attempting to achieve those four objectives? First we support the democratically elected governments in Costa Rica, Honduras, and El Salvador. And they are democratically elected, some say in less than perfect elections. Perhaps democracy is not yet perfected by moving triumphantly, you might say, towards the holding of the democratic values that everybody around this table expects. We are encouraging the government of Guatemala in its commitment to hold elections next year.

We hope the Nicaraguan government, now beset by a rising tide of opposition, will fulfill its original pledges of pluralistic, democratic government.

We forget that the Sandinistas came to power calling for and proclaiming their adherence to free elections. We are willing and indeed we have tried to facilitate a dialogue between the Salvadorian rebels and the legitimate elected government to bring about genuine democratic elections in which all Salvadorians can safely participate. You saw what happened to Senator Stone, now Ambassador Stone, when he was in Costa Rica trying to arrange such talks. We are not going to give up. He got stiff-armed by the guerrilla factions. We are not going to give up on that. And this viewpoint of trying to broaden the election process with its peace commission is strongly shared by the government of El Salvador. In his state-of-the-nation speech on July 1st, Salvadorian President Magana plainly stated that his government was willing to engage in dialogue with the rebels on any issue except one. And that was power-sharing.

We support President Magana in the position that he has taken on that issue. And we not only seek a dialogue between the two sides, we urge the rebels to participate in free elections. Free elections should determine who governs; free elections should be the determinant of who shares the power.

Second, we fully support economic development. As I mentioned, three-quarters of our aid is for the purpose of economic development—food and clothing for the hungry and destitute, shelter for the homeless, medical care for the sick, new roads, bridges, water facilities. And the president's Carib-

bean Basin Initiative that had the support of many in this country and in the Congress on both sides of the aisle, now after too long a delay, nevertheless is nearing final enactment by the Congress. It is further evidence of our support for regional economic progress.

Third, we favor the efforts of all governments to advance the goals of security, economic development, freedom and human rights through regional dialogue. We warmly welcome the efforts of Panama, Mexico, Colombia, and Venezuela, who are leading this effort.

Fourth, we are training local defense forces to combat insurgency movements supported by Nicaragua and Cuba, who are funneling arms to revolutionary Communist insurgents throughout the region. The naval exercises and the combined exercises with Honduras that American troops will participate in play a part in the security shield that we seek for the region. We are reassuring the democratic governments of Central America of our interest, of our willingness to support them, and of our commitment to regional security. They underscore our continuing commitment to collected defense with the nations of this hemisphere who may be threatened by external attack. And those exercises are also intended to encourage and reenforce the diplomatic efforts that are now under way.

Finally, let me say what the Reagan administration does not favor. We are not sending U.S. troops into combat in Central America. We are not trying to overthrow the Nicaraguan government. Others are trying to destroy governments in Central America with guns. We are trying to help build governments there with ballots. And we don't think elected leaders should be abandoned to those who want to take power by force. They have been elected. We think that says something that Americans clearly understand.

Despite the propaganda war, there are some encouraging signs. Nicaraguan Foreign Minister Ortega recently made a six-point regional proposal that we believe shows some genuine flexibility. Even Castro's most recent speeches conveyed a less belligerent tone and supported for the first time that I can recall regional cooperation, specifically the Contadora initiative.

I am confident that progress can be made in the region to secure and further the principles of democracy. The U.S. has a proud heritage in assisting the less fortunate throughout the world. As a people we will remain the most generous provider for the underprivileged in terms of health care and housing and food and education, and all the other basic necessities to improve the quality of life in the region. At the same time, we do remain committed to human rights. We will see our influence used to help improve the human rights situation in all totalitarian countries, be they Marxist-Leninist dictatorships coming in from the left, or totalitarian dictatorships of the right. We are committed to doing what we can as the United States to better human rights for others.

We remain committed, as I said earlier on, to the democratic values, freedom of the press, freedom to worship, freedom to come and go, freedom

of elections: in essence, democracy itself. And so I hope that these objectives will be kept in mind, and I hope that these comments on this subject that is on every front page of everybody's mind, will at least set out definitively for you what it is that we feel we are doing and must continue to do.

I appreciate, Governor Matheson, Governor Brennan, Governor Thompson, the opportunity to appear before this most illustrious group. And again, I just want to say how much Barbara and I enjoyed having you with us last night. Thank you very much.

Chairman Matheson: Thank you very much, Mr. Vice President. I asked the vice president to remain for just a moment. We often introduce the speaker and the representative but we seldom introduce the spouse, so Barbara, would you come forward? May we introduce you? Thank you.

Our final speaker for today is the Honorable Terrel H. Bell, U.S. secretary of education. Secretary Bell is a model of many of our finest public servants in Washington. He knows state and local government intimately, having been baptized in three different states as chief state school superintendent. He began his training in Idaho, where he was born, as a chemistry teacher and today has an earned doctorate, 11 honorary doctorates, and special citations from three different secretaries of health, education and welfare.

I am very proud to have the opportunity to introduce Ted Bell, who is not only a longtime Utahan, but a good friend. And it is my pleasure now to introduce to you the Honorable Terrel H. Bell, secretary, United States Department of Education.

REMARKS OF SECRETARY BELL

Secretary Bell: Knowing how early you started this morning, I suspect that brevity will be appreciated along about now. And I will try to be very brief.

I would just like to emphasize the size and the scope of American education. Thirty percent of our population is involved in education as their fulltime endeavor. If you count all of the students, kindergarten through graduate school, public and private, and all of the employees, you get about three-tenths or 30 percent of the total population of this country. This year we will spend \$215 billion on education. We strive to provide both access and choice in education. We do it especially well in higher education.

I want to commend you, governors, in the great work that you are doing in advancing and making changes in education. Proposals like the one Lamar Alexander made in Tennessee, the actions that I know from listening to Governor Bob Graham when we visited in my office, the recent development in California, what Jim Hunt has done in North Carolina and many, many more, are showing some real momentum in our schools.

I would like to emphasize to you real quickly that we need to be deeply concerned about the condition of the teaching profession in this country. The

best are leaving the profession, and the lowest level of the academic ability level is preparing to become teachers in our colleges to take their place. Most of the teachers in the United States, most of the students in the United States who are studying to be teachers come from the bottom 25 percent of those that take the college entrance examinations. I think you are all aware of the fact that teacher education doesn't get the attention that it ought to get on the university campuses. I don't think we are preparing our teachers as effectively as we can. We are giving too much schooling and pedagogy and not enough substance in some of the areas in which we ought to be teaching. We need to be doing more to recruit more able students to choose teaching. And we are not going to be successful in recruiting them until we change the teaching profession.

Now, as I have talked about the master-teacher idea—and I agree with what was said before, that merit pay is not a very good label to give to our effort to try to get some differentiation in teaching—but as I have talked about the condition of the teaching profession and as I have talked to many young people about teaching, they just tell you that there isn't enough potential there.

And as we talk about what kind of a title we ought to give our efforts, I have said that the master teacher ought to be to elementary and secondary education what the full professor is to higher education. If you will just consider the career-ladder opportunities that are provided to university professors in your states, they offer an opportunity to move up, not just to participate and inch ahead in the dreadful failures of the single-salary schedule that pays only for college credits and years of experience, but the opportunity to move up in academic rank, to earn a new title, and to gain new distinction. You can move from assistant to associate to full professor in higher education. That hasn't been touched for our university governing boards and university presidents. We have put on top of that the distinguished professorship. We have endowed chairs.

I just emphasize to you that we don't have any of that kind of structure with our teachers. And that is why I salute governors who are striving to do that. I know that Governor Alexander had a real struggle. We followed it down in Tennessee. And what he was trying to do was establish the equivalent of that for our elementary and secondary teachers. I was pleased to find out that in a large and complex state like Florida that, Bob Graham, you were able to get that enacted in your legislature. And I know others of you are looking at that. Now, as I talk about this and a need for us to provide an opportunity for our teachers to get recognition and for at least some of them to command the salary that is commensurate with other endeavors, I want to acknowledge that we need to do something about the basic pay scale.

I exchanged letters with Governor White. I was down in his state. And the press asked me some questions and I responded to them because the governor was trying to raise the salary schedule down there, and I put in my pet

pitch about merit pay. And I know how the teachers dislike that term. We don't say when a professor gains a promotion from associate professor to full professor that he or she has been merit-rated, but there is merit there. That peer review system in a good university is a regular system. I would say that it isn't perfect, but academic rank has been so successful in the United States that it is hard to find a college or a university that doesn't have a system of academic rank. But I also agree with Governor White when he said there is no use in building that kind of a superstructure over a very, very poor beginning salary schedule that won't attract them in the first place. And I want to acknowledge that, governor, and to the others yesterday who participated in our panel where that was said, with Lamar Alexander and Governor Snelling and our distinguished colleague from Kansas who helped us out. And I thank all of you for that. And I acknowledge again that we need to not lose sight of the basic salary schedule.

But let me just emphasize to you that a study that we have just completed indicates that the attrition rate among those teachers who scored high in the college entrance examination score, brighter teachers, is 77 times as high as it is among those teachers who are teaching in your states in the bottom 25 percent. So our bright and able and ambitious and energetic teachers are leaving the profession. And I think that we need to enact in our legislatures some kind of structure that will hold those better teachers. And until we do that, we are going to continue to have difficulty.

I think that if we offer teachers the same opportunity that faculty members get on university campuses to participate in the decision making procedure that it is going to be very helpful. And I know, Governor Alexander, that that is what you are struggling to do in your master teacher commission that you have, as I have reviewed that very innovative legislation. I think we can persuade the teachers and the teachers' organizations to come along with us on that. But I also would acknowledge that we ought not neglect the beginning salary schedule because it is terribly low. We ought to be moving along in that direction. If we don't do something about the terrible condition of the American teaching profession, those things that we want to accomplish in education simply won't be accomplished.

I can't emphasize that too much. And I think that the best way to talk about this and to persuade teachers to go along with it is to draw the parallel with the academic rank system that we have in higher education.

There is a good reason why the governing boards and the university presidents nationwide have established that structure. There is a good reason why they put on top of it even the distinguished professorship to hold and to recognize and reward some of their most outstanding teachers. Now, I know that is not going to change overnight. But I know that you all will be preparing messages and proposals to your legislatures very soon. And I would hope

that we can see some more momentum like that that we have seen at least two states that I know that have taken action in this regard.

I believe each time you appropriate more money for schools in your states, I believe that you ought to first of all raise the basic schedule as much as you can afford, but as you do that, I would urge you to take a portion of the money that you are putting up and set it aside and reserve it for building this academic rank system, this master teacher scale that we are talking about. If we don't do a bit of that each time we move, we are going to delay recognizing these other individuals.

There are teachers that ought to leave the profession. And there is a significant number of them. And we give them the wrong encouragement when we give them a huge boost in salary when they can't do anything else. And they really ought not to be teaching. That is the problem with across-the-board salary raises. The other side of that is that I recognize that we need to raise that basic salary schedule. And until we do it and until we have a decent entry level scale, we are not going to succeed. And all of the magnificent master-teacher pay scales won't accomplish what they ought to accomplish in that regard.

Let me just mention one more point and then I will conclude my comments to you. Our National Commission on Excellence report, released in April, drew nationwide attention. I appreciate the response that has been given to it. And I appreciate the expressions of support that you have given. And I commend the Education Commission of the States, Governor Hunt, for their Action Report that followed ours and for others that have come on since then. There is an unprecedented opportunity now for us to make great progress in American education in this country.

The report emphasizes that we are one global village as far as international commerce and trade are concerned. The report emphasizes that knowledge and information and skilled intelligence are the new raw materials for economic growth. The future is going to belong to those states that are doing a good job of educating their people. And we need to have performance-based education. I commend those that are emphasizing that. I would just say that I think the reason that education has slipped as badly as it has is that our governing boards, our school boards, haven't been doing their job. When 35 out of 50 states only require one year of math and one year of science to graduate from high school, we have a minimum that is terribly low and ought to be corrected.

I am of the opinion that the state legislatures under your leadership ought to be enacting master-teacher pay scales along with building the base up as much as it can be built. And I think you ought to be adopting and sending the school boards stronger and more rigorous minimum requirements. I wish that the local school boards would set those standards without legislation out of the state capitals, but I worry about that. You have to ask yourselves, why did we reach the point where we have the conditions that we have? A study

that we just concluded indicates that high school teachers nationwide give more A's to their students than they give C's.

Now think of that for just a moment. The traditional report card says that A is superior performance and C is average, and then between that, as you well know, is the B which is above average. When the high school faculties in the United States are telling these students that most of them are superior, and with academic achievement declining as measured on the college entrance examination scores for 19 consecutive years, there is something wrong with the rigor and the tone of the structure there. And when we have students graduating without the preparation that they should have as we have indicated with our college entrance examinations, this is a very serious problem. And then, with those scores all going down, and they are lower than they have ever been, we reach out and take the bottom 25 percent of that group, and that is where we are getting tomorrow's teachers. We have simply got to make teaching more attractive. And that is why I think that we ought to take a long, hard look at how higher education has been able to attract and retain the academic professionals. About 20 percent of the university professors from the United States hold the rank of full professor. It isn't an elitist thing, but it isn't a level to which you can move without some rigorous review and some proof of performance in that regard. And so I would hope that we would raise standards.

The National Commission on Excellence report, as you know, recommended that we require at least three years of mathematics, three years of science, four years of English, three years in the social studies/economics area, plus some computer science as a minimum. Our high school students have too many electives. The high school curriculum is a smorgasbord and these young people who are teenagers are just picking and choosing from all over the curriculum. So we don't have a strong, firm base in that regard.

I just have to say that our locally elected school boards are not managing the way they ought to manage. I have arguments with the National School Boards Association each time that I say that. But I think all of us need to be a bit of a gadfly on the backs of those that are setting those standards to get them up where they ought to be. Whether they ought to be set by our legislature or whether you can exert persuasion upon your state boards of education and your state departments of education, those standards simply need to be raised if we are going to move ourselves forward like we ought to be moving in that regard. So if we can take those actions and make those moves over the next few months, while we have all of this public attention and readiness, I think we can gain the momentum that we need and get American education back to where it ought to be.

Let me just emphasize that from all I am able to learn around the country, and we are in the process of holding 12 regional meetings on our national commission report, from all I am able to learn from contacts that I am making,

the public is willing to spend more money on education, but two-thirds of the recommendations in our report of our national commission can be implemented without spending any more money.

You can assign more homework, you can stop giving more A's and you can give C's. You can require your students—they are in school anyway—to take the difficult subjects and to study mathematics and science and these other areas. This we are already paying for. And we ought to see that the taxpayer gets that change, and then we ought to take a look and see where we can spend some more money. We have the college student aid program up for renewal in Congress. I think that we could help if we shape the loans and the grants program in such a way that we give some incentive to some of our bright and able young people to move into teaching by giving them a break in the student aid program, in the loan repayment situation, and in the grant situation if they choose teaching.

If you could come along on top of that as a good example, I think, of state and federal cooperation, if you could come along and get this academic rank system moving in the schools, if you could raise that base salary—and I am more concerned about that than I am higher up; at that point, you can qualify to move up in academic rank—then we ought to be encouraging it to move out of teaching.

If you could come along and do that, if you could persuade your state boards or through your legislature if you could raise these standards up to where they ought to be over a very brief period, I think American education could be on the move again. If we don't do it, if we don't move in this direction, we need to know as the commission report emphasizes. And as I said before, we are really one global village now. And your competitors are bright and energetic. They have a lot of drive, and productivity is going up there while it has been going down with us. And our young people aren't going to be productive if we don't teach them in school to do those things that they ought to do, if we don't challenge them at the level they ought to be challenged.

So let's move to have a much more rigorous curriculum than we have ever had before, set higher standards on the state level where they ought to be set. If you can implement the change in the way that we compensate our teachers and the way that can make it more attractive, if we can do some things with our student aid program to help out and some other areas where we have some responsibility, hopefully, we can get education on the move again.

I would like to thank you again for the great commitment that I know you have to education. I know how tough it is right now in this economic situation that you are working in. I have watched governors struggle with this economy. I have worked under Scott Matheson while I was commissioner of higher education in Utah. I know how Scott worried about it and know how he worked hard to keep education standards up in my home state. I know how many more of you are doing that. I commend you for your concern, the time that you

are spending here on education. Hopefully, a year from now, we are going to see a great change in American education, an enormous amount of reform.

Let me just emphasize I know it isn't easy to make these changes in the legislature. I know how purposeful the teacher lobby is there. That's why moves like those that were made in Florida, I just marvel that they get accomplished. I know that you have to put yourselves on the line to make those accomplishments.

Governor Alexander, we will all be watching to see how you come out in Tennessee as you come up to bat again on your proposal which is a very remarkable move in trying to get the academic-rank system installed. Thanks very much for listening to me at this late hour, I appreciate the opportunity to speak to you.

Chairman Matheson: Thank you very much, Secretary Bell. You certainly have dovetailed in the necessary final comments to accompany the presentation that Governor Hunt and his colleagues made. We appreciate that very much.

I would like to ask you to take a moment, if you will, please, and Betty, would you stand up? I would like you to meet Ted Bell's wife, Betty Bell. Would you mind?

We are a bit over our time schedule, but not seriously in order to meet our next event. I do want to take just one more minute. Governor White was kind enough to deliver a letter to me from John Y. Brown, Jr., and I would like to take just a moment to share his letter with you.

"To my fellow Governors: I would like to be with you in person this week except for two handicaps.

"First, Maine lobster is not on my current diet, unfortunately. And secondly, I promised my doctor if he would let me out of the hospital I would stay home on a rehabilitation program.

"While I thought I was going into the hospital for some cosmetic plumbing, it evidently turned out to be more serious. And the thoughtful response by mail, wire, and telephone by the large majority of my fellow governors gave me great consolation and support. I regret I cannot be with you for this meeting, but I do want to thank all of you for your messages of concern.

"This will be the first meeting I have missed since joining the National Governors' Association, which should guarantee you one of the smoothest meetings ever. I truly appreciate the many friends I have had the opportunity to make over the past years and I hope to maintain our friendships in the years to come. Phyllis and I look forward to seeing you in the coming months. Sincerely, John Y."

Thank you, Governor White. That was very thoughtful of you.
Any other business to come before the plenary session?

(No response.)

Hearing none, we are adjourned.

SECOND PLENARY SESSION

AUGUST 2, 1983

Chairman Matheson: If the governors will take their seats, we will begin the final plenary session of the National Governors' Association this morning.

I would like to welcome everyone to our second session. We are delighted that you are here and joining with us. Our host governor is not here yet, but I want to express again our appreciation for another delightful evening in Maine and welcome each of you here for the session.

If the governors will join me, we will begin our Second Plenary Session. Good morning, ladies and gentlemen. Let me again welcome you to the final Plenary Session of the 75th anniversary of the National Governors' Association here in Portland, Maine. I have said two or three times, Governor Brennan, how pleased all of us have been with the endless hospitality you and your colleagues have shown us, exemplified again last evening. It isn't often that we can get a former United States senator to do the Lincoln portrait so effectively as Senator Muskie. It was a delightful evening.

We have a full agenda to address this morning, and we are a bit behind schedule. But knowing the brevity of presentations by governors, I know we will catch up quickly. This morning, we will be voting on proposed policy statements of all of the standing committees, including three policy statements from the executive committee. We will have the opportunity to hear remarks from a distinguished American on public/private cooperation in the eighties.

Each of the standing committee chairmen will submit a five-minute summary report of the innovative approaches they have developed through their committee structure to improve state economic development, the basic underlying theme of our conference. We will have the special opportunity to present the National Governors' Association awards for distinguished service to state governments. Those are awards begun seven years ago and are presented to those who are not a part of the elected public service. And we will conclude our session this morning by electing our new chairman, vice chairman, and 1983-84 executive committee.

We will begin our session this morning with a presentation by Mrs. Michael (Kitty) Dukakis. You will recall at our first plenary session, at each of our seats, information with respect to the Holocaust Memorial Museum in Washington, D.C. was left with you. I would like to have the opportunity now to invite Kitty Dukakis to come forward and make her presentation. Kitty Dukakis, please. Welcome, Kitty.

REMARKS OF MRS. DUKAKIS

Mrs. Dukakis: Mr. Chairman, Governor Matheson, I am honored and very grateful to have the opportunity to address this august body. And I am mindful of your busy schedule. And as a result, I will be brief.

I am being joined today by the distinguished governor from Michigan, Governor Blanchard, and Governor Cuomo, in absentia, from New York. Governor Blanchard has been a member of the Council since the earliest days. He was a member first of the President's Commission on the Holocaust and the subsequent body, the United States Holocaust Memorial Council.

Perhaps in the entire history of civilization, the most important and incredible object lesson of mankind's capability for mindless inhumanity occurred within the memory of almost every governor present today, the Holocaust. This year marks the 50th anniversary of Hitler's election to office and the 40th anniversary of the Warsaw ghetto uprising and destruction.

In a span of about a dozen years, the nation of Bach, Beethoven, and Goethe was reduced to ashes in the fires it set to massacre the Jewish population of Europe. While the great democracies looked on until it was too late, the Nazis murdered 6 million Jews and in their wake many, many millions of other innocent people, including Poles, Slavs, gypsies, and others too numerous to list.

The Holocaust was the calculated act of a government elected by an educated and cultured people. Somehow, too, it became the act of not only anti-Semitic maniacs, but millions of average educated and religious people, of farmers and lawyers and doctors and industrialists. If we study it forever, we will never fully understand how it could have happened. But we must study it and learn from it and by so doing remind ourselves how very precious our American institutions are.

It is for these reasons that in 1979, the President's Commission was established. And in 1980, the Congress of the United States established the United States Holocaust Memorial Council, a small government agency, of which I am honored to be one of its members along with Governors Blanchard and Cuomo. We are charged with two important missions. One, which is familiar to each of you, is to foster in Washington and every state capitol the annual Days of Remembrance ceremony commemorating the 6 million victims and honoring the survivors of the death camps. This past April, almost every governor in the United States issued a proclamation in conjunction with state observances.

The second function, the reason I am here today, is to tell you about our planning, designing, and building a Holocaust Memorial Museum, a center for exhibits, research, archives, and public education in the nation's capitol. A site has been selected, comprising two old buildings near the Mall in the shadow of the Washington Monument. And detailed planning of the facilities' renovation is now in progress. Under the law, the cost of building and equip-

ping the education and museum center must be raised by private donations, not taxpayers' funds. While the primary focus of the museum will be the Jewish Holocaust, the messages it will teach will be universal. As such, it will be an American institute that will engage visitors of all ages and backgrounds, a unique living institution that will integrate commemoration and education, exhibits and research, setting new standards of museum quality.

An education component will help to train teachers in the important universal lessons of the Holocaust. And it will also be a service institution to state and local Holocaust centers. In other words, our hope is that it will command the attention and support of all Americans.

This summer, we are designing the structure of our public fundraising campaign. Over the next two years, we will have to raise tens of millions of dollars, perhaps as much as \$100 million, to build and equip the museum and provide for its endowment. We will be going to individuals, philanthropists, companies and foundations. And we will have a grass roots campaign so that average citizens and students can feel that they have played a part in making it a reality. We will want large donations and small from every region and section of America, not only for the funds, but as a symbol to the world that Americans take this museum memorial seriously.

To demonstrate the support in the Commonwealth of Massachusetts, our governor plans to hold an important fundraising dinner once our campaign is structured and ready to go.

Governors Blanchard and Cuomo and I take this moment to urge every governor to consider doing the same. As a committee of three, with the United States Holocaust Memorial Council, we look forward to working with you. Thank you.

REPORT OF THE STANDING COMMITTEE CHAIRMEN AND VOTING ON PROPOSED POLICY POSITIONS

Chairman Matheson: Thank you very much.

We will now continue with a discussion and voting on the revised and new committee policy positions which were sent to each governor on July 15. You have before you all of those policy statements plus any amendments made by the executive committee and the standing committees at our conference. And I have received three new proposals offered under suspension of the rules which have successfully negotiated the committee process.

With respect to policy matters which were handled in the traditional way, one vote and a two-thirds vote of those present are necessary for adoption in terms of new proposals. With suspension, we need two votes. We need a vote on suspension of the rules, without debate, of three-quarters of the governors present; a debate on the merits and then another three-quarters vote for adoption.

In order to expedite matters this morning, I would like to suggest to each committee chairman that he decide whether or not it is appropriate to present the proposals in a block. If you feel that the proposals should be broken up, and where suspension exists, of course, you will. That is a decision I would like each committee chairman to make and be prepared to proceed on that basis. But I should point out that each governor has the right to have every policy position considered as an individual policy presentation. And when a governor requests that opportunity, we will, of course, honor it.

At the last meeting of our executive committee, two issues with immense impact on the states were being actively considered by the Congress—health insurance for the unemployed and gender-neutral policies for pension and insurance plans. We have subsequently adopted another policy by mail ballot on retirement practices for law enforcement officials.

On those issues, the executive committee adopted interim policies which automatically sunset unless all of the governors reaffirm them at this meeting. So we have three policy statements to be presented by the executive committee. And I will call upon Governor Jim Thompson to present those matters. Governor Thompson.

Governor Thompson: Mr. Chairman, on behalf of the executive committee, I move the adoption of the three policy positions heretofore adopted by the executive committee. I believe I will move them and ask for a second.

Chairman Matheson: Do we have a second to that motion?

Governor Snelling: Second.

Chairman Matheson: Thank you very much. Do you have further comments, Governor Thompson?

Governor Thompson: Not unless there is a discussion.

Chairman Matheson: Does any governor wish to have those policy matters broken into their individual proposals?

(No response.)

Is there any further discussion?

(No response.)

Apparently we are ready for a vote. All in favor of those three executive committee positions please say "aye."

(Chorus of "ayes.")

Those opposed?

(No response.)

Thank you, Governor Thompson.

I would now like to call on the chairman of the Committee on Human Resources who has a series of important policy proposals. Governor Richard Lamm.

Governor Lamm: Mr. Chairman, I understand the rules are to actually move as a package on human resources. What I would like to do—and you have in front of you the report of the Committee on Human Resources in the light green—is to move them as a package. We have already approved C.-2, so we have already previously adopted the education one.

I would like to move C.-5, C.-11, and C.-12, having to do with health care and medical care, the homeless, and children.

And I would like to then save C.-10 and discuss that separately, if I could. So, Mr. Chairman, what I would like to do is move then C.-5, C.-11, and C.-12 and be ready to discuss any of those. They all passed the committee unanimously, ones having to do with health and medical care, the homeless, and children. Mr. Chairman, I would move their adoption.

Chairman Matheson: May we have a second?

Governor Sheffield: Second.

Chairman Matheson: Does any governor wish to have C.-5, C.-11, or C.-12 debated or considered separately? Any discussion on those three proposals? Governor Thompson.

Governor Thompson: Mr. Chairman, I would like to ask the chairman of the committee or any other governor interested in the resolution C.-12, children—I would like to make it clear for the record that both as the governor of Illinois and a father and a citizen, my desires for the future of children in this nation are right up in top priority. And we are moving in the state of Illinois to accomplish that. I have no disagreement whatsoever with the committee report on children and the needs of children, but in view of publicity in this morning's paper, I want to make sure this policy position, like all policy positions of the association, is written in the spirit of the budget resolution that we passed by a substantial majority in the midwinter meeting. Am I correct in that assumption?

Chairman Matheson: I will call upon the sponsor of that resolution, Governor Brennan, to answer your inquiry.

Governor Brennan: Thank you, Governor Matheson. Essentially, the purpose of this policy, of course, is to raise the issue of children higher on the nation's agenda. We want to address the problems, particularly of those kids at the lower end of the economic scale. We have talked a great deal about education in the last few days. If we are going to have these kids in shape physically and mentally to gain by that improved education system that we all want so much, we are going to have to make some sort of a commitment to them.

Now, in regard to the budget adopted or the budget resolution adopted by this organization some time ago, we don't really see that there is any great

need for anything more specific than was implied. I believe, within that budget resolution.

Now, this policy on children: It states goals, it states principles, it does not state dollar amounts in a specific time frame. So in my judgment, I don't see any inconsistency whatsoever.

Governor Thompson: Mr. Chairman, based on that colloquy and understanding, I endorse fully the resolution and the goals of Governor Brennan, and I am pleased to join him in support of it.

Governor Lamm: Mr. Chairman, then I move their adoption.

Chairman Matheson: May we have a second?

Governor Bryan: Second.

Chairman Matheson: Any further discussion?

(No response.)

All in favor of adopting those three policy resolutions please say "aye."

(Chorus of "ayes.")

Any opposed?

(No response.)

They are adopted.

Governor Lamm.

Governor Lamm: Mr. Chairman, on C.-10, I myself have an amendment to that. And what I would like to do is move to the two we are going to move under suspension of the rules and go back to C.-10 when I have a typed copy in front of me.

There are two we moved under suspension of the rules, one of them from Governor Clinton, one of them from Governor Celeste. They also passed the committee without dissenting votes. I would be happy to discuss either of them as you wish, but both of these, I would move as suspension of the rules. I can do it separately or as a package.

I will start off as a package, moving those two amendments. They are in front of you, one having to do with social security disability, the other having to do with supplemental unemployment. And I would be happy to discuss either of them as you would wish. Mr. Chairman, I would move for a suspension of the rules for purposes of these two amendments.

Chairman Matheson: Gentlemen, we have two policy positions before us. They are in a block solely for the purpose of suspending the rules at this stage. And that does require a three-quarters vote of the governors. Is there a second to the motion to suspend the rules.

Governor Janklow: Second.

Chairman Matheson: Thank you, Governor Janklow. Those in favor of suspending the rules on the two policy issues before us, please raise your hands.

(Hands were raised.)

The suspension has been approved. Thank you gentlemen. We are now here on the merits of the issues. Governor Lamm.

Governor Lamm: Mr. Chairman, I move both amendments. They can be split or discussed separately, but for purposes of expediting, I would like to move both of the amendments at one time.

They relate to employment security policy, and general and miscellaneous human resources policies, specifically social security disability determination, C.-4 and C.-10 in a separate one under suspension. I apologize for not making that clear.

Again, they went through the committee without dissent. And I think that they are both good resolutions. And I would move their adoption.

Chairman Matheson: We have a motion to adopt suspension policies C.-4 and C.-10. May we have a second to that motion?

Governor Janklow: Second.

Chairman Matheson: Seconded by Governor Janklow. We are at a point of discussion. Governors who wish to be heard on either of those policy proposals will be recognized now.

Governor Lamm: Move their adoption.

Chairman Matheson: All those in favor of adopting C.-4 and C.-10—and we do need a three-quarters vote—once again please raise your hand.

(Hands were raised.)

Both of the motions have been adopted under suspension of the rules. Thank you very much. Governor Lamm.

Governor Lamm: Mr. Chairman, if I could have Governor Kean take over the Chair for a minute—

(Governor Kean assumed the Chair.)

Governor Lamm: Mr. Chairman, on C.-10, general and miscellaneous human resources policies, Governor Spellman has a resolution that with some reluctance, I would like to make an amendment to. It has to do with the question of reparation to Japanese-Americans for injustices, as he points out in his resolution, that truly happened and which I think are a national disgrace.

My question on this amendment personally, however, is the same one that Governor Thompson raised on the whole colloquy with the children's one. And that is the consistency with regard to this amendment to our overall policy that we made with regard to the national deficit. I believe very truly that an apology is necessary and overdue to the Japanese-Americans. I really have a serious question as to the question of reparation on the point that we just

raised as to overall policy of the National Governors' Association with regard to the federal deficit.

Second of all, with the question of precedent value, Governor Spellman argues very articulately not only the injustice here, but I think the analogy that is made here equally applies to Native Americans who in this country suffered under an absolute policy of extermination, has to do with blacks, has to do with Hispanics, and I think it is a very long road to go down when we start giving reparations for past injustices.

So I have an amendment that is being passed out. Basically, it changes the language that is in your packet here in terms of the National Governors' Association believes it appropriate, and then I would add the words "apologize" and "national recognition of the injustice incurred by," and then go on and say, "the victims of wartime internment by the United States Government is long overdue." I would knock out the language "urges the Congress of the United States to provide just compensation for those individuals who suffered injustices and hardships resulting from the governmental action in World War II."

Basically, it very simply changes the reparation language and makes it an apology and national recognition of injustices, but does not call for reparation. Mr. Chairman, I know Governor Spellman wants to be heard.

I would move that amendment.

Governor Olson: Second.

Governor Kean: The amendment has been moved and seconded. Governor Spellman.

Governor Spellman: Mr. Chairman, I would like to speak very strongly against the amendment. I think we are talking about a matter of conscience, not dollars. This is unprecedented in the history of the United States. It is without precedent that citizens of the United States, because of their race, their color, should be uprooted from their homes, their businesses and schools and placed in virtual concentration camps. There is no precedent.

One hundred twenty thousand Japanese, the majority of Japanese-Americans, shortly after Pearl Harbor, were removed from their homes, their schools, because you could tell the difference because of their color and race. It was fundamentally wrong.

Forty years later, the United States established a Commission on War-time Relocation and Internment of Civilians. It has concluded that the act was both wrong and unnecessary. In the last months, unanimously, the Western Governors' Association adopted this resolution. The Western Conference of Attorneys General has adopted this resolution. California and Washington, two of the states from which the citizens were removed forcibly, have provided compensation to the state employees who lost their jobs because of this injustice. The Western Council of State Governments has approved a similar resolution. The State of Wisconsin legislature has approved a similar resolution.

And today, the argument that we should not adopt this is for purposes of precedent and consistency. I restate there is no precedent for American citizens en masse being deprived of their civil rights. Secondly, it is very difficult to put a dollar value on such a matter of conscience. And that is why none is in the motion. The motion really calls for just reparation and just compensation.

I don't think it is enough to say, "Hey, we are sorry, and we want to apologize," when people have had their entire lives disrupted. I think it would be a real backing down by this Governors' Association merely to apologize when nationwide the groups that have acted on this subject have recommended a much stronger statement. I think this would go out as a strong, clear signal that we don't really care about this. We are more worried about our consistency, whether a few dollars might be spent on this when Congress acts. I urge you to defeat this amendment.

Governor Kean: Other governors wish to be heard on this one? Governor Nigh.

Governor Nigh: Mr. Chairman, members of the conference. I want to join Governor Lamm in his concern. I would like to correct a historical statement that the greatest movement of people forced by this country were Native Americans who were forced over the Trail of Tears. It was the greatest removal in the history of this country where people without any consent of their own were taken from their land and moved to what is now Oklahoma.

We are very proud that our state is the land of the red man, but I would tell you there are about 80 different Indian tribes located today in what is now Oklahoma because the American government forcibly removed them from their lands along the Atlantic Seaboard, in the great Midwest and Northwest, into Oklahoma. I would think that thousands died along that Trail of Tears. Their blood was in the snow as they were moved. And I think it is a precedent that we should not take at this time. I think it is regrettable that the country did anything like that, but it has happened several times in history, the greatest of which was to the original Americans. And I think that I would oppose it on the basis of its being a precedent we shouldn't have.

Governor Kean: Governor Snelling.

Governor Snelling: Mr. Chairman, it is interesting how men and women of good will can come to starkly different conclusions while really pursuing the same goals. I want to join Governor Lamm while agreeing fully with the remarks of Governor Spellman as to the degree of injustice done and the extent to which all Americans should regret deeply the actions on that occasion. But I am very troubled by the phrase "just compensation." I do not believe there can be any just compensation for actions that occurred.

I would hate to see this nation be so materialistic about values so precious

to us that we were to believe that there could be just compensation for what took place on that occasion. I think it would be far better for us to agree and to acknowledge a grievous error and to try in all those nonmaterial ways possible to do what really should be done as the result of such an occurrence. And the best thing we can do, the highest tribute we can pay, and the most sincere form of apology would really be to take heed, to make absolutely sure that this lesson teaches us our duty and responsibility to our citizens.

I cannot speak for any of those victimized, but I just believe that if they knew that their suffering and the injustices done to them led to a deeper understanding by all Americans of their responsibilities, that in the end would probably mean more to them than some very, very illusory concept of just compensation. I endorse Governor Lamm's proposal.

Governor Kean: Governor Sheffield.

Governor Sheffield: Thank you very much. I agree with, I guess, everyone's comments here so far. I am going to support Governor Lamm's amendment in that it seems like the trail never ends in America. The Aleuts from my state, the Aleutian Chain in Alaska, were transferred to another part of the country during the war, 1500 of them. And only 500 of them were returned to the Aleutian Chain. In our State of Alaska now we, with the federal government now in cooperation, are trying to help those people get into industry so they can survive and stay there.

And I say that, supporting Governor Lamm's amendment, that the trail never does end. And there is a lot of wrong being done. And I think probably we can just help individually in our states as best we can and not start a precedent as some would like to do. And I think we probably might all agree.

Governor Kean: Governor Thornburgh.

Governor Thornburgh: As a point of information, perhaps the committee chairman or one of those whose focus was there in the consideration of this policy statement, was there any attempt to quantify what the aggregate amount in some order of magnitude would be to provide so-called just compensation for individuals who would be affected by this type of policy?

Governor Kean: The question, I guess, is for Governor Spellman.

Governor Spellman: Congress is struggling with that. And obviously, any sum, as Governor Snelling quite rightly points out, will not be a sum that is directly related.

These people, I would like to make the point, have never been wards of the government, have never been a separate nation, have never had a government program to support them as has been the case with the others referred to. These were people who were working, who lost their businesses overnight, lost their farms overnight, who have never been compensated, who served

in World War II with distinction coming out of the concentration camps, and for whom we have never provided either an apology or reparations. We are talking about 120,000 persons, 60,000 of whom are still alive. And whatever figure Congress derives as being a just compensation in terms of showing the nation's attitude toward their losses won't be exact because it isn't going to go through—and clearly, I don't know of any congressional bill that attempts to go through—to find out what businesses, what dollars, were lost.

I think it is more, Governor Thornburgh, a question of the policy, certainly the recognition, but more to the extent everything pending and adopted at this point has been said, together with some compensation. I feel this group would be clearly indicating good feelings, but little more by amending this motion.

This is not comparable to the Alaskan natives or the American natives. These are citizens who have never had a government program established for their benefit, who have never been wards of the government, who do not claim to be separate nations, and who have contributed both before and since heavily to the welfare of this country. They were discriminated against. And it seems to me if we were to adopt this amendment, we are backing down. I think that would be a serious setback to the attempt of this nation to make reparation.

Governor Kean: Anyone further on this amendment?

Governor Brennan: Mr. Chairman?

Governor Kean: Governor Brennan.

Governor Brennan: Mr. Chairman, I would like to say I oppose the amendment. I support the resolution. In my state, I vigorously opposed the claims on behalf of Indians that were some 200 years old, but I see this as far different, something that took place in our lifetime. The people who suffered the injustices are living now. We have a chance to provide them with redress. I think we ought to do it. I think the resolution is appropriate, and I strongly support Governor Spellman.

Governor Kean: Anyone further?

(No response.)

If not, all those in favor?

This takes a two-thirds vote to carry the amendment.

All those in favor of the amendment?

(Hands were raised.)

Opposed?

(A few hands were raised.)

The amendment passes.

Governor Lamm: Mr. Chairman, I would pass the overall policy of C.-10.

Chairman Matheson: May we have a second?

Governor Perpich: Mr. Chairman, that didn't seem to me like a pass. Two-thirds?

Chairman Matheson: Yes.

Governor Perpich: They had two-thirds?

Chairman Matheson: Yes, the amendment passed.

Governor Perpich: Governor Lamm's amendment to this passed?

Chairman Matheson: Yes, it did. The policy C.-10 is now before us as amended. Governor. And the motion has been made to adopt C.-10. May we have a second?

Governor Bryan: Second.

Chairman Matheson: Thank you. Any discussion? Any governor wish to be heard?

Governor Spellman: Mr. Chairman, I would like to withdraw the motion. This could be viewed as an insult. And I am very disappointed.

Chairman Matheson: Governor Lamm, the author has offered to withdraw the motion. I assume that wouldn't be objected to.

Governor Lamm: I certainly defer to Governor Spellman on it.

Governor Hunt: Objection. Mr. Chairman. I think it is now with the purview of the body. It has come through a committee. I think it is now in possession of the full body of the NGA. And I think it should be voted on.

Chairman Matheson: Judiciously, I think I see your point.

Governor Hunt: I voted against the amendment and stood for the original resolution, but I don't think we ought to withdraw it now. I think we ought to at least vote.

Chairman Matheson: I think the question is one on the vote. If you vote in favor of the resolution, you are going against Governor Spellman's position. If you wish to vote against it, that would meet his needs. So I think we will call for the vote. Those in favor of —

Governor Spellman: Mr. Chairman, let me clarify it. This is a vote on the final adoption of the resolution as amended?

Chairman Matheson: It is.

Governor Spellman: You say if they vote "no," they will be voting my position. Of course not. I don't think it should be voted on, but I hate to have this group vote against apologizing to the Japanese-Americans. I think that

would be terrible. So I urge you if it is going to be voted on to vote "yea."

Chairman Matheson: I think that helped, Governor. All in favor of C.-10 say "aye."

(Chorus of "ayes.")

Opposed?

(No response.)

It passes. Thank you very much.

Governor Rockefeller, would you proceed with your Committee on Energy and Environment? And would you handle it from your present location? Thank you.

Governor Rockefeller: The Committee on Energy and Environment, Mr. Chairman, passed a number of policies, and amendments to policies, and they are the yellow package, D.-1, D.-10, D.-11, D.-13, D.-15, and D.-26. They have to do with a comprehensive energy and natural resources policy statement, as you see, and coal transportation, surface mining, natural gas, nuclear energy policy, and a rewrite of the Clean Water Act policy. Each of them went through the committee virtually unanimously, not entirely, but virtually unanimously. And I would move them as a block.

Chairman Matheson: The motion has been made. May we have a second?

Governor Sheffield: Second.

Chairman Matheson: The motion is seconded. Is there any governor who wishes to have any of the policy statements from the Energy and Environment Committee separated for purposes of discussion, debate, and vote? Does any governor wish to be heard on any of the policy changes presented by Governor Rockefeller?

(No response.)

Hearing none, I assume we will call for a vote. All in favor of the block approval of D.-1, D.-10, D.-11, D.-13, D.-15, and D.-26, please say "aye."

(Chorus of "ayes.")

Governor White voted "no."

They are adopted. Thank you, Governor Rockefeller.

We will next call upon Governor Bond, chairman of our Committee on Community and Economic Development, for Policy E.-4, Governor Bond.

Governor Bond: Thank you very much, Governor Matheson. As I indicated, I wanted to take 30 seconds to offer some information to my fellow governors. A few of you, most of you, have probably heard of Times Beach, Missouri, and know the suffering that people of Missouri went through. We had a very difficult six or seven months in resolving this hazardous waste situation.

We have set forth some of the lessons that we learned. And we have

prepared a packet of information on our response to the hazardous waste crisis in Missouri, which was distributed to the Committee on Criminal Justice and Public Protection. It is in these blue pamphlets if any of the other governors who were not there would like to know about that information. We have these available, and we would be more than happy to share the information and answer your questions. And with my apologies, Mr. Chairman, I now move on to the business of the Committee on Community and Economic Development which presents one revision to its set of policy positions.

You have before you in the salmon-colored document a proposed amendment to the policy position E.-4, entitled "Housing Issues and Needs." I move the adoption of this amendment, which asks states to consider whether they contributed to unnecessary housing costs and take appropriate remedial action.

Chairman Matheson: Thank you, Governor Bond. You have a motion before you. May we have a second?

Governor Robb: Second.

Chairman Matheson: The motion is seconded. Does any governor wish to be heard on the housing issue needs of the policy statement?

(No response.)

Hearing no one, I will ask for a vote. All those in favor of adopting E.-4, please say "aye."

(Chorus of "ayes.")

Those opposed?

(No response.)

The policy is adopted. Thank you very much, Governor Bond.

May we next turn to the chairman of our Committee on Transportation, Commerce, and Technology, Governor Bob Orr.

Governor Orr: Mr. Chairman, we have slight modifications in the policy positions presented in a series of amendments to existing policy. None of these are of—well, two revisions and one that I need to explain briefly.

The first of these is in the section that is devoted to rail transportation, rail freight transportation, which is F.-4, specifically on page 48, as it appears in our policy. The language was changed there so as to accord with the change in the energy policy as already acted upon by this body a few moments ago at the request of Governor Rockefeller, which has to do with coal transportation. There is now language, for the benefit of any of you that are keeping track of this, four lines at the next to the last paragraph on page 48, which allows our policy in transportation to accord to that of energy with respect to coal transportation. We have already acted upon that in the presentation made by Governor Rockefeller.

In Policy F.-10 having to do with communications, we modified only to this degree, that there was a presentation made during the course of our delibera-

tions which spoke to the matter of—in the paragraph 5 of F.-10—a strong role for state and local governments in regulating cable television to ensure quality service at reasonable rates to subscribers. There is a belief on the part of many in the cable television industry that there needs to be a harder look at this in order for that industry to move forward and to obtain return on its investment, simply because of the many complexities that do exist, particularly in urban areas where there will be many, many municipalities involved and the difficulties of dealing with each of those jurisdictions. It was the belief of the committee that rather than modify, it would be wise to study this matter and to present something in the near future, perhaps at the next executive committee meeting, for action by the executive committee.

Lastly, in respect to F.-12, having to do with transportation of hazardous materials, it should be pointed out that this policy is one written in a general way on purpose with the understanding that it is new policy and not heretofore presented to the full body. There should be continued study of this very difficult arena of transportation of hazardous materials, and there will be a report made to the Transportation, Commerce and Technology Committee at its February meeting for further action by the NGA. And having identified those modifications to the work that was presented to the full body at the start of the NGA meeting, I would move the adoption of those policy amendments.

Governor Bryan: Second.

Chairman Matheson: Thank you for it. Any governor wish to have any items considered separately? Governor Celeste.

Governor Celeste: Mr. Chairman, I would like for the purpose of offering an amendment to take up F.-2 separately if possible. That is the section on highway transportation.

Chairman Matheson: We will at your request, Governor Celeste, remove F.-2 from the block and proceed with your proposal on F.-2. Please proceed.

Governor Celeste: Mr. Chairman, if I may, I would like to offer an amendment to the language which is in line 4 at the top of page 19, the section under "Finance" in F.-2. That would be to delete the last three words of that paragraph, "developing Sun Belt states," and insert four words—"the nation's economic development."

I recognize that there are noninterstate new highway projects that would be critically important in the Sun Belt states, but there are others among us who also face that need. And it seems to me important that as the National Governors' Association, we recognize that.

So I would move this amendment.

Chairman Matheson: Governor Orr?

I will accept that, Mr. Chairman.

Chairman Matheson: Thank you. With that acceptance, we would delete "developing Sun Belt states," and add four words, "the nation's economic development," if I heard you correctly, Governor Celeste.

Governor Celeste: Yes.

Chairman Matheson: And Governor Orr has acceded to that amendment if I understand you correctly, Governor Orr.

Governor Orr: Yes, sir, willingly.

Chairman Matheson: Having done so, Mr. Parliamentarian, do we need to vote on that?

Governor White: Mr. Chairman, is there any discussion at any time in these deliberations?

Chairman Matheson: We will call on you at this time.

Governor White: Can we get the same treatment that was given to the position on Japanese-Americans in this situation?

Chairman Matheson: The matter needs to be voted on. Do you wish to be heard, governor?

Governor White: I hoped that we would have some discussion on the rail rates. Is that at this time before you?

Chairman Matheson: We have taken out of the block F.-2 because of the request of Governor Celeste. We will return to the rail rate issue next. I would be pleased to recognize whatever you care to say at that point.

Governor White: I did not hear the suggestion that was made to substitute the language relating to roads in the Sun Belt. We have to have them.

Governor Celeste: Mr. Chairman, having recently visited a Sun Belt state, I recognize the needs and the importance of highway projects there. And it seems to me the point being made here is we need something that goes beyond the interstate highway system in new highway construction, federal projects of this nature. But I don't believe that need is confined to the Sun Belt. My amendment simply broadens that to say the construction of other new highways critical to the nation's economic development.

Governor White: Okay.

Chairman Matheson: Do you make that in the form of a motion?

Governor Celeste: So move.

Chairman Matheson: Now, we need a second.

Governor Orr: I will second it.

Chairman Matheson: Discussion on the amendment, please.

(No response.)

Those in favor, please say "aye."

(Chorus of "ayes.")

Opposed?

Governor White: No.

Chairman Matheson: The "ayes" have it. We are now at the point of considering any other proposed changes in F.-2. We need a motion on F.-2 separately now, Governor Orr.

Governor Orr: I will move the adoption of F.-2 as amended and seconded.

Governor Celeste: Second.

Chairman Matheson: Thank you. Discussion on the entire policy statement?

(No response.)

Those in favor please say "aye."

Opposed?

Governor White: No.

Chairman Matheson: Thank you. The "ayes" have it. We are now at F.-1 through -12, excluding F.-2. Does any governor wish to have any of the additional policy areas taken out of the block for consideration or discussion? Governor White.

Governor White: The amendment concerning rail transportation is exactly the same as the one, the weakened version, that was passed by the Committee on Energy yesterday. Is it identical with the one you passed in your Transportation Committee?

Governor Orr: Mr. Chairman, the answer to that is "no," but the language that has been incorporated in the Transportation Committee's policy statement, which modifies previously existing language, does accord with that which was acted upon by the Energy Committee and which was earlier acted upon by this whole body so as to assure that there is no conflict within the Transportation Committee's policy with that of the Energy Committee.

Governor White: I thought you said "no," but then "yes."

Governor Orr: No. I said the language is not exact because it deals with the energy. The transportation policy deals with much broader circumstances than the energy policy.

Governor Rockefeller: I think Governor Orr makes the point well. What we want to do is to be able to go to the Hill, whether to the Interstate Commerce Commission or elsewhere, with a common voice. If the Energy and Environ-

ment Committee had a different policy from Transportation, we would be handicapped. Therefore, each committee moved a bit toward the other. And we have what is fundamentally a common policy on that.

Governor White: What page is that on?

Governor Orr: That is on page 48. It is the language which is in italics on page 48.

Governor White: Did you delete all reference to coal hauls?

Governor Orr: It was language actually added as far as I am aware. No language was deleted.

Governor White: Where is the language concerning the hauling of coal?

Governor Orr: The original language before we amended it during the course of the process of the committee work did speak to coal. The language that has been modified from the original proposal for amending our policy in F.-4 is in capital letters. The part that was amended yesterday is in italics.

Chairman Matheson: Governor Orr, I think we are looking at page 48, the second italicized paragraph, with respect to that issue, are we not? Are we talking about the movement of bulk commodities such as coal? Maybe you ought to explain that one.

Governor Orr: Mr. Chairman, let me make the point that the Energy Committee was specifically dealing with coal as a commodity. The Transportation Committee is dealing with commodities generally, including coal, and again which are identified in here as two of those commodities. Then, it became necessary, with the amendment that was being proposed for the Energy Committee, to modify our language additionally. And that is what is in italics.

Governor White: Thank you.

Chairman Matheson: Further questions or comments, Governor White?

Governor White: No.

Chairman Matheson: Thank you. Other governors wish to be heard on any of the transportation policy proposals?

(No response.)

My intention, then, is to call for a vote on the block excluding F.-2. All those in favor of those policy changes please say "aye."

(Chorus of "ayes.")

Opposed?

Governor White: No.

Chairman Matheson: The "ayes" have it. Thank you very much, Governor

Orr. May we turn now to our Agriculture Committee Chairman, Governor Schwinden.

Governor Schwinden: Mr. Chairman, the Committee on Agriculture proposes six new policies today, the new policy to replace 15 existing NGA agricultural policy statements.

We think that is not only an improvement in clarity, but also a significant reduction in the rhetoric. And the committee regards that as symbolic in that we feel that rhetoric is not going to relieve America's deepening agricultural crisis. The policy was adopted unanimously by our committee, reflecting true bipartisanship in that committee. I would like to move the adoption of that policy as a block. And Governor Branstad, who served as adviser in the development of this, would second.

Chairman Matheson: Governor Branstad?

Governor Branstad: I would like to second.

Chairman Matheson: Any governor wish to be heard on bringing up the block of six policy statements for individual consideration?

(No response.)

Any governor wish to be heard on bringing up the block of six policy statements for individual consideration?

(No response.)

Hearing none, those in favor of the six policy changes, please say "aye."

(Chorus of "ayes.")

Opposed?

(No response.)

Adopted. Thank you, Governor Schwinden and Governor Branstad.

We have an item under the suspension calendar from our Committee on International Trade and Foreign Relations, H.-2.

We are back to the pink document once again. And may we turn to Governor Graham, please.

Governor Graham: Mr. Chairman, the Committee on International Trade and Foreign Relations heard and unanimously approved a recommended policy position paper by Governor Bordallo. At this time, I would like to move a suspension of the rules to allow this matter to be considered and call to Governor Bordallo for an explanation of his proposal.

Chairman Matheson: May we have a second to the motion for suspension, please?

(Many seconds.)

Chairman Matheson: This requires a three-quarters vote. Those in favor of suspension please raise their hand.

(Hands were raised.)

Twenty-six in favor. Those who are opposed, please raise their hand.

(No hands were raised.)

It appears that we have a suspension, Governor Graham. And let's proceed as you wish to proceed.

Governor Graham: I would like to call on Governor Bordallo to present his policy position.

Chairman Matheson: We would be pleased to have Governor Bordallo present.

Governor Bordallo: Mr. Chairman, fellow governors, we have spent the last two days discussing new economic challenges and ways to meet our current fiscal challenges. While planning for the future, Guam would like to play an integrated role in resolving our nation's current economic dilemma. Guam would like to be the financial center from which Eurodollars and Asian money can be channeled to the 50 states and our sister territories to modernize all industrial plants, build new high technology complexes, underwrite research and development projects to enhance our industrial and agricultural base.

In so doing, I believe that we can resolve the federal deficit dilemma by generating additional federal revenue to balance the federal budget as well as fill our own state coffers, thereby reducing our dependency on federal funds. By simple resolution, one way to meet the new economic challenge, I ask for your support of my motion to suspend the rules which I am very grateful has now been accomplished, should that be considered now, and your vote of confidence on the policy itself. Thank you.

Chairman Matheson: Thank you, governor. Any other governor wish to be heard on this matter?

(No response.)

We also require a three-quarter vote, so we will have to do it by a raise of hands.

All those in favor of adopting Policy H.-2 please raise their hand.

(Hands were raised.)

Those opposed, please?

(No hands were raised.)

Governor White: Is Guam in the Sun Belt?

Chairman Matheson: I think, Governor White, there is mutuality in that discussion. Thank you. Your resolution has passed unanimously. Thank you very much. That is adopted. That concludes the formal policy matters to be presented to the governors this morning.

Although there were no policy proposals from our Committee on Public Safety and Public Protection, I would like to call on Chairman Chuck Robb

at this time.

Governor Robb: Thank you, Mr. Chairman. As you have indicated, the Committee on Criminal Justice and Public Protection is not formally proposing any policy changes at this meeting, although there will be quite a number that we will ask the conference to consider at our annual meeting.

We did have a very interesting conference, and I might simply point out the principal topic on our agenda had to do with the area of managing emergencies and disasters. One of the principal presenters at that meeting was supposed to be our fellow Governor Mario Cuomo of New York, but because he was in the process of an emergency, if not a disaster at that point, he had to communicate with us through the medium of electronic wizardry which Governor Hunt and others have promoted for such a long time. And it was very effective.

Let me also make reference to the fact that Governor Hughes of Maryland did ask the committee to consider a resolution which was referred to the staff for action. That dealt with the whole concern of violence and extremism against racial and ethnic groups. The staff has been asked to respond to the proposal to establish a national institute to maintain a data base and to do particular research on violence and extremism in America. And that particular activity will be carried out and presented at the next meeting of our committee.

Mr. Chairman, if the policy considerations and changes are complete, I would like permission to raise one additional question.

Chairman Matheson: Please proceed, governor.

Governor Robb: Thank you, sir.

At the winter meeting, most of the governors remembered the long and thoughtful consideration debate that went into the ultimate passage of a resolution that is incorporated now in our policy positions book, beginning on page number four, I believe it is. In any event, it is Policy A.-14, regarding the NGA position on the federal budget. That was a matter of major concern to governors on a bipartisan basis. There was considerable concern that had been raised by some of my fellow governors at this meeting on both sides of the aisle as to precisely where the governors' position had moved the cause.

We appreciated very much the thoughtful remarks that were made by Dr. Alan Greenspan at the session yesterday on that particular topic. There appeared to be somewhat mixed signals in some quarters, and I think a couple of the governors have expressed an interest, at least in responding to the concerns that were raised and addressed during the winter meeting. At this time, it might be appropriate to recognize one or two of our fellow governors if that is appropriate at this time, Mr. Chairman.

Chairman Matheson: This is the time to do so. Thank you. Any governors that wish to be heard?

Governor Blanchard: Yes, Mr. Chairman. Thank you.

Mr. Chairman, like most, I am sure all, governors, we in Michigan are hoping for a strong economic recovery and we want to do all we can to support that. My concern is the same as, I think, most governors and most economists and financial people, which is that the long hoped-for recovery may well be choked off by the lack of a solid, long term economic program in this country. And I am speaking of the unusually high deficits that are projected in the next few years.

I speak of the fact that the federal government, even this year, in order to increase spending and cut taxes, is borrowing tens of billions of dollars. I might add, this is at a time when states are cutting spending and having to raise taxes to balance their budgets. I am very concerned that, for example, during the next couple of years, the federal government may well sop up about 77 percent of the available credit that might be necessary to finance an economic recovery if the continued borrowing policies exist.

In February, this association adopted, I think, a very thoughtful resolution. But I think we ought to underscore our continued concern with the fact that the huge deficits in the outyears could well choke off economic recovery, unfortunately, which will not allow us to move out of high unemployment. We as governors urged the president and the Congress—this is a bipartisan matter—to begin to take steps to develop a long term program that we can have trust and confidence in.

This morning, most of us at our Democratic breakfast adopted a resolution underscoring that concern. But I believe in all honesty that most of the Republican governors would share our concern as well because it is a bipartisan matter. I just don't know how we can go along cutting taxes and increasing spending by borrowing money year after year and think that over the long haul we are doing our country or our people a great service.

I would hope we would address this concern. I realize economic policy is not on the agenda at this summer conference. But I would certainly welcome other comments on it because we are on the firing line out at the state level. We have credibility because we have balanced our budgets. And we will have to deal with what happens next year and the next and the next.

Chairman Matheson: Thank you, Governor Blanchard. Other governors wish to be heard?

Governor Snelling: Mr. Chairman, Governor Blanchard is right that the Republican governors at their breakfast raised the same subject and reaffirmed the position which we had taken both within our caucus and on the floor of this assembly last year. And since this is a bipartisan position to which there seems to be no objection, I move we underscore our concern.

Governor Blanchard: Second.

Chairman Matheson: I guess we draw a bottom line under the resolution and say we really mean it. Do I interpret that correctly? We have a second. Governor Alexander.

Governor Alexander: I would just like to join with the purport of Governor Snelling's remarks in support of what Governor Blanchard and Governor Robb said. It is a difficult matter, but this isn't a party matter. It isn't a Republican or Democratic matter.

The deficit is too large. If my figures are correct, the increase in the federal deficit this year is about the same as the amount of state tax dollars we spend on everything this year. And the sooner we work together to help Congress and the president find a way to reduce the deficit, the better off the country will be. I appreciate the suggestion that has been made.

Chairman Matheson: Thank you, Governor Alexander. Governor Dukakis, and then we will come to you, Governor Thompson.

Governor Dukakis: Mr. Chairman, I not only share the feelings the governors have spoken, but I must say I was very troubled when Alan Greenspan in effect suggested that given the soon-to-be presidential year, that the nation just was incapable of pulling itself together around this problem. We all know that presidential years are difficult ones, and they get increasingly complicated as you get closer to an election. But today, I don't know whether it is possible for the National Governors' Association to try to begin to move the nation—maybe this is a little too presumptuous—towards some kind of a summit.

But it was Dr. Greenspan's very strong bipartisan group that in fact had such a summit around social security and emerged with what appeared to be a very impressive effort to deal with social security problems. And I for one, sitting here in the middle of the summer of 1983, think it would be a tragedy if we lost another year and a half on this matter. This is just, I guess, a wish and an expression of concern, but if it is possible for the governors, acting through the NGA, to move this country a lot closer to some kind of a summit meeting where this matter can be dealt with seriously and effectively and enable us to avoid having to wait for another couple of years before we grapple with it, I think we ought to try to do so.

I think that is not in the cards, but I would simply as one governor urge you and Jim and the executive committee to do everything you can to see if we can act on that because it is a very strongly felt feeling. I know, in this group, among Republicans and Democrats alike. And I hope that if nobody else is prepared to exercise some leadership on this, maybe we can.

Chairman Matheson: Thank you, Governor. May we go to Governor Thompson?

Governor Thompson: Yes, Mr. Chairman. I have not seen a copy of the

resolution adopted at the Democratic Caucus. And I see that particular resolution is not before us. But I endorse heartily every word spoken by Governor Blanchard and those governors who responded to his remarks. And I think it would be a perfectly appropriate reaffirmation of our midwinter meeting budget resolution if we were to, either with or without formal suspension of the rules, take Governor Blanchard's remarks and vote on them as resolution of this body.

Chairman Matheson: Thank you, Governor Thompson.

Governor Thompson: Which would be conveyed to the president at his express invitation since he has invited Chairman Matheson and myself to meet with him in September, to convey to him the views and conclusions of this summer meeting. And I assume, Scott, that while we are down there, we would enlarge that visit to include Capitol Hill.

Chairman Matheson: Thank you, Governor. Other governors wish to be heard on this matter? Governor Nigh and then we will come to you, Governor Sununu. Governor Nigh.

Governor Nigh: Mr. Chairman, since we are being asked to reaffirm the NGA policy, I would have to reaffirm my opposition to that NGA policy that I expressed back in February. Without taking the time that I did then, let me again just underscore that I feel that the policy basically endorses the continued severe cuts in domestic spending, the uncontrolled defense spending, the deficits that are intolerable, and a tax burden that is unfair, and one that is really not a tax cut at the federal level. They are just tax shifts to the state levels. And I would again have to vote against the resolution for that reason.

Chairman Matheson: Thank you, Governor Nigh. May we conclude with you, Governor Sununu.

Governor Sununu: Mr. Chairman, I just want to place in the context what I believe I have heard is the direction that we want to take. And that is to reaffirm a policy that we adopted at the previous meeting and to take in the context of the remarks of Mr. Greenspan yesterday that suggested that we are actually in a recovery that has brought this nation from a point where we were on the brink of disaster.

And our concern is that we continue efforts to move the recovery even further forward. But it should be in the context of understanding where we really are today. There are two policies, I think, that are necessary to establish recovery. One is a national policy, and the other a policy by each governor within their own state. And I think the context in which I would vote for this is to point out within our state, we do have indicators that we are recovering. We are down to 4.7 percent unemployment. The inflation level is a level, I think, we wanted to reach as governors when we established that policy. And

I think this affirmation merely says we want to continue with what we feel is a strong recovery. And the continuation of these policies will bring us even further.

Chairman Matheson: Thank you, Governor Sununu. We will go to Governor White.

Governor White: Mr. Chairman, I would vote against a reconfirmation of the NGA policy because I believed at that time and believe today it was too weak and did not address the real issues of an economic recovery. There has never been any secret about lowering inflation rates when you increase unemployment rates. And that is all this administration is doing.

I believe this administration has failed to address economic disasters that have occurred because of international problems. And I would suggest to you, speaking from the state of Texas, the state which has the city with the highest unemployment rate in the nation of over 27 percent, that this is the first administration in my lifetime that has been able to put an economic damper on the Sun Belt. And I don't think we ought to affirm or reaffirm an NGA policy which absolutely failed to touch upon the real threat to economic recovery. I will be voting against it for that reason.

Chairman Matheson: Thank you, Governor White. We will conclude with you, Governor Blanchard.

Governor Blanchard: Mr. Chairman, perhaps I should offer the resolution that we adopted this morning separately. I hadn't intended that because, again, there is a 45-day rule here which I think is a fair rule. And secondly, there was no place on the agenda for economic policy.

The reality is we are all having to play a role in that policy at the state level. And the reality is that all of us are concerned about the long term effects of national economic policy. Perhaps I would like to be instructed as to the proper procedure to offer the resolution on the economy because I hate to have us adopt the position which means all things to all people, and we leave with everyone interpreting it in opposite fashions.

Chairman Matheson: We have had a healthy discussion here with respect to the budget resolution at the midwinter meeting. We have strong feelings for it, we have strong feelings against it. We have each governor expressing his own views about how it should be interpreted. Perhaps we have reaffirmed sufficiently.

If you do wish to present that resolution, I think what we should do is have you circulate it, go on with our next item on the agenda, give the governors a chance to take a look at it, and consider it after the next speaker. Would you be willing to do that, Governor Blanchard?

Governor Blanchard: If there is any support for that, I would be more than

happy to go forward with it. It is your choice.

Chairman Matheson: Governor Snelling.

Governor Snelling: I made a motion which I made seriously that we underscore using the same phraseology Governor Blanchard had used, and we underscore our position, our continued conviction in the position, adopted last year. And the motion was seconded. So I would have thought it was on the floor.

Chairman Matheson: Your point is well taken. Governor Snelling.

At this particular point, in order to reaffirm that, it does require a suspension of the rules. And since you have called for that, the next item on the agenda is to suspend the rules or not to suspend the rules. That is a three-quarter vote, of course.

Those in favor, then, of suspending the rules to consider the Snelling motion reaffirming the budget resolution, please raise your hands.

(Hands were raised.)

Those opposed please raise their hand.

(A few hands were raised.)

The rules are suspended, Governor Snelling, and the motion of a reaffirmation is before you. We have debated it in some degree, but governors are entitled to speak if they wish. Governor Earl.

Governor Earl: I think that it is important to note that many of us who are going to be voting "no" are voting "no," not because we disagree with the statement to the extent that it goes, but because it goes not nearly far enough. And surely, it ought not be misunderstood by anyone that those of us voting "no" think that it goes too far; quite the contrary.

Governor Orr: Mr. Chairman?

Chairman Matheson: Governor Orr.

Governor Orr: It seems appropriate to me that we show support to a previous action that if there is to be change from that action, modified in some fashion, it would seem equally appropriate that we have plenty of opportunity to deliberate upon it as we did last February.

My recollection of that action was that it was not taken in one single sitting of the NGA, but over the entire period of time we were in Washington. It seems to me that if we are going to convey a message that hopefully will bring confidence to the country that we are improving and that maybe our own action will speed that attitude of confidence and, therefore, the recovery, it is important that we move on this reaffirmation of our previous resolution. Granted that there may be some difference of opinion. It most certainly must be the belief of the entire body that this would be to good purpose in terms of getting people back on the job.

Governor Celeste: Mr. Chairman?

Chairman Matheson: Governor Celeste.

Governor Celeste: Mr. Chairman, as one who offered an alternative in the spring and voted for it and was defeated and opposed this language, I would simply want to indicate again that my vote against reaffirmation of the budget resolution stems from a concern that it did not go far enough. I respect the bipartisan spirit in which it was fashioned. I believe that events since that time have indicated that the concern about budget deficit and the recognition that more substantial steps were needed to get it under control has been borne out by events. And if we read the stories on the front page of the local paper this morning in terms of response around the world and listen, it seems to me that that concern that a more aggressive posture be taken was merited in the spring and has even more merit today. And so on a vote on reaffirming this policy, I would have to repeat my opposition.

Chairman Matheson: Governor Blanchard.

Governor Blanchard: Mr. Chairman, I would simply like to mention that the resolution in February, as you know, is quite detailed. I am not sure that I or perhaps anyone would completely agree with everything in it at this date. I would hate to have anything I have offered consist of a reaffirmation of the detail of that resolution.

The thrust, the concern about long term economic policies, and the huge outyear deficits, is the area I wanted to underscore because I think it could choke off whatever economic recovery we are getting and not allow us to get our people back to work. What I would suggest, because I am concerned that people who share that view might well vote against the resolution, is that I would move a substitute, the resolution I offered earlier. We are having it passed out for the reaffirmation of the February resolution.

Let me make just one mention as to why I think it would be fair. And that is the resolution in February urges the Congress to do a number of things. It does not urge the president and the Congress to do a number of things. I think we need to have both groups working together.

Chairman Matheson: You are making a substitute motion on the basis of the resolution that you have now distributed?

Governor Blanchard: Yes. It is being distributed at this time, Mr. Chairman.

Chairman Matheson: Governor Thompson, then we will go to Governor Bond.

Governor Thompson: Mr. Chairman, let me see if I can recap what we have done thus far and understand it. We began with remarks of Governor Blanchard, which I think struck a note of bipartisan concern for the well-being

of American citizens who are the victims of both the recession and the economic policy which has been brought about during the course of a number of administrations and through national and international forces. I think probably that is the fairest way to characterize it, at least for the moment.

Governor Blanchard's remarks were so on target with the spirit of this meeting and the tradition of the National Governors' Association that they were immediately seconded by a number of Republican governors, for we said the very same thing in our caucus this morning. And I think what those who followed Governor Blanchard were attempting to do was simply to take the eloquent words and make them the official voice of this body to the extent that he spoke them. Governor Snelling modified that somewhat by moving to reaffirm our February budget policy. Suspension of the rules was then voted upon for the purpose of doing that.

I now sense in some of my brothers a mood to reargue that policy which was tortuously debated over three or four days and which has a number of very critical components. And it is my understanding that even if we were to fail to reaffirm that policy, it would still not remove it as the official policy of the NGA, but it would sure as heck send one bad signal out of here.

Now, we have moved to the point of a substitute resolution which comes out of the Democratic Caucus, which I suspect that many of my Republican brothers, myself included, could not support on the merits because of particular wording. I don't know where that leaves us.

If Governor Snelling is willing, I would propose we go back to what Governor Blanchard said in the beginning of this whole affair and say that is right, Governor Blanchard. And when we meet with the president in September, we will tell him that.

Governor Blanchard: Well, I think the problem we have got, if I could be recognized—

Chairman Matheson: Governor Blanchard.

Governor Blanchard: I would hate to have 49 other governors interpreting what I said. Perhaps we should say what we mean with the resolution either by adopting a resolution which I believe, if I take the word "Democratic" out of there, I believe most of the governors would agree to. Or as I have moved, we have moved, to substitute this for the motion to reaffirm the February resolution. I would urge my colleagues to read the resolution, though, before one attempts to interpret it.

Chairman Matheson: I think that is probably a fair request. May we go to Governor Bond first, then to you, Governor Snelling. And then we have got to wrap this up here one of these days.

Governor Bond: Mr. Chairman, I would concur with Governor Thompson

when he says once we have started down the road of resolving something on the major national economic policy debates that we have discussed at this conference, we should proceed in a bipartisan manner to express our concern about the continued high level of deficits which threaten our continued national recovery. And we are in a recovery.

I found Governor Blanchard's initial remarks to be right on target. And when Governor Snelling offered them in the form of a motion, I was happy to second that motion. When I received the Democratic governors' resolution, I read it, I found I could neither approve it nor stomach it. And were we to attempt to get into a partisan argument such as characterizing the current policies of the administration and shifting the blame on a partisan basis, it will not be supported.

I would urge this conference to accept the principle of Governor Blanchard's initial statement in which, as I recall, he stated that we must have action from both the president and the Congress, it should be a bipartisan basis, and it should reflect the concern of the entire nation for bringing these deficits down. And if that was the sense of the initial motion, my second stands. But I would withdraw my second from a motion which attempts to put into the policy of this association the Democratic governors' resolution.

Chairman Matheson: Thank you, Governor Bond, Governor Snelling.

Governor Snelling: Governor, I will attempt to resolve this. May I ask, first, a parliamentary point? Am I correct it would take the same margin to approve the amendment as the original?

Chairman Matheson: That is my understanding.

Governor Snelling: Then, may I make a full disclosure so you have my motives?

Governor White: A point of order. I believe we have already suspended. Are we under suspension?

Governor Snelling: To substitute an amendment for an amendment for which there has been suspension. And suspension is required. I believe the rules would control.

Governor White: There has already been a suspension.

Governor Snelling: Now, there is a request to suspend the rules for the substitute.

Chairman Matheson: The Parliamentarian tells me on a substitute amendment, we still—

Mr. Martin: The amendment to the amendment on the floor requires the same vote as the motion on the floor for a suspension of the rules. For a suspension

of the rules, all the votes must be three-quarters—three quarters to suspend the rules, three-quarters to pass the motion, three-quarters to amend it, three-quarters to—

Governor White: Is this Robert's Rules of Order?

Mr. Martin: It is the NGA rules.

Chairman Matheson: It is the NGA rules, Governor White.

Governor White: We are not all Sun Belt states on this rulemaking.

Governor Snelling: If the Sun Belt states would yield to the Snow Belt state who has the floor—

Chairman Matheson: We will return to Governor Snelling.

Governor Snelling: Mr. Chairman, I innocently attempted to pursue what Governor Blanchard said without apparently knowing what he meant. Governor Blanchard called upon us to underscore an action which he had earlier taken. And so I innocently and in the spirit of bipartisanship made the motion to do precisely what he asked us to do.

I think it is not in anyone's best interest at this point to allow the needs and, I suppose they are needs, of partisanship to cause us to fail to underscore an action which we have previously taken. And since the agenda of Governor Blanchard was apparently quite a bit broader than I had perceived, I would ask at this time for permission to rescind and withdraw my proposal which was to underscore. I ask the leave of the body to remove the proposal.

Chairman Matheson: Thank you, Governor Snelling. We will go to Governor Robb.

Governor Robb: Mr. Chairman, the recommendation that Governor Snelling makes may address the problem. I was going to ask that we move to reconsider the vote by which we suspended the rules in the hopes that we might be able to extricate ourselves from a situation into which I don't believe any of us intentionally entered.

As the one who very innocently set this dialogue into motion, without a clear understanding that it would take this particular course of action, it may be that having given all the governors an opportunity to state their particular position on the merits of any one of the proposals that may have been before the body, that it might be appropriate now to withdraw and not to send the mixed signal that a failure to reaffirm might send. And I don't think that anyone really wanted to send the signal that could be construed from the various potential vote patterns that might flow from that particular action. So I would move to reconsider the vote by which we suspended the rules in order to formally take this time up on the agenda.

Chairman Matheson: Governor Snelling.

Governor Snelling: I believe a request to withdraw is not debatable. I appeal to the Chair, but I think that is the primary motion.

Chairman Matheson: The question to withdraw is not debatable. The parliamentarian tells me that your motion is withdrawn. That does not remove the problem of Governor Blanchard. We have to suspend the rules again if you wish to pursue your resolution.

Governor Blanchard: No.

Chairman Matheson: It is withdrawn. Thank you.

Governor Blanchard: If I can be recognized, I had not intended to offer this resolution. I intended to make a statement. I was delighted to have been supported by many others, including Republican governors. And I really don't think we need to make it a partisan issue. We want to urge the president and Congress to take into consideration the long term consequences of their fiscal and monetary policy for the best interests of our country. And I had not intended to offer this resolution. It was raised by one of my other colleagues. So obviously, I was delighted to speak to it. But I would rather have our resolution speak for itself and let Governor Snelling speak for himself. And I think ultimately, we all agree more on this problem than we disagree.

Chairman Matheson: Thank you, Governor Blanchard. That was an interesting exercise in debate. And I think we are back where we began for which I think all of us may be grateful. Thank you very much.

May I now call upon our colleague, Governor William O'Neill, to introduce our next speaker.

Governor O'Neill: Thank you very much, Mr. Chairman. On that last vote for suspension, Governor Hughes and Governor O'Neill voted "no" to begin with. It was nice to know we were right at the start.

My fellow governors: I am proud to introduce to you this morning John H. Filer, chairman of Aetna Life & Casualty of Hartford, the nation's largest publicly owned insurance and diversified financial services corporation. John will be sharing with you his ideas and recommendations on public/private initiatives in the 1980s. I can think of almost no one who has had more experience or expertise in the field. Although he bears heavy responsibilities as chairman of Aetna, John devotes a great deal of his time and energy to organizations which are deeply committed to the growth and development of our country. And almost all of these organizations are involved in the public/private partnerships of one kind or another. As past chairman of the National Alliance of Business, as a member of the President's Private Sector Survey on Cost Control and the Committee on the Responsibility for Federal Budget, John

has been and still is involved in matters that affect the future of the economy of this nation. As past chairman of the Commission of Private Philanthropy and Public Need, he has helped mobilize the resources of the private sector to assist people in real need. As a member of the Board of Governors of the Natural Conservators, he has demonstrated a sincere concern for the future of the environment. The list of his affiliations goes on—the Urban Institute, the Committee for Economic Development, Jobs for American Graduates, the Business Round Table, United Way of America, and many, many more.

In Connecticut, we are especially proud of John's work with the Insurance Association of our state and the Connecticut Business and Industry Association. In addition, John agreed to serve as chairman of the Committee of Structure of State Government in 1975. And under his leadership, the committee developed a plan which led to the first major reorganization of state government in Connecticut in four decades. John is a native of New Haven, a graduate of DePauw University and Yale Law School. He has been associated with Aetna since 1958, beginning as assistant counsel, serving as chairman since 1972. Fellow governors, it is a pleasure for me to introduce you to John H. Filer.

REMARKS OF JOHN H. FILER

Mr. Filer: Governor O'Neill, it is indeed a pleasure to be part of this 75th annual meeting of the National Governors' Association. My congratulations to Governor Matheson as he completes his chairmanship of the association and to Governor Thompson as he assumes his.

I was pleased to sit through the prior business. I had not enjoyed myself so much since I tried to get the New Haven County Bar Association to amend its bylaws.

I come to your subject today of public/private initiatives with a sense that we are in the midst of what are really dramatic changes in the roles of government, business, labor, and the nonprofit sector in this country; that we have the best opportunity in decades to stimulate such changes for the benefit of all parts of our society; and that the issues to be addressed by such changed relationships are important, if not critical, to all of us.

We have learned some important things in the last decade or so, and that is a very good thing. It is a bit difficult for us to acknowledge this learning too readily, for this requires an admission that through the seventies and into the early eighties we made the following mistakes, among others:

We acceded too often to short-term demands at the expense of our long-term health and well-being, most particularly with respect to the management of our fiscal affairs. This matter, more than any other, has raised some fundamental issues about the capacity of the republic to govern itself.

We ignored the danger and certain damage of inflation—damage to all

of us, but most critically, damage to the poor and the powerless among us.

We ignored the danger signs of international competition—competition often subsidized and almost always at least nurtured by foreign governments.

We continued a habit or pattern of adversarial, confrontational relations between government and business—you, often for political expediency and we in business for a strange, macho-type ego trip—and out of fear, fear, if you will, of government involvement.

We underestimated the value of many of our private institutions, particularly this role in the amelioration of societal problems, relying instead on the federal government to solve too many of our problems, even those whose solutions were primarily local in nature.

And lastly, we tried to fix too many things at the same time, responding to our basic compassion and instinct to provide for recurring needs without acknowledging the limits on our capacity to do so.

Now, hopefully we won't have to go through that painful learning experience again in the near future. One encouraging sign is that the past two and a half years have been marked by a restructuring of governmental roles and a rearranging of institutional relationships.

This topic of public/private initiatives as a way of addressing societal problems has been discussed extensively over that time period. It has been the focus of attention by governors, mayors, corporate executives, business trade associations, nonprofit organizations, and the president's Private Sector Initiatives Task Force. This very considerable effort has been useful. We have discovered some things: some perceptions have been changed; people have promised renewed or new efforts personally or institutionally to help; and some structures, institutions, and relationships have been created that are essential to progress.

But at the same time, there has been a fair amount of fuzzy thinking and nonsense bandied about. It has been suggested, for example, that a single blueprint for local cooperation can be drawn for broad application. Some have concluded that an endless collection of data about local projects will automatically stimulate useful and successful replication. On occasion we have grossly exaggerated the capacity of the private sector to solve society's problems while understating the value and the essentiality of government involvement. And finally, a notion has been fostered that somehow we can go back to a day, which some view with considerable nostalgia, when a person received only what he earned directly through his own labor or accepted through the happenstance of charity or the help of his neighbors.

I think it will be helpful when we all finally recognize that structures and solutions for Hartford, for example, may not work in San Antonio or Louisville; when we recognize that ours is a complex, institutionalized society in which simplistic solutions won't work; and it will be helpful when we all accept the fact that we are not going to turn our backs on the needy, the powerless, the

undereducated, the unemployable—and that it is a major function of both government and the private sector to address those needs and also to finally produce an open, bias-free society that works for all of its members. That is what the subject of public/private initiatives is all about. We don't yet understand exactly how our respective roles will evolve or where the limits are, but we have at least begun to seriously explore the issues.

Since you have spent much of the past two and a half days discussing what the role of government should be in this evolving relationship, I will take a few moments and share some thoughts on how the business sector sees this relationship. The role which business sees for itself has not been clear. Any societal role, other than an economic one, was denied by many, if not most, business people until quite recently, and a great deal of confusion has stemmed from our terminology. Corporate societal efforts that are nontraditional, not purely economic, are most commonly referred to as "corporate social responsibility," "corporate responsibility," and on occasion, "corporate philanthropy." None of these terms is adequate, all of them are misleading, at least in part.

The first term, "corporate social responsibility," has a connotation of social work, not business work. The second term, "corporate responsibility," suggests just an obligation rather than any self-interest. And "philanthropy," which derives from the Greek "love of mankind," suggests that General Motors, U.S. Steel, and Aetna have such a capacity. I have seen articles from the Harvard Business School debating the existence of a corporate conscience or an ethic, but never love!

I believe there is a better term more reflective of the appropriate corporate role, and that is simply "corporate public involvement." Like it or not, the corporation has a deep involvement in the sense of multiple impacts on society, a very real and selfish stake in the condition of society, and a capacity that can be energized either voluntarily or involuntarily to affect that society. And just a few examples of "corporate involvement."

We executives in the financial services business make a range of decisions in our everyday business concerning office locations, mergers and acquisitions, investments, training and employment policies, product design and distribution methods, employee benefit plan designs, office hours, van pools, energy conservation, and the like. It seems absurd to me to suggest that the only legitimate constituencies affected by these decisions are the stockholders and the employees.

To turn the coin over, it is equally absurd to ignore the fact that we will be seriously affected by such things as increases in structural unemployment, the failure of a city, health care costs continuing to soar, racial inequality, societal disarray generally, and a generalized public disenchantment with our corporate presence and our performance.

And beyond all of this, we have an involvement, a stake, a role, in a variety

of public policy issues that do not have an immediate and direct impact upon us. It seems to me that we ignore them, over time, at our peril, and it would be foolish to address them without intelligent collaboration with others. These include such things as human capital and how we deal as a nation with structural unemployment. Or various policies that will ameliorate or exacerbate regional differences in the country—Sun Belt, Frost Belt, declining industries and cities and the like. And, of course, there is the frustration of the basic question itself—how best to serve society's needs within the constraints of the resources reasonably available to all of us. I am encouraged to believe that much of the business community understands all of this finally and is now quite willing to join with government, labor, and nonprofit organizations at all levels to pursue meaningful responses to our pressing problems.

Before moving on to a few of the specific problems and a couple of suggestions on how the several sectors might be brought together, let me say just another word on the point that labor and the nonprofit organizations should be included in any collective efforts. I am not one who urges their involvement because they can be obstructionists if left out, but rather because experience has convinced me that labor and the nonprofit share the same general goals for the society as business and government, and they bring needed resources which neither of us has.

Now the range of issues we face has a complexity that precludes the possibility of easy or quick solutions, as all of you so well know. They do frame the bottom line issue for this society—how to marshal finite resources for the infinite demands to maximize the well-being of all segments of society. Take the issue of human capital, for example. The resource that will clearly distinguish us from others over time is our people. In the composite, their education, training, motivation, resourcefulness, mobility, flexibility, and sense of well-being and achievement will determine our success as a nation.

No one sector can solve the problems under this umbrella of human capital, whether it be worker displacement, the labor market noncompetitiveness of the disadvantaged, particularly the young and the minorities, the weaknesses in our public and higher education systems, or the impact of a myriad of government policies which are adopted without the benefit of an assessment of the effect they would have on the quality, size, and cost of the future work force.

There are things each of the sectors can do to address human capital issues. There is much in the area of education which can be done by corporations to improve the quality of their work forces, and government can certainly play a major role in establishing efficient, relevant employment training programs. But even with respect to all of these efforts, it is apparent that collaboration is essential, with an increased role for state government. The same prescriptions will be necessary if we are to begin to reverse the trend of a deteriorating infrastructure. I know that Governor O'Neill has been urging this as a matter of the highest priority at this meeting.

There are major fiscal and regulatory issues confronting us. The ramifications of these require careful consideration so that no one segment of the society is unfairly affected by what government does. Now, my company happens to be in a regulated industry, and I believe that on balance, the system of state regulation of insurance has worked rather well. I am not one of the subscribers to the notion that we need widespread deregulation of financial services. Rather, within the realities of change, we need thoughtful, intelligent reregulation. The challenge for state government will continue to be to adjust the regulatory process to encourage investment and initiative for a successful business climate. The results will be better if we get on with this together.

I am encouraged that progress is being made in a number of jurisdictions. In Massachusetts, for example, I believe that Governor Dukakis is making a major contribution, leading his state in a way that shows that government and business can truly collaborate for the public good.

Now, a particularly intriguing subject that I think we will find recurring in the 1980s will be the subject of the management and investment of our huge public and private pension funds. There will be vigorous debates that we must approach very carefully as more people suggest that there should be mechanisms to assure that more of these funds are invested in activities or projects vital to the society. With finite resources to meet society's infinite demands, it will become much more popular and acceptable to urge that the funds produced by the labor of people be invested not just for a dollar yield, but for a societal yield as well.

Finally, let me offer a couple of suggestions as to how we might advance the concept of collaboration at the state level and in so doing, provide for increased public/private initiatives.

The first suggestion is that a statewide council be established in each state for the purpose of stimulating public/private participation in addressing problems. There are numerous examples of such endeavors, but they are usually directed at a specific problem, and only in the face of a very serious crisis do they involve senior people.

The notion I am advancing would involve the best people from each of the sectors and would have as its mission the responsibility for raising the level of private sector participation and advancing the most promising approaches for getting at each state's most serious problems. I see this body as a facilitator of the activities of others with its primary mission being to identify and recommend ways to eliminate the impediments to such initiatives and to find ways to increase total available resources.

My other suggestion is that there be created in each state a human capital or human resources commission. Once again I recognize that there are now in existence many bodies with similar sounding names which have some piece of this action. These efforts, even when coupled with private sector efforts, tend to have limited, diffuse and sporadic impact on public policy formation

and the programs established to try to cope with human resource problems.

A permanent commission on human capital, with an authority or charge to represent the human resource concerns of the society in both government and private affairs might well make a meaningful contribution. An entity managed by senior working members of business, government, labor, the nonprofit and academic institutions could perhaps bring a serious and coordinated perspective to the myriad of public and private actions that either help or hinder our efforts to enhance human capital formation.

Parenthetically, let me insert before I conclude that I would commend to your attention one program that Governor du Pont instituted in Delaware, Jobs for American Graduates, that is being successful in eight jurisdictions at the moment.

In conclusion, gentlemen, I commend you for highlighting the subject of public/private initiatives at this annual meeting. I believe it is a critical issue and deserves the attention of all of us. The day has long since passed when our problems were neatly compartmentalized and clearly delineated as "public" or "private." It will be hard, and sometimes strange work, to operate in the new mode of collaboration, but very much worth the effort. I wish you all well. Thank you.

THE GOVERNORS AND ECONOMIC DEVELOPMENT

Chairman Matheson: Thank you very much, John. We certainly appreciate your coming and presenting that excellent summary of the challenges and opportunities we have for continued public/private cooperation. It is always great to have a corporate executive who has that philosophy and attitude. And we appreciate very much your continued commitment to the public/private sector partnership effort.

We are running a bit behind schedule, and I would like to ask the chairmen of the standing committees to simply highlight the summary of your committee's activities in terms of economic development so that we can try and get back on track. I must also say several governors need to leave a bit early. So if we could ask you if you have a detailed report, perhaps you would submit it later in writing to the governors for their review. But I would urge you to be as short-winded as you possibly can. Having said that, I know governors will do whatever they feel they want to do anyway, which is also appropriate. So may we begin with Governor Ted Schwinden, Chairman of the Committee on Agriculture.

Governor Schwinden: Mr. Chairman, we will take your words at heart.

We have just adopted today new agricultural policies that very carefully distinguish the role of the states and the federal government in agriculture.

The thrust of the new policy is to recognize agriculture as the foundation

of our food and fiber system, a system that accounts for some 22 percent of the U.S. labor force and one-fifth of our GNP.

A few weeks ago, a national television network produced an agricultural documentary entitled, "The Vanishing American." We submit agriculture is not vanishing from America; it is simply being ignored by an increasingly urban society.

As governors, we need to reshape and to enhance the role of states in agriculture, both in terms of our relationship with the federal government and with regard to what we do as state leaders. And we need to begin that task now so that we can sustain and build upon the significant contribution that agriculture makes to our economy, especially in terms of agriculture's contributions to export earnings and high rate of productivity that allow U.S. consumers to spend less of their disposable income for food than any other consumers of the world.

We need to rethink our roles as governors because our nearly two and one-half million farmers and ranchers are in jeopardy, endangered, as a result of decisions by government here and around the world, decisions that have brought chaos and uncertainty to the U.S. agricultural economy.

States are going to have to play an active role in shaping the attitudinal change that will bring about policy change, particularly one of making our foreign markets to our economic advantage to keep our people working.

We must work with the private sector as our speaker just indicated, working with farmer cooperatives and small and large firms and financial institutions to bring about the establishment of export trading companies using all of the available tools of state government. And most importantly, we must be heard and responded to during trade negotiations, formulation of monetary and fiscal policy and the decisions that open or shut off foreign markets.

Mr. Chairman, states are making progress in fostering the economic development of agriculture. However, we still continue to face the formidable obstacle for most of which is the image or lack of image that agriculture has in this nation. Simply put, agriculture has a public relations problem, a problem that leaves the industry as the most efficient, but least understood in America.

I am confident that the governors around this table can and will continue to foster creative policies and program approaches on agricultural issues. We simply must work more clearly and appropriately to communicate the importance of the food system and the people who make it work so well. I thank the Chairman.

Chairman Matheson: Thank you very much, Mr. Chairman. I have been advised by Governor Robb that he will waive his time as a committee chairman. I don't suggest that for any other chairman, but it goes to show you he took my words seriously. And he had an opportunity to speak a few moments ago.

Are there any governors who have deadlines which require that they go out of order?

(No response.)

If not, then we will go to Governor Bond next if we might.

Governor Bond: Thank you, Mr. Chairman.

The Committee on Community and Economic Development has been providing materials to the governors such as a our guide on capital formation last winter, and other economic development programs. I am advised there are some more materials coming on the business incentives program. So I, too, can be brief with my report.

Yesterday, our committee discussed the various things that states and localities could do to assist service industries and maturing industries. Very briefly, these can be summarized by suggesting the states explore additional means for providing capital. And one method suggested was that of guaranteeing private letters of credit and returns for the state's share in profits of assisted businesses.

There was heavy emphasis on the role universities can play in providing long term research and development programs as well as the basic structure of higher education. The speakers indicated a need for cooperation between higher education and business and urged higher education institutions to consider establishing high technology centers and states to consider appropriating supplemental funds for targeted initiatives in research development and other job-creating activities.

With respect to maturing industries, it was noted the need to reduce foreign trade barriers and, of course, anti-dumping cost subsidization legislation.

There was heavy emphasis put on improving management marketing techniques to decrease costs and improve management.

Mr. Chairman, I think that summarizes our discussions and our activities of the past two days.

Chairman Matheson: Thank you, Governor. We will now go to Governor Rockefeller if we may for the Committee on Energy and Environment. Jay Rockefeller.

Governor Rockefeller: Mr. Chairman, there has been kind of a pause or flattening out of oil prices in this country. And people are under the illusion that, therefore, there is going to be an ease on increases of energy prices in this decade. I would want to say as strongly as I possibly can that taking the federal administration's own figures and those of many others, the price of natural gas is going to go up tremendously in the decade that we are now in. In fact, it should increase by about 65 percent by the mid-eighties and an additional 50 percent by the nineties, all of that on top of what we have already gone through.

The fact of the matter is that oil imports from other countries, which have gone down in recent years, are probably going to go back up, particularly in the last half of this decade. That has tremendous financial consequences for this nation. In other words, we are going to have to rely again increasingly, rather than less, on oil imports. The situation is severe enough that I would say to my colleagues from particularly the southern states, who have grown accustomed to cheaper energy prices, that the increase in natural gas prices for the southern states and the midwestern states is such that by the end of this decade, they will probably be similar to what the Northeast is paying. Therefore, the work of the Committee on Energy and Environment in terms of trying to foster ways to increase energy production in this country in a responsible manner, yet also to prepare for potential energy cutoff of these sources that we talk about, always is based upon the hope that there will be no cutoff of energy sources, for example, in the Middle East, no disruption. Given a 10-year span, the chances of a disruption are likely.

If that disruption takes place, neither the federal government at the present time nor we as governors are doing what we should. The federal government has more or less eliminated emergency supplies in oil. And there are 23 of our states around this table which have no people working on emergency energy planning at the present time in the event of the type of disruption that we in fact had back in 1977. So there is no such thing as an end of the crisis in energy. There is a pause now in oil prices. Electricity, natural gas, will continue to get much more expensive. The South and midwestern states will achieve parity with the Northeast. That is disturbing news, but a fact of our future. Thank you.

Dick Riley had one comment he wanted to make on low-level nuclear waste, Mr. Chairman, if that is all right.

Chairman Matheson: I would be happy to recognize Governor Riley.

Governor Riley: Thank you, Mr. Chairman. Thank you, Governor Rockefeller. I had handed out a report of what has taken place on the compacts for low-level nuclear waste. This association took a sensible but bold position, I thought, some time ago, regarding the state role in handling low-level nuclear waste. And I think it is important for us to realize that the states have been willing to deal with this issue and deal with it in a firm and effective way. So six regional compacts, as you note, are in one stage or another of being formed.

The important thing that I would like to point out is that 31 states—31 states—have arrived at compact language, and have ratified their compacts in the respective legislatures. A number of other states, as this report will show, are in one stage or another of dealing with this issue. It is a tough issue, but one that had to be responded to. I want to congratulate those states that have dealt with it, which is practically all of them in one way or another. I urge

all the rest to take prompt action to handle it and urge Congress to quickly ratify the compacts that have been presented to them. Thank you, Governor Rockefeller.

Chairman Matheson: Thank you, Governor Riley. It is nice to have a success story in this business occasionally.

We would now like to turn to Governor Lamm, please, for his report.

Governor Lamm: Mr. Chairman, I will be brief, but not because there hasn't been an awful lot done in my committee. And I am very proud of what the other members have done, specifically Jim Hunt and Pete du Pont. I think in the area of education, the committee has not only defined one of the leading issues in America, but has tied it to economic development and really showed in a very articulate way the interrelationship between the states. The nation that is second best educationally will be second best economically. Terrific work, and it is one of the great success stories of this conference, the fact that they have identified the problem, got ahead of the curve, and not only the problem, but have come up with some constructive solutions. Lamar Alexander and others have done some great work on that, too.

Second of all, in the Job Training Partnership Act, the whole area of training and retraining, the idea is that it is not your natural resources as much as your human resources—skills and training levels—that are needed for economic health. Through the Job Training Partnership Act, vocational education and other things under Pete du Pont, we have another terrific job in getting us all aware of that inextricable relationship. So very briefly, the Human Resources Committee did those two main areas. But in many other areas, we have been exploring those relationships of human resources and economic development.

Chairman Matheson: Thank you, Governor Lamm. May we go to the chairman of our Committee on International Trade and Foreign Relations, Governor Bob Graham.

Governor Graham: Thank you, Mr. Chairman. There are tremendous opportunities for states to promote their internal economies by expanding the export activities of businesses. There are some particular opportunities which are now available as a result of recent or pending initiatives in the Congress.

One of those is the Export Trading Company Act which this association was a leader in encouraging three years ago and was active in its passage. And I would like to particularly thank Governor Thornburgh for his leadership in that.

I would encourage you to become aware of this legislation, to foster through your state departments of commerce an awareness on the part of business within your state, and to look at some of the exciting things that are happening in terms of public agencies using the Export Trading Company Act, such as are

being done in the Port Authority of New York and New Jersey.

There are currently pending in Congress some major revisions of the Export-Import Bank Legislation. It appears favorable for passage. One of the significant features of this will be a major stimulus to small businesses' use of the Export-Import Bank. This will again afford some opportunities for states to play a catalytic role in expanding the numbers of firms involved in export activities.

Third, the Small Business Administration has a new pilot program to provide financial reimbursement for new exports to smaller firms, to encourage first time participation in international trade shows. This is an initiative in which again state departments of commerce could be of assistance in bringing to the attention of their smaller businesses.

Finally, Mr. Chairman, we have received a letter from Secretary of Commerce Baldrige soliciting comments on proposed consolidation of the federal international trade functions in a new cabinet-level Department of International Trade and Industry. We are interested in and excited at the opportunities that this provides for a more consolidated federal approach to the trade function, but we also caution that this not be at the detriment of some states seeking federal assistance such as in the planning of foreign trade missions and the collection of state data and other programs which states cannot feasibly assume for themselves.

In addition to the reorganization debate, the administration's Trade Commission companies control report recently recommended modifying one-fourth of the trade positions, including the field staff in the United States and overseas. Governor Winter has done an excellent job in leading our effort over the past two years to communicate the state needs in the federal branch with these new threats to federal trade programs.

I encourage you to reassess the extent to which your trade programs are dependent on support and cooperation from the federal government. Several of you have been examining the idea of state export finance functions so export programs cannot effectively be duplicated by individual states.

Unless we can now carefully assess our needs and strongly assert our interest, we may face the prospects of having to run our international trade programs with limited support from federal programs we have relied on in the past. Mr. Chairman, I submit that report. Governor Anaya has some comments he would like to make relative to the work of the committee in the field of immigration.

Chairman Matheson: I recognize Governor Anaya.

Governor Anaya: Mr. Chairman, I will be very, very brief. I want to thank Governor Graham for the work the Task Force on Refugees and Refugee Interests has done in the past and encourage reconvening the task force to take a look at the immigration bills again. I think it is time to update our policy.

We have 18 new governors, and there is now a debate in Congress that may lead to the passage of an immigration bill sometime this fall. I would just very quickly say, Mr. Chairman, that I among others think it is an economic development issue for all of us, particularly those of us in border states. And I would submit that any legislation, and any policy of the NGA, should provide for sufficient assurances that American workers not be displaced, that there not be widespread discrimination, that we have legal remedies for those we feel are discriminated against, that our state and employment departments not be turned into enforcement operations, and we not have a two or even a three-tier system of legalization, and that states be provided full reimbursement for any expenses incurred.

Mr. Chairman, there is a bill pending in the Senate which does not contain these provisions. There is one pending in the House that has the support of the House Education Labor Committee. And I would hope we could reexamine our policy at the NGA and play a meaningful and updated role in this debate.

Chairman Matheson: Thank you, Governor. May we turn to Governor Bob Orr, the chairman of the Committee on Transportation.

Governor Orr: Mr. Chairman, in our deliberations at this conference, the Committee on Transportation, Commerce and Technology has had a good look-see at what is obvious to most everyone, but oftentimes simply taken for granted, which is that this country has the most extensive transportation and communication network in the world. We need to maintain it adequately—that is a public responsibility—to the degree that they are public functions and sometimes a private responsibility, but it is essential that both parties work together because of the fact that our economy is so strongly based upon continuation, maintenance and expansion of transportation and communication. Without either one of them, we are in trouble. They are not all as strong as they could be at this point, which is of concern to all governors as we take a hard look at our infrastructure circumstances.

During the time that we have been deliberating here at this meeting, we have taken note of something which is quite obvious, which is that patterns of everything, including economic development, are changing without precedent, both in terms of magnitude as well as speed. There are a great many problems that you can identify, some of which are the difficulty of having adequate funds for capital investment, both public and private, and radically different energy pricing structures. What the chairman of Energy and Natural Resources had to say about natural gas pricing is an example of that. It is escalating. It will continue to escalate. It will cause necessary modification in use of energy in carrying on our economic development functions.

The states tend, always have tended, to react to national and regional occurrences, grabbing for solutions rather than engaging in strategic planning

or engaging in a look to the future. Without any question, it is going to be most necessary in relationship to the responsibilities of transportation, and communication in particular, that we plan way ahead and not just be in a position of reacting to events as they unfold.

We are aware that state dollars oftentimes are competing with each other. An example of it is reversing bankruptcy problems of midwest railroads and at the same time supporting the expansion of our port systems, railborne and waterborne transportation often being in competition with each other, instead of our trying to arrive at these priorities as a part of the strategic planning that is so necessary.

We are at the present time most often in the position of bailing out marginal or uneconomic systems rather than putting our money behind and our programs behind those things which will be a part of the future and, therefore, a part of the economic growth of this country and of our respective states.

There is a constant balance of the need to invest in maintenance as against new construction. There is a need for determining just what there is in the way of those investments which will enhance economic development which to us always mean jobs. We have an ongoing matter of how we relate the costs and benefits so as to assure the fact that what we do invest in will be practical.

There are all sorts of new forms of financing. And the more creative that we can be, the more likely we are to meet success. We need to continue to encourage private participation in capital investment through deregulation and other kinds of opportunities that there may be. We have to recognize that well-invested transportation dollars by the public sector support a healthy economy, but also put people to work by the very action of maintaining and constructing transportation facilities.

Financing is key to all of it. The costs are escalating. The necessary dollars are oftentimes not there. And therefore, we need long term strategic planning to assure the fact that we will be doing as we should.

In conclusion, it is probably safe to say that the problems now facing state governments are numerous and complex, more numerous and more complex than they may ever have been. And within the state government and the private community, when we are both working together towards established goals that are going to be paybacks, there ought to be and probably are enough resources to solve those problems. And I like the concept of an ongoing relationship between the public sector and the private sector to assure the fact that we are engaging in the kind of strategic planning that is necessary.

Indeed, in Indiana at this point, our state Chamber of Commerce is leading the way from the standpoint of the private sector in our state in terms of many things that we have put in place in the last three years. We are working very closely. And out of it, I think, we will come to a set of conclusions which will be a blueprint for the future. And I commend that to all 50 states.

Chairman Matheson: Thank you, Governor. And thank you, chairmen of all the standing committees, for those excellent reports.

PRESENTATION OF NGA AWARDS FOR DISTINGUISHED SERVICE TO STATE GOVERNMENT

I now have the privilege of presenting the 1983 National Governors' Association awards for distinguished service to state government and to the arts.

This is the seventh year that the NGA has recognized outstanding contributions on the part of five state government officials and five private citizens. I would like to thank the governors who participated in the nominating process, and particularly Mr. Richard Gilbert, vice president and director of marketing for the Des Moines Register, who again chaired the Selection Committee.

Our winners this year have demonstrated the innovation, dedication and vitality characteristic of state government today and have made truly outstanding contributions, not only to their states, but to the nation as a whole.

I am going to read the names of all of the winners so you can all kind of come up here. Then we will individually read your citation and award you with your plaque. The governor from the home state of the individual is certainly welcome to join us to congratulate those winners if they would care to do so. So may we have Mr. Fred A. Lafser, Mr. Gene A. Christianson, Mr. Robert W. Smith, Jacqueline H. Day, Dorrie M. Peterson, and Mr. William Patterson please join us here at the podium.

The first award winner in the state official category is Fred A. Lafser, director of the Missouri Department of Natural Resources since 1978. Mr. Lafser has led his department to a level of high achievement exemplified by its capable handling of the dioxin crisis. He is responsible for one of the nation's most successful low-income weatherization programs involving 54,000 homes. His work at the department has covered a range of issues from soil erosion prevention to historic preservation, both for economic stimulus and for preserving historic resources. Please join me in congratulating Mr. Lafser.

Next is Gene A. Christianson, executive director of the North Dakota State Department of Health and chief of the Environmental Health Section. He has exhibited a high degree of technical expertise, particularly in the development of a model to predict air quality and pollution from various industrial sources. And they will be utilized on a national basis. He is a capable administrator, managing a complex department with both insight and ability. Please join me in congratulating Mr. Christianson.

Our next winner, Robert W. Smith, is director of the Oregon State Executive Department. Mr. Smith is responsible for conducting budget revisions required by recent revenue shortfalls. And he was successful in developing

new budgets for state agencies that met their needs. Every governor here may want to talk to Mr. Smith about that later. He is an adviser to the governor on both administrative and policy matters, oversees a department of 350 employees, encompassing intergovernmental relations, personnel and labor relations, and emergency management besides his duties in budgeting and fiscal management. Please join me in congratulating Mr. Smith.

We have one more, Dorrie M. Peterson, assistant volunteer coordinator for Adult Probation and Parole in Seattle. Her recent Governor's Award for Distinguished Volunteer Service in the State of Washington made it clear that Mrs. Peterson truly excelled in the quality and spirit of her service to others. And that is a direct quotation from Governor Spellman, who nominated her for this NGA award. We are delighted to congratulate, and please join me in congratulating, Dorrie M. Peterson.

The first award in the private citizens category is presented to Jacqueline Helen Day, Veterans Administration voluntary service officer and public information officer. Mrs. Day has been tireless in her efforts to honor the sacrifices of our veterans, to assist them in getting employment and medical care, and to help their families. Mrs. Day has served three terms as the chairman of the Iowa Board of Parole and on the Iowa Commission on the Status of Women since its inception. We are delighted to honor Mrs. Day this morning. And please join me in doing so.

The fourth annual award for distinguished service to the arts goes to the Oregon Shakespearean Festival in Ashland. This festival has established Oregon as a true theater arts center, attracting nearly 300,000 people each year to watch an amazing 600 performances and generating an estimated \$47 million in revenue for the southern Oregon area. In addition to its summer performances, the Oregon Shakespearean Festival has brought Shakespearean drama into the classrooms of over 100,000 youngsters in that state. We are delighted to award that to Mr. William Patterson, the festival's general manager, here to accept the award. And please join me in welcoming Mr. Patterson.

We would also like to recognize the award winners this year who were not able to be with us today. And may we turn those awards over to the governors of those states. And hopefully, they will see that they are delivered to the appropriate winners.

Jensen S. L. Hee, director of finance for the State of Hawaii.

Alan J. Gibbs, secretary of Washington State Department of Social and Health Services.

J. B. Kohlmeier, professor emeritus at Purdue University.

Luther Frederick Hackett, chairman of Vermont's Council of Economic Advisers.

And John Piacentini of Portland, president and founder of Plaid Pantries.

May we give a final round of congratulations to our winners both here and those who are not here for the distinguished awards for 1983.

SALUTE TO GOVERNORS COMPLETING THEIR TERMS OF OFFICE

The next matter for our attention is a salute to the governors completing their terms of office, this being their last NGA meeting.

It is true that being a governor places you in a very small club, one where we get to know each other very closely and quickly. And it brings us together with our families in a very close and personal way.

I guess it is true once you are a governor, you are always a governor. I had a chance to have a luncheon with Averil Harriman not too long ago, and he said, "I prefer to be called governor than any of the other titles I have had in all of my professional career." And it is with these thoughts in mind that we can only say so long to these governors who will be leaving us as active members. And who knows, they may be back here one day soon like four others who have graced our membership today.

The first is Governor John Y. Brown of Kentucky. Although John Y. is not here, it is important that we say some of the great things that John has accomplished in his career as governor of Kentucky.

1979 was a particularly good year for John Y. He married a former Miss America and was elected governor of the state of Kentucky on his very first try for public office. Since then, he has compiled a solid record of accomplishments. He skillfully guided his state through one of the toughest economic times since the Great Depression of the thirties. As part of his program, state employment was gradually cut by 20 percent from 37,000 to 30,000 employees with virtually no serious disruption of essential public services. Despite a poor economy, Kentucky has attracted a record amount of jobs and investment in the past four years. Many of you have seen the Kentucky and Company Professional Campaign that has appeared throughout the nation. In addition, Kentucky's dynamic first lady, Phyllis George Brown, has helped to establish national and worldwide markets for the state's arts and crafts.

We are all aware of the fact that Governor Brown has had a recent illness. But I am very pleased to advise you he is at home, and he is recovering rapidly and expects to return to his duties shortly. He and Phyllis wanted to thank you for your prayers and all of your best wishes received by them over the past few weeks. And all of us wish John Y. a speedy and complete recovery and commend him for a great job as governor of Kentucky.

The second governor who will be completing his term, not returning as governor, will be the outstanding chief executive of the state of Mississippi, Governor William Winter.

Bill Winter has met the highest standard of service as a chief executive officer of any state. His unfailing cooperation, continued hard work and effective work, has been an asset to this association in so many ways. He is regarded with admiration and respect by every one of his colleagues and asso-

ciates. And his performance in his own state in the field of education alone, I suspect, will make him one of the landmark governors in that state for all time. He is recognized at home as the symbol of leadership; his historic achievement in the field of education where clearly he earned international recognition; his organization of state government in the worst economic period since the Great Depression assures his place in the front ranks of the dedicated and distinguished leaders of the state and the nation he has served so faithfully and well. Will you come forward, Bill, and let us honor you for your great service to government.

Governor Winter: I have asked the Chairman for one final word. By an interesting coincidence, Mr. Chairman, this is election day in Mississippi. And this makes this a particularly disconcerting and humbling experience for me because I didn't realize they could hold elections in Mississippi without my name being on the ballot. All I could hear is one great sigh of relief that at last they are getting rid of Winter as governor.

I do want to thank you, sir, for your kind words. And I want to say one word to you, my colleagues of the National Governors' Association. In any age to serve as the elected governor of an American state is about as high an honor and privilege as can come to any person. But to be able to serve at a particular time when the prestige and the effectiveness and the stature of the office of governor has increased to the extent that it in recent years is satisfying beyond my ability to express.

I think it is generally recognized now that it is in the state houses of this country that the most effective and responsible political leadership exists, leadership that affects the lives of all of the people of this great nation. And so I want you to know, my distinguished colleagues, what a high privilege I shall always consider it to have been and to be known simply as one of you. Thank you very much.

Chairman Matheson: Thank you, Bill, for those excellent closing remarks. I would now like to call upon Joseph E. Brennan, our host governor, who has done such an excellent job for us here in Portland and the state of Maine, for a few closing comments. Joe Brennan.

REMARKS OF GOVERNOR BRENNAN

Governor Brennan: Before we adjourn, I would like to say just a few words as host governor. It has certainly been an honor to welcome you to Maine. And it has been more than that; it has really been a pleasure.

We are very, very proud of our state. We have been delighted to have a chance to show it off to our friends and neighbors for the past few days. For us, bringing you here has been something we have looked forward to for about two years.

I want to take this opportunity to express my heartfelt thanks and appreciation to literally hundreds of Maine citizens who worked so hard to make this conference a memorable one and to the scores of volunteers who have helped the conference function so efficiently. And in particular to some of the businesses who gave up their personnel and their resources and to Vice President and Mrs. Bush for their very, very warm hospitality, and to former Secretary of State Ed Muskie for his superb performance last night, and the Portland Symphony Orchestra, Jamie Wyeth for his generosity, the NGA staff and Governor Matheson, who could not have been more cooperative, and to the members of the Maine House Committee chaired by Harold Pachios and also to Neal Allen, who is our conference coordinator, and his assistant, Mary Catherine Toker, who undertook a very difficult organizational job and met that challenge and put it all together, and to all of the people of Maine who shared in the spirit of hospitality. I am very grateful for all that they have done.

To my fellow governors, I hope that you and your families enjoyed your stay. We certainly enjoyed having you. I hope this association won't wait another 58 years to come back to Maine. Thank you very, very much.

REMARKS OF GOVERNOR MATHESON

Chairman Matheson: Thank you, Governor.

I would quickly respond to you in behalf of the governors. your hospitality has been endless. And we have all had a great opportunity to be among the people of Maine. And the meeting has just been delightful.

It is customary at the close of the annual meeting for the outgoing chairman to make a very brief final report. And my report will be very brief. There are just three things that I would like to mention as I conclude my year as chairman of this organization.

The first is we had an opportunity to design the direction that the NGA should take for the rest of the decade of the eighties by putting together a small task force in 1981 and 1982 to design the agenda for the eighties. And that was the opportunity I had to serve as chairman with Bill Milliken and Bob Ray and Governor Busbee. And we met several times and put together that agenda.

And there were two basic thrusts to what the governors decided they wanted to do. The first is they wanted to build up the capacity and capability of governors at the state level to be more effective and to do a better job in their home states, the state services component of the NGA. And we started with the New Governors' Seminar in Park City in November at which time we increased the subject matter and the scope of that opportunity hopefully to provide insightful and helpful practical ways for governors to do effective jobs in their states.

And the flavor of the feeling of those newly elected governors who come off those unbelievably emotional campaigns and sitting down and then deciding, "Good heavens, do I have to prepare a budget," was an interesting and dynamic opportunity for all of us. And of those 17 newly elected governors, 16 invited professional and technical people into their states to be helpful in designing the processes by which we try and do a better job as a governor.

We are now going to have a postgraduate course for serving governors at Duke University in the first week in October. Each of you will be invited to come down for three days with several individuals from the private sector to kind of rehone the tooling apparatus of how you serve. And I hope many of you will join us there. We will be the guests of Duke University and President Terry Sanford.

One of the objectives of the agenda was to raise enough funding to support the study of the governorship down at Duke. And in the last two years, I have made a number of trips to all the foundations at all points of the country. And I had a little report back from Terry Sanford. I didn't raise one dollar. So he has asked me to take it on another year, fill out the final attempt for the agenda of the eighties. And I must tell you it is probably my greatest failure. When a governor can't raise one dollar from a foundation, we are in serious trouble.

We strengthened our NGA organization by beefing up our executive committee, reducing the number of standing committees, and assigning the budgeting and financial responsibility to that executive body which really does have the jurisdiction. And may I tell you that serving with the NGA executive committee this past year and the members of the standing committees as the chairman has been a great professional experience for me.

Individually, may I express my thanks to each of you for the commitment and the dedication and the hard work you have constantly displayed in your assignments.

The second area where we wanted to be more effective was to have a stronger voice at the national level. We wanted to have people listen to us in Washington, D.C., in a serious and a meaningful manner. And the last year has been an interesting experience for many of us because we really have grappled with issues one step above those which directly affect us economically in our state from some federal policy.

When Congress considered the Surface Transportation Act in the lame duck session, Bob Orr spent more time in Washington than he did in Indiana during that very difficult time. The governors were very instrumental in the Job Training Partnership Act and its adoption.

Recently, we have been intimately involved in the very critical matter of health care for the unemployed. And the list of important public issues within which the states play the major role continues to heighten and continues to increase the responsibility of governors of this country.

I personally welcomed the additional debate on the budget resolution today. That shows that that is such a cross-cutting important issue that whenever we start talking about it, the interest of each governor rises. And I suspect the adrenalin flow in the room at that time was at its highest point. Thank you for getting adrenalin flowing, gentlemen. That is what our job is really all about.

May I express my appreciation for the support of all the governors of this country. May I compliment the executive director of the NGA and the outstanding staff that has served us so well.

I conclude by wishing the best to Governor Jim Thompson of Illinois who will replace me. Governor Sununu was kind enough to mention yesterday in the Greenspan discussion when we had the serious problems we have to face up to, we must look upon them as challenges. I offer you the challenge of being chairman of the NGA for next year and offer you the opportunity to respond. Thank you very much.

Governor Thompson: Thank you, Mr. Chairman. At this time, it is my very pleasant duty and privilege on behalf of the nation's governors to officially respond to your concluding remarks and to officially recognize your extraordinary year of service to this organization as its chairman.

I think you ought to know that I believe that there is not a dissenting voice around this table on the issues of your commitment, your dedication, your devotion, and your doggedness toward the twin goals of making the National Governors' Association as an association stronger, and then using that strength to attempt to affect the outcome of some of the most important debates that now occupy us as Americans, as officeholders, and as citizens at every level of government.

If we have become stronger as an organization in the last year, and I believe we have, if our influence has been more widely and more deeply felt on issues of concern to us, and especially of concern to those citizens who invest their hope, their faith, their trust, and their liberties, in us when they elect us to office, it is largely, sir, because you cared and you persisted. And for that, you have our unending thanks.

This token of tribute, the plaque and the gavel, I hope will serve to remind you of the words that I have spoken here today, but even more importantly remind you of the affection and regard in which your colleagues hold you and your year of service to our association. Governor Matheson, thank you.

Chairman Matheson: Thank you very much. It appears I do have one more little piece of business before we conclude. We do have to attend to the matter of our nominating committee. And it is time to hear from them.

Our chairman is Governor Orr. And I would appreciate it if you would list the names of your nominating committee and then your recommendations for those nominations if we may.

REPORT OF THE NOMINATING COMMITTEE

Governor Orr: Thank you, Mr. Chairman. The members of the nominating committee are Governor Ariyoshi of Hawaii, Governor Olson of North Dakota, Governor Robb of Virginia, Governor Spellman of Washington, and myself. We have our report, and I will list them all and recommend one single motion for the election of members of the executive committee as well as for the new vice-chairman and to elect the chairman of the National Governors' Association.

For the executive committee, Governor James B. Hunt, Jr., of North Carolina, Governor Rudy Perpich of Minnesota, Governor Robert Graham of Florida, Governor Scott Matheson of Utah, Governor William Janklow of South Dakota, Governor Dick Thornburgh of Pennsylvania, Governor Richard Snelling of Vermont. Those would constitute the executive committee.

And in addition, Governor John Carlin of Kansas as vice-chairman, chairman elect, and Governor James Thompson of Illinois as chairman.

Mr. Chairman, I move the nomination and election of that list arrived at by the nominating committee.

Chairman Matheson: Thank you, Mr. Chairman. May we have a second?

Governor Robb: Mr. Chairman, I second that nomination.

Chairman Matheson: Are there any other nominations for the executive committee at this time?

(No response.)

Hearing none, may we have a vote? All in favor of the nominations and the motion of Governor Orr please say "aye."

(Chorus of "ayes.")

Any opposed?

(No response.)

The 1983-84 executive committee of NGA is unanimously elected. May I extend my congratulations to Governor John Carlin as well as to Governor James Thompson. You are now the chairman of the NGA. And, Mr. Chairman, the gavel is yours.

(Applause.)

Governor Thompson: Mr. Chairman, thank you. Does the parliamentarian come with the job?

REMARKS OF THE NEW CHAIRMAN

Governor Matheson, thank you. I would like to add my thanks, words of appreciation, to those that were expressed by our former chairman and by us individually to our host governor, Governor Brennan.

This is the seventh year in which I have served as governor. And I am

hard put to remember a conference, either regional, national, or partisan in scope, in which the governors accomplished so much and at the same time were able to be together as friends and be together as families. And that was in no small measure due to the outstanding attributes of this host state of Maine, the graciousness of its people, and the determination of its governor that we be given the opportunity to meet and debate, work with each other in circumstances that were second to none.

So, Governor, I second those words of praise which have been deservedly given to you, your staff, and the people of Maine. We very much appreciate your hospitality. And you enabled us to do something that governors sometimes are not able to do—to integrate their families and their work in a way which gives us a sense of satisfaction in achieving all the goals that we want to achieve as office holders and as human beings.

Governor Matheson, I pledge to you and to the members of this association to do my best to serve in the tradition of those governors who have held this chair and this gavel during the years in which I have been a member of this association. I think it fair to say that during those years, we have seen the best of our ranks ascend to the chairmanship.

Much has been done during those years to strengthen both our organization and our voice, sometimes our voices. And I hope, I pray, and I trust that I can live up to that tradition. It is important to me.

Yesterday, some members of the press asked me whether or not it might be difficult for me to serve as chairman of this association for part of a national election year. I said I did not think it would be difficult. While it is true that we will in America next year hold elections for the office of president, vice president, members of Congress, governorships, state legislatures, and other offices, I serve for part of that year. My good friend and colleague and successor, Governor Carlin, serves for the balance of the year.

We have spoken. I think we understand both each other and the demands of this organization. Both of us asked for this job, and we will carry it out in a nonpartisan fashion.

There is no more inconsistency between holding the office of chairman or chairman-elect of the National Governors' Association and taking part in a political campaign than there is an inconsistency between holding the office of chairman of the National Governors' Association and continuing to represent the interests of your state as an elected governor.

I learned much in the nearly seven years I have been a governor and a member of this association. And I pledge to continue the nonpartisan tradition that has been established by the actions and the words of both my Republican and Democratic predecessors.

At the 1983 winter meeting of the National Governors' Association, we took the position that "the development of a comprehensive national employment policy must be assigned the same level of priority by the federal govern-

ment as national defense, the maintenance of a sound currency, and support of a healthy economy.”

Simply put, our obligation as governors is to do all that we can to rescue jobless Americans from the wringer of unemployment, put them back into the pursuit of and the attainment of the spiritual and material goals of the American dream. And no governor here needs a definition or redefinition of the American dream. There is not a governor here who did not promise that during his campaign for election or reelection.

Now, we have the chance to help each other keep our promises. The NGA Task Force on Jobs and Infrastructure spelled out the components that form a national employment policy, economic development, renewal of our infrastructure, and a recommitment to and the improvement of our systems of education, training, and retraining.

Jobs for our people should not only be our first priority, but are the only rational means of providing the resources from which to pay for all the other goals which we share—better education, help for the poor and the homeless, help for our children. If we continue to borrow from the future to pay for the present, we not only present a face of half courage, but we risk destroying the present. These are the views that will guide my year as your chairman.

Essential to a healthy economy is a vital and growing private sector that is innovative and energetic. It is long past time to put aside barriers between labor and business, education and government, and build the bridges that lead to sustained economic growth. One of the goals of my chairmanship will be to encourage state leaders and national leaders to bring labor and management together to solve common problems. We should also speak for a moment of what are not the problems with our economic structure.

First, our problem is not always the lack of capital for investment. The problem is sometimes misplaced capital. Megamergers alone, for example, took up to \$43.5 billion of our capital in 1979 as companies scrambled to acquire one another. How many jobs were thereby saved or created? We ought to know. More importantly, a growing and unacceptable federal deficit continues to block opportunities for new entrepreneurs and small businesses to acquire the capital that they so desperately need at reasonable cost.

Second, although nothing has a higher priority on this year's agenda than the development of the nation's governors' contribution to a national employment policy, it does not mean in my view that our commitment to our budget policy should be lessened. Every policy adopted at this summer meeting utilized the budget policy as a benchmark in its development in order to assure internal consistency within and among all our policies. In order to highlight our commitment to the budget policy, to keep the adrenalin flowing, I am going to ask Governor Scott Matheson to serve as the NGA's lead governor on the federal budget so that he may continue his superb leadership in this area.

Third, the problem is not a lack of workers. The problem is too many

workers trained in now obsolete jobs. The administration estimates, even after recovery, six percent of our work force will still be without jobs. Nearly 80 years ago President Theodore Roosevelt said we of the United States must develop a system under which each individual citizen shall be trained so as to be effective individually as an economic unit. Those words are true today. For there will be no economic development unless we have the trained workers to fuel the system.

We must recommit ourselves to building a strong system of education as a key component of national economic policy. Clearly, our future success as a nation, our national defense, our social stability and well-being, and our national prosperity will depend on our ability to improve education and training for millions of our individual citizens. Moreover, technological change and global competition make it essential to equip students in public schools with skills that go beyond the basics, preparing them for a future during which it is inevitable many of them will be trained and retrained during their lifetimes. It was Thomas Jefferson who said the chiefest defense of nations is a good education.

Fourth, our problem is not inadequate economic resources. We are a strong and rich nation. What is needed is the will and the wisdom to use them. Our resources must be mobilized and resorted to reinvest in our long neglected and decaying public works, transportation, sewer and water distribution systems, a massive, but essential undertaking. When a bridge collapses or a killer corner kills again, or when clogged highways waste fuel, we pay temporary attention, but these are merely symptoms of a genuine crisis in the physical plant of America. New and adequate investment in our basic structures is critical to the support of a strong economy that is capable of generating additional employment opportunities and enhancing U.S. competitiveness at home and abroad.

We should move from this body to confront the problems which confront our fellow citizens out there with knowledge and resolve and not merely gut reaction, clear purpose and not wind, and above all with regard for the dignity and the worth of our citizens as human beings.

I look forward to working with all of you here and in your home states, to meet the challenges of the coming year of the National Governors' Association. I appreciate very much the confidence which this association has placed in me by my election just as I appreciate the confidence of my fellow citizens of Illinois in reelecting me to a third term as their governor—the dubious distinction of holding the largest and the smallest electoral margin in the history of my state.

And I also would like to express a personal word of appreciation to the woman who has been at my side since the beginning of my political life, who has now three times campaigned statewide with me in Illinois. And though many in Illinois have taken credit for my margin of 5,074 votes out of 3-1/2

million cast, it is beyond dispute there are in Illinois 10 central Illinois counties which I did not carry in 1978, but which I did carry in 1982. And it is beyond dispute that I did not campaign in those counties in 1982, but rather sent my wife. She has given much to me personally and politically during the course of our partnership. And I am both pleased and proud that she is here with me today to share this moment with me. Thank all of you.

Is there any other business to come before this annual session of the National Governors' Association?

(No response.)

If not, the chair will entertain a motion to adjourn.

Governor Robb: So move.

Governor Thompson: So moved and seconded. The "ayes" have it; the session is adjourned.

APPENDIXES

Appendix I

THE GOVERNORS, 1983

State or Jurisdiction	Governor	Regular Term, in Years	Present Term Began January	Number of Previous Terms	Max. Consecutive Terms Allowed by Constitution
Alabama	George C. Wallace (D)	4	1983	3(a)	2
Alaska	William Sheffield (D)	4	1982(b)	—	2
American Samoa	Peter T. Coleman	4	1981	2(c)	2
Arizona	Bruce Babbitt (D)	4	1983	1(d)	—
Arkansas	Bill Clinton (D)	2	1983	1(e)	—
California	George Deukmejian (R)	4	1983	—	—
Colorado	Richard D. Lamm (D)	4	1983	2	—
Connecticut	William A. O'Neill (D)	4	1983	(f)	—
Delaware	Pierre S. duPont IV (R)	4	1981	1	2(g)
Florida	Bob Graham (D)	4	1983	1	2
Georgia	Joe Frank Harris (D)	4	1983	—	2
Guam	Ricardo J. Bordallo (D)	4	1983	1(h)	2
Hawaii	George R. Ariyoshi (D)	4	1982(i)	2	—
Idaho	John V. Evans (D)	4	1983	1(j)	—
Illinois	James R. Thompson (R)	4	1983	2(k)	—
Indiana	Robert D. Orr (R)	4	1981	—	2
Iowa	Terry Branstad (R)	4	1983	—	—
Kansas	John Carlin (D)	4	1983	1	2
Kentucky	John Y. Brown, Jr. (D)	4	1979 (l)	—	(m)
Louisiana	David C. Treen (R)	4	1980 (n)	—	2
Maine	Joseph E. Brennan (D)	4	1983	1	2
Maryland	Harry Hughes (D)	4	1983	1	2
Massachusetts	Michael S. Dukakis (D)	4	1983	1(o)	—
Michigan	James J. Blanchard (D)	4	1983	—	—
Minnesota	Rudy Perpich (D)	4	1983	(p)	—
Mississippi	William F. Winter (D)	4	1980	—	(m)
Missouri	Christopher (Kit) Bond (R)	4	1981	1(q)	2 (g)
Montana	Ted Schwinden (D)	4	1981	—	—
Nebraska	Robert Kerrey (D)	4	1983	—	2
Nevada	Richard H. Bryan (D)	4	1983	—	2
New Hampshire	John H. Sununu (R)	2	1983	—	—
New Jersey	Thomas H. Kean (R)	4	1982	—	2
New Mexico	Toney Anaya (D)	4	1983	—	(m)
New York	Mario M. Cuomo (D)	4	1983	—	—
North Carolina	James B. Hunt, Jr. (D)	4	1981	1	2 (g)
North Dakota	Allen I. Olson (R)	4	1981	—	—
Northern Mariana Is.	Pedro P. Tenorio (R)	4	1982	—	3 (r)
Ohio	Richard F. Celeste (D)	4	1983	—	2
Oklahoma	George Nigh (D)	4	1983	1 (s)	2
Oregon	Victor G. Atiyeh (R)	4	1983	1	2
Pennsylvania	Dick Thornburgh (R)	4	1983	1	2
Puerto Rico	Carlos Romero-Barcelo (NPP)	4	1981	1	—
Rhode Island	J. Joseph Garrahy (D)	2	1983	3	—
South Carolina	Richard W. Riley (D)	4	1983	1	2
South Dakota	William J. Janklow (R)	4	1983	1	2
Tennessee	Lamar Alexander (R)	4	1983	1	2
Texas	Mark White (D)	4	1983	—	—
Utah	Scott M. Matheson (D)	4	1981	1	—

Vermont	Richard A. Snelling (R)	2	1983	3	—
Virginia	Charles S. Robb (D)	4	1982	—	(m)
Virgin Islands	Juan F. Luis (I)	4	1983	1 (t)	2
Washington	John Spellman (R)	4	1981	—	—
West Virginia	John D. Rockefeller IV (D)	4	1981	1	2
Wisconsin	Anthony S. Earl (D)	4	1983	—	—
Wyoming	Ed Herschler (D)	4	1983	2	—

(I) Independent

(NPP) New Progressive Party

(a) Previous terms: 1963-67; 1971-75; 1975-79.

(b) Alaska Constitution specifies first Monday in December as Inauguration Day.

(c) Governor Coleman also served as presidentially appointed governor from 1956 to 1961.

(d) Governor Babbitt also served a prior partial term.

(e) Previous term: 1979-1981.

(f) Governor O'Neill, as lieutenant governor, became governor on December 31, 1980, following the resignation of Governor Ella Grasso. Elected to full four-year term in November 1982.

(g) Absolute two-term limitation, but not necessarily consecutive.

(h) Previous term: 1975-79.

(i) Hawaii Constitution specifies first Monday in December as Inauguration Day.

(j) Governor Evans also served a prior partial term.

(k) One two-year term.

(l) December 1979.

(m) Governor cannot serve immediate successive term.

(n) March 1980.

(o) Previous term, 1975-79.

(p) Prior partial term: December 1976-1979.

(q) Previous term: 1973-77.

(r) Absolute three-term limitation, but not necessarily consecutive.

(s) Governor Nigh, as lieutenant governor, also filled two unexpired terms of governors who resigned, once in 1963 and once in early 1979.

(t) Governor Luis also served a prior partial term.

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, except with respect to the limited mail voting procedures detailed in Article V hereafter regarding a vacancy in the office of Vice Chairman/Chairman-elect.

Article II DURATION

Deleted.

Article III FUNCTIONS

The functions of the Association shall be to provide a medium for the exchange of views and experience 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

* As approved by the Association, July 10, 1979, and amended March 1, 1983, in Washington, D.C.

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 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 AND VICE CHAIRMAN/CHAIRMAN-ELECT

The Chairman of the National Governors' Association shall preside and vote at the meetings of the Executive Committee and at the semi-annual meetings called by the Executive Committee. The office of 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 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 Vice Chairman/Chairman-elect of the National Governors' Association shall assist the Chairman and undertake such duties as shall be assigned to him or her from time to time, by the Chairman. The Vice Chairman/Chairman-elect shall be elected by the Association membership at the final business session of the annual meeting. The Vice Chairman/Chairman-elect shall hold such office until the adjournment of the succeeding annual meeting, at which time

he or she shall assume the office of Chairman, and the existing Chairman of the Association shall retire from the chairmanship. The Vice Chairman/Chairman-elect shall always be of a political party other than that of the Chairman, which will assure the annual alternation in the chairmanship between the two major political parties.

The Chairman shall appoint a Nominating Committee to serve at each annual meeting, with reference to the annual election of the Vice Chairman/Chairman-elect. 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 Vice Chairman/Chairman-elect of the Association. The Nominating Committee shall present a single slate of nominees for the offices of Vice Chairman/Chairman-elect and members of the Executive Committee. Additional nominations may be made from the floor, and elections shall be by secret ballot in all cases where the number of nominees exceeds the number of the persons to be elected.

In the event of a vacancy in the office of the chairman, such vacancy shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the Committee. That vacancy shall be filled by an Executive Committee governor of the same political party as that of the Chairman who has vacated the position, and under no circumstances shall the Vice Chairman/Chairman-elect succeed to the office of the Chairman until the next succeeding annual meeting.

In the event of a vacancy in the office of Vice Chairman/Chairman-elect, the following procedure shall be followed. If such vacancy shall occur on a date less than two (2) months prior to the next regularly scheduled plenary session of the Association, the election of a Vice Chairman/Chairman-elect shall occur at the next plenary session, and the Nominating Committee procedure normally followed at the annual meeting shall be employed at that next plenary session. In the event a vacancy in the office of Vice Chairman/Chairman-elect should occur at a date two (2) months or more prior to the next plenary session, a special mail ballot shall be employed to fill the vacancy. In such event, the Chairman shall appoint a Nominating Committee constituted as normally provided at the annual meeting. The Nominating Committee shall formally notify, in writing, all members of the Association advising of the nominee for the office of Vice Chairman/Chairman-elect, and advising further of a date beyond which no additional nominations shall be received. Not less than 10 and not more than 50 days thereafter, the mail ballot shall be conducted by the Nominating Committee. A vacancy in the office of Vice Chairman/Chairman-elect shall always be filled by a member of the same political party as that of the Vice Chairman/Chairman-elect who has vacated the position.

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, the Vice Chairman/Chairman-elect of the Association and seven 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, the currently retiring Vice Chairman/Chairman-elect and two 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, provided however that in the event of vacancy in the Executive Committee caused by a vacancy in the office of Vice Chairman/Chairman-elect, such vacancy shall be filled in accordance with the procedure set out in Article V above for the filling of a vacancy in the office of the Vice Chairman/Chairman-elect.

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 re-assign 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 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 as is 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 Bylaws 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

*As approved by the Association, August 28, 1978, in Boston, Massachusetts. These rules are an attachment to and incorporated by references as Article II of the Bylaws of the National Governors' Association

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 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 VII—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, 1983

Assets	National Governors' Association			NGA Center for Policy Research	Combining Total
	Undesignated	Designated	Restricted		
Current assets:					
Equity in (obligation) to pooled cash investments	\$ 210,114	\$2,305,312	\$ 84,343	\$ (442,235)	\$2,157,534
Receivables:					
Grants and contracts				720,429	720,429
State dues	68,633				68,633
Other	5,160			7,683	12,843
Total receivables	73,793			728,112	801,905
Prepaid expenses	34,208				34,208
Total current assets	318,115	2,305,312	84,343	285,887	2,993,647
Advances to joint venture	110,000				110,000
Deferred cost				76,273	76,273
Property and equipment, at cost:					
Furniture and equipment	338,690				338,690
Leasehold improvements	66,552				66,552
	405,242				405,242
Less accumulated depreciation and amortization	262,198				262,198
Net property and equipment	143,044				143,044
	<u>\$ 571,159</u>	<u>\$2,305,312</u>	<u>\$ 84,343</u>	<u>\$ 362,150</u>	<u>\$3,322,964</u>
Liability and Equity					
Current liabilities:					
Accounts payable and accrued expenses	\$ 219,335	\$	\$	\$ 155,644	\$ 374,979
Deferred income— state dues	17,885				17,885
Advances on grants, contracts, and programs in progress in excess of related costs			84,343	241,424	325,767
Total current liabilities	237,220		84,343	397,068	718,631
Equity					
Endowment				42,500	42,500
General	333,939	2,305,312		(77,418)	2,561,833
Total equity	333,939	2,305,312		(34,918)	2,604,333
	<u>\$ 571,159</u>	<u>\$2,305,312</u>	<u>\$ 84,343</u>	<u>\$ 362,150</u>	<u>\$3,322,964</u>

STATEMENT OF REVENUE AND PROGRAM EXPENSES

July 1, 1982—June 30, 1983

	National Governors' Association			NGA Center for Policy Research	Combining Total
	Undesignated	Designated	Restricted		
Beginning Fund Balance	\$ 198,969	\$2,305,312	\$	63,866	\$2,568,147
Revenue:					
Dues from the states	2,276,123				2,276,123
Interest	95,789	281,240	17,334	7,726	402,089
Publication sales	5,513		48	8,200	13,761
Gifts and contributions	611		35,376	1,600	37,587
Registration fees	181,968		29,296	41,073	252,337
Service fees from the states			241,633		241,633
Grants and contracts				2,333,315	2,333,315
Transfers from NGA (to NGA Center)	(262,324)	(281,240)		556,922	13,358
Total revenue	2,297,680		323,687	2,948,836	5,570,203
Program Expenses:					
Agriculture	115,797				115,797
Community and economic development	127,790			112,871	240,661
Criminal justice and public protection	65,392			77,565	142,957
Executive management and fiscal affairs	174,628				174,628
Human resources	310,304		288,310	1,594,429	2,193,043
Energy and environment	381,649		35,377	553,688	970,714
Transportation, commerce and technology	106,239			102,586	208,825
International trade and foreign relations	94,422				94,422
State-federal relations	146,535				146,535
State-local relations	44,840				44,840
Legal affairs	12,992				12,992
Chairman	24,788				24,788
Public affairs	239,885				239,885
Publication coordination	89,912				89,912
Annual meeting	121,120				121,120
Winter meeting	83,927				83,927
Center state services				364,108	364,108
Center research and development				197,115	197,115
Federal Funds Information				45,258	45,258
Unallocated general and administrative	22,490				22,490
Total expenses	2,162,710		323,687	3,047,620	5,534,017
Excess revenue	134,970			(98,784)	36,186
Ending fund balance	333,939	\$2,305,312	\$	\$ (34,918)	\$2,604,333

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
73rd	Atlantic City, New Jersey	August 9-11	1981
74th	Afton, Oklahoma	August 8-10	1982
75th	Portland, Maine	July 31-Aug. 2	1983

Appendix VI

CHAIRMEN OF THE NATIONAL GOVERNORS' ASSOCIATION 1908-1983*

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
Governor Arthur B. Langlie, Washington	1955-56

*At the initial meeting in 1908, President Theodore Roosevelt presided.

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 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
Governor Richard A. Snelling, Vermont	1981-82
Governor Scott M. Matheson, Utah	1982-83
Governor James R. Thompson, Illinois	1983-84