

# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

OPENING PLENARY SESSION

Cincinnati, Ohio

Sunday, August 7, 1988

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NATIONAL GOVERNORS' ASSOCIATION

OPENING PLENARY SESSION

Dr. Albert B. Sabin  
Cincinnati Convention Center  
Fifth and Elm Streets  
Cincinnati, Ohio

Sunday, August 7, 1988

3:18 p.m.

P R O C E E D I N G S

CHAIRMAN SUNUNU: Good afternoon, ladies and gentlemen and fellow governors. I would like to call this 80th annual meeting of the National Governors' Association to order.

First order of business is call for a motion for adoption of the rules of procedure. Is there second a motion, please?

(Motion seconded.)

CHAIRMAN SUNUNU: Second, discussion. All in favor; opposed?

Motion carries.

I would like to announce at this time that any governor intending to offer a motion of suspension of the rules for the purpose of introducing a policy statement for consideration at Tuesday's plenary session must do so in writing at the closing of business tomorrow. As you know, there are no exceptions to that rule.

If governors have substantial amendments, it would be appreciated if they also were made in writing at close of business tomorrow and we will give you copies of the suspensions of the amendments to Jim Martin of the NGA staff by 5:00 p.m.

One more note; tomorrow we have made arrangements to have the President of the United States make an address to

1 this room at 12:15. The doors will be closed. No one will  
2 be allowed to enter the room after the doors are closed.

3 Therefore, due to these special security needs, we  
4 ask everybody to be in the room by 10 to 12:00; by 11:50.  
5 Since everyone will have to go through a magnetometer and  
6 since all briefcases and handbags would have to be checked,  
7 we urge you, if possible, you would leave those items  
8 elsewhere so we could speed up the entrance procedures.

9 I would like to announce at this time the members  
10 of the nominating committee for next year's executive  
11 committee. That nominating committee will consist of  
12 Governor Kean, Governor Castle, Governor Gardner, Governor  
13 Schwinden, and will be chaired by Governor Clinton. It is  
14 now my pleasure to call on the host governor for this  
15 meeting, the governor who has made us all feel very, very  
16 comfortable so far, and I am sure for the next two or three  
17 days, Governor Dick Celeste of Ohio.

18 (Applause.)

19 GOVERNOR CELESTE: Thank you very much,  
20 Mr. Chairman. I would like to take this opportunity to  
21 welcome my colleagues from across the country, as well as  
22 members of your families and staff, to this 80th annual  
23 meeting of the National Governors' Association here in  
24 Cincinnati; to do so on behalf of my neighbors as well as  
25 Governor Wilkinson and Governor Orr, who share an interest in

1 this community, which really sees itself as part of a  
2 tri-state area. It is certainly a great honor for Ohio, and  
3 especially for Cincinnati, to host this return engagement of  
4 the National Governors' summer meeting in this community. It  
5 provides us with an opportunity to show you just how far we  
6 have come in the 20 years since the last summer meeting was  
7 held here, and to give you a bit of a sense about where we  
8 are heading.

9 We meet at a crossroads in a very real sense as we  
10 gather here in Cincinnati. It is a true crossroads  
11 community. East and west, industry and agriculture, urban  
12 and rural; and as I am sure you know by now if we have done  
13 our job, this community is celebrating its 200th anniversary  
14 this year, a major milestone that has made Cincinnati one of  
15 the world's top tourist attractions in 1988.

16 It is also true that we stand at the crossroads as  
17 governors, wrestling with critical issues of this nation's  
18 future, many of which will be highlighted at committee  
19 meetings and the discussions planned for this gathering. So  
20 we are here to do serious work and also to have a good time.

21 I would like to express my appreciation to all  
22 those who worked long and hard in putting together a number  
23 of exciting social events and to make sure that all the  
24 arrangements are in order for your business agendas, and  
25 invite all of my colleagues, if there is anything that you

1 want or need while you are here in Cincinnati that hasn't  
2 been provided for in advance, if we haven't anticipated it,  
3 please let us know so we can be responsive while you are  
4 here.

5 We hope this will strike a good balance between  
6 business and pleasure. Those of you who were at the baseball  
7 game last night I know all were cheering for the Cincinnati  
8 Reds, our nation's first professional baseball team. They  
9 needed a few additional cheerleaders or hitters last night, I  
10 think, but we were pleased to be there.

11 The Reds are just one of many world-class  
12 attractions in this city that I think may very well be this  
13 heartland's best kept secret. So I hope as you pursue the  
14 agenda over the next several days, you will have an  
15 opportunity to get to know our queen city in a much more  
16 intimate way.

17 Tonight we will have a chance to see a performance  
18 by the world renowned Cincinnati Pops, complete with a laser  
19 and video show. That will be held at a recently completed  
20 park in town, Sawyer Point, on the banks of the Ohio River.

21 Tomorrow night we will take a riverboat ride to  
22 Cincinnati's own Coney Island. Dick Clark will take us back  
23 to the '50s and '60s; Bill Clinton will join him, I am sure,  
24 with a saxophone performance along the way. In addition, we  
25 will have Freddy "Boom-Boom" Cannon and Paul Revere and the

1 Raiders.

2 That is why I hope all of you come ready for a  
3 good time. Last night we enjoyed the hospitality of  
4 Cincinnati's own Proctor and Gamble, and there is King's  
5 Island and the College Football Hall of Fame. Please enjoy  
6 it all while you are here. I think it's a measure of this  
7 community's sensitivity that they set aside any food left  
8 over from our events tonight and tomorrow will go to the  
9 homeless shelters here in the Cincinnati community through  
10 the Greater Cincinnati Coalition for the Homeless.

11 I encourage you, when you return home, to share  
12 our secret with the rest of the nation, what a wonderful  
13 community this is and how three states enjoy it together, and  
14 we hope that we will provide an opportunity for important  
15 business to be done in the most pleasant setting.

16 Let me just add that Laura Gold was with us to  
17 sign for our plenary session today. Laura, we are grateful  
18 to you.

19 Mr. Chairman, thank you for the chance to host the  
20 National Governors' Association and we are proud to have you  
21 here today, and we want the next few days to be as good as  
22 they possibly can. Thank you.

23 (Applause.)

24 CHAIRMAN SUNUNU: Thank you very much, Governor  
25 Celeste. The National Governors' Association is honored to

1 have as its guest at this meeting a delegation of  
2 distinguished legislative leaders from Japan. All of these  
3 leaders are also leaders of the Liberal Democratic Party in  
4 Japan and I would like to introduce them to you now.

5 Mr. Yamaguchi is leader of the delegation and  
6 director general of the International Bureau of the Liberal  
7 Democratic Party.

8 (Applause.)

9 CHAIRMAN SUNUNU: Mr. Aichi is director general of  
10 the research bureau of the JDP and is a member of the House.

11 Mr. Kudo is director of the education division and  
12 a member of the House.

13 Mrs. Moriyama chairs the House of Counselors'  
14 Standing Committee on Foreign Affairs, and addressed the  
15 meeting of the United States and Japanese governors that took  
16 place in Tokyo in 1985.

17 And Mr. Kuze is a member of the House of  
18 Counselors.

19 This delegation will be observing and  
20 participating in our sessions throughout the three days of  
21 our meeting.

22 You are certainly all most welcome and we look  
23 forward to this opportunity of sharing information with you  
24 and making new friends and renewing some of our old  
25 friendships. Thank you very much for joining us.



1 (Applause.)

2 CHAIRMAN SUNUNU: The theme of this meeting, the  
3 principal issue we are addressing is the issue of  
4 federalism. Federalism over the years has meant slightly  
5 different things, yet it always comes down to the fundamental  
6 relationship between state and federal government, between  
7 state and local government and federal government.

8 It is to a great extent the question of sharing of  
9 power, sharing of responsibility and sharing of authority.

10 Those of us who have taken the time to look a  
11 little bit, in this 201st year of celebrating the writing of  
12 the Constitution, and have looked back at the deliberations  
13 that took place in Philadelphia, it is clear that what was  
14 put together in those days and ratified as a Constitution was  
15 a contract between the states and the new federal government,  
16 defining the appropriate level of sharing of power and  
17 responsibility amongst the government entities.

18 Certainly, that concept has changed a bit over the  
19 years. There has been an erosion of the power of states, a  
20 drifting and a concentration of power at the central  
21 government level, and a concern that perhaps as this drift  
22 took place, some of the critical chemistry which allowed this  
23 country to be so strong and effective over these past 200  
24 years may have been lost.

25 Starting with the 200th anniversary last year, NGA

1 chose to undertake a review of the basic aspects of  
2 federalism. We decided to look at three particular areas;  
3 areas in which federal regulation impacted the states, areas  
4 in which federal legislation impacted the capacity of the  
5 states to serve their citizens, and areas in which some  
6 questions may have developed on the constitutional character  
7 of that relationship itself.

8 We certainly do believe that the states have a  
9 major role in serving the citizens of our nation. I think we  
10 are all the strongest of believers in the value of the  
11 diversity of approach and the fact that the states are  
12 innovative and creative laboratories of successful programs  
13 that can make a difference. We certainly appreciate the  
14 participation of federal government in a number of those  
15 areas, but we have and I think we will continue to express  
16 concern that there has been a change in the way that that  
17 participation has taken place.

18 There have in recent years been a greater  
19 expansion of mandating requirements without sufficient  
20 funding. There has been a continued loss of flexibility in  
21 the capacity of states to apply the laws and to serve the  
22 functions asked for within those laws.

23 Certainly, we have seen an erosion and a loss of  
24 some of the funds that were originally collected for  
25 dedicated purposes, such as highways, airports and recreation

1 trust fund receipts. We feel and understand there has been a  
2 preemption of traditional state authority over areas such as  
3 insurance, banking, communication, transportation and  
4 corporate governments. Each of these areas has at any given  
5 instance represented a small slicing away of the delegated  
6 and reserved authorities of the states. Each cut may not in  
7 itself have been the most critical, and yet taken over the  
8 200 years, it has been a decisive change in what was the  
9 original balance established within the Constitutional  
10 deliberations.

11 It has come to a head in recent years when the  
12 Supreme Court has made a couple of additional decisions that  
13 have removed the protections of the Tenth Amendment of those  
14 state prerogatives we have outlined. Clearly, the Garcia  
15 decision meant that the federal government can now enter into  
16 virtually any area of state concern and that Congress can  
17 choose for itself the areas it wishes to regulate, and the  
18 South Carolina decision has meant that the tax exemption and  
19 a fundamental funding mechanism for state and local  
20 government can now be regulated virtually across the board by  
21 Congress without any of the presumed Constitutional  
22 protections that the state had.

23 In response to these exchanges, the NGA believes  
24 that several actions can and should be taken to restore the  
25 balance to the federalism relationship. Governors will

1 continue to pursue our ongoing legislative agenda,  
2 particularly in the areas of education and health policy  
3 reform, areas of welfare reform, areas of providing support,  
4 planning and funding for infrastructure for the 1990s, areas  
5 associated with housing policy, areas associated with energy  
6 policy and environmental protection, community renewal,  
7 economic development, trade expansion and technological  
8 innovation.

9 Certainly all of these issues in one way or the  
10 other will be discussed at this meeting.

11 We will continue to ask Congress and the  
12 Administration to abide by some of the basic criteria of  
13 federalism that we think would allow the system to work  
14 effectively. We will ask them not to override fundamental  
15 state laws and procedures which are designed to make  
16 efficient the programs we are mandated to run. We will ask  
17 them to make sure there are funding mechanisms for the  
18 mandates that are passed at the federal level, and we will  
19 urge them to participate in consultation from the development  
20 and implementation of partnership programs that can make a  
21 difference.

22 There are other areas that are crucial, areas  
23 where we must make our own evaluations and focus on both the  
24 benefits and the impacts of the loss of a balanced federalism  
25 relationship. Clearly there are impacts that might differ,

1 but certainly all of a nontrivial nature; impacts on the  
2 fiscal capacity of states as we take a look at changes in the  
3 partnership programs and changes in the taxing structure and  
4 the capacity for those taxing structures to be under the  
5 prerogatives of the state. And we certainly urge the federal  
6 government to recognize that there ought not to be a  
7 preemption of state authority without it being explicit in  
8 the legislation, and not merely being an act of rule or  
9 regulation promulgated by the bureaucracy.

10 Finally, in an effort to urge Congress to  
11 establish a restoration of the balance, we will examine  
12 whether or not as part of our federalism policy we will urge  
13 Congress to enact procedures for making Article 5 of the  
14 Constitution workable and provide protection for the tax  
15 immunity of state and local governments.

16 We are committed to this revitalization, this  
17 partnership which has been historically effective. We urge  
18 both Congress and the administration to understand that our  
19 call for this renewal of balance is because we understand  
20 that the states will be a critical part of the solving of the  
21 problems for the next decade as we move to the 21st century.  
22 We believe these are crucial issues and we are here this  
23 afternoon to discuss some of the important components of this  
24 issue of federalism.

25 In an effort to aid us in our examination, we are

1 privileged today to have with us a distinguished professor of  
2 constitutional law and three close observers of the states to  
3 discuss the federalism proposals we will have before us.

4 Professor Lewis Kaden of Columbia University has  
5 represented the states before the Supreme Court in the South  
6 Carolina case and he knows every implication of this  
7 decision. He is also director of the center for law and  
8 economic studies at Columbia University and has served as an  
9 advisor of the Coalition of Northeastern Governors. More  
10 recently he has served as chairman of Governor Cuomo's  
11 Commission on trade and competitiveness. It is my pleasure  
12 to introduce to you for some comments and explanation to us,  
13 for some of the explanations of the South Carolina decision,  
14 Professor Lewis Kaden.

15 (Applause.)

16 MR. KADEN: Thank you, Governor. I first became  
17 interested in the problems of constitutional federalism when  
18 I had the opportunity about 14 or 15 years ago to serve in  
19 state government as chief counsel to the governor of New  
20 Jersey, Governor Byrne. Tom Kean was then the opposition  
21 leader in the legislature and he was pretty effective at  
22 that, as he has been in the governor's chair the last 6-1/2  
23 years. We learned quite a bit from him; maybe learned one or  
24 two things from us.

25 I then went to Columbia as a law professor and

1     pursued that interest and have had the opportunity to  
2     represent you in the Supreme Court in the South Carolina  
3     case.

4             I would like to take a few moments today to talk  
5     about four questions coming out of that experience.

6             First, what do we mean when we talk about the  
7     values of constitutional federalism and state autonomy;  
8     second, are we sure that it's important, in 1988 and beyond,  
9     as it was at the time our nation was formed; three, if it is  
10    important, who protects the autonomy of the states; and, in  
11    particular, what ought to be the role of the Supreme Court as  
12    opposed to the political branches of government? Fourth,  
13    what can the NGA and its members do about this problem?

14            First a few points about recent history. First,  
15    our system of federalism has changed dramatically over the  
16    last half-century. The simple layer cake of divided  
17    responsibilities between Washington and states that the  
18    framers envisioned as they gathered in Philadelphia in 1787  
19    has been superseded by a much more complex system of  
20    government. As the Federal Government reached into more  
21    areas of public concern, it did so in a way that created a  
22    more complex arrangement of bureaucratic responsibility,  
23    featuring shared costs and divided responsibilities between  
24    Washington and the state capitals intersecting regulatory  
25    roles.

1           At the same time, the Supreme Court, particularly  
2 since 1976, has been engaged in a fierce and divided debate  
3 over what the values of federalism are and what the court's  
4 role ought to be in protecting the independent existence of  
5 state governments.

6           Most of those decisions at the bottom line have  
7 gone against the states, but the fact is if you look at that  
8 12 years of our Constitutional history in this area, the  
9 court has divided four times by a 5-to-4 margin and, more  
10 importantly, has divided consistently 5-to-4 over how much of  
11 a role the court itself should have as opposed to the  
12 Congress in securing the autonomy of the states. That means  
13 to me that it remains a live debate and a very important  
14 one. I am going to try to define this afternoon some of its  
15 parameters.

16           That debate was initiated, as you know, with the  
17 National League of Cities' decision in 1976. The court, by a  
18 5-to-6 vote said that Congress lacked the power to apply  
19 minimum wage-maximum hour regulations to the state  
20 governments in their governmental capacity, but it did so in  
21 a confusing way.

22           The language that the court used was that the  
23 Congress could not directly displace the states' freedom to  
24 structure integral operations in areas of traditional  
25 governmental functions, and those few words triggered a



1 10-year debate about what functions were traditional as  
2 opposed to nontraditional; what operations were integral as  
3 opposed to nonintegral; was it a historic test or current  
4 test. The notion of freezing a photograph in the 19th  
5 century of what was important to state government didn't make  
6 any sense, but that seemed to be called for by the words  
7 "traditional governmental functions," and the lower courts  
8 were confused and befuddled, and ultimately Justice Blackman  
9 changed his mind in a 5-to-4 vote in the states' favor became  
10 a 5-4 vote the other way in the Garcia case a couple of years  
11 ago.

12           Then South Carolina -- the court majority hardened  
13 or stiffened its position on the circumstances in which it  
14 would intervene in support of the states. Along the way it  
15 also reached out and grabbed the tax immunity issue. Both we  
16 and the United States had tried to suggest to the court that  
17 that wasn't the case, that it wasn't necessary to address the  
18 constitutional foundation of the tax exemption, but Justice  
19 Brennan persuaded a majority of his colleagues to reach out  
20 and take that issue; he did have South Carolina urging it  
21 upon him, but the Solicitor General and the NGA said let's  
22 wait for a better tax settling, and so the tax immunity fell  
23 by the boards. Probably not surprising, given the  
24 precedence, but upsetting to the state interests.

25           But underneath that, this question of what the

1 courts' role should be and how it should play that role  
2 remains hotly contested and very much a matter of continuing  
3 debate in the chambers of the court, and therefore in the  
4 chambers of all those institutions interested in  
5 Constitutional federalism.

6           The third important development of the last  
7 half-century, I would suggest, and the panel is going to talk  
8 about this more later, is that the states have become ever  
9 more vibrant laboratories of creativity and innovation.  
10 States throughout our history tested and experimented, tried  
11 out new ideas about how the public sectors should respond to  
12 public problems. But I suspect that at no time in our  
13 history has there been as much creative initiative, as much  
14 successful innovation as in the last decade.

15           David Osborne has chronicled some of that in his  
16 book. He will talk to you about it later. You all know the  
17 examples and if I had more familiarity, I could cite 50 of  
18 them. But educational reforms in Arkansas and Tennessee;  
19 environmental protection innovations in New Jersey, Colorado,  
20 California; economic development initiatives including  
21 venture-capital funds in Michigan and technology assistance  
22 in Massachusetts; labor management cooperation and employee  
23 ownership in New York; pension fund investments in  
24 Pennsylvania; as I say, you can go around the table and come  
25 up with 50 such examples or more.

1           That degree of creativity has sparked an interest  
2     in those who follow government and think about government,  
3     whether they sit on the bench or sit in legislative bodies or  
4     sit in the halls of the academy. And that creativity plays a  
5     part in the question of what role the states should have as  
6     against the national government.

7           Against that backdrop, what do we mean by the  
8     autonomy interests of the states? I would suggest that what  
9     we mean when we say the states have a sovereignty that  
10    deserves protection is that the states exist to exercise the  
11    power to make choices. The states aren't just an accident or  
12    a political reality that existed in 1787. Part of the genius  
13    of the framers of the Constitution were that the integrity of  
14    state governments ought to be retained because the states  
15    would serve the underlying values of liberty and creativity  
16    and democratic participation that were the hallmark of the  
17    effort in the revolution and in the postrevolutionary period  
18    to form a nation.

19           The preservation of state governments was not just  
20    the means and the price of forming a nation, but rather part  
21    of the genius of the founders, and that means the power to  
22    make political choices. The capacity of the tax to spend,  
23    the power to define your own structure of government, the  
24    power to set your own agenda within the sphere or zone of  
25    activity that Congress leaves to you pursuant to its exercise

1 of delegated powers; that has been true throughout our  
2 history and it is true today.

3 Now, what are the perils or dangers of that  
4 autonomy? Let me mention three. One, that we probably can't  
5 do much about it, nor perhaps should we try, is that as the  
6 nation's problems have gotten more serious and more  
7 complicated, the national government has reached out to  
8 address them in many different areas. They have asserted  
9 national power in areas of education, environmental  
10 protection, transportation, regulation -- you know the list  
11 -- that probably was not anticipated 200 years ago. But the  
12 supremacy clause within the area of their limited powers  
13 gives them that right, and we are unlikely to turn back the  
14 clock, nor do most of us wish to.

15 More serious are other perils. When the Congress  
16 orders the states to do something, gives you mandate, without  
17 providing the resources to fulfill the role you are given,  
18 that's more of the danger to the kind of Constitutional  
19 autonomy that the Constitution envisioned.

20 When the Congress decides to achieve national  
21 gains by reaching out and grabbing the apparatus of state  
22 government and putting it to work in the name of the federal  
23 goal, without letting the state exercise its power of choice,  
24 that's more troublesome to principles of Constitutional  
25 federalism than if the Congress decided what it needed to do

1 in the national interest and faced up to the decisions of how  
2 to pay for it, how to exercise that authority, and did it  
3 itself.

4 So in those two areas, mandates without money,  
5 commandeering the machinery of state government, the Congress  
6 has over the years whittled away the zone of autonomy and  
7 created this jeopardy to Constitutional autonomy that gives  
8 rise to all of these cases.

9 Now, is it still important? I think all of us  
10 around this table and in this room and in this country would  
11 say yes, for the same reasons it was originally important;  
12 those values of creativity, liberty and so forth that I  
13 mentioned.

14 But what is required is protection of the kind of  
15 Constitutional equilibrium that Alexander Hamilton spoke  
16 about that your chairman mentioned earlier today. That leads  
17 us to the crucial question of who insures the balance, who  
18 protects that Constitutional equilibrium, and there are two  
19 very different schools of thought being debated in the courts  
20 and debated in the academy and still very much facing a  
21 divided Supreme Court.

22 One is the theory of political safeguards that the  
23 Framers built into the structure of government in the  
24 Constitution so much influence for state governments, for  
25 governors and state legislatures, that their protection

1 should come solely through the political process in the  
2 Congress and in the White House; and initially in 1787, and  
3 for 150 years or so after that, there is a great deal of  
4 merit to that. State legislatures for a long time picked  
5 senators; the states controlled Congressional districting and  
6 the eligibility of voters.

7 But again, in the last 50 years, much has changed  
8 about our political process and in my mind, those changes  
9 have given rise to a new question about the validity of that  
10 doctrine of political safeguards, a doctrine that my  
11 colleague, Herbert Wexler, one of the great Constitutional  
12 lawyers of the last half-century, crystallized in a famous  
13 article in the 1950s that the Supreme Court frequently cites,  
14 and that the current five-man majority of the Supreme Court  
15 has embraced in Garcia and South Carolina.

16 But what has happened to the structure of our  
17 government and to the ways of our politics in the last 50  
18 years? In a series of changes that all of us would support,  
19 the states' control over that structure of government has  
20 been reduced.

21 The elimination of poll taxes, the reapportionment  
22 decision, the 18-year-old vote amendment; few of us would  
23 oppose them, but the net result is to reduce structurally the  
24 influence of state governments in Washington.

25 Much more importantly, our politics has changed.

1 You all know these political features because you lived with  
2 them and have grown up with them; the deterioration of state  
3 party organizations. I remember when I was in college I was  
4 an intern in Congress and I went into the members' elevator  
5 once with a member I worked for, and he ran into a member of  
6 Congress from a southern state who was wearing a white suit.  
7 He said to that member, my leader doesn't let me wear white  
8 suits.

9 Well, today, even in New Jersey, we don't really  
10 have leaders of that sort. We certainly don't have them in  
11 most of the parts of the country where you come from and have  
12 grown up in politics. The new influence of money and media  
13 and politics has contributed to the deterioration of party  
14 organizations and has also given rise to a new breed of  
15 congressman and senator, with fewer ties to state party, less  
16 likely to have grown up in state government. In the 85th  
17 Congress, 28 members of the Senate used to be governors, had  
18 been governors. By the 95th Congress, that number was down  
19 to 16; and although I didn't count it up in the last -- about  
20 this Congress, I expect that 16 is even lower today.

21 You look at some of the successful and admired  
22 members of the Senate today who came to the Senate fresh as  
23 their first public office, senators like Bill Bradley, John  
24 Glenn, Gordon Humphrey, and those developments bespeak some  
25 of the changes as a result of the new influence of media,

1 accomplishments in other fields, celebrity influence in  
2 politics and the decline of state parties organizations.

3 All of those developments have combined to make  
4 you and your state governments simply another interest group  
5 in the process in Washington, competing with those interest  
6 groups interested in health care, education, or the  
7 environment or other subjects with sufficient access, with  
8 considerable influence, but not quite the way it was in the  
9 1790s or the 1850s.

10 That has suggested to me and to some others, and,  
11 from time to time, four or five members of the Supreme Court  
12 who had cited these arguments, that the court has a renewed  
13 role in protecting the autonomy of the states if in fact we  
14 believe, because of those values of creativity and initiative  
15 and participation and liberty that I spoke of, that the  
16 autonomy of the states and their integrity and their ability  
17 to function in this democratic government is important.

18 That brings us to the question of what the NGA can  
19 do about it. These issues will be debated in the Supreme  
20 Court and other forums that have an influence on the Supreme  
21 Court; lower courts, academic journals and the like. But I  
22 think there are at least two or three suggestions I would  
23 leave with you.

24 One is we need continuing research on the way our  
25 political process has changed and the way that changes and



1 affects the process of decisionmaking in Washington; and  
2 states and governors can encourage that research.

3 Secondly, we need to ensure in the next  
4 administration that there is a sensitivity to these values of  
5 state autonomy and federalism as a bulwark of individual  
6 liberty, the way I described it, that infuses the process of  
7 selecting members of the Supreme Court. There will be  
8 changes in the Supreme Court, regardless of the election  
9 results, and those changes will be important over a wide  
10 range of issues, some of them perhaps important, more  
11 important than the one we are talking about today.

12 But on the list of important subjects to the court  
13 in the next decade is this question of federalism and this  
14 choice between political safeguards and a more invigorated or  
15 vigorous judicial role. It's not a partisan or ideological  
16 issue as near as I can tell, but it ought to be one of those  
17 factors under consideration when appointments to the court  
18 are made.

19 Finally, the NGA, like other groups representing  
20 elected officials of the state and local governmental level,  
21 has to think strategically about the litigation process in  
22 the Supreme Court. It was unfortunate that these issues were  
23 presented to the court in the context of South Carolina  
24 versus Baker. There should have been better settings, more  
25 favorable, factual foundations for the assertion of the state

1     autonomy issue.

2             You can't always choose or frame the agenda, but  
3     you can think strategically about how those issues are coming  
4     before the court, how they are being advocated, how they are  
5     being framed, and therefore to some extent how they are being  
6     decided; and the governors, together with attorneys general  
7     and mayors and other state and local officials, need to be  
8     more active in that process. Your creation and support of  
9     the state, local and legal center is a small but first step  
10    in that direction, but there's a good deal more that can be  
11    done.

12            Those are fairly self-evident suggestions. I  
13    would leave you with the thought with which I started, that  
14    state autonomy, the state autonomy interest, is an important  
15    part of our system of Constitutional government; it is one  
16    worth fighting for and it is a fight in the Supreme Court  
17    that is still very much an open question. Thank you.

18            (Applause.)

19            CHAIRMAN SUNUNU: Thank you very much. We will  
20    move on to some questions for Professor Kaden or comments by  
21    the governors. Governor Orr?

22            GOVERNOR ORR: Your discussion of this whole  
23    situation is most interesting and extremely well-stated. It  
24    seems to give emphasis to what has been going on up to now,  
25    and I think a small bit of emphasis on what may be the

1 situation in the future. Are we to expect that what has  
2 happened up to this time is only a prelude to what will be a  
3 very serious erosion in the future?

4 MR. KADEN: I think it's hard to predict political  
5 developments, but I suspect as our problems grow more complex  
6 at the national level and our resources continue to be  
7 limited, it will continue to be tempting by the national  
8 government to achieve its aims by enlisting machinery of the  
9 state government. Therefore, the risk that you will  
10 increasingly be serving the agenda set in Washington, with  
11 your resources declining in terms of those resources  
12 available for your own priorities, is likely to be true in  
13 the future.

14 CHAIRMAN SUNUNU: Governor Carruthers?

15 GOVERNOR CARRUTHERS: You indicated it was  
16 unfortunate this particular case was utilized to define the  
17 issues. Would you amplify on that statement and tell me if  
18 there are other cases coming before the Supreme Court that  
19 might better define the issues that face the states?

20 MR. KADEN: I think at the moment it's probably a  
21 little late for the tax immunity issue. I think our concern,  
22 the NGA's concern at the time when we intervened was that the  
23 bond registration requirement, although burdensome on the  
24 states, was not the most appealing setting to litigate the  
25 Constitutional foundation of the tax exemption; that if

1 Congress was going to keep whittling away the protection of  
2 the tax exemption, there would be more promising cases to  
3 raise the question of the continuing validity of the pilot  
4 case.

5 So we intervened on your behalf in order to try to  
6 get South Carolina disposed of without touching that issue.  
7 In the end, the Supreme Court, as I said, reached out and  
8 grabbed it. I think there's no question there will be other  
9 cases coming along, perhaps not on the tax immunity issue,  
10 which is probably gone for the time being, but on this  
11 question that mandates without money and the commandeering  
12 effect of federal regulations.

13 CHAIRMAN SUNUNU: Questions or comments. Another  
14 one, Governor Carruthers?

15 GOVERNOR CARRUTHERS: I would ask that we  
16 intervene in this case or you intervene on behalf of NGA, how  
17 is it that we identify as the National Governors'  
18 Association, those issues in which intervention is called for  
19 and particularly as it deals with the kinds of issues that we  
20 are debating here on federalism. How do we determine it?

21 CHAIRMAN SUNUNU: We have a legal affairs  
22 committee, that with the advice and assistance of external  
23 experts, makes recommendations back to the executive  
24 committee and decisions are made on that basis. It is not  
25 done willy-nilly, but there is some formality to it.

1 GOVERNOR CARRUTHERS: Thank you.

2 CHAIRMAN SUNUNU: Additional questions or  
3 comments? Thank you very much, Lou. We appreciate your  
4 being here. I am sorry, Governor Sinner?

5 GOVERNOR SINNER: Mr. Kaden, as we get into a  
6 totally global involvement, which we clearly are now, it  
7 seems to me that the need for uniformity in lots of areas is  
8 getting clearer and clearer and clearer; competitive and  
9 contradictory regulations by states in several areas is a  
10 handicap to successful competition in the global market.

11 As those issues become more prevalent -- obviously  
12 the federal government has delved into -- become less  
13 overwhelming to the federal government and maybe the  
14 preoccupation of this federal competition may draw us away  
15 from some of that federal involvement that's been excessive.

16 But there is a real dichotomy there in what we  
17 face in the future, because it seems to me we are going to  
18 have to rely on the federalism approach, a unified approach,  
19 several regulatory and probably economic policy positions in  
20 this country.

21 MR. KADEN: I agree with that. As our problems  
22 with global competition become more intense, the national  
23 agenda will be full. My suggestion is that when the nation  
24 decides the uniformity as required and it steps in, that's  
25 fine. That redefines the circle within which we look to our

1 national government as opposed to the states. Within the  
2 remaining zone of state initiative, it also remains important  
3 to leave the states free to set their priorities, to allocate  
4 their resources, to exercise the autonomy that is inherent in  
5 being straight government within the zone as it's left to  
6 them at the end of the day.

7 CHAIRMAN SUNUNU: Thank you very much, Lou. We  
8 appreciate not only your presentation today, but really your  
9 long-term, dedicated fight in support of a more balanced  
10 perspective on state-federal relations.

11 Let me make one comment before we go on. Even the  
12 most innocuous of conversations are really affecting the  
13 acoustics here. If you are going to carry on a conversation,  
14 we might ask you to step outside so it is easier for those  
15 who come here to make presentations.

16 We will move to a panel discussion on the changing  
17 role of governors. It's going to be a reversal of what has  
18 become a standby format, at least in electronics  
19 communication; we are going to meet the press in reverse. We  
20 will have this panel making the presentations that consist of  
21 three distinguished folks from the press side. We have with  
22 us Phil Pruitt of USA Today, who is a coauthor of a book  
23 about governors that will soon be released; Eileen Shanahan,  
24 cofounder and executive editor of Governing Magazine; David  
25 Osborne, author of the new book, "Laboratories of

1 Democracy."

2 Each has recent ties to the activities of the  
3 governors and the states. I am sure that from their  
4 perspective, we will get some fresh ideas on federalism. Let  
5 them make some brief remarks and open up the floor to  
6 questions and comments and perhaps some back and forth that  
7 could be very interesting.

8 First of all, let me call on Phil Pruitt from USA  
9 Today.

10 MR. PRUITT: Thank you, Governor Sununu. I  
11 expected this session to be a lot of fun. I hope it's not as  
12 taxing as the one I just left where I met with a group of  
13 Ohio students. We ended up debating morality in politics,  
14 which was sort of a wrenching experience. We didn't come to  
15 any conclusions.

16 I am told that I only have seven or eight minutes  
17 to speak. Some critics would say that's all you can expect  
18 from an editor from USA Today, USA Today being a paper that  
19 is known for giving new depth to brevity with investigative  
20 paragraphs, so no doubt I will hold it down to that.

21 In 1987, my boss, Allen Neuharth, founder of USA  
22 Today, put together a news team on a bus and went on the road  
23 for six months to visit all 50 states and tried to discover  
24 the USA. The tours, as I am sure all of you will recall,  
25 included interviews with the 50 state governors. As Governor

1 Sununu said, those interviews, plus some other material which  
2 first appeared in USA Today, have now resulted in a book, not  
3 very brief, I might add, titled "Profiles of Power: How the  
4 governors run our 50 states."

5 Each of you will receive a copy within the next  
6 few weeks, assuming that I can collect your checks before I  
7 leave. I was rereminded part of my chore here is to sell  
8 books.

9 We found out a lot about governors as we traveled  
10 around the country. We found out a lot about their staffs.

11 One side note: We arrived at one governor's  
12 office early, before the governor had arrived, in fact, and  
13 we asked if we could go into his office and set up our tape  
14 recorders so that we would be ready to roll when he got  
15 there, and we were told that was not possible at the moment,  
16 because a member of his staff was taking a nap on the couch.  
17 And, sure enough, we waited, we went back out, dutifully  
18 waited, and in a little while the staff member came out  
19 yawning and rubbing her eyes and we went in and shortly  
20 thereafter the governor arrived and we got down to business.

21 Our mission was actually very simple. We set out  
22 to discover what kind of person is sitting in the governor's  
23 chair today, what the primary responsibilities are; although  
24 with something of an historical event, Mr. Neuhardt has been  
25 meeting with governors for years when he was interested in



1     how people in the governor's chair had changed, how their  
2     styles had changed.

3                 It was very informal. We talked to governors  
4     about the people and places and politics of their states, of  
5     education, about the economy, race relations, public  
6     relations, traditions, tourism, all sorts of things about the  
7     states.

8                 We asked them about the difference between an  
9     old-style politician and the governor's CEO. We asked them  
10    about how power has increased or diminished in the governor's  
11    office. We observed and asked about their styles, their  
12    strengths.

13                As for the styles, there obviously were some  
14    differences; they range from the New England reserve of  
15    Vermont, Governor Madeline Kunin, to what we consider to be  
16    the evangelical zeal of Louisiana Governor Buddy Roemer;  
17    western hospitality of Wyoming Governor Mike Sullivan, who  
18    gave us a choice between sitting around the coffee table or  
19    going out back and sitting with the dog; to the studious  
20    approach of Virginia Governor Gerald Baliles; frontier spirit  
21    of Alaska Governor Steve Cooper to the impressive methodical  
22    marketing of Michigan Governor James Blanchard.

23                But even given the differences, we found that the  
24    old fashioned handshaking, baby slapping -- baby kissing,  
25    back-slapping -- maybe baby slapping, I don't know --

1 governor puffing on a big cigar is all but gone. That  
2 character has been replaced by a more competitive,  
3 streamlined, business-type leader, as far as we could tell.  
4 Governor Roemer, if you don't mind, I would like to use  
5 Louisiana as an example.

6 GOVERNOR ROEMER: Be careful.

7 MR. PRUITT: We are fellow Southerners; I think  
8 this will work. In 1961, Governor Jimmy Davis, songwriter  
9 and Hollywood cowboy, rode his beloved Palomino Sunshine,  
10 named for his hit song, You Are My Sunshine, up the Capitol  
11 steps and into his office. He was asked why, which was a  
12 good question for a reporter to ask. He said, Sunshine had  
13 never been in the governor's office before, which was a good  
14 answer.

15 Meanwhile, racial tension was at a full gallop in  
16 Louisiana, as it was in much of the country. In 1987,  
17 Governor Edwin Edwards sat in the dining room of the  
18 governor's mansion and told us that the only way he could  
19 lose the next election was if he were caught in bed with a  
20 dead woman or a live boy. After a dismal primary showing, he  
21 withdrew from the race and left behind a multimillion dollar  
22 deficit, and a legacy of indictments, albeit no convictions.

23 In late 1987, Governor Buddy Roemer,  
24 Harvard-educated, told us an entirely different message as he  
25 was preparing to replace Governor Edwards. He said he wanted

1 a new Louisiana, that he would like to reshape the state's  
2 image of the place where investors, businessmen and women  
3 invest and create jobs. He wasn't going to sit back and wait  
4 for it to happen. He was going to see that it happened and  
5 he was going to direct it. He was going to manage it.

6 See an obvious historical progression there, from  
7 hands-off delegation to hands-on management. We found that  
8 43 governors made 87 trips in 1987 overseas to increase  
9 exports, encourage foreign investments, promote tourism; a  
10 situation that prompted Governor Kean of New Jersey to quip  
11 that if he wanted to talk to one of his fellow governors, he  
12 needed to go to China. Governors across the USA are  
13 personally working, we found, to increase teacher salaries,  
14 introduce teacher merit tests and in general see that schools  
15 are better.

16 For example, Ray Mabus from Mississippi determined  
17 to raise teachers' salaries without raising taxes. Governors  
18 across the USA seem to be personally coming up with  
19 work-training welfare programs tailored to their states to  
20 permanently get people off the welfare roll onto the  
21 payroll. One that comes to mind is one that Governor Rudy  
22 Perpich has come up with in Minnesota, giving welfare  
23 recipients an opportunity to become small business owners.

24 We also came away with some questions, one of  
25 which really is the idea behind doing the book. We wondered,

1 as we drove around the country visiting governors, do people  
2 in general really realize how many of the services they want  
3 and need -- do they realize how many of their services are  
4 provided by the state house and not by the White House in  
5 Washington.

6 Obviously our guess is that a lot of them don't;  
7 that is the reason for the book. But if they don't, is that  
8 not a challenge to the governors as a group, and perhaps to  
9 the media, to tell people across the country that the  
10 governor's office is crucial, just how crucial, with crucial  
11 responsibilities, and therefore needs to be covered closely  
12 by the media.

13 Voting for president of the United States is  
14 important, sure, but it's your governor and state government  
15 in general that decides the quality of the schools your  
16 children attend, whether innovative welfare programs are  
17 executed and whether new jobs will come to the state in the  
18 long run. Just maybe we thought that message really isn't  
19 getting across.

20 Thank you, governors, and thank you all for  
21 spending some time with us during the past year as we visited  
22 each one of you.

23 (Applause.)

24 CHAIRMAN SUNUNU: Thank you very much. Our next  
25 presentation is by Eileen Shanahan, cofounder and executive

1 editor of Governing Magazine.

2 MS. SHANAHAN: Thank you. I find it particularly  
3 appropriate that I am speaking before this very group today,  
4 when we have just closed the final issue of the first year of  
5 Governing Magazine, and, of course, are now far advanced on  
6 our work in the big October anniversary issue. It's  
7 appropriate because those of us who launched Governing  
8 wouldn't have done it if we hadn't believed what I think all  
9 of you believe, which is that the most interesting and  
10 exciting area of public policy today is at the state and  
11 local level. We wouldn't exist if we didn't share that  
12 conviction.

13 I am a life-long journalist, mostly daily  
14 journalism, magazine editor now. As a journalist, I am, of  
15 course, to some degree, always a critic, though I must tell  
16 you right away that my definition of a good journalist is be  
17 a skeptic, but not a cynic. A skeptic demands to be shown,  
18 but a cynic won't be shown. I hope I live by that. But I am  
19 going to be a skeptic today, and tell you the problems that I  
20 see ahead for the nation's governors as you get what you  
21 want, which is more power and authority and flexibility.

22 Now, maybe I am wrong. I am not in your private  
23 meetings either here or back home, but I think I hear too  
24 much cheering about the new authority and flexibility you are  
25 getting or hope to get and not enough worrying. Maybe it's

1 not fair, but I think what I am hearing is that it's almost a  
2 given that the government closer to the people will do it  
3 better; and by almost a given, I mean, I think you are  
4 thinking that it will happen almost automatically that you  
5 will do it better, just because you are the government closer  
6 to the people. I don't think so, I don't think it's the  
7 least bit automatic.

8 So, a few words of advice. For once it is  
9 solicited advice, because Government Sununu asked me to be on  
10 this panel, about how to avoid some of the pitfalls I see  
11 ahead as your repeated insistence that you can do it better  
12 becomes a public expectation that you will do it better.

13 I don't think I have to tell any elected  
14 politician what happens when public expectations are built up  
15 and not met.

16 I have three main points. First, I fear I see too  
17 little emphasis on how things are going to be administered  
18 when you are all in the process, both on your own and in  
19 wrestling with Congress, as you are in the process of writing  
20 new laws and devising new programs.

21 It appears to me, standing on the outside, fairly  
22 close up, that the fights, compromises and wrestling are  
23 almost all over such matters as the volume of funding, how  
24 joint funding is shared, who would be eligible to receive  
25 such programs and so on, rather than setting them up in such

1 a way that somebody can actually run it.

2 We certainly see this in terms of the new,  
3 incredible spate of social legislation at the federal level  
4 now. None of which is finally passed yet, but much of which  
5 I think will be this year or no later than next; day-care,  
6 welfare revision, catastrophic illness insurance; and what  
7 has come to be called the Chinese restaurant menu approach to  
8 an awful lot of these programs. You must do this under the  
9 pending new day-care bill or catastrophic or welfare. You  
10 must do all of these three things, but you may also do at  
11 least four of the following nine. Not a bad idea,  
12 flexibility.

13 But how tough is it going to be, one, to pick when  
14 you get to pick, and two, to run it. I don't hear anything  
15 about that, and I spent a little time last week talking to  
16 Julie Rofner, the Congressional Quarterly reporter, who is  
17 covering all three of those things and working about 90 hours  
18 a week doing it; catastrophic day-care and welfare  
19 provision. She said she doesn't see any state government  
20 presence on the administrative issues involved in this.

21 My second point is this: I am not sure I see  
22 enough emphasis on collecting the data you need and doing the  
23 research you need to do to tell yourselves and the public  
24 what things really cost, whether they are worth it, and  
25 whether the services are getting delivered to whom they are

1 supposed to be delivered to in the way that they are supposed  
2 to be delivered.

3 Exhibit A, the area of public policy that I think  
4 every elected and appointed official in this room will  
5 probably agree may be the most important for any government  
6 official, state and local in this country today; namely,  
7 economic development.

8 Jobs is the four-letter word. And, yet, amidst  
9 all of the new policies of demanding what is called linkage  
10 or impact fees or a variety of other things that you are  
11 imposing on developers, on the industries that move into your  
12 state, who the heck has really done a good retrospective  
13 study to find out whether the tax abatements over 40 years or  
14 20 or whatever really paid back what was given, whether, in  
15 fact, the taxes you thought you would collect from the new  
16 prosperity or the enhanced prosperity and employment that the  
17 development would bring you -- whether, in fact, it had  
18 brought those tax collections, whether the programs worked.

19 Ed Regan, the comptroller of New York state and  
20 former city and county official in Erie, said in a recent  
21 article in the NASBO journal that he doesn't think you want  
22 to know -- he doesn't think you want the public to know and  
23 it's the job of budget directors and comptrollers to hold the  
24 feet of other elected officials to the fire and make them  
25 find out and tell the public whether what you do, in fact, is



1     worth it.

2                 We have joked rather sadly at Governing Magazine,  
3     produced on a computer, like all publications today, of doing  
4     what is known as specialized programming on one key, that we  
5     would program one key which was one stroke of a finger which  
6     would produce a paragraph and said, "there are no statistics  
7     to show whether or not what was given to those sought to be  
8     attracted, actually paid for itself." That's true in any  
9     area of economic development that I know anything about.

10                Another area of data that we are all thinking of  
11    that is plainly inadequate, for example, is on the budget.  
12    Here Governor Sununu claims that he has been able to put in  
13    place a budget system within the computerized system that  
14    will tell him where any department with the overall state  
15    budget is in terms of expenditures or revenues within 72  
16    hours of when it happens.

17                That sounds a little magical to me in terms of how  
18    long it takes to get that stuff recorded and entered and so  
19    on. But in any event, it seems as though the ugly budget  
20    surprises we keep getting shouldn't have to happen.

21                When I talk about data collection and  
22    computerization, I do recognize something, and service  
23    delivery assessment, that is, these are probably not  
24    functions that are terribly popular with legislature or  
25    taxpayers.

1                   Talk about computerizing sounds so well, okay.  
2       Probably you can't fund it with borrowed money, at least  
3       there have been court decisions in some states to that  
4       effect, but it's considered short-term equipment, not capital  
5       investment; and as soon as you start talking about losing the  
6       trained personnel to examine and see whether the services are  
7       really getting delivered to who they are supposed to be  
8       delivered to, you are talking about that word "bureaucracy,"  
9       and no one is in love with that. So I don't think it's easy  
10      to do what I think you need to be doing, but I do think it  
11      needs to be done.

12                   Point number 3. Organization for successful  
13      management. Here, again, my text is economic development.

14                   In almost every state there are 10, 15 or 18 -- I  
15      don't know how many agencies involved in various aspects of  
16      economic development with nobody in charge. Nobody over all  
17      of it except you; nobody accountable; left hand not knowing  
18      what right hand is doing; things in conflict.

19                   Seems to me something ought to be done about that  
20      and you would be the first to want to know, who is your  
21      economic development czar and is he doing the job. There are  
22      a number of other things where it seems to me we are not  
23      organized and don't have enough data to do it right.  
24      Public-private partnership; we are all in love with it, and  
25      there's no doubt it has done a lot of good stuff. But who is

1     figuring out how you manage public-private partnership? The  
2     issues of accountability in public-private partnership, and  
3     as long as there's one penny of taxpayers' money in something  
4     that's the public-private partnership and there always is,  
5     public has a right to want to know how it's being done and  
6     whether it's being done right. I think that is slipping  
7     between the cracks everywhere.

8             Making sure that things are right isn't easy and  
9     that's where we have this monstrous regulation that we all  
10    talked about for so long. I want to talk about a new nutty  
11    idea I had for a long time along the federal level. Instead  
12    of all of these regulations, if somebody is doing it, please  
13    come up and tell me. I don't know that anybody is doing it.  
14    If they are, I really want to know.

15            Instead of all of these regulations, I would love  
16    to see somebody add a sentence or two at most to a law,  
17    saying any monies appropriated under this act shall be used  
18    solely to implement the purposes of the act; and any money  
19    that goes for any other purpose, beyond reasonable  
20    compensation for work performed, is fraud. And then let the  
21    courts decide what is legitimate and what isn't and make sure  
22    your Attorney General brings the first case before a hanging  
23    judge.

24            There are lots of other problems. I am fascinated  
25    at your rural initiative, which gets into another subject;

1 that concept of that working group report about not imposing  
2 mandates at the state level but letting collections of local  
3 governments decide how it should best be done presents all of  
4 these same other problems on a different level for you.

5 The minute I talk about collections of local  
6 governments, I look at the problem that exists everywhere of  
7 how you were going to help bring some rationality into local  
8 government in the face of all the ancient rivalries and  
9 inside our boundaries, warfares between cities and counties  
10 and failure to recognize what an integrated metropolitan area  
11 is or even to want to think about how such a place should be  
12 governed, but that's enough.

13 I spent a lot of time this week trying to think  
14 about how to -- recognizing that what I had to say was kind  
15 of a downer, it's critical in saying there are terrible  
16 problems and that I ought to have some socko, upbeat ending.

17 Well, just a moderate upbeat ending, which is I  
18 think it can be done if people -- if you all specifically,  
19 focus on the fact that it must be done, recognize it will  
20 never be done perfectly. But as you do it, and I hope you do  
21 it well, it will be my pleasure to report on it and comm nt  
22 on it in Governing Magazine.

23 (Applause.)

24 CHAIRMAN SUNUNU: Thank you very much.

25 By the way, your last issue was great. Our next

1 presentation is by David Osborne, author of a new book,  
2 "Laboratories of Democracy."

3 MR. OSBORNE: Thank you, Governor. It's an honor  
4 to be here. I spent most of the last three years working on  
5 this book, interviewing all of you folks out there, listening  
6 to you give speeches. It truly is an honor to be asked to  
7 switch roles and get to do a little bit of the talking for a  
8 change.

9 I was talking about my book last month on the  
10 Today Show, and I didn't get to meet Jane Pauley, but I  
11 thought her substitute came up with a brilliant  
12 introduction. She said -- this was the week before the  
13 Democratic convention -- she said next week in Atlanta the  
14 Democrats will nominate the governor from Massachusetts for  
15 the President. The nominating speech will be given by the  
16 governor of Arkansas. Next month when the Republicans get  
17 together in New Orleans, the keynote address will be given by  
18 the governor of New Jersey. Both parties have asked  
19 governors to chair their platform committees.

20 All of this, she announced, was no accident, and I  
21 was there to explain why in five minutes or less.

22 I think that's about the same job I have here  
23 today, about the same time limit. We are here to talk about  
24 the changing role of the governors, how your roles are  
25 changing, why they are changing and most of all, why you

1 folks are so important all of a sudden.

2 The easy answer, of course, is Ronald Reagan.

3 There is certainly some truth to the argument that by cutting  
4 federal budgets, President Reagan has pushed responsibility  
5 back to the states; but I think the real answer goes deeper.  
6 When I look at the changing role of the governors, the trends  
7 I see go back to the 1970s when Jimmy Carter was President,  
8 and the economy went sour, and the federal government failed  
9 to come up with any new solutions.

10 Stop and think for a minute about the two areas  
11 where you probably have done most over the last decade:  
12 economic development and educational reform. Were either of  
13 these agendas driven by federal cutbacks? No, they were  
14 driven by the new realities of the American economy. I  
15 believe that's the real answer. Enormous changes have swept  
16 through our economy since the mid-1970s, and those changes  
17 have forced government to grope, to deal with fundamental new  
18 problems in fundamental new ways. But the federal government  
19 hasn't yet taken up the challenge; and you, the governors,  
20 have had no choice. You have had to experiment with new  
21 strategies just to make your state economies more competitive  
22 and with new programs to meet the needs of your people in a  
23 difficult and trying world.

24 The last time the Democrats nominated a sitting  
25 governor for President, he came and spoke to this very group,

1 annual conference of the governors. His name was Franklin  
2 Roosevelt, the year was 1932, what did he talk about? He  
3 talked about the importance of the experimentation taking  
4 place in the 48 states of America.

5 I remember, he said, that many years ago, when  
6 James Brice was ambassador from England in Washington, he  
7 said, "The American form of government will go on and live  
8 long after most of the other forms of government have fallen  
9 or been changed. The reason is this: In other nations of  
10 the world, when a new problem comes up it must be tested in  
11 national laboratory and a new solution must be worked out.  
12 When it is worked out, that solution must be applied to the  
13 nation as a whole. Sometimes it may be a correct solution,  
14 and sometimes it may be the wrong solution, but you in the  
15 United States have 48 laboratories. When new problems arise,  
16 you can work out 48 different solutions to meet the problem.  
17 Out of these 48 experimental laboratories, some of the  
18 solutions may not prove sound or workable, but after this  
19 experimentation history shows that you have found at least  
20 some remedies which can be made so successful, they will  
21 become national in their application."

22 Roosevelt took his own words to heart and he built  
23 important pieces of his New Deal on successful state models.  
24 He was lucky, because the states had truly operated as  
25 laboratories of democracy in the preceding three decades.

1 Why was that? Because at the turn of the century a new  
2 industrial economy had been born in America; an economy that  
3 changed the landscape of America; an economy that created  
4 enormous new problems and enormous new opportunities and  
5 precisely because of those new problems and opportunities,  
6 appeared first in one state, one city, one region.

7 It was the governments which were closest to those  
8 problems, state and local governments, that first responded  
9 to them.

10 Those governments sparked a period of enormous  
11 innovation, the progressive era. They changed the role of  
12 government in American life. In the process, they laid the  
13 ground work for a whole series of federal initiative,  
14 culminating in the New Deal.

15 I think we are going through a very similar  
16 process today. Over the past decade, we have lived through  
17 the death of the industrial economy and the birth of a new  
18 economy. The central force behind that transition has been  
19 our emergence into a global marketplace, in which we have to  
20 compete with workers paid in a day what American workers are  
21 accustomed to being paid in an hour. In that kind of world,  
22 we can't compete anymore in labor-intensive, assembly-line  
23 manufacturing, traditional manufacturing. We have to compete  
24 based upon a new kind of manufacturing, using new  
25 technologies, making new products, using our workers in new



1 ways.

2 We have moved from a stable economy in which we  
3 competed based upon our manufacturing muscle to an economy of  
4 constant change in which we compete based upon our industrial  
5 intelligence. We have moved from an economy based on our  
6 brawn to an economy based on our brains; from an economy  
7 driven by giant corporations to an economy driven by  
8 entrepreneurial firms; from an economy in which high volume  
9 and low cost are king to an economy in which innovation and  
10 quality are a ticket to a better tomorrow.

11 In this new world, we can no longer rely on the  
12 federal government to solve all of our problems. When we  
13 dominated the world, when the American economy accounted for  
14 half of the GNP of the entire globe, it almost ran itself.  
15 We could get by with macroeconomic policy, adjustments of  
16 interest rates, fiscal policy, tax rates in Washington. That  
17 wasn't the province of the states. But today we are under  
18 siege by foreign competition and macroeconomics isn't  
19 enough.

20 Competitiveness has become a function not just of  
21 the quantitative factors, tax rates, interest rates, fiscal  
22 policy, but of the qualitative factors. It's not just how  
23 much we produce, but how much and of what quality. It's not  
24 just how much capital is available and at what interest  
25 rates; it's what kind of capital; do we have enough patient

1 capital, enough risk capital. It's not how many workers we  
2 have and at what wage rates; it's how well-prepared they are,  
3 how well-educated, how well-trained and how well they work  
4 together. It's not how much research we do, it's how fast we  
5 commercialize that research.

6 If we are going to deal with those issues,  
7 government has to play a role; and because they involve our  
8 education systems, our training systems, our universities,  
9 our banks, our local entrepreneurs, corporations and labor  
10 unions, state and local institutions, the state governments  
11 have to be at the center of that arena.

12 You found that out the hard way, because unlike  
13 the federal government, many of you had had no choice but to  
14 develop new strategies. When unemployment in Michigan hit 17  
15 percent in 1982, Jim Blanchard had no choice but to come up  
16 with new ways to revitalize his economy. When it hit almost  
17 15 percent in Pennsylvania in the same year, Dick Thornburgh,  
18 a governor of a different party with very different ideas  
19 about the role of government, faced the same dilemma and had  
20 no choice but to come up with new strategies to deal with his  
21 economy.

22 When governors across the South discovered that  
23 they were trying to compete in a 21st century economy with  
24 19th century schools, they had no choice but to reinvent  
25 their education systems.

1 I believe that sometime in the next decade, as the  
2 bills come due for the borrowing binge we have been on in the  
3 1980s, our national leaders are going to have no choice but  
4 to learn those same lessons. We will see changes in  
5 Washington similar to those we've seen in state capitals,  
6 just as we did more than half a century ago.

7 Those changes will have a great deal to do with  
8 economic policy, but as in state government, they will spread  
9 to virtually every aspect of government. Because when our  
10 economy changes in fundamental ways, those changes ripple  
11 throughout every corner of American society. They change our  
12 fiscal climate, social systems; child care has become an  
13 important issue for the first time in American politics  
14 because our economy and culture have driven so many women  
15 into the work force. Cost of healthcare has become a  
16 critical issue because our technical prowess has allowed us  
17 to prolong life far beyond our ability to pay. Welfare has  
18 become an important problem, because all the low-skilled  
19 manufacturing jobs in the cities are gone and in its place --  
20 in their place we have cultures of poverty, welfare  
21 dependents, and you, the governors, have taken the lead in  
22 reinventing our welfare system. Even the way we deliver  
23 social services is changing radically. We are moving away  
24 from a model that uses bureaucracies filled with civil  
25 servants to one that contracts with community organizations,

1 nonprofit groups and even for-profit firms to deliver those  
2 services, to give us the flexibility and the accountability  
3 and the commitment we need in a rapidly changing world.

4           So what does all this add up to? In my view, what  
5 you are doing in state government is creating a new model of  
6 government, a new paradigm, if you will, that I believe will  
7 replace the New Deal paradigm that dominated American  
8 politics from Roosevelt's day through the 1970s. Like the  
9 economy, like the larger culture, American government is  
10 becoming more entrepreneurial, more flexible and more  
11 decentralized. The government's role as a provider of all  
12 services and a solver of all problems is giving way to a role  
13 as a catalyst and a partner, working with business, with  
14 labor, with academia, with the nonprofit sector, to create  
15 solutions in a broader marketplace, solutions that go to the  
16 heart of our new problems precisely because they change what  
17 happens in that marketplace.

18           In the process, I think you folks are inventing  
19 new politics, politics that will dominate Washington in the  
20 coming decades. To describe what I mean, let me contrast how  
21 I see your politics with the two reigning ideologies over the  
22 past two decades in Washington.

23           If you step back and abstract, and I am going to  
24 be a little unfair here because I am painting with a broad  
25 brush, but if you abstract, when a traditional liberal saw a

1 problem, he or she assumed the problem was the making of the  
2 private sector, the marketplace had failed, and the solution  
3 lay in the public sector.

4 So what you tried to do is create a public  
5 program, hire public employees, spend taxpayers' money to  
6 solve the problem. When that stopped working or seemed to  
7 stop working in the 1970s, we had the Reagan revolution, and  
8 the Reagan conservatives stood the equation on its head. Now  
9 the problem was government and the solution was the private  
10 sector. If a Reagan conservative sees a problem, the  
11 instinct is to get government out of the picture, cut  
12 programs, cut spending, cut taxes, deregulate, let the  
13 marketplace take care of things.

14 I think today most governors understand that  
15 neither of these traditional ideologies has much to do with  
16 the new realities we face. Our core problem isn't too much  
17 government or too little government, although certainly at  
18 certain times and certain places both of those have been  
19 problems, but our core problem today has been adjusting to  
20 this painful economic transition which we face.

21 I think most of you also understand that the  
22 solutions to our core problems mostly lie in the private  
23 sector because that's where the jobs are, that's where the  
24 money is, that's the engine that drives American society.  
25 But you also understand that government has an extremely

1 important role to play as a catalyst, as a broker, as a  
2 partner. If you want to boil it down to a bumper sticker, I  
3 think we have moved from government as solution to government  
4 as problem, to today, government as partner. I think that is  
5 the most important lesson you folks have to teach to our  
6 leaders in Washington. It's not so much the specific  
7 programs that you have created, because as you well know, a  
8 lot of those programs belong in state hands, not federal  
9 hands, but it's a new way of approaching our problems, which  
10 can be applied to those that require federal solutions. It's  
11 a new methodology, a new politics built around partnership  
12 between the public and private sectors.

13 In fact, I wouldn't be at all surprised if the  
14 next big slogan in American politics, the next New Deal, Fair  
15 Deal society is precisely that, the new partnership. Thank  
16 you very much.

17 (Applause.)

18 CHAIRMAN SUNUNU: Thank you, David.

19 Questions or comments from the governors?

20 Governor Orr?

21 GOVERNOR ORR: My comment is directed to Eileen  
22 Shanahan. I could, of course, make an observation with  
23 respect to welfare reform and how it has been very carefully  
24 worked on with governors as well as with federal Congress,  
25 but I am not going to do that. I want to assure you that

1 yes, there is one state that does make very careful analysis  
2 ahead of time as to its return on investment or the  
3 incentives offered for an industry that is coming from  
4 elsewhere, to put down a base in Indiana. Not only do we do  
5 that ahead of time, and insist upon a short-term return on  
6 investment, but we also make an analysis subsequently, and so  
7 does our legislature.

8 We regard a modest incentive as being something  
9 which requires a short-term return on investment, short-term  
10 meaning maybe a year or two, and in some instances maybe even  
11 the construction work that goes on in building the plant will  
12 bring the return on investment so that the by time that the  
13 business is operative in manufacturing, we have our money  
14 back. Some of those that are major investments, automotive  
15 assembly plant, for example, we set an outer limit of  
16 approximately eight years as a return on investment, in the  
17 belief that a major investment of that kind properly should  
18 take a bit longer.

19 There are those that attempt to measure on the  
20 basis of the cost per job and that really has very little to  
21 do with it. It is a specious way by which to measure because  
22 lots of things affect the cost of bringing that industry to  
23 the state for a variety of reasons. The important point is  
24 how quickly will we get our money back. How quickly will the  
25 taxpayer see some return in terms of additional tax dollars

1 coming in. I can assure you that we take that very, very  
2 seriously. I don't know about the other states, sometimes I  
3 wonder; you can count on the fact that Indiana does.

4 CHAIRMAN SUNUNU: Governor Kunin, do you have  
5 anything to add?

6 GOVERNOR KUNIN: Thank you very much. Just an  
7 observation and a question to Eileen Shanahan, too. The  
8 earlier part of this discussion implied or presented a case  
9 that the states have lost power because of some of the  
10 judicial decisions. This discussion in the books that have  
11 been written and about to be published indicate to the  
12 contrary that in fact the states had gained power.

13 Would it be safe to say that the states had gained  
14 power when there is a power vacuum, when problems have not  
15 been addressed, not only because of budget-cut reasons, but  
16 simply because national focus has not been put on the areas  
17 such as child care, education reform, environmental issues.  
18 Governors have often taken the first leap, brought the public  
19 attention to it.

20 Getting back to your conclusion, we might not like  
21 what we get if we get what we want. Assuming we do get the  
22 federal leadership that does take these issues first and  
23 foremost, and that brings these into the national debate  
24 sooner than we had anticipated and that we do get national  
25 welfare reform, we do get health insurance, we do get a



1 different environmental policy, all of which seems to be en  
2 route one way or another, does that mean that the power of  
3 the governors will then be weakened again; that we won't have  
4 a vacuum to fill and the balance of power will be shifted, or  
5 do you foresee a whole other list of other issues that will  
6 loom on the horizon?

7 MS. SHANAHAN: I think an awful lot depends on how  
8 well you do. I think there are a whole bunch of reasons,  
9 some of which you named, some of which nobody has named yet,  
10 why we see the shift we see. But surely one of the big  
11 reasons was a sense that the Feds never do it right.

12 And I think the scariest thing, which I didn't  
13 quite say when I was up at the podium, is that rising  
14 expectations -- you look at the developing consensus that  
15 things need to be done. One element of the developing  
16 consensus that fascinates me is to take welfare and day-care  
17 in conjunction with each other, and where welfare is  
18 concerned, the old time liberal has come to accept the view  
19 of the conservative: Welfare recipients should be required  
20 to work. And on day-care, conservatives have come to accept  
21 the ideas of liberals that it's silly to keep arguing about  
22 whether the mothers of young children should be in the  
23 workforce; they are out there, they have to deal with it.  
24 Those kinds of consensus are arising; when you get a  
25 consensus, the problem is if you fail, everybody is mad at

1     you.

2                   CHAIRMAN SUNUNU: Governor Castle, did you wish to  
3     comment?

4                   GOVERNOR CASTLE: I didn't have a question per se,  
5     but there was something that we have presented here that  
6     Governor Schaefer and I wanted to leave behind. You have  
7     them here. It's sort of a comment and add-on to what we have  
8     already heard today, as we are beginning to discern how to  
9     deal with the states in federal relationships that evolve  
10    through the new federalism. We realize that the states have  
11    to do more between us with the private-public sector  
12    relationship we have heard about, but also amongst the states  
13    themselves.

14                  Governor Schaefer and I got talking about that and  
15    what we could do in the case of Delaware and Maryland. I  
16    don't know if you know the configuration of those states, but  
17    if you look at the map you will see that the line which runs  
18    north and south is the Mason-Dixon line that separates  
19    Maryland from Delaware. It happens to be a rural area.  
20    People there sometimes don't care or know where their  
21    services are coming from. We decided we needed to work  
22    better together in order to accomplish more to help in that  
23    area. We were able to do so.

24                  At Governor Schaefer's initiative, we sat down in  
25    January and started to do this. We met again in July. I

1 always admired Governor Schaefer a great deal. He was the  
2 hands-on mayor of Baltimore. He gets things done. We sat  
3 down and met. I assume we have two or three things to talk  
4 about, but it evolved into something substantially more than  
5 that as we started talking about beach preservation, rabies,  
6 avian influenza; certainly animals don't know where state  
7 lines are. We have 300 chickens for every person in  
8 Delaware, by the way, so avian influenza concerns us a great  
9 deal, you can say. Children's programs, different issues  
10 that go back and forth across the states.

11 Ultimately we went beyond that and actually put  
12 together meetings of our Cabinet Secretaries and actually sat  
13 down for a whole day and worked together on various issues.  
14 I for one was remarkably surprised at the number of issues  
15 that evoked and the number of things we were able to solve  
16 together. I appreciate what he has done. I think it clearly  
17 shows the states also could work together, and perhaps  
18 Governor Schaefer wishes to comment on some of those things  
19 that we were able to accomplish.

20 GOVERNOR SCHAEFER: One of the things that always  
21 worries me when we hear intellectual presentations like this,  
22 we forget the word "people," and once in a while I would like  
23 to bring that subject up as to what my role is. I don't  
24 profess to be a great intellect, and I guess I worry about  
25 whether the federal government has taken my power away, but I

1 am more worried about the state legislature taking my power  
2 away.

3 (Applause.)

4 GOVERNOR SCHAEFER: I got 188 governors. It's  
5 difficult. I can't promote anyone, I can't hire anyone, I  
6 can't do anything until the legislature is out of session.  
7 Then I go wild. And when they get back, I can't hardly wait  
8 to see the President of the Senate and Speaker of the House  
9 say there you go again. But I do worry about that and I do  
10 worry about whether we are not so involved in who has got the  
11 power, and not so much worry about people who depend on us to  
12 do our prospective roles.

13 When I had another job, I was a mayor and the city  
14 was divided up in sections, and so the first thing I did was  
15 say let's work together and see if we can't get the  
16 neighborhoods to work together. It wasn't easy because it  
17 was a rich neighborhood, poor neighborhood, black  
18 neighborhood, white neighborhood, and all the rest. We  
19 finally found out that we all had a commonality of problems  
20 and started to work together, and we did the same thing in  
21 the regions around us, we tried to work together.

22 I didn't think it was a big deal, and I called up  
23 Mike and said do you mind if I come up and see you? I think  
24 we have some common problems, and he said said come on up.  
25 We sat down, I guess not as governors really, but as friends,

1 and tried to talk and I said, you know, Mike, there's a  
2 raccoon walking over your border and he's got rabies and he  
3 says that he is immune because it's interstate commerce, and  
4 I thought there might be a way we could solve it. So we sat  
5 down and he gave me some technical advice, and we threw in a  
6 little money and now those little raccoons, they walk back  
7 and forth; they are no longer exempt.

8 Then we talked about the chickens and he said, you  
9 know, a lot of our chickens are dying, I said, well, we have  
10 got a few dying down there too, I don't know how many. He  
11 said let's see if we can solve the problem on avian flu and  
12 we found out there was a way to work it out. We found out  
13 there were a whole lot of other things to do together; not  
14 whether it was my power or his power, because he had the  
15 factories and we had the workers and we had the factories and  
16 he had the workers and they walked across the border; no one  
17 really knew where the border was and they didn't really care,  
18 they didn't really care. The only thing they were interested  
19 in is that you get us the jobs, and you get us what we needed  
20 in order to make us work.

21 And then I called on another great governor, in  
22 addition to Governor Castle, guy by the name of Baliles. He  
23 said to me, you know, the Bay is all messed up. He said come  
24 on down. We sat down and figured out how to work on the Bay,  
25 not Virginia and Maryland, but Virginia, Maryland, Delaware,

1 West Virginia, District of Columbia.

2 What I am trying to say is I think w have got to  
3 worry about all this power, but the most important thing is  
4 understand what our roles are. He didn't interview me. I am  
5 not an imposing person, so he didn't come see me. If you  
6 had, I would have told you some of the things that I would do  
7 as an individual.

8 Drug enforcement. We stopped at the line of  
9 Delaware and say our people can't go over there to find the  
10 people that are in the drug problem, and Governor Castle said  
11 come on up; Governor Baliles said come on up; and we are  
12 working on a regional problem on drugs. If we lost our  
13 power, it's because we have given it up. We have given it  
14 up. As far as people are concerned, we do what people tell  
15 us.

16 I lost some power because I have a different style  
17 of governing, and each of us have to figure out whether it's  
18 our style. Mine is to worry about one thing, and I worry  
19 about people. That's my whole motivation: people. How can  
20 I make their life better?

21 Am I making it sound like a political speech? It  
22 isn't. I believe in that. I believe it's my duty to help,  
23 whether it's cost effective or not. For instance, we are  
24 going through helicopters now and whether we should pick up  
25 people on the road who have been hit. Cost effective,

1 absolutely not, but I had a friend of mine whose son was hit  
2 by a car and was helicoptered into an emergency station and  
3 his life was saved. Not cost effective, but it's important.  
4 So those are some of the things I worry about when we talk  
5 about this. I don't want to give up any power at all. I  
6 want to do everything. I don't want to let the legislature  
7 to get in my way, but they do, for 90 days. After that we go  
8 ahead.

9 I am going to work with him, whether the federal  
10 government takes my power away or not. If they take my power  
11 away, I have got to adjust. If they want to provide me with  
12 job opportunities, I will figure out my own way. I didn't go  
13 through the state. I used federal government programs when I  
14 could. When I couldn't use the programs I came up with  
15 something else. This word "partnership" in the business  
16 community is not something new for me, it's something I  
17 expected the business community to do. I expected them to  
18 help me. Baltimore City; if you come to Baltimore City, it  
19 wasn't Don Schaefer, it was a combination of people working  
20 together, the business community coming up after we came up  
21 with a good plan.

22 There you see, you got me started.

23 CHAIRMAN SUNUNU: Governor Clinton.

24 GOVERNOR CLINTON: That's certainly a hard act to  
25 follow.

1 CHAIRMAN SUNUNU: Don't go too long.

2 GOVERNOR CLINTON: You know, John, if I had you  
3 standing by me right before I gave that speech, I would have  
4 a better indication about what length it should be.

5 I think Madeline Kunin raises a legitimate  
6 question, which I think we all should answer for ourselves  
7 the way Don Schaefer just did. She said, well, if it's right  
8 that we move into a vacuum and we get an activist president  
9 who tries to adopt as models some of these good, state  
10 programs, will that mean there will be less room for the  
11 governors to operate? I think the answer to that is plainly  
12 no, for several reasons. One is no matter who is elected  
13 President, the deficit is going to limit what they can do  
14 financially.

15 Two is most of what we work on is not suitable to  
16 work on at the national level, as Governor Sununu, our  
17 leader, never tires of telling us. It's true, education,  
18 economic development, all of that.

19 Third is, whoever is elected president is going to  
20 have to spend an enormous amount of time and energy trying to  
21 work out a new set of relationships and economic and defense  
22 matters beyond our border, leaving a lot of the work within  
23 our borders to the governors. I think we should hope for a  
24 different kind of model from the national government, sort of  
25 a synthesis, like Mr. Osborne says. I think if that happens,



1 it will create more opportunities for us to work in.

2 CHAIRMAN SUNUNU: Let me ask one last question of  
3 our panelists relative to something Governor Schaefer  
4 raised. That is the role of governors and their interaction  
5 with their state legislatures and changing character of  
6 legislators consistent with the changing character of  
7 governors. Did you get a chance in any of your reviews or  
8 activities there to make that contrast and do you see a  
9 resolving relationship between those partners?

10 MS. SHANAHAN: I want to answer a teensy, little  
11 piece of that question, which is I am very interested,  
12 particularly as somebody who spent a big chunk of my life  
13 covering the federal budget, to see something you may not  
14 welcome, but I think you should. That is the arrival in a  
15 great many states of something analogous to the federal  
16 Congressional budget office -- goes by a variety of different  
17 names -- which is going to serve a good purpose, not only of  
18 keeping your scurvy predecessor or successor honest, but also  
19 to bring some of these issues more into the public dialogue;  
20 and this is part, of course, and let me just belay this  
21 aspect, of a professionalization of legislative staffs, which  
22 has hardly begun in a lot of places, which I think is just  
23 got to be all for the good. If you are going to believe in  
24 good government, you have got to believe it.

25 MR. OSBORNE: I guess the only thing I would add

1 is clearly many of the legislatures, professionalized in the  
2 '60s and '70s, driven in part by federal mandates and so on,  
3 I think, in the late '70s and early '80s, we saw many strong  
4 governors emerge because they had to deal with so many new  
5 fiscal and economic problems.

6 But beyond that, what I am struck by is the  
7 absence of patterns.

8 When I looked at a variety of different states in  
9 different parts of the country with different problems, you  
10 know, I couldn't generalize about the role of the governor  
11 versus the role of legislature. Sometimes they were at war,  
12 and it took a very strong governor like Bruce Babbitt in  
13 Arizona, who was very adept at forcing legislature to do what  
14 he wanted; sometimes they worked together. I just didn't see  
15 any particular patterns there. Very different situations in  
16 very different states.

17 MR. PRUITT: I don't think we saw any patterns  
18 either except that. In a few cases, where we interviewed  
19 governors who had been in office some years before, and who  
20 are now back in office, there seemed to be a lot of talk  
21 about the legislature or at least more legislators operating  
22 sort of a board of directors with the governor, rather than  
23 being at war.

24 But this depended on which state you were visiting  
25 and what was going on at the time.

1                   CHAIRMAN SUNUNU: Thank you. On behalf of all of  
2 us governors, I would like to thank the three of you for  
3 coming and making your presentations and providing us with a  
4 little insight from the outside. Thank you very much for  
5 being here.

6                   (Applause.)

7                   CHAIRMAN SUNUNU: Couple of closing pieces of  
8 business. First of all, I would like to formally welcome the  
9 new governor of Arizona, Governor Mofford.

10                  (Applause.)

11                  CHAIRMAN SUNUNU: Governor Roemer has stepped  
12 away, but even in his absence, let me welcome the new  
13 governor of Louisiana, Governor Roemer.

14                  (Applause.)

15                  CHAIRMAN SUNUNU: We have three members leaving  
16 office this year, and all of them have served their states  
17 with honor and distinction, been very active in NGA. For one  
18 who has travel plans that requires leaving earlier, this is  
19 his very last plenary session with us. This governor has  
20 received national acclaim for his education reform; for the A  
21 Plus Program for education excellence that he has put into  
22 place. He has in the last year achieved his state's lowest  
23 unemployment rate in 14 years. He has totally overhauled his  
24 state's mental health system for full accreditation of its  
25 facilities. He started a public private corporation for

1 science and technology. He recently obtained legislative  
2 approval of his comprehensive Jobs Through Exports package;  
3 he has been a lead governor for highway funding and still  
4 fights to put the trust back into the trust fund. He has  
5 served as chair of the NGA transportation committee and is a  
6 member of the NGA executive committee and he and his wife  
7 are, for all of us, very dear, fighting friends and we are  
8 sorry to see them go.

9 Fellow governors, I would like to give a standing  
10 ovation and present a plaque to Bob and Josie Orr of  
11 Indiana.

12 GOVERNOR ORR: I intrude upon the final moments of  
13 this plenary session simply to express my appreciation to  
14 each one of you for wonderful friendships established here,  
15 the opportunity to cross party lines to work together. Eight  
16 years has been a unique experience and I cherish it.

17 I leave only because of what we have just been  
18 talking about. I am a member of the platform committee for  
19 the Republican National Convention. I have a co-chairman  
20 responsibility for education. Kay Orr, who chairs the  
21 platform committee and who is not here, of course, asked me  
22 to be sure to join this group a year ago. The reason, she  
23 said, when she was there as treasurer of state four years  
24 earlier, congressmen and senators dominated the situation.  
25 They did not seem to understand anything about state

1 government. So she asked me to be a part of it. Having  
2 agreed to do so, I can do less than to depart the scene  
3 early, even before seeing my President, so that I can be down  
4 there to do that work, and I would hope you would all join me  
5 in saying that's the right thing to do, even though I  
6 certainly, Josie in particular, will stay here, but I am  
7 sorry that I must leave and leave these wonderful  
8 associations that I have had in the NGA.

9 Thank you all very, very much, indeed.

10 (Applause.)

11 CHAIRMAN SUNUNU: Thank you very much. This  
12 meeting is adjourned.

13 (Whereupon, at 5:05 p.m., the plenary session was  
14 concluded.)

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# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

CLOSING PLENARY SESSION

Cincinnati, Ohio

Tuesday, August 9, 1988

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NATIONAL GOVERNORS' ASSOCIATION

CLOSING PLENARY SESSION

Dr. Albert B. Sabin  
Cincinnati Convention Center  
Fifth and Elm Streets  
Cincinnati, Ohio

9:35 a.m.

Tuesday, August 9, 1988

P R O C E E D I N G S

CHAIRMAN SUNUNU: We have a number of items to get through this morning, including the presentations by two distinguished Americans on the economy and the federal budget. We will be giving out and recognizing 10 outstanding Americans for their distinguished service to state government, we'll go through the consideration of our policy statements, and then we will elect the NGA Executive Committee for 1988-1989.

The first item on our agenda is a presentation by two outstanding Americans who are very much involved in trying to provide some effective leadership in dealing with the federal deficit and the federal budget problems. Most of us generally recognize that the federal budget and what happens to it is very much a part of our own decisionmaking process.

In addition to the budget issue, there is the question of the national economy. We are well aware that our own state revenues depend very much on the status of the national economy.

We have today with us two gentlemen who address these issues. First of all, Mr. Drew Lewis, who is currently co-chairman of the National Economic Commission, which has been charged with reporting to the President its recommendations for federal budget policy. Mr. Lewis also



1 has a long-term understanding and involvement in state  
2 government. He was one of the first selected by  
3 President-elect Reagan to handle all transition issues with  
4 governors and other state officials.

5 He has a long career in government, politics and  
6 business, having served as Secretary of Transportation,  
7 having run for governor of Pennsylvania, and he is currently  
8 the chairman and CEO of the Union Pacific Corporation.

9 Drew, would you come up and address us, please.

10 (Applause.)

11 MR. LEWIS: Thank you, John. I thank all of you  
12 for giving Leon Panetta and me an opportunity to speak to you  
13 about the National Economic Commission. What we plan to do  
14 is speak very briefly, five or six minutes, open it up for  
15 your comments. As the co-chair with Bob Strauss, we are  
16 really here to learn more than we are to tell you what we are  
17 doing.

18 I would like to start by saying this is a  
19 bipartisan commission, and we are taking that very  
20 seriously. We also accept the responsibility we have very  
21 seriously, and that is I think most of us on the Commission,  
22 coming out of government and some of us coming out of  
23 business, feel that perhaps the most serious problem facing  
24 the economic stability of the free world is the large  
25 deficits, both trade and federal deficits themselves, being

1 run by the American government. For that reason, we are  
2 looking in a very broad way at all of the issues and trying  
3 to determine how best we can recommend to our future  
4 President what we feel would be in his best interest.

5 One of the problems we have, Governor Dukakis, and  
6 I would say the same thing if George Bush was here, that if  
7 we really feel the deficit is as serious as we think it is,  
8 the best thing we can do in the campaign is to address it as  
9 an issue and keep our options open. Because it's very clear  
10 that if we are successful in this Commission, we are going to  
11 be making recommendations that are not going to be conducive  
12 in terms of being elected President of the United States.

13 Very specifically, we are looking at spending  
14 cuts; and if you look at the federal budget, and you can  
15 argue the figures depending on whether you use outlays,  
16 budgets or appropriations, about 60 percent are entitlements  
17 and interest. That is where the opportunity is for cuts;  
18 it's also a very unpopular area in which to cut. If you look  
19 at the balance of the budget, you have about 24 percent in  
20 defense, which in terms of short-term deficit reductions is  
21 not very opportunistic in the sense that most of those  
22 outlays are committed for the next two or three years, very  
23 difficult to make cuts. If you look at what we call  
24 discretionary spending, which includes transportation, which  
25 I was part of, it's about 16 percent. As you know, Congress

1 has cut back, you are beginning to feel the pressure of that  
2 or have in the last five or six years in your states.

3 Therefore, the options in spending cuts are not  
4 that great. It's also clear that as a balance -- and every  
5 time I say this, people said that Lewis is in there trying to  
6 increase taxes. It's also very clear that if you are going  
7 to look at the spending cut side of this, we have to look at  
8 the revenue raising side of it; and the revenue raising side  
9 of it, depends on where you are coming from, but it's clear  
10 that the consumption of the United States which is creating a  
11 deficit this year, regardless of what you are reading on  
12 Gramm-Rudman, is going to be in excess of \$180 billion, is  
13 being financed by Japan and the Far East and Europe -- if we  
14 are really going to cut that, we are going to have to combine  
15 some kind of a consumption tax likely with a spending cut.  
16 This is not an endorsement that the Commission necessarily  
17 agrees with this, but I think from your standpoint as  
18 governors, I think you have to recognize that if we really  
19 want to face a deficit, we are going to have to look at both  
20 sides of the issue. Hopefully we can do the whole thing with  
21 spending cuts and we're talking about trying to cut the  
22 deficit between 50- and \$100 billion a year. To do that, we  
23 are going to have to have a balanced approach. We will also  
24 have to have an approach that is not going to be  
25 unsatisfactory in a bipartisan way to the viewpoints of

1 either party.

2 With that, I would like to comment very briefly on  
3 what John Sununu said when he testified before the  
4 Commission: You do have a paper, your paper is about three  
5 years old, and I would urge you to try to update your views  
6 and present it to us, hopefully sometime after September 5th  
7 or 10th or something like that. We are going to try to  
8 consider these things. We don't plan to take any position  
9 until after November 8 for obvious reasons, but we do need  
10 your views. We recognize your position on sales taxes. We  
11 know you are concerned, if there were gasoline taxes. We  
12 recognize your offer of cuts in defense spending except for  
13 bases that are in your states. So we do have some sense of  
14 where you are coming from, but we really do need an update.

15 With that, I am going to close and John, are you  
16 going to introduce Representative Panetta? Then we will open  
17 up for any questions or suggestions. We would really like to  
18 get your comments.

19 Thank you very much.

20 (Applause.)

21 CHAIRMAN SUNUNU: Thank you very much, Drew.

22 Our second speaker is Representative Leon Panetta,  
23 and I will call on Vice Chairman Governor Baliles to do the  
24 introduction.

25 VICE CHAIRMAN BALILES: Thank you, Mr. Chairman.

1 As the chief executive officers of our respective states, we  
2 are familiar with the challenge of balancing our budgets.  
3 When the federal budget deficit exceeds all federal  
4 grants-in-aid to state and local governments, the challenge  
5 of controlling the federal deficit is indeed monumental.

6 For this reason, I can understand why our next  
7 guest, Mr. Leon Panetta, is unchallenged in his bid to become  
8 the next chairman of the House Budget Committee. Having  
9 served on the Budget Committee between 1979 and 1984, he will  
10 bring the necessary knowledge and budget experience to the  
11 chairmanship of that committee. He is with us today because  
12 he cares about what governors have to say. He has invited  
13 our participation, and we look forward to a good working  
14 relationship with him as chairman of the House Budget  
15 Committee. Leon Panetta.

16 (Applause.)

17 REPRESENTATIVE PANETTA: Thank you very much,  
18 Governor, and thank you for your invitation to allow us to  
19 participate in your conference.

20 I am particularly appreciative of this audience,  
21 not only because there are a number of colleagues, familiar  
22 faces whom I have associated with in the House, but also  
23 because this audience knows in particular what it means to  
24 put together a budget, to have to make the tough choices  
25 associated with a budget, to have to get a budget adopted and

1 to have to make it balance.

2 For that reason, I think you have an understanding  
3 that there are no free rides and there are no easy choices  
4 when it comes to putting together a federal budget.

5 I want to, before beginning, pay tribute to Ray  
6 Scheppach, your executive director, who has done a remarkable  
7 job in dealing with the Congress on budget issues, and also  
8 to both Governor Sununu and Governor Baliles, both of whom I  
9 have met with and have worked with in terms of trying to deal  
10 with budget issues.

11 The basic problem I think that we face in this  
12 country is a problem of resources. Those of you that have  
13 read the book "The Rise and Fall of the Great Powers," a book  
14 by the historian Paul Kennedy, I think what you sense in that  
15 book is that the rise and fall of major powers, whether it  
16 was the Ottoman Empire or Spain or Britain, or indeed the  
17 United States, depends on the ability of this nation not only  
18 to accumulate resources but to manage those resources. It's  
19 when a nation fails to properly manage those resources that  
20 it begins to lose its power. That's the theme of the book  
21 and I think that's essentially the theme of this nation at  
22 the present time.

23 The evidence of that is the national debt, because  
24 the debt is a problem of resources and resource management.

25 When you run a \$2.4 billion national debt, not

1     only do you impact on the amount of borrowing that has to be  
2     done, both by private savings as well as from the trust funds  
3     as well as from foreign investors, but more importantly you  
4     impact on resources that you need to deal with priorities in  
5     this country.

6                 We are spending 15 percent of the federal budget  
7     today, almost \$166 billion in fiscal year 1989, just on  
8     interest payments on the national debt. That is not money  
9     that's going to national priorities in this country, not  
10    going to housing, not going to nutrition, not going to  
11    defense. It's going for nothing else but paying interest on  
12    the national debt. That is the resource problem that we have  
13    in this country. So the question is, how do we then deal  
14    with this problem?

15                The fact is that the answers are pretty clear.  
16    Those who have dealt with this problem know that we only have  
17    so many places to turn. You have heard Drew Lewis describe  
18    somewhat the nature of the budget. We have a trillion dollar  
19    federal budget. Almost 30 percent of that goes to defense.  
20    It's about \$300 billion on budget authority. 42 percent goes  
21    to entitlements programs, and they are not very easy programs  
22    to deal with, as all of you know. 21 percent is Social  
23    Security; 4 percent is other retirement programs; about 10  
24    percent right now are health care programs, between Medicare  
25    and Medicaid. You then have 4 percent going to programs

1     impacting on the poor and about roughly 3 percent going to  
2     agriculture programs. All of those very sensitive areas to  
3     deal with in terms of dealing with the budget. And 15  
4     percent is now interest payments on the national debt.

5             If you add all of that up, ladies and gentlemen,  
6     if you add up defense, entitlements and interest payments on  
7     the national debt, that's over 85 percent of the federal  
8     budget in just three areas.

9             The remainder of the budget is basically  
10    operations of government, it's the court system, it's foreign  
11    aid, it's education, it's health research, it's education.  
12    Get rid of that, shut it down tomorrow, and we still run  
13    significant deficits in this country.

14            So the answer lies in three areas, whether we like  
15    it or not. It's to control the growth in defense, you have  
16    to control the growth in entitlement programs and you have to  
17    raise sufficient revenues to pay the bills. All three have  
18    to be addressed.

19            Last year when we met in the economic summit,  
20    those three issues were the predominant areas of discussion  
21    between the Congress and the executive branch, because that's  
22    where you have to go. There just are no other alternatives.

23            Unfortunately, in what we all hoped would be a  
24    bold stroke, we were unable to frankly take the kind of  
25    significant steps that we thought were important in each of



1 these areas to really bring the deficit down. So what  
2 developed was a compromise. But the compromise was important  
3 for these reasons. Number one, the compromise did deal with  
4 all three areas. It dealt with defense, reductions, it dealt  
5 with entitlements, in dealing with both Medicare as well as  
6 agricultural programs, and it dealt with revenues, all three.

7 Secondly, it was bipartisan and it involved the  
8 legislative and executive branches. There is nothing you can  
9 do on budget reduction at the federal level if you don't have  
10 a partnership between both parties and between the executive  
11 and legislative branches.

12 Thirdly, it involved a two-year budget so that in  
13 an election year we could avoid the kind of confrontation we  
14 have always gone through on budget issues. You can see it  
15 this year. The fact is for the first time in almost 20 years  
16 we have passed all 13 appropriations bills, and it is very  
17 likely that we can avoid a continuing resolution on  
18 appropriations because of the economic summit agreement.

19 Fourthly, there is less confrontation between the  
20 parties and between the executive and legislative branch on  
21 budget issues, and that is, again, a major step forward.

22 What can you expect for the rest of this year and  
23 next year? As far as this year is concerned, the Office of  
24 Management and Budget has told us that come August 15th, when  
25 the snapshot is to be taken under Gramm-Rudman, we are now at

1 140.1 billion deficit for fiscal year 1989. That means that  
2 we are roughly 5.7 billion, 5.9 billion below the amount that  
3 we would have to stay below in order to avoid a  
4 sequestration.

5 While that is good news, the other side of the  
6 table is that we have a number of bills on our agenda between  
7 now and the end of this session. We will pass drought relief  
8 today at about 3.9 billion. We have a trade bill which is  
9 expected to be signed at 500 million. We have a bill that  
10 relates to hunger relief that will be about 300 million. We  
11 have a bill on homelessness that is 300 million. Along with  
12 other revisions on energy and water, as well as some other  
13 bills, we are looking at about 5.4 billion, just in that  
14 package alone. Add to that the possibility of welfare  
15 reform, reestimates on regular appropriations and a drug bill  
16 of somewhere between 1 to 2 billion, and you can see that we  
17 could get very close to sequestration in this session.

18 My belief is that we will not see it, largely  
19 because of the summit agreement, because it is an election  
20 year, and because the final photo of the budget has to be  
21 taken on October 15th, and that's just too close to the  
22 election. So it's my view that both the legislative and  
23 executive branch will work to avoid sequestration in this  
24 session.

25 Next year, obviously the President will have a

1 major responsibility of trying to restore the resources of  
2 this nation. It will not be easy and I think the next  
3 President will have a limited amount of time to be able to  
4 make these tough choices. He will have to look at the three  
5 areas I discussed, again not easy. In defense, you will have  
6 to look at weapons systems plus you will have to look at the  
7 impact of what arms control does in terms of conventional  
8 preparedness. Secondly, you will have to look at  
9 entitlements. Again, not easy, but necessary. Thirdly, you  
10 will have to consider a whole set of possible revenues in  
11 order to come up with the numbers you need to reduce the  
12 deficit.

13           Hopefully the President will rely on the National  
14 Economic Commission. That Commission is not going to come up  
15 with any magic answers, but it can provide important  
16 political cover to the next President in terms of dealing  
17 both with the nation as well as the Congress.

18           Thirdly, assuming the economy is roughly in the  
19 same place we are in at the present time, I think the next  
20 administration ought to adhere to the Gramm-Rudman targets,  
21 which means a deficit number next year of roughly \$100  
22 billion. That does mean a reduction of somewhere between 40-  
23 to 50 billion in order to get to that point.

24           Thirdly, I hope the next President will implement  
25 a two-year budget and will strive for bipartisan support.

1 Lastly, any new programs or tax credits have to be on a  
2 pay-as-you-go basis or have to involve the shift in revenues  
3 from one area to another.

4 It is not going to be an easy challenge, it's  
5 going to be a tough challenge. I recognize that the  
6 governors see a new sense of urgency in terms of the needs  
7 that you face at your level. I respect and recognize those  
8 concerns. But our first priority is to get our national  
9 resources back again and to reestablish some order to our  
10 fiscal house. If we do that, we cannot only restore this  
11 nation's economy, but we can protect the government of, by  
12 and for people.

13 Thank you very much for having me.

14 CHAIRMAN SUNUNU: Thank you very much,  
15 Representative Panetta.

16 We move on to some questions or comments from the  
17 governors. Governor Baliles.

18 VICE CHAIRMAN BALILES: I would like to ask both  
19 of our speakers if the Commission will establish a target  
20 deadline for balancing the budget, and, two, how much of the  
21 difficulty in reaching agreement is a problem of process as  
22 opposed to political will.

23 MR. LEWIS: Starting on the second part of  
24 question, process is part of it, but our charter, as you  
25 probably know, was to cut the deficit, at the same time not

1     impair the long-range benefits of a strong national economy.  
2     With that in mind, we are going to concentrate on that  
3     specific area although I do think highly probable Leon's  
4     suggestion of a two-year budget will be in there, likely  
5     something in terms of rescission. Whether or not all of  
6     these come out in terms of the process, we have taken both a  
7     Democratic Congressman and Republican Congressman, Bill  
8     Frenzel and Bill Gray, as co-chairmen of that committee, and  
9     they are going to work on process. To the extent any of you  
10    have comments in terms of your budgets and the problems you  
11    have with highways, bridges, which I went through in  
12    transportation, with the federal budget coming down three  
13    months before your fiscal year ends, I wish you would express  
14    those to me.

15                 I'll let you answer the first part of that  
16    question.

17                 REPRESENTATIVE PANETTA: I think the problem that  
18    we've always seen, and we've seen it in the Congress, is that  
19    when nobody wants to make the tough choices in terms of  
20    budget reduction, then everybody turns to process changes.  
21    It's not to say that process changes can't be implemented,  
22    it's not to say that there aren't some important changes that  
23    can be made in terms of the discipline of both the Congress  
24    as well as the executive branch in terms of dealing with the  
25    numbers. But even if you pass the balanced budget amendment

1 tomorrow, the Congress and the President would have to face  
2 the same basic choices on defense, on entitlements and on  
3 revenues. So my view is that while I am prepared to discuss  
4 some process improvements, I still think that the major focus  
5 of the Commission's recommendations as well as what the next  
6 administration does, have to focus on those tough choices  
7 related to the three areas I just mentioned.

8 MR. LEWIS: On the time span part of your  
9 question, I believe we are looking at a four- or five-year  
10 period. The problem we are going to have is that we have no  
11 control over Congress. We can make these recommendations and  
12 assuming they are endorsed, and the next President of the  
13 United States appoints two members to our committee, assuming  
14 they are endorsed, we still have the problem that Congress  
15 can do whatever they please, which is a very difficult group  
16 to work with, as you know, in terms of controlling budgets.  
17 So we do have that problem, but we are looking at four to  
18 five years. We are likely, also in terms of timing, hope to  
19 get this in in December so the next President can look at it  
20 early in his session, while he is probably at the zenith of  
21 his power.

22 CHAIRMAN SUNUNU: Governor Roemer.

23 GOVERNOR ROEMER: Thank you, John. Let me ask  
24 you a question if I could. It's good to see you again,  
25 Lee. You are doing a heck of a job. I don't care what

1 anybody says.

2 But you said something in your presentation that  
3 always caused me trouble on the House Floor and working with  
4 the budget committee and still does, and let me paraphrase  
5 what you said. You said that next year the Gramm-Rudman  
6 target would be 100 billion deficit. That would require a  
7 40- to \$50 billion cut. Does it really? Don't federal  
8 revenues grow in times of prosperity to far greater numbers  
9 than that, and isn't the question really one of discipline on  
10 the spending side rather than another 40- to \$50 billion cut?

11 I guess what I am saying is that in a dynamic  
12 world, our revenue will grow at the federal level far more  
13 than that 40- or \$50 billion figure. Isn't that enough or do  
14 we have to raise taxes to make it up?

15 REPRESENTATIVE PANETTA: Buddy, as you know, in  
16 the world of dreams, I guess all of us would hope for an easy  
17 answer. The easy answer would be simply to sit back and hope  
18 that revenues could increase and that somehow that would  
19 solve all of our problems and we wouldn't have to implement  
20 any cuts whatsoever. In the 12 years I've been in the  
21 Congress that hasn't happened and I think that that's not  
22 going to happen in the next 12 years of this Congress. The  
23 fact is that you don't have sufficient growth on the revenue  
24 side at the present time to simply rely on that.

25 When I mention the 40- to \$50 billion number in

1 order to reach the Gramm-Rudman target, I'm not just talking  
2 about cuts in spending. I am talking about an equally  
3 balanced package that's going to have to involve the three  
4 areas I discussed. That's the only way you're going to get  
5 to a solution. There's no way you can come up with 40- to  
6 \$50 billion just in spending reductions. And very frankly,  
7 there's no way you can come up with 40- to \$50 billion just  
8 in revenue increases or taxes. You just can't do that  
9 politically. But if you can find that balance, and what we  
10 did in the summit was basically a third from each of these  
11 areas -- a third from defense, a third from entitlements and  
12 a third on revenues -- if you can come up with that kind of  
13 balanced package, then I think politically as well as  
14 substantively, you can do the job.

15 GOVERNOR ROEMER: What kind of entitlement cuts  
16 are you going to make, Lee? I have heard that speech a  
17 thousand times. I have never seen one.

18 REPRESENTATIVE PANETTA: The old magic problem of  
19 dealing with entitlements. Entitlements is a tough political  
20 area. I don't underestimate that. You heard my list of  
21 entitlements that I presented here. You are talking about  
22 the problem of Medicare, health care, Social Security,  
23 retirement programs, as well as agriculture. And yet, there  
24 are areas that need to be looked at. For example, one of the  
25 areas discussed in the economic summit was the question of



1 perhaps taxing COLAs at the upper income levels. That was  
2 discussed, it was debated, and frankly, for three of the four  
3 weeks we tried to move something along those lines, we were  
4 unable to do it. I think taxing of COLA benefits is one of  
5 the areas to look at.

6 Secondly on the agriculture area, I think still  
7 there is an emphasis that we have to place on looking at  
8 target prices and where they are at.

9 Thirdly, in the health care area, very frankly, we  
10 have dealt with the hospitals but we haven't dealt with the  
11 doctors. That's another area that I think we need to look  
12 at.

13 MR. LEWIS: Can I just add one comment to that.  
14 If you look at a growth of GNP of 3.5 or 4 percent, you  
15 really produce about \$70 billion. That's eaten up, as Leon  
16 pointed out, in all of these COLAs. I don't think we are  
17 talking about cuts in entitlements, we are talking about cuts  
18 in the growth of entitlements. If you want to look at the  
19 deficit this year, which you described as 140 billion, you  
20 have to add to that the fact that we've been offset by about  
21 31 billion surplus in Social Security that is really retired  
22 federal debt, and the Congress, with due respect to them, is  
23 taking credit for that, which they don't deserve to take  
24 credit for.

25 GOVERNOR ROEMER: Don't you agree, though, with my

1 proposition that the baseline revenue for the federal  
2 government has gone up each of the last six years, regardless  
3 of all of the tax changes. There's that sort of exponential  
4 growth, but the system just eats it automatically.

5 MR. LEWIS: You got that dead right.

6 REPRESENTATIVE PANETTA: Buddy, it's a combination  
7 also of the Social Security increases. While other taxes  
8 were reduced, the fact is Social Security taxes continued to  
9 pour in. The result is that we have a tremendous surplus  
10 building on the Social Security side. Which raises another  
11 problem: If you take out the Social Security trust funds, in  
12 terms of evaluating the deficit, we are at somewhere around  
13 222 billion in terms of deficit.

14 CHAIRMAN SUNUNU: Governor Campbell.

15 GOVERNOR CAMPBELL: Leon, let me ask you, what  
16 figure are you using as your outlay figure as a percentage of  
17 the current GNP? Aren't you about approaching 23 percent?  
18 Aren't we historically high on that level? So does the  
19 Commission have a target level for the reduction as a  
20 percentage of outlay on GNP, Drew?

21 MR. LEWIS: At the present time we don't,  
22 Carroll. We are really trying to put our data together. We  
23 have everything computerized, and for me to give you an  
24 answer on that would obviously be inaccurate. We are looking  
25 at that, though. We don't have the answer.

1                   GOVERNOR CAMPBELL: The point that you made awhile  
2 ago, the point of both of you, and in Buddy's question, the  
3 automatic growth of the budgets, which is driven by  
4 inflation, is driven by interest rates and is driven by  
5 obviously cost of living indexing of all of our basic  
6 entitlements programs. But you will have to attack all three  
7 of those at one time, which means that the fiscal management  
8 of the budget, as far as the interest rates that we are going  
9 to get into, as far as the inflation of the country, are  
10 going to be just about as important as what you can trim from  
11 your current outlays; isn't that right?

12                   MR. LEWIS: No question. The other thing we have  
13 to do is make sure if we do have any kind of a downturn here,  
14 we don't spin us in with a 50- to 100 billion cut into some  
15 kind of a recession. So you have the combination of that and  
16 the long-term effect on the economy.

17                   GOVERNOR CAMPBELL: Hyperinflation obviously blows  
18 us away. Are you looking for a safety valve for the  
19 government or an out in case of that sort of thing happening  
20 again?

21                   MR. LEWIS: Yes, we are. We don't have the  
22 answer. The real safety valve is the Congress and the  
23 question is whether they are willing to stand up to that.

24                   REPRESENTATIVE PANETTA: I think the concern is  
25 obviously what the state of the economy is like at the time

1 you have to face these choices. If we are in a period where  
2 inflation is going up and it appears that the economy is  
3 overheating, then we have some real trouble sticking to the  
4 Gramm-Rudman goals as well as trying to meet some of the  
5 other goals that we have established. Then there will have  
6 to be some revisions made. My hope is that if the economy  
7 can stay roughly where it's at now, that will give us the  
8 opportunity to take some of the steps that I mentioned, and I  
9 think that will send some confidence to the markets that we  
10 are on the right road.

11 CHAIRMAN SUNUNU: Additional questions? Governor  
12 Carruthers.

13 GOVERNOR CARRUTHERS: Mr. Chairman, Mr. Lewis  
14 indicated there would probably be some kind of consumptive  
15 tax. Would you characterize the options in consumptive tax  
16 and what level of income would you anticipate generating from  
17 these options?

18 MR. LEWIS: I did not mean to imply that we are  
19 going to recommend a consumption tax, I just said it's  
20 something we clearly have to look at. The consumption taxes  
21 we are looking at are the very obvious ones: Sales tax,  
22 gasoline tax, value-added tax, sin taxes -- liquor,  
23 cigarettes and things of that type, which don't produce very  
24 much revenue. All I'm saying is that if you are going to  
25 look at facing this issue, you just can't look at the

1 spending side, you have to look at the tax side at the same  
2 time.

3 Those are basically the consumption taxes we are  
4 looking at.

5 CHAIRMAN SUNUNU: Governor McKernan.

6 GOVERNOR MC KERNAN: Thank you, Mr. Chairman. To  
7 both Drew and Leon. In my short tenure in Congress, one  
8 thing became very clear to me and that is that Congress only  
9 acts in a crisis. You both have talked about the potential  
10 of a two-year budget cycle. I would like to ask you whether  
11 your recommendations might not include that two-year budget  
12 cycle, because I think that the window of opportunity is  
13 going to be the beginning of the next Congress, and if you  
14 can lock in a budget agenda for two years, the country is  
15 going to be a lot better off than thinking that anybody is  
16 going to stick to it in the out years.

17 REPRESENTATIVE PANETTA: I have always said that  
18 in a democracy things get done two ways: either through  
19 leadership or through crisis. Unfortunately, with regards to  
20 this issue, we have been working our way towards crisis. My  
21 hope is that with the leadership of both the President and  
22 the Congress -- and that's what really came together,  
23 frankly, in the summit agreement. When we came together  
24 there, we said why fight this battle, why sit down at this  
25 table and try to resolve these difficult issues and just do

1 it for one year. We ought to set those targets over a  
2 two-year period. It's paid off tremendously. I think the  
3 experience with the economic summit more than anything else  
4 has made the case for a two-year budget. But to make it  
5 work, you have to have the commitment of the President so  
6 that his budget reflects a two-year budget, and then he works  
7 with the Congress to try to establish that over a two-year  
8 period.

9 There is legislation that is moving in the Senate  
10 and we will introduce this week in the House, comparable  
11 legislation to in fact implement a two-year budget. I think  
12 we are on the way to seeing that happen, and I would suspect  
13 that the Commission will make that recommendation as well.

14 CHAIRMAN SUNUNU: Additional questions?

15 Thank you both for the presentation. I can assure  
16 you that you will find the governors very willing to  
17 participate in a bipartisan basis in dealing with this come  
18 fall. Thank you.

19 (Applause.)

20 CHAIRMAN SUNUNU: Now I have the privilege of  
21 presenting the 1988 NGA awards for distinguished service to  
22 state government in the arts. These awards recognize  
23 outstanding contribution on the part of state government  
24 officials, private citizens and the arts. These award  
25 programs are one of the first nationwide efforts to recognize

1 distinguished service to state government by both state  
2 officials and private citizens.

3 I would like to thank the governors who  
4 participated in the nominating process and also Mr. Richard  
5 Gilbert, president of Pioneer Press in Wilmette, Illinois who  
6 chaired the selection committee for 11 of the 12 years that  
7 NGA has been giving out these awards. Our appreciation is  
8 also extended to Mrs. Jeannie Baliles, First Lady of  
9 Virginia, who chaired the arts review panel. We extend our  
10 thanks to both of you for a job very well done.

11 Our winners this year have demonstrated  
12 dedication, vitality and innovative spirit, which has been  
13 characteristic of the award winners in the past and we feel  
14 is characteristic of participation in state government  
15 today. They have made truly outstanding contributions to  
16 their states and to the nations and they have distributed  
17 their time and energy to promote public good in all of our  
18 states.

19 As each of the nominees are announced, will the  
20 governors of their state please come to the podium and share  
21 in the presentation.

22 Our first award winner is in the state official  
23 category and is an award to Mr. Manabu Tagomori from the  
24 state of Hawaii. He is deputy chair of the Hawaii Commission  
25 on Water Resources Management. During the past 30 years of

1       unprecedented growth in population, tourism and business,  
2       Mr. Tagomori has demonstrated an exceptional ability to  
3       educate and brings together diverse community groups to deal  
4       with the protection and allocation of Hawaii's water  
5       resources. Governor Waihee has said, "the development of an  
6       effective water management program over the past 30 years can  
7       largely be attributed to the outstanding dedication and  
8       persistence of Mr. Tagomori."

9                        Congratulations.

10                      (Applause.)

11                   CHAIRMAN SUNUNU: It's good to see an award go to  
12       the water czar of the state of Hawaii.

13                   Our next award is Annie DeMartino, social worker  
14       for the Massachusetts Department of Social Services. When  
15       Ms. DeMartino came to Fitchburg, Massachusetts, there were 40  
16       welfare families, including 80 children, living in  
17       state-subsidized motels. Today there isn't a single homeless  
18       family in the community. Over the course of three years she  
19       has succeeded in placing more than 500 families in homes.  
20       She says 90 percent of her strategy is prevention, by  
21       mediating disputes and guaranteeing rent to landlords.  
22       Governor Dukakis has said, "Annie has put people before  
23       paper, and she has played a key role in virtually eliminating  
24       homelessness in the Fitchburg area."

25                      Congratulations.



1 (Applause.)

2 CHAIRMAN SUNUNU: Next from the state of Michigan  
3 is Mr. Douglas Ross, director of the Michigan Department of  
4 Commerce. Mr. Ross developed the Michigan Youth Corps, the  
5 nation's largest summer jobs program, providing work for more  
6 than 95,000 18- to 21-year-olds; Project Self Reliance, an  
7 experiment to move people off of welfare rolls and into  
8 private sector jobs; and the Michigan Skills Fund, a new  
9 proposal to offer \$100 million in interest-free loans to  
10 businesses for worker training.

11 "Equally impressive is the manner in which Doug  
12 has turned the Department of Commerce, a traditionally public  
13 bureaucracy, into a flexible, publicly-owned business  
14 designed to increase private investment in Michigan," said  
15 Governor Blanchard.

16 Will you please come forward.

17 (Applause.)

18 CHAIRMAN SUNUNU: Next from the state of Minnesota  
19 is Orville Pung, Minnesota Commissioner of Corrections.  
20 Mr. Pung spearheaded a national effort to eliminate the  
21 inequitable treatment of women offenders, and established  
22 special programs for women, both in institutions and in the  
23 community, including battered women and victims of sexual  
24 assault. He also implemented a successful cell rental  
25 agreement with other jurisdictions that generated over

1     \$30 million in revenue for the department's budget. Governor  
2     Perpich said, "throughout state government and among  
3     corrections professionals across the country, Orville Pung is  
4     well known as an outstanding manager and leader."

5                 Would you come forward.

6                 (Applause.)

7                 CHAIRMAN SUNUNU: Finally in the state official  
8     category is Clinton L. Pagano, superintendent of the New  
9     Jersey State Police. During his 36-year career in state law  
10    enforcement, Colonel Pagano led efforts in establishing rules  
11    for casino gambling, increasing the number of female state  
12    troopers and increasing the safety and health of police  
13    officers. He instituted special units for solid hazardous  
14    waste investigation and implemented the state's Comprehensive  
15    Drug Reform Act of 1987. Governor Kean has said, "Colonel  
16    Pagano has met every challenge that progress has demanded of  
17    our state's law enforcement branch, and he continues to make  
18    the safety and well-being of our citizens his top priority."

19                Congratulations, Colonel.

20                (Applause.)

21                CHAIRMAN SUNUNU: National Governors' Association  
22    is also very proud to honor private citizens who give of  
23    their special talents with unique dedication and long hours  
24    to serve the public through the states. Almost always their  
25    contributions are voluntary and without remuneration, usually

1 with nothing more than just our thanks. But today we are to  
2 make these awards to publicly recognize their significant  
3 achievements.

4 The first of our five distinguished private  
5 citizens is Mr. R. McRae Geschwind, president of the Arkansas  
6 division of Southwestern Bell Telephone Company. Governor  
7 Bill Clinton has said, "Mac is exemplary for all that we as  
8 governors look for in a corporate partner." Mr. Geschwind  
9 has sought to promote the economic development of Arkansas  
10 through coordination with Southwestern Bell's own development  
11 efforts. Though he has only lived in the state for two  
12 years, he initiated a program estimated to reach 12,000 high  
13 school freshmen in 1988 with a message about staying in  
14 school and avoiding drug abuse and teenage pregnancy. He has  
15 continually worked for a partnership with state government  
16 and his positive influence has been felt throughout Arkansas.

17 Would you please come up and receive the award.

18 (Applause.)

19 CHAIRMAN SUNUNU: Next from Iowa is Arlene  
20 Dayhoff, community volunteer. "Arlene Dayhoff's clear  
21 thinking and courageous actions on behalf of less fortunate  
22 individuals, coupled with her native intelligence,  
23 indomitable spirit and generous donations of time and energy,  
24 make her an extraordinary volunteer," says Governor Terry  
25 Branstad. For more than 25 years, Dayhoff has been involved

1 in volunteer activities at both the state and community  
2 levels to help the handicapped, the elderly and minority  
3 groups. "Her contributions to good government as an  
4 outstanding organizer and fundraiser are legend in Iowa,"  
5 said the governor.

6 Would you please come up and receive your award.

7 (Applause.)

8 CHAIRMAN SUNUNU: She also walks very softly. I  
9 didn't hear her get up here.

10 Next from Minnesota is Ms. Kathryn Keeley, founder  
11 and president of Women's Economic Development Corporation,  
12 WEDCO. WEDCO is a nonprofit St. Paul organization founded in  
13 1983. It assists women in freeing themselves from public  
14 assistance and helps them become economically self-sufficient  
15 by starting their own businesses through counseling and  
16 financial assistance. Governor Rudy Perpich said, her  
17 creativity, persistence and ingenuity have enabled her to  
18 make WEDCO an economic development model for the country,  
19 prompting more than 40 states and several foreign countries  
20 to request assistance in forming similar nonprofit groups.

21 Congratulations, Ms. Kathryn Keeley.

22 (Applause.)

23 CHAIRMAN SUNUNU: Next from New York, the  
24 Honorable John Brademas, president of New York University.  
25 Dr. Brademas has continued his outstanding record of

1 contributions to public service after his distinguished  
2 22-year career as a Congressman. In addition to serving as  
3 the president of New York University, Dr. Brademas chairs the  
4 Governors' Council on Fiscal and Economic Priorities.  
5 Governor Cuomo said that under Dr. Brademas' guidance, the  
6 council has highlighted the way state government can utilize  
7 the talents of its citizens to help solve some of the most  
8 pressing problems of the day.

9                   Congratulations, Dr. Brademas.

10                   (Applause.)

11                   CHAIRMAN SUNUNU: Next from North Dakota is Myrt  
12 Armstrong, executive director of the North Dakota Mental  
13 Health Association. Ms. Armstrong has transformed the North  
14 Dakota Mental Health Association from a faltering  
15 organization into a healthy advocacy group with thousands of  
16 volunteers and a variety of programs. She has achieved  
17 international recognition for her work with "farm stress," a  
18 term she uses to describe the anguish of farmers losing their  
19 way of life. She is credited with guiding the passage of the  
20 first mental health commitment law in the state assuring the  
21 rights and safety of all of those in need of treatment.  
22 "Myrt has set a standard of leadership and excellence in  
23 service which only a few will meet, but to which all of us  
24 can aspire," said Governor Sinner.

25                   Would you please join us up here.

1 (Applause.)

2 CHAIRMAN SUNUNU: Each year for the past nine  
3 years the National Governors' Association also gives an award  
4 for distinguished service to the arts. This year the winner,  
5 who cannot be with us, is Mr. Maurice Abravenal of Utah.  
6 Governor Norman Bangerter said, "Maurice has almost  
7 single-handedly transformed the cultural face of our city and  
8 our state and is the focal point around which has developed  
9 our symphony, our ballet and our opera." He expanded the  
10 Utah symphony's 25 concert schedule to 250 concerts.

11 We would like you now to please rise for a  
12 standing ovation to all the distinguished award winners. We  
13 are all very proud of your selfless and extraordinary  
14 services.

15 (Applause.)

16 CHAIRMAN SUNUNU: We now move on to the voting of  
17 the proposed policy positions. We will have discussion and  
18 votes on the revised and the new committee policy positions  
19 that were sent to you on July 22. You have before you the  
20 policy statements plus any amendments made in the standing  
21 committees of this conference and any proposals offered under  
22 suspension of the rules.

23 To expedite matters, we will vote en bloc on the  
24 proposals of each committee, except where a specific request  
25 is made to consider a proposal on an individual basis. We

1 will proceed in alphabetical order by committee beginning  
2 with the Committee on Agricultural and Rural Development.  
3 The Executive Committee and Suspensions will be considered  
4 last. Would the standing committee chairmen please summarize  
5 and move the adoption of their policy positions.

6 First of all, we move to Governor Sinner, chair of  
7 the Committee on Agriculture and Rural Development. Governor  
8 Sinner.

9 GOVERNOR SINNER: Mr. Chairman, most of the work  
10 in the agricultural policy dealt with the drought and our  
11 efforts to develop long-range policy deal with such natural  
12 disaster in the future. There has been only one area of  
13 question in the policy, and I want to call your attention to  
14 that, because several of you have asked about it. It's on  
15 page 16. The ag committee is the gray covered report.

16 On page 16, you will find a sentence or a clause  
17 that reads "and redirection of water supplies to meet needs  
18 beyond traditional customers." That policy was questioned by  
19 several people who wondered if we were trying to put the NGA  
20 behind an effort to take water out of the Great Lakes to  
21 replenish the flow in the Mississippi.

22 Clearly, that was not nor is the intention. The  
23 intention is to make water available on an emergency basis  
24 when water is short in some areas, and to give us the breadth  
25 of policy to support efforts in Congress to move water where

1 it's critically needed in times of a national emergency or  
2 regional emergency.

3 Other than that, there has been no significant  
4 controversy in any of the policies, and I move the adoption  
5 of the policy.

6 Mr. Chairman, I move the adoption.

7 CHAIRMAN SUNUNU: Policies have been moved to be  
8 adopted. Is there a second?

9 (Motion seconded.)

10 CHAIRMAN SUNUNU: Discussion? Move to a vote.  
11 All in favor?

12 (Chorus of ayes.)

13 CHAIRMAN SUNUNU: Opposed?

14 The policies are passed.

15 Governor Branstad, can we have some brief comments  
16 on the rural development report.

17 GOVERNOR BRANSTAD: Thank you, Governor. I  
18 noticed that you emphasized "brief." The task force on rural  
19 development has recommended a bottom-up approach which would  
20 emphasize the need for strategic planning and goal setting at  
21 the local level and for the federal government and the states  
22 to play a supportive role to assist and encourage the  
23 strengthening and diversification of rural America. We  
24 specifically highlighted some of the areas where the federal  
25 government has discriminated against rural areas. One of



1 those areas is in the health care and the reimbursement rates  
2 for rural hospitals. We also recommended emphasis at the  
3 state level in providing quality education and transportation  
4 systems for rural America and for rural areas as well as in  
5 the urban areas.

6 I am pleased to say that the task force  
7 recommendations have gained a broad bipartisan support, and  
8 we are hopeful that the United States Congress, in drafting  
9 legislation to deal with rural development, does indeed  
10 follow the approach recommended, which is to have it  
11 administered by the states in a supportive role working with  
12 local governments.

13 I am pleased to submit this report and I thank you  
14 for the opportunity to highlight the importance of  
15 strengthening and diversifying the economies of much of our  
16 country where 25 percent of our population lives in rural  
17 America.

18 CHAIRMAN SUNUNU: Thank you very much, Governor.  
19 Committee on Economic Development and Technological  
20 Innovation, Governor DiPrete.

21 GOVERNOR DI PRETE: Thank you, Mr. Chairman.

22 Regarding policy E-1, the amendment to the  
23 economic development policy before you here this morning is  
24 intended to adjust the goals of our policy to more accurately  
25 reflect the major issues confronting governors today; and

1 specifically a greater emphasis is placed on the role of the  
2 states and the importance of job development and educational  
3 excellence as appropriate components of a comprehensive  
4 economic development program. But, Mr. Chairman, regarding  
5 policy E-4, this would develop a new national housing  
6 policy. Just hitting the highlights of it, following your  
7 suggestion, there are seven key provisions dealing with the  
8 preservation of affordable housing; secondly, rental  
9 assistance; thirdly, expanding the supply of affordable  
10 housing; fourth, expanding home ownership; fifth, dealing  
11 with the problem of homelessness; sixth, dealing and  
12 enforcing matters pertaining to fair housing; and seventh,  
13 provisions calling for a national housing partnership.

14 I specifically would like to thank Governor Dick  
15 Celeste for making some very valuable suggestions in  
16 committee and adding special needs for specific population  
17 groups. I think we have dealt with those effectively and  
18 these provisions have been unanimously approved in committee,  
19 Mr. Chairman. I so move.

20 CHAIRMAN SUNUNU: Motion is made. Is there a  
21 second?

22 (Motion seconded.)

23 CHAIRMAN SUNUNU: Governor Dukakis.

24 GOVERNOR DUKAKIS: Mr. Chairman, I would like to  
25 commend Governor DiPrete and the members of the committee

1 especially for the housing policy resolution. I think we all  
2 know what has happened to our national commitment to housing  
3 for families of low and moderate income and the elderly over  
4 the past seven years. It's been cut back by about 90  
5 percent; it's one of the reasons why we have over 2.5 million  
6 people who are homeless in this country. What the committee  
7 is recommending is solid, it's balanced, it deals not only  
8 with the serious issue of housing for families of low and  
9 moderate income, but the problem of home ownership for young  
10 families, and for the first time strongly recommends a  
11 partnership in which states and local communities of the  
12 private sector and nonprofit organizations will be actively  
13 and deeply involved, and I think it's a first-rate piece of  
14 work. I think it's important to note that we meet in a state  
15 which was represented in the United States Senate with  
16 distinction by a man named Robert Taft, who was a member of  
17 the Republican party and was one of the principal co-sponsors  
18 of the National Housing Act of 1949. It's particularly  
19 appropriate I think on a bipartisan basis that we approve  
20 this resolution. It's a first-rate piece of work and I  
21 commend you for it.

22 GOVERNOR DI PRETE: Thank you.

23 CHAIRMAN SUNUNU: Thank you, Governor. Any other  
24 comments? Governor Kean.

25 GOVERNOR KEAN: I would also like to add my voice

1 to commend the committee and Governor DiPrete. We  
2 desperately need to provide more affordable housing. Last  
3 year housing costs increased nationwide 25 percent faster  
4 than incomes. That just can't continue. The average price  
5 of a home in my own state of New Jersey is 200 percent higher  
6 than the national average, and the average rent for a  
7 two-bedroom apartment is nearly \$300, more than the national  
8 average. This committee outlines very well the effective  
9 ways we can deal with this crisis and I just wanted to add my  
10 voice to commend Governor DiPrete and the committee for this  
11 resolution.

12 CHAIRMAN SUNUNU: Thank you, Governor. Any other  
13 comments? If not, we will move to a vote. All those in  
14 favor of the motion, please say aye.

15 (Chorus of ayes.)

16 CHAIRMAN SUNUNU: Those opposed?

17 The ayes have it. The motion is passed.

18 Move on to the Committee on Energy and  
19 Environment, Governor Moore, chairman.

20 GOVERNOR MOORE: Mr. Chairman, the committee  
21 presents for the plenary session consideration two amendments  
22 to existing NGA policy, two resolutions, which would be moved  
23 en bloc, following which I will ask suspension of the rule  
24 for the consideration of an amendment to D-48 regarding ocean  
25 dumping.

1           The Committee on Energy and the Environment have  
2 taken a very, we think, innovative and unique approach to the  
3 development of addressing governors' attention to severe  
4 problems across the country. The first resolution begins by  
5 distributing a discussion paper on the development of a  
6 comprehensive energy policy.

7           Now this, I want to hasten to say, is not the  
8 adoption of NGA position with respect to a national energy  
9 policy. But the committee will circulate to each governor  
10 the total of its research and intelligence so that your  
11 comments might be gathered and made available to the annual  
12 meeting or the winter meeting in Washington in February.

13           Essentially, the policy framework on a national  
14 energy policy addresses five single areas. Energy policy  
15 should reflect the security concerns of the nation; energy  
16 policy needs to promote efficiency in markets for energy,  
17 production and conservation; energy policy should provide  
18 clear principles for investment in energy research and  
19 development; energy policy should include a well-specified  
20 division of regulatory authority between the states and the  
21 federal government; and energy policy should assure  
22 reliability.

23           We invite your review of this. We are taking the  
24 approach, just as many federal agencies do, by submitting  
25 matters to the Federal Registry for your comment. We realize

1 the sensitivity, regionally and economically, of a national  
2 energy policy. We need your help and we need your best input  
3 so that the committee might proceed with its work.

4 In addition, Mr. Chairman, there is a resolution  
5 also urging the Congress to act this year to reauthorize the  
6 Clean Air Act. This specifically addresses the existing  
7 language of policy D-15 which calls for the 100th Congress to  
8 act immediately to adopt legislation to address ozone and  
9 carbon monoxide noncompliance before it adjourns.

10 The two amendments to policy, addressing policy  
11 numbered E-17 on hazardous waste, simply indicates that the  
12 proposed policy amendment urges several steps that EPA must  
13 undertake in order that it might develop an aggressive  
14 hazardous waste enforcement program in cooperation with the  
15 states. Policy amended, D-35, is in regard to the Land and  
16 Water Conservation Act, and that proposes to suggest that the  
17 Congress move to readopt the land and water conservation  
18 program with several unique references to the development of  
19 a trust fund to support the program, and in addition to that  
20 with some emphasis on historic preservation.

21 I suggest in terms of the resolutions and in terms  
22 of the amendment, Mr. Chairman, there is no significant  
23 fiscal impact either on the states or on the federal  
24 government with the adoption of these four matters. I  
25 therefore move en bloc their consideration and adoption at

1 this time.

2 (Motion seconded.)

3 CHAIRMAN SUNUNU: It has been moved and seconded.

4 Before we move to a vote, may I ask that the  
5 comments and discussions that are taking place in the back be  
6 taken outside of the hall. It really is difficult for folks  
7 at this end to hear the speakers with the discussions taking  
8 place in the back.

9 It's been moved and seconded. Is there any  
10 comment, questions or discussion?

11 Move to a vote. All those in favor, please say  
12 aye.

13 (Chorus of ayes.)

14 CHAIRMAN SUNUNU: Those opposed, nay. Passes.

15 GOVERNOR MOORE: Mr. Chairman, if I might, I move  
16 the suspension of the rules to allow the consideration of  
17 amendment to NGA policy D-48 regarding ocean dumping, and for  
18 an explanation of that amendment, I ask the Chair's  
19 indulgence to yield to the governor of Rhode Island.

20 CHAIRMAN SUNUNU: Suspension of the rules requires  
21 a 3/4 vote. There is no debate. We will move to a vote on  
22 whether we will have suspension of the rules.

23 All those in favor, please say aye.

24 (Chorus of ayes.)

25 CHAIRMAN SUNUNU: Those opposed, no.

1 Governor from Rhode Island, Governor DiPrete.

2 GOVERNOR DI PRETE: Thank you very much,  
3 Mr. Chairman.

4 The policy before you, of course, deals with ocean  
5 dumping. This is a problem currently affecting the states  
6 along the northeastern sea border of the United States, but  
7 obviously it's a problem that any coastline anywhere in the  
8 United States to the east or west of the Gulf of Mexico is  
9 vulnerable to. The two aspects specifically addressed by  
10 this policy deal with medical debris, such as medical  
11 syringes and blood vials, which have washed ashore on some  
12 beaches in several states of the northeastern part of the  
13 country.

14 I might say that dumping of such material is  
15 already illegal, but we are asking and suggesting that all of  
16 us need to be more vigilant in enforcement and prosecution.

17 The second part of the policy deals with sewage  
18 sludge. The dumping of sewage sludge is not illegal at this  
19 time, but I don't think any of us here would feel that we can  
20 continue to dump this kind of sludge in the ocean without  
21 expecting severe, adverse conditions.

22 Therefore, the policy calls for federal and state  
23 legislation to be in sewage sludge dumping and calls for  
24 strict enforcement of the existing laws dealing with the  
25 dumping of medical debris, disposal of medical debris. It



1 calls for communities to seek alternative methods of sludge  
2 disposal, and there are methods currently available.

3 I would like to thank Governor Moore, members of  
4 the committee, and specifically my neighboring governors,  
5 Governor Cuomo of New York, Governor O'Neill of Connecticut  
6 and Governor Kean of New Jersey, for their support and  
7 assistance in the development of this policy.

8 CHAIRMAN SUNUNU: Thank you. Is there a second?  
9 (Motion seconded.)

10 CHAIRMAN SUNUNU: Moved and seconded.

11 Governor O'Neill, you want to make some comments  
12 as well.

13 GOVERNOR O'NEILL: Thank you, Mr. Chairman. I  
14 will be very brief. I want to congratulate Governor DiPrete  
15 and the other northeast governors for looking at this very,  
16 very serious situation that is having a drastic adverse  
17 effect on the northeast corner of the United States, and to  
18 strongly support this particular policy decision, to inform  
19 the Congress of the United States that indeed we cannot allow  
20 this to continue to happen, that we in Connecticut are more  
21 fortunate, perhaps, because Long Island happens to lie out  
22 there and blocks part of this from creating a problem on our  
23 beaches. But nevertheless, the problem exists in Connecticut  
24 as well as Rhode Island, New Jersey and New York. I think  
25 it's more than time to alleviate this particular problem.

1 CHAIRMAN SUNUNU: Thank you, Governor.

2 Any additional comments or discussion? If not, we  
3 will move to a vote on the policy. All in favor, please say  
4 aye.

5 (Chorus of ayes.)

6 CHAIRMAN SUNUNU: Opposed? The ayes have it.

7 Move to the Committee on Human Resources.

8 Governor Castle.

9 GOVERNOR CASTLE: Thank you, Mr. Chairman.

10 I would like to move two policies and then yield  
11 to Governor Clinton who wishes to bring us up to date on the  
12 Bringing Down the Barriers project and then to yield to  
13 Governor Baliles for comments on the international  
14 scholarship program.

15 The two policies I would like to move were adopted  
16 unanimously yesterday in the meeting of the Human Resources  
17 Committee. The first is on employment security and  
18 unemployment insurance, which further clarify and delineate  
19 the formula by which funds to support the employment security  
20 and unemployment insurance funds were distributed to the  
21 states. The other is in the area of emergency assistance, to  
22 clarify the way in which federal funds can be used to prevent  
23 homelessness. I move the adoption of these policies,  
24 Mr. Chairman.

25 (Motion seconded.)

1 CHAIRMAN SUNUNU: It's moved and seconded.

2 Discussion?

3 Governor, you wanted to call on -- you mentioned  
4 somebody.

5 GOVERNOR CASTLE: After we adopt the policies.

6 CHAIRMAN SUNUNU: After we adopt these. Any  
7 discussion on these items?

8 Move to a vote. All those in favor, please say  
9 aye.

10 (Chorus of ayes.)

11 CHAIRMAN SUNUNU: Those opposed, please say nay.  
12 The ayes have it.

13 GOVERNOR CASTLE: Mr. Chairman, if I could yield  
14 to Governor Clinton for an update on Bringing Down the  
15 Barriers. We all know that Governor Clinton headed this for  
16 us last year and in this last year we have accomplished a lot  
17 of the things that we started out to do.

18 Governor Clinton.

19 GOVERNOR CLINTON: Thank you very much,  
20 Mr. Chairman and Governor Castle.

21 Governors, I just want to make a special note of  
22 this purple book that is on all of your desks or in front of  
23 you. It is the follow-up to the Making America Work report  
24 which we issued last year at this conference. It's brief. I  
25 would urge you to read it and if not, I would urge you to

1 have someone go through it so we can continue the process of  
2 borrowing from one another in these important areas.

3 I have been terribly impressed in the follow-up  
4 stage at the initiatives which have been taken both in the  
5 human service area and in the economic development area. I  
6 think you will be very pleased when you see this report.

7 One final thing, next year, by way of follow-up,  
8 the NGA along with the American Council on Education and the  
9 Council for Adult and Experimental Learning and the College  
10 Entrance Examination Board will co-sponsor a year-long  
11 project entitled "A More Protective Workforce, Challenge for  
12 Postsecondary Education and its Partners." There will be a  
13 national conference on this in May of 1989 in Little Rock. I  
14 hope all of you will be involved in that.

15 Please, this report is well done and brief. It is  
16 worth your having somebody carefully review it for  
17 initiatives which you might wish to adopt. Thank you very  
18 much.

19 CHAIRMAN SUNUNU: Thank you very much, Governor.

20 Again, I am going to have to ask, the discussions  
21 that are taking place in the back, as innocuous as they  
22 appear to you, the acoustics of the room are such that it  
23 does create a problem up here. Please take those outside the  
24 room.

25 Governor Castle.

1 GOVERNOR CASTLE: Finally, Mr. Chairman, I would  
2 like to call on Governor Baliles for comments on the  
3 international scholarship program.

4 VICE CHAIRMAN BALILES: Thank you, Mr. Chairman.

5 Our colleague, former Governor Bob Graham of  
6 Florida, now a member of the U.S. Senate, has asked me to  
7 briefly discuss with you a federal international scholarship  
8 program he has helped establish. The new federal program is  
9 called the Cooperative Association of States' Scholarships,  
10 CASS for short. The program is based on Florida's successful  
11 Central American scholarship program when Governor Graham was  
12 presiding in Florida.

13 As I understand it, in Florida, the program  
14 operates from state-appropriated funds which were then  
15 matched by private sector donations for scholarships for  
16 indigent students from Central America and the Caribbean  
17 Basin. The students come to Florida to study under the  
18 condition that they return to their home country at the  
19 conclusion of their studies and engage in development work.  
20 This way we are able to sow the seeds for future political  
21 and economic relations by helping train tomorrow's government  
22 and business leaders.

23 At the federal level, the CASS program will seek  
24 to duplicate the Florida effort on a national level, starting  
25 with five state pilot programs run through the federal Agency

1 for International Development. AID will provide up to  
2 \$300,000 in matching money for these scholarships. Senator  
3 Graham will be writing each of you in the next couple of  
4 weeks asking if you would be interested in your state  
5 participating as one of the five pilot project states. In  
6 the meantime, you will find a handout at your places on the  
7 table.

8 Thank you, Mr. Chairman.

9 CHAIRMAN SUNUNU: Thank you very much.

10 Governor Thompson. Brief remarks on the National  
11 Commission to Prevent Infant Mortality.

12 GOVERNOR TOMMY THOMPSON: Each of you has just  
13 received a copy of this blue booklet which is the final  
14 booklet on the National Commission to Prevent Infant  
15 Mortality. This Commission was established by the Congress  
16 over a year ago and a group of Americans from all disciplines  
17 were appointed as members. It was a bipartisan group under  
18 the leadership of Senator Lawton Chiles of Florida. I was  
19 privileged to serve as a member of this Commission, together  
20 with our former colleague, Governor Riley, South Carolina.

21 What we learned during the course of more than a  
22 year's hearings across the United States was, frankly,  
23 frightening. For a nation which continually talks about its  
24 children and their future, we have not done enough to ensure  
25 that all children, regardless of the circumstances under

1 which they are born, have a chance, an equal chance, to make  
2 it. And in fact, by our attitudes and practices, have  
3 sanctioned, for more than 40,000 children a year, death  
4 before life.

5 It was the unanimous conclusion of our Commission  
6 that that state of affairs could not continue in America.

7 Mr. Chairman, at the end of World War II, the  
8 nation of Japan was 17th in the world in infant mortality.  
9 Today the nation of Japan is number 1. 20 years ago, the  
10 United States was 15th in its effort on the issue of infant  
11 mortality. Today, 20 years later, we are 19th.

12 For all those governors who constantly urge us to  
13 emulate Japan on issues relating to productivity,  
14 competitiveness, trade and the share of world market for our  
15 goods and our services, I call attention to the fact that  
16 that nation, leveled by war, has gone from 17th place to  
17 first place in that time, while we have gone backwards.

18 A child born in Singapore today has a better  
19 chance of living to its first birthday than a child born in  
20 the United States; and a child born in Bulgaria or  
21 Czechoslovakia today has a better chance of living to its  
22 first birthday than a black child born in the United States.

23 Mr. Chairman, no country in the world has better  
24 technology for saving a low birth weight child or a child at  
25 risk once it is born, at a cost sometimes of up to almost

1 half a million dollars, but we have not used either our  
2 social system or our technology to prevent the birth of low  
3 birth weight children or other children at risk. And it is  
4 this preventive mode that America must move to, rather than  
5 the immoral and vastly more expensive mode of trying to save  
6 children once they are put at risk.

7 The Commission's report understandably calls for  
8 the expenditure of additional funds by the public sector and  
9 by the private sector. Because those funds are limited in  
10 both sectors, we understand that its recommendations must be  
11 phased in. But in this area, as in other areas dealing with  
12 our children, we simply must bring down the barriers, and we  
13 must do it with an innovative and imaginative and  
14 hard-working federal, state, local, private sector  
15 partnership. We cannot continue as a modern nation to fall  
16 behind Singapore, Bulgaria, Czechoslovakia. We cannot  
17 continue to challenge the nation of Japan on every other  
18 front except the care of children at risk.

19 I hope every governor will take this report and do  
20 what he or she can in their own state with their own state,  
21 local and private sector resources, and I would urge our  
22 incoming chairman, Governor Baliles, to give top priority  
23 attention to this issue as part of the consideration of NGA  
24 in our next year's business. Thank you very much.

25 CHAIRMAN SUNUNU: Thank you very much, Governor



1 Thompson.

2 We move to the Committee on International Trade  
3 and Foreign Relations. Governor Gardner.

4 GOVERNOR GARDNER: Thank you, Mr. Chairman.

5 Recommending an amendment to H-6 on tourism. All  
6 of us understand the value of tourism. Those are individuals  
7 who come to our states and don't use our schools, our prisons  
8 or our welfare systems. They go home to do that.

9 We are proposing an amendment that urges the  
10 federal government to resume collection and reporting of data  
11 similar to that of the national travel survey last conducted  
12 through the U.S. Census Bureau in 1977. Governor Waihee may  
13 wish to make an additional comment on this.

14 CHAIRMAN SUNUNU: Governor Waihee.

15 GOVERNOR WAIHEE: No, I think the chairman is  
16 saying it very well. Tourism is an extremely important  
17 industry.

18 GOVERNOR GARDNER: All right. I would like to  
19 thank him for his assistance. He carried this particular  
20 amendment and I move the motion.

21 GOVERNOR WAIHEE: Seconded.

22 CHAIRMAN SUNUNU: Moved and seconded.

23 Discussion? Move to a vote. All those in favor say aye.

24 (Chorus of ayes.)

25 CHAIRMAN SUNUNU: Those opposed, nay.

1                   The ayes have it. Thank you very much.

2                   Report from the Committee on Justice and Public  
3                   Safety, Governor Deukmejian.

4                   GOVERNOR DEUKMEJIAN: Mr. Chairman, for the second  
5                   time in two years, the Committee on Justice and Public Safety  
6                   devoted the entire meeting to the issue of drugs in America.  
7                   We did so because the problem of drug abuse is certainly one  
8                   of the most serious problems that is confronting this nation,  
9                   affects every city, every state, knows no boundaries.

10                  As reported in testimony presented before the  
11                  committee, the importation of illegal drugs into America  
12                  continues in large quantities despite the best efforts of  
13                  federal, state, local law enforcement agencies to cut supply  
14                  lines.

15                  Governor Martinez of Florida reported to the  
16                  Committee on the Florida experience where, despite valiant  
17                  efforts by all law enforcement agencies, assisted by a  
18                  federal task force, that major drug shipments into Florida  
19                  continues.

20                  More must be done to reduce the supply of drugs  
21                  coming into this country. Increased coordination between  
22                  state and federal agencies and between state agencies in each  
23                  state is essential. However, the only realistic approach to  
24                  solving America's drug problem lies in reducing the demand  
25                  for drugs.

1           Darryl Gates, the chief of police of the Los  
2 Angeles Police Department, told the committee about a program  
3 that is called the DARE program. It's a school-based  
4 prevention effort developed by his department and is now  
5 being used in many states. The DARE program and other  
6 effective prevention programs need to be promoted.

7           The NGA very early recognized the seriousness of  
8 the drug problem. NGA policies speak very directly to the  
9 issues related in the effort against drug abuse. We have  
10 sponsored seminars, we have developed and released  
11 publications to assist governors so that they can develop  
12 strategies to confront drug abuse. But notwithstanding all  
13 that NGA has done, much more needs to be done. While illegal  
14 drugs constitute a major law enforcement problem, drugs are  
15 more than just a law enforcement problem.

16           Drugs in their abuse must be approached as a  
17 health problem, an education problem, a human resources  
18 problem, a transportation and commerce problem, and a foreign  
19 relations problem. NGA has either a committee or some other  
20 body considering each of these issues.

21           Because the drug problem transcends the  
22 jurisdiction of any one committee, some thought should be  
23 given to creating a special body to consider the problems of  
24 drugs in all of its various aspects.

25           On Sunday, a group of governors from border and

1 coastal states, with acute drug problems, met for a  
2 discussion of ideas on ways to confront this deadly threat  
3 posed by illegal drugs. The governors agreed on the need for  
4 an NGA body devoted exclusively to drugs.

5 As the outgoing chairman of the Committee on  
6 Justice and Public Safety, I believe that strong  
7 consideration should be given to the establishment of a task  
8 force with the sole mission of considering a coordinated  
9 state and national drug strategy. The task force would draw  
10 on the membership and staff resources of all of the NGA  
11 committees in its work on this important problem.

12 As illustrated by the testimony before our  
13 committee, and the interest expressed by governors on and off  
14 the committee, the drug problem should remain on the top of  
15 the NGA policy agenda. That's the report of our committee,  
16 Mr. Chairman.

17 CHAIRMAN SUNUNU: Thank you very much. Governor  
18 Baliles.

19 VICE CHAIRMAN BALILES: Thank you, Mr. Chairman.

20 I would simply echo the comments of the governor  
21 of California. In fact, the new chairman of the Criminal  
22 Justice Committee, Governor Castle, and I and others have  
23 already discussed that proposal. You will find it being  
24 advanced during the next year.

25 CHAIRMAN SUNUNU: Thank you very much, Governor

1 Baliles.

2 Any other comments?

3 Move on to the Committee on Transportation,  
4 Commerce and Communication, Governor O'Neill.

5 GOVERNOR O'NEILL: Thank you, Mr. Chairman.

6 We have four amendments this morning, F-1, -2, -3  
7 and F-10. The first two, F-1 and -2, are technical in nature  
8 and are updating with no fiscal impacts to any of the states  
9 or to the federal government. F-3 is a new amendment on air  
10 transportation and it speaks to the quality of safety of the  
11 service as well as improvements at airports and air traffic  
12 control systems and modernization; and also to the importance  
13 of air transportation pertaining to economic development,  
14 whether it be in the tourism area or in manufacturing and  
15 software area. That is that one.

16 Number 4, which is F-10, is an item proposed on  
17 telecommunications, speaking of the proposition of network  
18 modernization, greater cooperation among all levels of  
19 government and between governments and in industry in this  
20 particular area as well.

21 Those are the four proposals, and I would move the  
22 four en bloc at this time.

23 (Motion seconded.)

24 CHAIRMAN SUNUNU: Moved and second. Discussion?

25 No discussion, we move to a vote. All those in

1 favor, please say aye.

2 (Chorus of ayes.)

3 CHAIRMAN SUNUNU: Those opposed, please say nay.

4 The ayes have it.

5 Move on to the next item, discussion of the  
6 resolutions from the Executive Committee. There are two  
7 resolutions and one request for suspension. We will take  
8 them each individually.

9 First item is the Executive Committee policy on  
10 federalism. Is there a motion on that policy?

11 Governor Kean.

12 GOVERNOR KEAN: Mr. Chairman, I would like to move  
13 the policy.

14 (Motion seconded.)

15 CHAIRMAN SUNUNU: Moved by Governor Kean, seconded  
16 by Governor Clinton. We move to discussion.

17 Let me open the discussion by pointing out what is  
18 being recommended in that policy. It has about three parts  
19 to it. The first part is basically a compilation of those  
20 sections of our standing policies that address the federalism  
21 issue. The last two items in it are items that are certainly  
22 items that will probably be debated here. One is a request  
23 as a result of the South Carolina versus Baker decision in  
24 which there was legislation and then a Supreme Court decision  
25 addressing the legislation that was passed that has made it

1 clear that Congress has the authority to impact the capacity  
2 of the states to issue bonds, issue tax-free bonds, and to  
3 deal with the traditional areas that had been left to the  
4 states in terms of deficit financing and revenue raising.  
5 And the concern that was raised by a number of states, after  
6 evaluating the financial impact on their budgets that such a  
7 change could have, was to request that we consider asking  
8 Congress, and that's what the section does. It asks Congress  
9 to consider proposing either legislation or a constitutional  
10 amendment to protect the rights of the states to issue those  
11 bonds under the tax-free structure.

12 The third item that is there is an effort to  
13 address concerns that have been manifested over the last 200  
14 years relative to the process under which states may initiate  
15 amendments to the Constitution.

16 I think in recent years it has become clear that  
17 there was a great deal of concern about the process for  
18 states which retains the call for a constitutional  
19 convention. There is concern that that process in which a  
20 constitutional convention would be called would be uncertain,  
21 would create difficulty, and as such has inhibited the  
22 capacity of states to exercise their check and balance  
23 process of the Constitution.

24 This provisions asks Congress, it asks Congress to  
25 consider proposing a constitutional amendment which in effect

1 replaces the constitutional convention, part of the process,  
2 with a stop at Congress, giving Congress the right to reject  
3 the constitutional amendment. It is not an effort to make  
4 the process easier; it is an effort to remove the spectre of  
5 the convention from being part of the check and balance  
6 structure that is there.

7 There are within that a couple of specific  
8 purposes. The first is to increase public awareness of the  
9 issue. The second is to ask Congress to share with us a  
10 solution to that constitutional convention concern that has  
11 been raised.

12 In the past year a couple of states have actually  
13 withdrawn their call for balanced budget amendments because  
14 of concerns raised about the constitutional convention issue.

15 Open it up for discussion from the floor.

16 Governor McWherter.

17 GOVERNOR MC WHERTER: Mr. Chairman, on request  
18 would you divide these three issues from the Chair?

19 CHAIRMAN SUNUNU: I am not sure what our  
20 traditional procedure for dividing the issues is.

21 MR. WRIGHT: The rules are that to change any  
22 policy requires the same vote as the policy itself.

23 CHAIRMAN SUNUNU: It would require you to define  
24 the division and then ask for a vote which would require a  
25 two thirds vote to divide.



1 Any other discussion?

2 GOVERNOR CARRUTHERS: Question.

3 CHAIRMAN SUNUNU: Question has been called. Move  
4 to a vote on the policy on federalism. All those in favor,  
5 please say aye.

6 (Chorus of ayes.)

7 CHAIRMAN SUNUNU: All those opposed, nay.

8 (Chorus of nays.)

9 CHAIRMAN SUNUNU: I believe the ayes have it.  
10 Move on to the next item, the resolution on Guam.  
11 Is there a motion on the resolution on Guam? Governor  
12 Clinton.

13 GOVERNOR CLINTON: I move the resolution on Guam  
14 reaffirming our support for their commonwealth status.

15 GOVERNOR KEAN: Second.

16 CHAIRMAN SUNUNU: Seconded by Governor Kean.  
17 Discussion?

18 Move to a vote on the resolution on Guam. All  
19 those in favor say aye.

20 (Chorus of ayes.)

21 CHAIRMAN SUNUNU: All those opposed, no.

22 The ayes have it.

23 Now we have a request for suspension on the mail  
24 order sales issue. To speak to that is Governor Sinner.

25 GOVERNOR SINNER: Mr. Chairman, I would first move

1 for suspension of the rules to consider a late resolution out  
2 of the Executive Committee.

3 GOVERNOR MC KERNAN: Mr. Chairman, I would like to  
4 reserve the right to object and ask what the purpose of this  
5 suspension is.

6 CHAIRMAN SUNUNU: Governor McKernan requests the  
7 purpose of the suspension. Would you please explain that,  
8 Governor Sinner, so that we may deal with this.

9 GOVERNOR SINNER: Mr. Chairman, with your leave, I  
10 will explain the resolution which was passed by the Executive  
11 Committee in its totality, and I will do it once and not  
12 twice.

13 The resolution is in the pink folder, pink covered  
14 folder, and I should point out there's one other resolution  
15 from the ag committee that Governor Mickelson will explain  
16 following this, and I want to remind the Chair of that, if he  
17 is listening.

18 This resolution urges Congress to act before this  
19 session ends to complete action on legislation that would  
20 level the marketing field between direct and catalog sales  
21 and would permit states to require out-of-state mail order  
22 firms to collect already due state and local taxes. The  
23 resolution urges the Congressional committees to mark up and  
24 report the legislation for Floor votes.

25 Here is the problem. The National Council of

1 State Legislatures, the League of Cities, the U.S. Conference  
2 of Mayors, the National Association of Counties, the  
3 Federation of Tax Commissioners, the Multistate Tax  
4 Commission, Main Street Merchants Organization and the  
5 National Retailers Association have worked long and hard to  
6 build a consensus with the national governors. We have the  
7 votes in Congress. We are confident. We must get the bill  
8 out of committee and on to the Floor for final passage.

9 The inequity that takes place between Main Street  
10 businesses and out-of-state direct sellers is horrendous.  
11 The average net profit of American retailers is something  
12 like 2.5 percent of gross sales and yet they live with  
13 something like a 5.5 percent handicap in competing with  
14 catalog sellers because of the Belas-Hess ruling. It is  
15 imperative that it be corrected for the equity due Main  
16 Street businesses, and we are petitioning Congress by this  
17 resolution to get the bill on the Floor and let the Congress  
18 vote on it.

19 CHAIRMAN SUNUNU: Governor Sinner, could you  
20 clarify whether or not you are asking for policy change?

21 GOVERNOR SINNER: I am not asking for policy  
22 change. Our policy is, as I remember, unanimous or virtually  
23 unanimous in support of the policy to seek Congressional  
24 action to correct the Belas-Hess inequity.

25 CHAIRMAN SUNUNU: Governor McKernan.

1 GOVERNOR MC KERNAN: Mr. Chairman, I would like  
2 the record to reflect that I oppose suspending the rules and  
3 passing this resolution. I am opposed to it. I realize I am  
4 an insignificant minority. I won't take up the time of this  
5 conference because it only takes a 3/4 vote to suspend the  
6 rules. But I want the record to show that I oppose Congress  
7 acting in this area and I oppose our policy in this area.

8 CHAIRMAN SUNUNU: Move to a vote on the suspension  
9 of the rules. All those in favor of suspending the rules,  
10 please say aye.

11 (Chorus of ayes.)

12 CHAIRMAN SUNUNU: Those opposed, nay. The rules  
13 are suspended.

14 Do you have a motion under suspension, Governor?

15 GOVERNOR SINNER: I will move that the resolution  
16 of the Executive Committee to urge the Congress to report the  
17 Belas-Hess correction legislation to the Floor be adopted.

18 (Motion seconded.)

19 CHAIRMAN SUNUNU: Moved and seconded. Discussion?  
20 Move to a vote. All those in favor say aye.

21 (Chorus of ayes.)

22 CHAIRMAN SUNUNU: Those opposed, nay. Motion  
23 passes.

24 There is a second item under suspension. Governor  
25 Sinner.

1 GOVERNOR SINNER: Mr. Chairman, I will move that  
2 again the rules be suspended, if that is necessary to --

3 CHAIRMAN SUNUNU: Let us make sure we do it  
4 right. There is a motion to suspend. There is a second.  
5 Discussion? All those in favor of suspension for a second  
6 item, please say aye.

7 (Chorus of ayes.)

8 CHAIRMAN SUNUNU: Those opposed, nay.  
9 Governor Sinner.

10 GOVERNOR SINNER: Governor Mickelson will cover  
11 it, Mr. Chairman.

12 CHAIRMAN SUNUNU: Governor Mickelson.

13 GOVERNOR MICKELSON: Governor Sinner has moved to  
14 suspend the rules and the body has agreed to the suspension  
15 for the purpose of the resolution on the drought. It does  
16 not involve a change in policy, but rather is very timely.  
17 Perhaps unprecedented, this association, under the leadership  
18 of Governor Sinner and other leaders of states that have been  
19 devastated by the current drought, have built a coalition  
20 that I believe played no small part in some very quick and  
21 meaningful response to the drought legislation that is  
22 currently weaving its way through the United States  
23 Congress. U.S. House of Representatives voted on it  
24 yesterday and passed it. The Senate is going to act on it  
25 today. It is an effort that was bipartisan. It involved the

1 Administration, both parties' leadership in Congress and  
2 certainly governors of both parties in this organization.  
3 And the resolution simply commends Congress and the  
4 Administration for their quick response and excellent  
5 legislation that is going to get done hopefully today and  
6 signed by the President in the near future.

7 CHAIRMAN SUNUNU: Is there a second to that?

8 (Motion seconded.)

9 CHAIRMAN SUNUNU: Additional comments or  
10 discussion?

11 Move to a vote, then, on the resolution. All  
12 those in favor, please say aye.

13 (Chorus of ayes.)

14 CHAIRMAN SUNUNU: Those opposed, nay. Passes.

15 That, unless I have missed on the schedule,  
16 completes the consideration of policy matters.

17 Governor Romer.

18 GOVERNOR ROMER: You know, I am new to this  
19 procedure, and I think that you should be put on notice that  
20 there was a voice vote awhile ago on federalism which I don't  
21 think reflects the considered opinion of this body. When you  
22 were asked whether that issue could be divided, and you, I  
23 think, properly answered no, except by two thirds vote, I for  
24 one, as a member of this body, was waiting for that issue to  
25 be debated and some expressions of vote taken beyond just the

1 voice vote. I just think, on behalf of this association, we  
2 ought not adjourn this meeting without some of us saying to  
3 you and to others, we don't agree with that policy. There is  
4 a very serious question involved in amending the Constitution  
5 and the changes that have been proposed here. I think rather  
6 than leave this meeting just blithely with that voice vote  
7 and a nondivision of the issue, Governor Sununu, I think it  
8 would be wise if you and the Executive Committee referred  
9 that matter back for further deliberation. I think it is a  
10 very divisive and contentious issue, and I just do not want  
11 to leave this meeting thinking that the National Governors'  
12 Association wants to loosen the amendment of the Constitution  
13 of the United States to that degree, and that blithely.  
14 Because that went by without a division of the issue and just  
15 on a voice vote, I want to express to you personally that I  
16 am concerned about it, and I just do not want the governors  
17 of this nation to be represented that, hey, we are willing to  
18 just carve that Constitution up as easily as that amendment  
19 indicates. I want to express that before I leave this  
20 meeting.

21 CHAIRMAN SUNUNU: I appreciate that, Governor. I  
22 wish you had been part of the input over the past year on  
23 that discussion. I waited for a motion to divide after the  
24 explanation had been made. Motion was made. I asked if  
25 there was additional discussion. Nobody chose to discuss it,

1 but I accept the fact, and I think we all understand that  
2 none of these issues are unanimous, that there are  
3 differences of opinion, and I would urge us individually or  
4 in any way we wish, to express either support for or concerns  
5 for that and any policy that exists at NGA. I assure you,  
6 there was no intention at all in that to suggest that there  
7 was any unanimity in that vote.

8 But thank you for the points you made.

9 Governor Mickelson.

10 GOVERNOR MICKELSON: Mr. Chairman, just so we  
11 don't end on a sour note, I want to congratulate the Chair  
12 for the very impartiality of recognizing that perhaps this  
13 would be controversial in this meeting today. Given anybody  
14 sitting at this table, and certainly I am just as new to this  
15 proceeding as anybody else sitting around this table, but I  
16 am certainly not naive to the parliamentary procedure and the  
17 Chair went out of its way to give everybody an opportunity to  
18 divide, to ask for a division on the vote and ask if there  
19 was any debate. So I do not believe that it is fair to infer  
20 that there was anything parliamentary or any shenanigans.  
21 It's an issue that this organization has been involved in for  
22 a long time.

23 CHAIRMAN SUNUNU: Thank you for your comments,  
24 Governor. I did not take Governor Romer's comments in any  
25 way as criticism. I think he raised an appropriate point and



1 I accepted it as such.

2 Governor Cuomo.

3 GOVERNOR CUOMO: Governor Sununu, let me add first  
4 my congratulations to you for your work this past year and  
5 especially on the question of federalism. Let me join with  
6 Governor Romer in suggesting that we ought to be heard on  
7 this issue. I have no criticism for the Chair; I do have a  
8 little criticism for myself. I was lulled into a false sense  
9 of security by the easy capitulation to all the previous  
10 resolutions and I really wasn't ready for a debate on this  
11 one. So I apologize to you.

12 If it is all right to explain the vote, I voted  
13 against the policy. I would like by way of explanation to  
14 put a question to the Chair. We as governors are about to  
15 propose to the Congress of the United States a new way to  
16 amend the Constitution. At least I want to be sure I know  
17 how it will work. When the two thirds of the states  
18 memorialize an amendment, will the language be exactly the  
19 same? Will each state pass on exactly the same language with  
20 the same punctuation?

21 CHAIRMAN SUNUNU: Governor, as was noted in the  
22 policy, it mirrors what was done 200 years ago in that a  
23 committee of style represented by one person from each of the  
24 proposing states prepares common language, submits it to  
25 Congress, Congress has an opportunity to reject it, and

1 failing to reject it in a two-year period, returns it to the  
2 states for consideration again by 3/4 votes, or vote of 3/4  
3 of the states.

4 GOVERNOR CUOMO: A committee of style would be  
5 constructed to decide whether or not the language was  
6 sufficiently close as between Vermont and New York to be  
7 essentially the same proposition?

8 CHAIRMAN SUNUNU: That is correct.

9 GOVERNOR CUOMO: Who would select --

10 CHAIRMAN SUNUNU: Those same states, by the same  
11 bodies that prepared the resolution, namely the state  
12 legislatures, would select an individual to represent them on  
13 the committee of style.

14 GOVERNOR CUOMO: So a committee of style would  
15 decide whether or not the states essentially agreed to the  
16 same thing although different legislatures use different  
17 language.

18 CHAIRMAN SUNUNU: No, the committee of style would  
19 send common language to Congress for consideration, and that  
20 common language would return to all the states and to be  
21 considered by all of the states under the traditional  
22 process, giving each state a chance to determine for itself  
23 whether it accepts or rejects what was determined to be  
24 common language.

25 GOVERNOR CUOMO: The original proposal that passes

1 New York and New Hampshire would not have to be in identical  
2 language, but someone would have to be able to make the  
3 judgment that your intent and ours was identical. Who would  
4 make that critical judgment?

5 CHAIRMAN SUNUNU: By the committee of style  
6 represented by one member from each of the states that made  
7 the proposal.

8 GOVERNOR CUOMO: So that if two thirds of the  
9 state used disparate language, a commission on style could  
10 decide that in fact they all meant the same thing and recast  
11 that intent in their own language.

12 CHAIRMAN SUNUNU: Your concern would be  
13 significant if the committee of style had a decisionmaking  
14 process that was terminal. But there are still two  
15 significant milestones which follow from that. Number 1, the  
16 milestone of Congress which in fact in itself retains the  
17 authority to initiate any new language; and, in fact, could  
18 moot, could moot the process by initiating on its own an  
19 amendment that would parallel it. But secondly, if it chose  
20 to recognize ambiguity in the ambiguities you have raised, it  
21 would then vote to reject.

22 And you are right, it is difficult, it is  
23 difficult for this process to pass a constitutional  
24 amendment.

25 The purpose was not to make it easier to pass a

1 constitutional amendment. The purpose was to address either  
2 the perceived or real spectre of a constitutional convention.

3 GOVERNOR CUOMO: Governor Sununu, respectfully,  
4 what you have suggested to me is that I may indeed be correct  
5 that there would be a problem in reconciling the different  
6 languages of two thirds of the legislatures or two thirds of  
7 the states, but you are not concerned about that because  
8 Congress would make it right. But the whole basis of this  
9 proposal is to take some of the power away from Congress and  
10 remove it to the states. You now answer me by saying it  
11 wouldn't work that way because a commission of style about  
12 which we know nothing would actually make the judgment but  
13 don't be concerned about it, Governor Cuomo, because the  
14 Congress will reconcile it for us.

15 I suggest to you that that is only one of a number  
16 of terrible fundamental ambiguities that exist in this  
17 proposal, that it would be wrong for us as governors to say  
18 to the people of this country and the Congress of the United  
19 States that we have thought it through. We didn't even know  
20 who would decide on the language when we voted today.

21 I am opposed to it as offensive to the process,  
22 offensive to the history. You refer to the founding  
23 fathers. Colonel Mason of Virginia was opposed to this  
24 idea. He was right 200 years ago; he's right now.

25 CHAIRMAN SUNUNU: Governor, the purpose was not to

1 take powers from Congress. The purpose was to return an  
2 initiating step -- and that's the distinction -- the  
3 initiating steps to the states. In fact, its purpose was to  
4 blend the capacity of the states to initiate and Congress to  
5 participate in the process of developing such an amendment.

6 GOVERNOR CUOMO: But Governor Sununu, you have not  
7 given it to the states. You have given it now to a  
8 commission on style. You haven't even told us whether they  
9 would be elected, and if so, by whom. So you haven't done  
10 anything for the states. You have created a whole new  
11 artifact, a commission on style, that would tell you what two  
12 thirds of the states meant. We don't know who they are, what  
13 their competence is, how they are selected.

14 I don't think we should go to the Congress with  
15 this kind of half-baked notion, particularly when you are  
16 suggesting a reconstruction of a document that has worked  
17 miraculously well for 200 years. That was simply to explain  
18 my vote.

19 CHAIRMAN SUNUNU: Governor, I have enjoyed this so  
20 much that may I suggest that you and I take this issu to the  
21 electronic media and I will be happy to share with you --

22 GOVERNOR CUOMO: Oh, no, Governor Sununu. I know  
23 how eager you are for the red light, Governor Sununu.

24 CHAIRMAN SUNUNU: And I know how eager you are to  
25 avoid it.

1 GOVERNOR MC WHERTER: Mr. Chairman.

2 CHAIRMAN SUNUNU: Governor.

3 GOVERNOR MC WHERTER: In respect for the Chair,  
4 and I don't propose to want to tie this body up in rules, but  
5 in the articles of the organization that you have given me,  
6 there's no rule here that addresses a division of the  
7 question; and, in all fairness, I feel the same way. I don't  
8 have any problem with supporting the report as it relates to  
9 amending the Constitution, and I think a division of the  
10 question is for the purpose of giving those of us an  
11 opportunity to be recorded as voting against it. And I wish  
12 you would -- I am going to make a motion we reconsider  
13 action, for you to give us an opportunity to have a roll call  
14 vote.

15 CHAIRMAN SUNUNU: Governor, I think we have  
16 finished our business, and with all due respect, unless there  
17 is a call from the floor with a correction to the ruling of  
18 the Chair, I am going to rule that we have completed our  
19 business and move forward.

20 Governor Roemer.

21 GOVERNOR ROEMER: Mr. Chairman, I would like to  
22 take the personal privilege of explaining why I voted no by  
23 voice, which made me very uncomfortable. It's not the right  
24 way to do business. No reflection on you. It's my first  
25 time around. I was surprised that that's the way we did it.

1 But I voted no and let me tell you why.

2 I had the distinct pleasure and honor of serving  
3 in the United States Congress. I am trying to get over that,  
4 but I enjoyed it.

5 I remember in my career the toughest, most awesome  
6 votes I had to make were on amendments to America's  
7 Constitution. I mean it is a tough, serious proposition.  
8 What we have done today is made it easier to amend that  
9 Constitution without the kind of foresight or ground rule  
10 setting that we should have done. I tell you what you have  
11 done here. You have twisted the constitutional procedure on  
12 its ear. Instead of two thirds of the men and women in the  
13 nation's legislative body making a decision to go forward,  
14 you have in effect said that one third can go forward. One  
15 third. It takes a two thirds vote to stop this process in  
16 the Congress if we adopt this amendment. You have turned the  
17 Constitution on its head, and maybe we should do that. I  
18 think not. I think it ought to be more difficult, more  
19 pressing, more awesome, more united to amend the  
20 Constitution. Not this. That's why I voted no, John. It  
21 wasn't partisan, it wasn't personal. I am surprised we did  
22 it by voice.

23 CHAIRMAN SUNUNU: Governor, if there had been a  
24 call for a roll call vote, we would have moved to a roll call  
25 vote.

1 GOVERNOR WAIHEE: Mr. Chairman.

2 CHAIRMAN SUNUNU: Governor Waihee.

3 GOVERNOR WAIHEE: Point of parliamentary inquiry.

4 When would it be the proper time to make a motion to  
5 reconsider previous action previously taken?

6 CHAIRMAN SUNUNU: Parliamentarian?

7 Traditionally it happens within the discussion of  
8 the policy items. If you want to overrule the ruling of the  
9 Chair, that probably can take place at any time. Let me add  
10 one more point because there was a point raised about  
11 continuing evaluation. Governor Baliles has indicated that  
12 the task force will continue in some function; whether it  
13 does with the full body of members or not will be  
14 considered. I emphasize also that all our resolution does is  
15 calls on Congress to consider the initiating of such an  
16 amendment, and Congress still, all two thirds of Congress,  
17 still has the capacity to prevent that from going any  
18 further. So we have not turned the Constitution over. We  
19 have merely indicated our concern that there is a balanced  
20 process in the Constitution that relies on a constitutional  
21 convention that itself has become a major concern.

22 Governor Thompson.

23 GOVERNOR WAIHEE: Mr. Chairman, if I may on the  
24 parliamentary inquiry, the point is not really on the  
25 substance at this point, but is the Chair then saying that



1 immediately after the motion is the only time in this  
2 association that you can move to reconsider a motion?

3 CHAIRMAN SUNUNU: No, only in that section of time  
4 in which we are considering policies.

5 GOVERNOR WAIHEE: When is that conceivable,  
6 Mr. Chairman? I really need to get this clear in my own  
7 mind.

8 CHAIRMAN SUNUNU: I am sorry, what was the  
9 question?

10 GOVERNOR WAIHEE: I don't understand the answer,  
11 Mr. Chairman.

12 CHAIRMAN SUNUNU: There is a segment under which  
13 we consider policy. We have a series of votes on policy, and  
14 any time during that session of the meeting, we may go back  
15 and reconsider any additional policy.

16 GOVERNOR WAIHEE: This would be at any time during  
17 the section that we consider all of policy?

18 CHAIRMAN SUNUNU: That's correct.

19 GOVERNOR WAIHEE: Have we voted on the last  
20 resolution? Would that be considered --

21 CHAIRMAN SUNUNU: Yes, we have. In fact, I made  
22 the point that that section was completed and that we were  
23 moving on, and then when we moved on, there was a request by  
24 one of the governors to comment.

25 Governor Thompson.

1 GOVERNOR TOMMY THOMPSON: Mr. Chairman, thank you.

2 I would like to make two points if I could.

3 First, as long as we are explaining our vote, I would like to  
4 explain my aye vote. Sometimes I am not known as a very  
5 conservative fellow, even within my own party. I am not one  
6 of those people who believes that the Constitution means  
7 exactly what it meant on the day it was adopted. Our nation  
8 has moved forward and the Constitution must always be  
9 interpreted in the light of the nation's condition at the  
10 time. But I think we have got to remember one thing that  
11 most Americans were taught, and that we ought to all remember  
12 from time to time. That is that this nation, this union of  
13 ours, was created by the deliberative, thoughtful action of  
14 individual states who agreed to come together. It wasn't a  
15 convention of the whole people who happened to reside in the  
16 geographical area known as America at the time, but states  
17 who were in existence fought and won a bloody revolution and  
18 determined that we would build the new nation and that one of  
19 the ways we would build the new nation was by ceding some of  
20 the power of the states to a new federal union. Later on in  
21 our history a President of the United States had to fight and  
22 sustain a Civil War to make clear that that union was still  
23 important.

24 All we have done today is to ask the Congress to  
25 restore to us some of the authority that all of us thought we

1 always had to see to the financing of needs within our own  
2 state without interference by the Congress; and secondly, not  
3 to make the process of amending our sacred document the  
4 Constitution easier, but to make it fairer by giving to the  
5 states of this union a chance to submit ideas, specific,  
6 concrete, individual ideas to the Congress and get them back  
7 again without risking a convention in which we open up the  
8 whole document when most of the American people are satisfied  
9 with most of the Constitution. That's not easier, that's  
10 fairer, and it is entirely consistent with the traditions  
11 under which this great Constitution and this great union was  
12 born.

13 We are being true to our heritage, not  
14 disrespectful to it, I suggest, with the adoption of this  
15 resolution, which simply memorializes the Congress as  
16 Congress is memorialized every day.

17 Second point, none of us are rookies here. There  
18 may be some first-term governors, but none of them are  
19 neophytes or rookies. Many of them served distinguished  
20 careers in state legislatures or in the Congress before they  
21 came here, they understand voice votes, they understand hand  
22 votes, they understand roll calls, they understand debates.

23 I don't think, with all deference to my fellow  
24 governors, whom I respect highly and have a great affection  
25 for, that it is fair to make courageous and impassioned

1 arguments after the vote is taken and we have moved on from  
2 the discussion of all substantive business. This proposal is  
3 not half baked, this proposal is not an assault upon the  
4 Constitution but rather a strengthening of the traditions  
5 which gave birth to the Constitution. There was a time for a  
6 division of the question, there was a time for a debate,  
7 there was a time for a roll call. All of us, all of us, I  
8 suggest, deliberately let it pass. If this issue is to be  
9 raised, it ought to be raised at the next meeting of the  
10 National Governors' Association.

11 CHAIRMAN SUNUNU: I will take two more comments,  
12 Governor Carruthers and Governor Clinton, and then we'll move  
13 on. Governor Carruthers.

14 GOVERNOR CARRUTHERS: Mr. Chairman, I respectfully  
15 request that we move on to the next order of business, the  
16 report of the nominating committee.

17 CHAIRMAN SUNUNU: Governor Clinton.

18 GOVERNOR CLINTON: Pass.

19 GOVERNOR CUOMO: Governor Sununu, a point of  
20 order.

21 CHAIRMAN SUNUNU: Bill, did you have a point?

22 GOVERNOR CLINTON: Mr. Chairman, I think the issue  
23 -- this is not what I was going to talk about, but I think  
24 the issue is, has anybody made a specific motion to overrule  
25 the Chair and if so, how many votes does it take to do it.

1 Let's get on with this one way or the other and resolve it  
2 and go on with our business.

3 GOVERNOR CUOMO: I agree with Governor Thompson  
4 that we're none of us rookies and that we all ought to play  
5 by the rules, however hypertechnical. The Chair has now  
6 recognized, by allowing me and others to explain our votes,  
7 that we have a right to come to the microphone, each of us,  
8 and explain our votes. Governor Thompson has done it, I  
9 think quite eloquently. I think if every one of us were  
10 simply to take the opportunity now to explain our votes, you  
11 would know who voted for, who voted against, and whether or  
12 not you got the two thirds you needed to pass this thing. If  
13 you insisted, despite the fact that you didn't get the two  
14 thirds, you insisted on the technicality and sent it down  
15 anyway to Congress, then the rest of us could send down  
16 another transcript that says when you measure their proposal  
17 for changing the Constitution, consider the erratic fashion  
18 in which they adopted this resolution.

19 So I would suggest that we all now take the  
20 opportunity to explain our votes.

21 CHAIRMAN SUNUNU: Parliamentary inquiry. Governor  
22 Campbell.

23 GOVERNOR CAMPBELL: Let me first ask, in this  
24 discussion, is there a motion on the floor? Did I not hear a  
25 governor --

1 CHAIRMAN SUNUNU: There is no motion on the floor.

2 GOVERNOR CAMPBELL: Did I not hear Governor  
3 Carruthers make a motion?

4 CHAIRMAN SUNUNU: Governor Carruthers urged that  
5 we move on. Was that in the form of a motion, Governor  
6 Carruthers?

7 GOVERNOR CARRUTHERS: Mr. Chairman, I respectfully  
8 request that we move on to the report of the nominating  
9 committee.

10 GOVERNOR CAMPBELL: Request, not a motion.

11 CHAIRMAN SUNUNU: It was a request.

12 GOVERNOR CAMPBELL: Let me ask, then, in the  
13 parliamentary inquiry, some of us have been here for the  
14 entirety of the conference, some of us have come in only for  
15 the last show. In that regard, let me ask you what the  
16 formation of this policy was. Did this policy come through  
17 the Executive Committee?

18 CHAIRMAN SUNUNU: It came through two steps,  
19 Governor. It came through a task force that spent a year  
20 with constitutional scholars and other folks coming in. It  
21 then went to the Executive Committee and then went to the  
22 floor.

23 GOVERNOR CAMPBELL: And the votes in there --

24 CHAIRMAN SUNUNU: It all passed the resolution.

25 GOVERNOR CAMPBELL: All passed the resolution.

1 And the make up of those committees?

2 CHAIRMAN SUNUNU: Bipartisan.

3 GOVERNOR CAMPBELL: Bipartisan. So we are engaged  
4 in a show. Thank you, sir.

5 CHAIRMAN SUNUNU: Governor Thompson.

6 GOVERNOR TOMMY THOMPSON: Mr. Chairman, I suggest  
7 that unless some governor is prepared to put a motion to  
8 overrule the Chair's ruling, which is clear and correct, we  
9 move on.

10 CHAIRMAN SUNUNU: Governor Wilkinson. Last  
11 comment.

12 GOVERNOR WILKINSON: Mr. Chairman, what is the  
13 procedure for -- with all due respect -- for challenging the  
14 ruling of the Chair other than an immediate request for a  
15 roll call after the ruling? Is there a procedure? If so, I  
16 would like to know what that is and advance that challenge.

17 CHAIRMAN SUNUNU: Parliamentary?

18 MR. WRIGHT: Procedure is, as Governor Thompson  
19 has suggested, that someone can challenge the rule of the  
20 Chair with a majority vote and 10 governors can request a  
21 roll call vote. If 10 governors wish a roll call vote, then  
22 there can be a roll call vote.

23 GOVERNOR WILKINSON: Is that proper at this time?

24 CHAIRMAN SUNUNU: I suspect it's proper at any  
25 time. Governor McKernan.

1 GOVERNOR MC KERNAN: Mr. Chairman, point of  
2 parliamentary inquiry.

3 CHAIRMAN SUNUNU: I am sorry, I don't know where  
4 that is. Governor Waihee.

5 GOVERNOR WAIHEE: I still, Mr. Chairman, want to  
6 get clear on the Chair's ruling before we call for a motion.

7 CHAIRMAN SUNUNU: I will clarify my ruling,  
8 Governor Waihee.

9 GOVERNOR WAIHEE: Let me ask the question which  
10 is, Mr. Chairman, are we saying then that the section on  
11 policy discussion is now closed despite the fact that we are  
12 allowing discussion on policy?

13 CHAIRMAN SUNUNU: Governor Waihee, let me explain  
14 that. We closed the section on policy discussion. I  
15 probably made the mistake of granting the courtesy for a  
16 comment after that to another governor. Since that section  
17 is closed, we will now move on to the next order of business,  
18 which is the report of the nominating committee. May I have  
19 the report of the nominating committee? Governor Clinton,  
20 chairman.

21 GOVERNOR ROMER: I would like to be recognized for  
22 a moment, sir.

23 GOVERNOR MC KERNAN: Mr. Chairman.

24 CHAIRMAN SUNUNU: Governor McKernan.

25 GOVERNOR ROMER: Point of order.



1 GOVERNOR MC KERNAN: We managed to keep politics  
2 out of this meeting until a half hour before it was scheduled  
3 to adjourn. I think that perhaps rather than going down the  
4 road of challenging a ruling of the Chair that was made on  
5 advice from the parliamentarian of the NGA, that rather we  
6 ought to accept the fact that there is a disagreement here  
7 and we ought to ask what the proper procedure is for  
8 suspending the rules in order to reconsider the out of  
9 order. I would be happy to let other people make remarks on  
10 that. I think I should indicate that that, and I assume,  
11 from the parliamentarian, would take a two thirds vote.

12 CHAIRMAN SUNUNU: Suspending the rules takes 3/4  
13 vote.

14 GOVERNOR MC KERNAN: It would seem to me that at  
15 least that would be a way to stick with what I think ought to  
16 be the approach, which is to rely on the advice of our  
17 parliamentarian, but yet also give people the opportunity to  
18 be on record as Governor Cuomo suggested that some governors  
19 would like to be.

20 CHAIRMAN SUNUNU: Governor Romer.

21 GOVERNOR ROMER: I would like to make a motion. I  
22 would move that we suspend the rules for the purpose of  
23 enabling this body to vote on a divided issue of the  
24 constitutional amendment separate from the full report on  
25 federalism. If you will accept the motion, I would like to

1 explain my reason for it.

2 CHAIRMAN SUNUNU: There is a motion to suspend the  
3 rules. Is there a second to the motion to suspend the  
4 rules?

5 (Motion seconded.)

6 CHAIRMAN SUNUNU: Motion to suspend the rules is  
7 nondebatable. It requires a 3/4 vote.

8 All those in favor of suspending the rules, say  
9 aye.

10 (Chorus of ayes.)

11 CHAIRMAN SUNUNU: All those opposed --

12 GOVERNOR ROMER: Excuse me, Mr. Chairman, can I  
13 speak to why I made the motion?

14 CHAIRMAN SUNUNU: It's nondebatable, Governor.

15 GOVERNOR ROMER: The reason I made the motion was  
16 let's get off this raising the hands bit. Let's give this  
17 body an opportunity to vote on this on some record beside  
18 raising the hands. And at least this motion will do it.  
19 Also at stake, it's not just the issue, but it's the way in  
20 which we do business here. Many people here want to say  
21 something on the record and we have not yet had a chance to  
22 do it and this motion would give it.

23 GOVERNOR MC KERNAN: Mr. Chairman, I ask for a  
24 roll call on the motion to suspend the rules.

25 CHAIRMAN SUNUNU: Motion has been made to suspend

1 the rules. It has been seconded. We will move to a vote.  
2 All those in favor of suspending the rules, say aye.

3 (Chorus of ayes.)

4 CHAIRMAN SUNUNU: All those opposed, nay.

5 (Chorus of nays.)

6 GOVERNOR KUNIN: I would request a roll call vote.

7 CHAIRMAN SUNUNU: There is a request now for a  
8 roll call vote on suspending the rules. We will have a roll  
9 call vote on suspending the rules.

10 MR. WRIGHT: There are two different roll call.  
11 You can raise your hands. The ayes raise their hands, then  
12 the nays raise their hands. A roll call by name of governor  
13 will request 10 governors to request a roll call vote.

14 GOVERNOR MC WHERTER: I want to ask a  
15 parliamentary inquiry. Mr. Chairman, I am going to ask you  
16 to explain what we are voting on.

17 CHAIRMAN SUNUNU: There is a motion to suspend the  
18 rules, to return to a previous section, and we have had --

19 GOVERNOR MC WHERTER: What are we voting for?

20 CHAIRMAN SUNUNU: If you vote in favor of  
21 suspending the rules, we will then take a vote on returning  
22 to the previous section. If you oppose suspending the rules,  
23 we move forward.

24 Roll call vote.

25 GOVERNOR MC WHERTER: You didn't answer my

1 question, in all due respect to you now. I asked for a  
2 division of the question. You made a ruling on that. But in  
3 his motion he said he wanted to divide the question and vote  
4 on the amendments, the amendment part to the Constitution.

5 CHAIRMAN SUNUNU: He wanted to move back to the  
6 previous section and indicated in his comment that he would  
7 then ask to have the section --

8 GOVERNOR MC WHERTER: So I ask for a parliamentary  
9 inquiry. Actually what are we voting on?

10 CHAIRMAN SUNUNU: You are voting to suspend the  
11 rules.

12 GOVERNOR MC WHERTER: For what purpose?

13 CHAIRMAN SUNUNU: So that we can then take a vote  
14 to return to a previous section, so that we can then take a  
15 vote to divide the question.

16 GOVERNOR ROMER: I want to withdraw my motion. I  
17 just appeal the ruling of the Chair. I understand it's a  
18 majority vote; is that correct? I want to appeal the ruling  
19 of the Chair that we cannot have a recorded vote on that  
20 issue and a divided vote.

21 CHAIRMAN SUNUNU: The Chair never ruled you could  
22 not have a recorded vote. The Chair had ruled that we had  
23 gone on to a succeeding section.

24 GOVERNOR ROMER: Then I want to repeal that ruling  
25 of the Chair.

1 GOVERNOR MC WHERTER: Point of parliamentary  
2 inquiry. Would that not take the withdrawal of the second to  
3 the motion prior to the withdrawal of the motion?

4 GOVERNOR BLANCHARD: I withdraw my second to the  
5 earlier motion to permit the appeal of the Chair.

6 GOVERNOR ROMER: I just want to get this body on  
7 record as whether we are for or against this. I appeal the  
8 ruling of the Chair.

9 GOVERNOR MC WHERTER: I second that appeal.

10 CHAIRMAN SUNUNU: I have conferred with the vice  
11 chairman, and the conclusion is that we will move on the vote  
12 to suspend the rules. A roll call vote, we will take it by  
13 raising of the hands.

14 GOVERNOR ROMER: I withdraw that motion.

15 GOVERNOR CAMPBELL: A vote had been ordered. You  
16 withdrew too late.

17 GOVERNOR ROMER: I withdrew the motion.

18 CHAIRMAN SUNUNU: We'll move to a vote. All those  
19 in favor of suspending the rules, please raise your right  
20 hand.

21 Those opposed?

22 The vote fails, 19 to 18.

23 GOVERNOR ROMER: Mr. Chairman, I appeal the ruling  
24 of the Chair.

25 GOVERNOR MC KERNAN: Mr. Chairman, parliamentary

1 inquiry.

2 CHAIRMAN SUNUNU: Governor McKernan, parliamentary  
3 inquiry.

4 GOVERNOR MC KERNAN: Is there a time limit under  
5 which you can appeal a ruling of the Chair? Do you still  
6 have to be conducting the same business or can you do it any  
7 time at any meeting based on any prior ruling of the Chair?  
8 Or does it require suspension of the rules once we have moved  
9 on to a new section?

10 MR. WRIGHT: It occurs at the time when you are  
11 debating the policy statements. We have gone way beyond that  
12 time.

13 GOVERNOR MC KERNAN: So I would ask again if it  
14 requires a suspension of the rules in order to appeal the  
15 ruling of the Chair.

16 CHAIRMAN SUNUNU: We just voted on suspension of  
17 the rules. The motion was defeated. We will now move on.  
18 The next item is the report of the nominating committee. May  
19 have I have the report of the chairman of the nominating  
20 committee.

21 GOVERNOR KUNIN: Mr. Chairman, it seems to me that  
22 earlier you said the ruling of the Chair could be appealed at  
23 any time.

24 GOVERNOR WILKINSON: That's precisely correct.  
25 That's what you did rule, Mr. Chairman.

1                   CHAIRMAN SUNUNU: We will move to the report of  
2 the nominating committee. Governor Clinton.

3                   GOVERNOR ROMER: Governor Sununu, I still have on  
4 the floor a request to appeal the ruling of the Chair. Will  
5 you entertain that?

6                   GOVERNOR WILKINSON: I have made that second,  
7 Mr. Chairman.

8                   GOVERNOR CLINTON: I would ask leave of the body  
9 to just present this committee while they discuss this  
10 issue. If I might, the report of the nominations for the  
11 Executive Committee. Governor Blanchard, Governor Kean,  
12 Governor Campbell, Governor Bangerter, Governor Sullivan,  
13 Governor Clinton, Governor Sununu until January of 1989, to  
14 be succeeded by Governor Ashcroft, Governor Branstad and  
15 Governor Baliles. Is there a motion to constitute this body  
16 as the Executive Committee?

17                   Governor Kean, second?

18                   GOVERNOR CARRUTHERS: Second.

19                   GOVERNOR CLINTON: Motion has been moved and  
20 seconded. All in favor.

21                   (Chorus of ayes.)

22                   GOVERNOR CLINTON: Do we have a vote? Any  
23 opposed?

24                   Thank you very much, Mr. Chairman.

25                   CHAIRMAN SUNUNU: Let me make a suggestion that

1 might deal with this issue in a way that you will feel  
2 comfortable. Since the point is to record the individual  
3 feelings of the governors, we will make provisions for any  
4 governor that wishes to comment on their position on the  
5 federalism issue to be appended to any communication that  
6 will take place from the NGA relative to Congress on the  
7 issue that we have memorialized. And in that way you may  
8 record either your opinion, your vote or your feelings, and I  
9 think that will serve the purpose that was raised by Governor  
10 Cuomo.

11 GOVERNOR CUOMO: May I say, Governor Sununu, that  
12 I am grateful to you for your patience. I think that's an  
13 admirably fair resolution, speaking for myself personally,  
14 and I thank you for it.

15 GOVERNOR ROEMER: Let me comment, John, if I  
16 could, and say thank you as well. I do think that gives us a  
17 legitimate opportunity to state our pros and cons on the  
18 issue. I would also like to say that in terms of the  
19 politics of it, I'm probably the most nonpartisan fellow  
20 here. I get blasted by both sides. John McKernan and  
21 Carroll Campbell and I worked for years in the United States  
22 Congress at which I supported a balanced budget amendment to  
23 the Constitution and a line item veto. Politics is not the  
24 issue here. Never was and never ought to be, John.

25 CHAIRMAN SUNUNU: Governor, I understand that, and



1 I hope you understand one of the problems we have is that we  
2 operate with a relatively informal set of rules of procedure  
3 and we have tried to accommodate everybody's comments at  
4 every portion in the process. And in a way, opening it up to  
5 too much discussion created some of the difficulty.

6 Mr. Parliamentarian, where are we?

7 Governor Clinton, did you get a vote or did you  
8 just move and get a second? You got a vote. See, you did  
9 better than I did.

10 Couple of items before we move to a close. First  
11 of all, I would like to thank Ms. Laura Cobb, who has been  
12 the signer, not only here but at virtually every event.  
13 She's done a superb job.

14 (Applause.)

15 CHAIRMAN SUNUNU: Secondly, I would like to, on  
16 behalf of all the governors, extend our thanks to Governor  
17 Dick Celeste and Dagmar Celeste for what has been a  
18 tremendously hospitable and well-run sequence of events here  
19 in Cincinnati. On behalf of all of the governors, I think we  
20 ought to stand up and give them a rousing applause for what  
21 they have put together.

22 (Applause.)

23 CHAIRMAN SUNUNU: Obviously, with all the  
24 discussion that has taken place here, it is clear that being  
25 governor is one of the nicest jobs and most fun in the

1 country. It does place us in a relatively small club where  
2 we get to know each other and our families in a very close  
3 and personal way. It is very true that amongst ourselves,  
4 once a governor, always a governor, and it is with those  
5 thoughts that we say so long to Governor Ted Schwinden and  
6 his family.

7 Ted, you will only be leaving us as an active  
8 member. We know that you may be back, like four others who  
9 have come back at some time in their career: Governors  
10 Clinton, Dukakis, Perpich and Moore.

11 Governor Ted Schwinden was last reelected by 70  
12 percent of the vote. He still has his home number listed in  
13 the phone book. He initiated the multistate Clark Fork River  
14 Basin plan to preserve this national resource for its  
15 national beauty and recreational values, and his Build  
16 Madonna program to strengthen the economy has been nationally  
17 recognized. He has served us all in the nation as the only  
18 governor to serve three terms as Chair of the Agriculture  
19 Committee and as our spokesman and leader in the difficult  
20 1984 farm crisis.

21 Governor Ted Schwinden, we are proud of you and  
22 know that you will continue to serve the state of Montana and  
23 the nation in the years to come. Ted, we wish you continued  
24 good health and happiness in the years to come, and would you  
25 come up and let us give you a plaque here.

1 (Applause.)

2 CHAIRMAN SUNUNU: Dick, you wanted to say a few  
3 words. Would you come on up.

4 GOVERNOR CELESTE: You thanked me, Governor  
5 Sununu, but I want to thank you and Nancy, I want to thank  
6 Governor Jerry Baliles and his wife Jeannie, and all of my  
7 colleagues for being here in Cincinnati for the past, in some  
8 cases four days, and Ray Scheppach and the NGA staff for the  
9 way in which they cooperated. But I especially want to thank  
10 all of the host committee here in Cincinnati and the  
11 volunteers, because I think my colleagues would agree with  
12 me, they are the ones who really have done an outstanding job  
13 making all of us feel at home here. My home town is  
14 Cleveland, so they have to go out of their way to make me  
15 feel at home here.

16 To Len Roberts, Laura Kaiser and Jim Byron,  
17 everyone else who put this together, Carl Lindner and  
18 Dr. Charles Barrett who headed up the local efforts along  
19 with the local host committee, I'm deeply grateful. They  
20 would not want me to pass up an opportunity to make sure that  
21 it is on record that we want you all to come back to  
22 Cincinnati 20 years from now as we came back in 1988 after  
23 the last one. We are glad to have you here and we really  
24 want you back soon and hope that you take many, many good  
25 feelings of Cincinnati home with you. Thank you.

1 (Applause.)

2 CHAIRMAN SUNUNU: I know the hour is late. I just  
3 want to make some brief remarks before I turn the gavel over  
4 to Governor Baliles. I want to thank you all for this chance  
5 to have served as chairman for the past year. It has been  
6 one of the most gratifying experiences I have had as a  
7 governor, and I have said a number of times that being  
8 governor is in itself probably the best job in the country.

9 We have focused on an issue that I thought was not  
10 a very interesting and sexy issue, but the debate here this  
11 afternoon perhaps has changed my mind on that. But it is an  
12 issue that I believe is important. I think, in the next  
13 decade, the relationship between state governments and the  
14 federal government are going to be critical. Although we may  
15 not agree on what direction the changes and the  
16 reestablishing of parity, or balance, or equivalency may  
17 take, I think we all agree that perhaps the system as it  
18 stands right now does need, at the very least, some fine  
19 tuning.

20 I have been pleased that the efforts we made to  
21 change the conditions under which we operate in many areas  
22 under rules and regulations of the federal government have  
23 borne fruit and that the efforts we made were very successful  
24 in achieving some significant change there.

25 On the broader issue that we talked about for a

1 little while today, the broader issue of the possibility of  
2 the states' balance in initiating amendments to the  
3 Constitution be restored, certainly we have seen that there  
4 is a variety of opinion there. But one of the principal  
5 goals was to heighten awareness to the importance of this  
6 issue, and I would hope that the kind of debate we have had  
7 here, the memorializing of this issue by resolution of  
8 Congress and all the well thought out and brilliantly crafted  
9 appendices that you will provide to that resolution, will  
10 focus on the fact that here is something that ought to be  
11 thought about, ought to be examined, and at some appropriate  
12 time, perhaps acted on.

13 It has been a great experience, I thank you for  
14 the chance, I have enjoyed it, and I am sure that the saying  
15 of "once a governor, always a governor" applies. I look  
16 forward to my last six months with you. Thank you very, very  
17 much.

18 (Applause.)

19 CHAIRMAN SUNUNU: Ladies and gentlemen, I give you  
20 the new chairman of the National Governors' Association,  
21 Governor Jerry Baliles of Virginia.

22 (Applause.)

23 CHAIRMAN BALILES: Thank you, John.

24 Ladies and gentlemen, it's a privilege to serve as  
25 chairman of the National Governors' Association, and I accept

1 this post in anticipation of what we can accomplish  
2 together. On behalf of the membership of the NGA, I would  
3 like to express our gratitude to Dick Celeste and the great  
4 city of Cincinnati. The governor and his staff have put a  
5 lot of work into this meeting. The social events made it  
6 fun. Careful planning and organization made it productive.  
7 The city of Cincinnati has been exceptionally gracious.  
8 There is a real pride in this community, and it has been a  
9 pleasure to share it for the past few days. So to Governor  
10 Celeste, his staff and all those in Cincinnati who labored to  
11 make this 80th meeting of the NGA successful, thank you very  
12 much.

13 I also want to thank the outgoing chairman for his  
14 work during the year. Governor Sununu has worked hard. He  
15 has been a good chairman. Not only that, he has reenergized  
16 a two-centuries-old debate on who has power in the American  
17 political system and how much. As you can see from this  
18 morning's exercise, that debate continues.

19 Today Washington is more aware of state concerns.  
20 With the President's personal support, Governor Sununu led  
21 the most comprehensive review of federal regulations in  
22 decades. He leaves office this fall after three successive  
23 terms as governor of New Hampshire. So we wish John and  
24 Nancy all the best in the years ahead, and we thank him for  
25 his service and commitment to NGA.

1                   At this time I would like to present John with a  
2 plaque with no recommendation for the use of a gavel on it.

3                   (Applause.)

4                   CHAIRMAN BALILES: Ladies and gentlemen, I have  
5 prepared and distributed copies of my remarks for this  
6 afternoon. However, I had intended to deliver the address in  
7 its entirety, but after consultation with Governor Bill  
8 Clinton, I have decided not to.

9                   You do not need me to tell you about the  
10 international economy. You live with it every day. You do  
11 not need me to tell you about the depth of the federal budget  
12 deficits, where America has dug itself into a very deep  
13 hole. The only issue is what are we prepared to do about it?

14                   Here is the logic of our situation. Economic  
15 strength requires economic growth. Economic growth depends  
16 on an ability to compete. An ability to compete rests upon  
17 productivity, innovation and investment.

18                   We must understand that the rules have changed,  
19 reconsider our priorities and design a practical and  
20 pragmatic course of action, and I propose that we do so by  
21 advancing on two fronts. First, we will reach beyond state  
22 borders. Second, we will work to strengthen within.

23                   Let us first consider the world beyond our  
24 borders. Commerce and the development of nations go hand in  
25 hand. The history of one is the history of the other. Yet,

1 until the late 20th century, one could still draw a clear  
2 line between foreign and domestic trade policies. There was  
3 a separate place for each, but today that line has been  
4 blurred. The era of sheltered industries and self-sufficient  
5 domestic economies has ended. The new global economy  
6 respects no national boundaries.

7           Between 1960 and 1984, the U.S. percentage of  
8 world exports shrank by nearly one third. Trade deficits  
9 have been tenacious. Competition is predatory. America  
10 should be the most international nation on earth. The  
11 historian Oscar Hamlin once wrote, "I thought to write a  
12 history of the immigrants in America. Then I discovered that  
13 the immigrants were American history."

14           So a nation of immigrants and expatriates ought to  
15 understand better than any nation the diversity of the  
16 world. And yet, the opposite seems to be true. By all  
17 measures, Americans in large numbers neither know the  
18 languages nor the geographic characteristics of the nations  
19 with which we now economically compete.

20           Foreign languages are the languages of trade.  
21 Charts and maps are the languages of geography. We know  
22 neither well enough and it is time to do things differently.

23           American education must no longer be circumscribed  
24 by national boundaries. We must prepare to do business  
25 everywhere on the face of the earth. We must restore our



1 skills as international traders, as international innovators  
2 and as international leaders.

3 How are we to sell our products in a global  
4 economy, when we neglect to learn the language of the  
5 customer? How are we to open overseas markets when other  
6 cultures are only dimly understood? How are our firms to  
7 provide international leadership when our schools are  
8 producing insular students?

9 So the imperatives are clear. It is time to learn  
10 languages. It is time to learn geography. It is time to  
11 renew our emphasis on research and development. And I  
12 propose that we do so.

13 I propose that we organize a battery of task  
14 forces, each with a specific charge and chaired by a member  
15 of this association. The task forces will analyze the  
16 issues, diagnose the problems, hold hearings and offering  
17 recommendations.

18 To develop a plan for seeking new markets for  
19 existing products and creating new products for existing  
20 markets, I have asked Governor Ray Mabus of Mississippi to  
21 chair a task force on foreign markets. To learn what we must  
22 do to teach the languages of trade and the geography of  
23 nations, I have asked Governor Tom Kean of New Jersey to  
24 chair a task force on international education. To start  
25 cultivating a new era of American research, to put us on the

1 leading edge of international competition, to learn better  
2 how to export ideas, technology and communications, Governor  
3 John McKernan of Maine has agreed to chair the task force on  
4 research and development. This is our plan for reaching  
5 beyond our borders.

6 As we reach out to new markets, to acquire new  
7 perspectives and secure new knowledge, we must work to  
8 strengthen America's economic position within our borders.  
9 If America cannot sell to itself, if America's children are  
10 unprepared, if America cannot move its products and people,  
11 and if the federal budget remains in the red, then America  
12 simply cannot succeed in the global economy.

13 Our market, the American market, is the largest of  
14 them all. Isn't it time to ask why we are having such a hard  
15 time selling to ourselves? Private industry must answer that  
16 question but government can help with the answer, and I say  
17 that we should do so.

18 American producers must regain the confidence of  
19 American consumers. So I have asked Michigan Governor Jim  
20 Blanchard to chair the task force on domestic markets.

21 Infrastructure, that's what this economy rests  
22 upon. It is fundamental to economic growth, and there's no  
23 better example than Cincinnati. Founded 200 years ago,  
24 Cincinnati grew to become a great trading center. Why?  
25 Because the people of this city took a great resource, the

1 Ohio River, and built canals and waterways to move products  
2 to the market by steamboat. In short, they invested in  
3 infrastructure, in transportation. They built for the  
4 future. I think we must do the same today.

5 In order to grow, the building blocks of commerce  
6 must be in place. Products must reach the products.  
7 Telecommunications must join the centers of production.  
8 Workers must reach the offices. Utilities must serve our  
9 communities and permit them to grow.

10 But in the last quarter of the 20th century, our  
11 urban roads have become highways of frustration. They are  
12 tangled and inadequate. How can we expect to compete in the  
13 global economy if we cannot get to work across town and our  
14 products to market?

15 Our airports have become the black holes of  
16 transportation. It's too much aluminum in the air and not  
17 enough concrete on the ground. How can we expect to succeed  
18 in the age of the jet with airports designed in the age of  
19 the propeller?

20 Sewers are deteriorating, bridges are too old and  
21 utilities are strained. Solid and hazardous waste disposal  
22 threatens our environment. How can we expect our economy to  
23 meet the future when our resources are being strained and  
24 wasted?

25 To start finding answers and planning a strategy,

1 I have asked Governor Jim Thompson of Illinois to chair the  
2 task force on infrastructure.

3 The future is no further away than the school  
4 yards and nurseries of America. There you will find the  
5 doctors, technicians, builders, lawyers, engineers, managers  
6 and the teachers and workers of tomorrow. It takes a dozen  
7 years to build a power plant. It takes a half dozen years to  
8 build a road. For the children and the workforce they will  
9 become, the lead time is far greater. The child left in  
10 ignorance and poverty in 1988 is the unemployed adult of the  
11 21st century.

12 To each generation comes a responsibility to  
13 prepare the way for the next. We cannot afford delay,  
14 inaction or indecision. The protection and the promise of  
15 our children must be our priority now, and Governor Bill  
16 Clinton of Arkansas will chair the task force on children.

17 The national debt, it is America's handicap in the  
18 international race for economic success. In a competitive  
19 world, who would argue that we can long endure the drain on  
20 our nation's capital resources? The National Economic  
21 Commission has been created and is now meeting. It will  
22 report to the next President and the next Congress. With its  
23 report it has the potential of being one of the most  
24 important study commissions of our time. The perspective of  
25 the states must be reflected in that report. We all shared

1 in the federal deficit's creation; we must all share in its  
2 reduction. Governor Mario Cuomo of New York will chair the  
3 task force on the federal budget deficit.

4 America is in transition. These action task  
5 forces are designed to help. They will put the National  
6 Governors' Association's resources to the task of exploring  
7 the international frontier and preparing a strategy for  
8 success.

9 Of course, other projects of the NGA, such as  
10 agriculture, energy and the environment, law enforcement and  
11 human resources, will continue through the standing  
12 committees. Appointments have been made and committee  
13 assignments have been set. We are ready to go to work.

14 But remember this. Government at any level should  
15 not try to be all things to all people. We cannot ensure  
16 success for every citizen. We cannot guarantee profits for  
17 every business.

18 Still, it is the obligation of America's governors  
19 to inspire and to imagine and to lead. Our job is to  
20 acknowledge our challenges, draw on our strengths and seek  
21 results. This is a proposal to do just that. Thank you very  
22 much.

23 (Applause.)

24 CHAIRMAN BALILES: My first official act as  
25 chairman is now to call Governor Clinton and Governor Dukakis

1 to the podium for a presentation.

2 GOVERNOR CLINTON: Governor Dukakis and I, and I  
3 am sure we speak for all of our Democratic colleagues, are  
4 immensely proud of the opportunity that Governor Kean has  
5 been given to deliver the keynote speech at the Republican  
6 convention. We were discussing it and thought that this  
7 would be an appropriate time for me to offer to write the  
8 speech and for Governor Dukakis to offer to sign off on its  
9 contents and length.

10 Failing that, I would like to ask Governor Kean to  
11 come to the platform so that Governor Dukakis can make a  
12 presentation to him as an expression of our affection,  
13 admiration and best wishes as he travels to New Orleans.

14 (Applause.)

15 GOVERNOR DUKAKIS: This, as we all know, is a  
16 very, very good man and a very decent human being.

17 (Applause.)

18 GOVERNOR DUKAKIS: We have been friends and  
19 colleagues for a long time and I know he is going to  
20 demonstrate the same kind of gentleness and sensitivity in  
21 New Orleans that he always has to me and to all of us.

22 Governor Clinton has said, Tom, that if for some  
23 reason you can't do it, he will be happy to do the same fine  
24 job at the Republican convention that he did for me at the  
25 Democratic convention. Just in case you have the same

1 problem he did, we thought you might want to take this to New  
2 Orleans with you.

3 (Applause.)

4 GOVERNOR KEAN: Not a bad idea. I thank Governor  
5 Clinton for the suggestion. And I know and I hope that  
6 Governor Dukakis will feel the same friendly thoughts for me  
7 after the speech as before.

8 (Applause.)

9 CHAIRMAN BALILES: I would remind the members of  
10 the new Executive Committee of our meeting 30 minutes after  
11 adjournment in room 220 of this convention center.

12 GOVERNOR SINNER: Mr. Chairman, could I suggest  
13 that you try and acquire a calendar to give to Bill Clinton  
14 for his next speech?

15 CHAIRMAN BALILES: Who? Do I hear a motion that  
16 we adjourn? Second?

17 All in favor say aye.

18 (Chorus of ayes.)

19 CHAIRMAN BALILES: Adjourned.

20 (Whereupon, at 12:07 p.m., the plenary session was  
21 concluded.)

22

23

24

25