

NATIONAL GOVERNORS' ASSOCIATION
CONFERENCE
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Record of proceedings reported by
MARCIA S. DORAZIO, C.S.R., R.P.R., Notary Public, of
the plenary session, at the Hyatt Regency Chicago,
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Patti Blair court reporters p c

1 GOVERNOR BALILES: Ladies and g ntlemen, I
2 would like to call this session to order.

3 We have a full agenda this
4 morning. We will hear about the role of the media
5 beyond our borders, hand out awards, consider
6 proposed policy statements, hand over the gavel and
7 give everyone enough time to get home for the CBS
8 Evening News.

9 First order of business calls for
10 the chairman's overview. And, briefly, ladies and
11 gentlemen, let me say we did not come to Chicago by
12 accident.

13 Our principal objective and the
14 history of this city share a common spirit, the
15 spirit of imagination and resourcefulness.

16 In so many ways, this city, by
17 its history, symbolizes the creative spirit of the
18 enterprise that we believe must be brought to bear
19 upon our future.

20 The first half of the 19th
21 century, William Ogden was Chicago's mayor and a
22 leading businessman as well. He, like Governor
23 Thompson today, understood the link between
24 transportation and comm rcial growth.

1 Mor ov r, Ogden was not on for
2 waiting on others to do the job. He saw the
3 potential for developing trade through exports. As
4 Ogden put it, exporters could pave the way for
5 wholesalers to make this city greater, and he knew
6 what he was talking about.

7 In 1838, Chicago exported 40 bags
8 of wheat; one year later, 212 bushels; three years
9 later, 586,000 bushels of wheat. So exports grew on
10 the strength of transportation.

11 After Ogden helped complete the
12 canal, which helped steal the grain business from
13 St. Louis, by the way, a lessening competitiveness,
14 he then worked to bring in the railroads.

15 In 1848, a few months after the
16 canal opened, the first train rolled into town and
17 the first wheat, only ten miles of track, 30 bags of
18 wheat arrived at the station. Chicago and union
19 made \$24,000 profit the first year, 86,000 the
20 second.

21 By 1854, Chicago had received six
22 major rail lines in six years. And now connected to
23 the east and west, north and south, Chicago is on
24 its way to b coming th national railroad center.

1 Ev ntually, by 1912, 32 main
2 lines came into Chicago, with a total of more than
3 100,000 miles of track.

4 And the result, industry
5 followed, population soared, business boomed.

6 It is the pattern of history,
7 finance, transportation and trade, along with
8 business acumen and political leadership can combine
9 to produce prosperity.

10 But it does take something else,
11 determination and resolve, the two things that
12 Chicago has an abundance in.

13 It is said that the day after the
14 Great Chicago Fire of 1871, William Deacon Brouse
15 (phonetic) was in New York stirring up investments.
16 Businessman John Steven Wright said Chicago will
17 have more men, more money and more business within
18 five years than she would have had without the fire.
19 And he was right, because the city was rebuilt and
20 became greater still.

21 Ladies and gentlemen, in a world
22 of increasing economic interdependence, it is the
23 need to renew that Chicago spirit, that commitment
24 to overcoming th challeng s of today for th

1 succ ss of tomorrow that th gov rnors hav sought
2 to convey during the past year concluding with this
3 meeting in Chicago.

4 Ultimately, it is up to the
5 people of this nation that we must continue to
6 provide leadership within our borders and
7 increasingly beyond our borders.

8 Indeed, I think the governors
9 have a unique opportunity to provide leadership in
10 this country and to have our message heard.

11 This is particularly so now that
12 the President has repeatedly demonstrated his
13 interest and willingness to work with the nation's
14 states and territories for the good of America's
15 future.

16 The President's summit meeting on
17 education in September holds out promise for
18 achieving a new consensus on the future of
19 education, including our emphasis on international
20 education. I commend him for his proposal.

21 The governors know that the world
22 has changed and that we must now change the way we
23 view the world.

24 Am rica is in transition, and the

1 shap and substance of what w may become is not yet
2 known; but the time to act the building part has
3 arrived.

4 And, ladies and gentlemen, with
5 the benefit of the effort made by this organization
6 during the past 12 months, we can get on with the
7 future and fulfill the promise of our nation.

8 Now it is my pleasure to
9 introduce a special guest.

10 July has been a special month, a
11 remarkable time, a time of celebration,
12 commemoration and reflection.

13 200 years ago, the French stormed
14 the Bastille, and we have shared the anniversary of
15 their revolution. A half century ago, foreign
16 forces invaded Poland. Today, we share their relief
17 and hope as they welcome free elections.

18 20 years ago, Americans left
19 Plant Earth and arrived on the moon. Today, we
20 think back upon the magnitude of that accomplishment
21 and yearn to return again to the days of discovery.

22 Two months ago, Chinese soldiers
23 moved into Tiananmen Square, crushing a democratic
24 demonstration and painfully r minding us of the

1 ultimate price that people are prepared to pay to be
2 free.

3 We were not there when Neil
4 Armstrong and Apollo 11 landed in the Sea of
5 Tranquility or when the soldiers fired on the
6 students in Beijing, but we saw the events unfold
7 live on television.

8 Information. It is essential to
9 any civilization, and ours is no exception.

10 Telecommunications, perhaps more
11 than even trade or transportation, has brought the
12 nations of the world to our doorstep and into our
13 living rooms.

14 So our session this morning
15 focuses on the evolving role of the media beyond our
16 borders, and our speaker this morning is perhaps one
17 of the best known men in America.

18 He has been there when we have
19 elected leaders and when we have lost them, when we
20 have waged war and made peace, when our space
21 program ended in tragedy and when our explorers
22 returned to jubilant welcome.

23 In the tradition of Edward R.
24 Murrow, he is a journalist who knows the difference

1 betw n n ws and ent rtainm nt.

2 His investigative reporting on 60
3 Minutes and his snapshot of America in 48 Hours have
4 helped us understand ourselves and the time in which
5 we live, both beyond our borders and within them.

6 Please join me in welcoming the
7 anchor and managing editor of CBS News, Dan Rather.

8 (A round of applause)

9 MR. RATHER: Thank you. Thank you very much,
10 Governor. Thank you, governors and ladies and
11 gentlemen, for that overly generous introduction and
12 for your applause.

13 You know, Abe Lincoln said about
14 introductions such as that, you should never take
15 time to deny them because the audience will find out
16 the truth soon enough for themselves.

17 I'm specially indebted to you,
18 Governor, for not dwelling upon or even mentioning
19 the fact that I am a graduate of Sam Houston State
20 Teachers College in Huntsville, Texas.

21 While those of us who went there
22 know it to be the Harvard of our part of the world,
23 we are aware that people this far north never heard
24 of th damn plac .

1 It is always a pleasure to sit in
2 a room full of distinguished people and hear
3 yourself and them regale over the highlights of your
4 career, accentuating the positive and eliminating
5 the negative; and I really appreciate that,
6 Governor.

7 Let me assure you here, governors
8 and ladies and gentlemen, that I stand here before
9 you with no illusions.

10 The fact that I happen to anchor
11 a newscast does not make me an expert on anything.

12 And I've made my mistakes, Lord
13 have I ever, many of them over the years, enough to
14 convince me that I ought to keep in mind something
15 Winston Churchill once said.

16 Somebody said to Churchill, boy,
17 you really ought to feel terrific that so many
18 people have come out here to hear you speak.
19 Churchill said, no, not really, because I believe
20 ten times that many would come here to see me
21 hanged.

22 Governor, I know you're aware
23 that something akin to that probably applies to me,
24 and that makes me doubly appreciative of the

1 opportunity to com h re and sp ak.

2 Although you knew that -- You
3 asked me to come here and share a few thoughts this
4 morning about America's place in the rapidly
5 changing world today, the responsibilities of the
6 press and how our responsibilities in the press
7 sometimes in some ways overlap, somehow dovetail
8 with responsibilities of those of you in government.

9 I'll try to do that, and I think
10 maybe I can do that, at least to some degree; but
11 I'm reminded of Betty Sue McManic back home who's
12 married seven times, and her fifth husband was once
13 quoted as saying just before his impending marriage
14 to Betty Sue, I know what's expected of me; I think
15 I know how to do it; I'm a little concerned about
16 whether I can keep it interesting.

17 Let me try.

18 First, I want to begin by saying
19 that I know that you folks, you governors, have one
20 of the hardest jobs in America; and I think you do
21 have the toughest job in American politics. I take
22 my hat off to you for the job that you do.

23 But one thing, unlike members of
24 th Hous and S nat in Washington, you hav to liv

1 in th sam state with th sam p opl whos liv s
2 are affected by your decisions.

3 Unlike your merry pranksters in
4 Washington, you cannot hide beyond that
5 well-insulated wall, that institutionalized thing we
6 call the Congress.

7 There's only you, the top man or
8 woman, up there alone, facing the voters in the
9 front line with your back to the wall.

10 Now, some of you might answer
11 especially in a week such as this that the President
12 has the tougher job.

13 Although this is an especially
14 tough week for President Bush and the decisions he
15 has to make and that we're prayerful that he can
16 make it in a judicious and wise manner, I don't buy
17 the idea that in the main and general presidents
18 have a tougher job than do governors.

19 For one thing, unlike you,
20 Presidents don't have to balance a budget. They
21 don't have to, so they don't.

22 As Dr. Henry Kissinger once said
23 in another context, that has the advantage of being
24 true.

1 Now, I'm ke nly awar that as I
2 begin to talk about our increasingly interdependent
3 world, interdependent world and about our need to
4 understand what lies beyond our borders that we're
5 coming to up one of the deadlines set by the mad men
6 in the Middle East.

7 I want you to know that we have a
8 phone line open to our CBS news headquarters. If
9 there is any movement on that front, we will try to
10 make you among the first to know it.

11 That having been said, allow me
12 to come straight at you and bark off about a few
13 things that are on my mind in line with the brief
14 that the governor has given me to talk to you
15 about.

16 The first is this: Clearly
17 intertwined with the question of America's place in
18 the new, more competitive world order is what are we
19 going to do about the drug problem.

20 I'm coming today to you live and
21 directly almost literally from the crack houses and
22 dens of narcotics, and I've seen them in a lot of
23 other places in this country, live and up close.

24 CBS N ws is pr paring a sp cial

1 two-hour broadcast titled "A New 48 hours on Crack
2 Street." That will be broadcast in early September.

3 For reporting on that, I've spent
4 a good deal of the last few days and nights on the
5 streets, in the hell holes, on the playgrounds and
6 in the suburbs.

7 And that drove deeper than ever
8 my belief, my absolute conviction, that the spread
9 of drugs is the greatest internal threat to the
10 survival of the United States since slavery.

11 I do not believe that to be an
12 overstatement. It is the overwhelming menace to all
13 that we have been, are and hope to be.

14 Within the last 48 hours, I heard
15 the gentleman whom I respect and admire who is in
16 charge of our war on drugs say that he believes we
17 have now moved from the defensive to the offensive
18 in the war on drugs. I hope -- I pray he's right.

19 In candor, I have to say that
20 that does not match the picture as told to me and
21 demonstrated to me by the police on the beat and the
22 DEA who put their lives on the line.

23 Now, also intertwined with the
24 question of what our economic chances are in the new

1 world order is how do w improve rac relations and
2 do we.

3 We've accomplished a lot in this
4 area. Since Lincoln led us out of slavery and
5 preserved the Union, much has been accomplished with
6 a new surge of improvement in racial freedom during
7 our lifetimes in this country, and we should be
8 proud of that.

9 But so much remains to be done,
10 and we know it.

11 Evidence abounds that our efforts
12 to improve race relations and lower racial tensions
13 are now in -- at best -- a kind of pause period, a
14 kind of plateau.

15 My own personal opinion, clearly
16 labeled, is that they're being dragged backward at
17 the moment; that race relations are deteriorating
18 dangerously and that racial tensions are rising and
19 that we had all better recognize that and act upon
20 it, personally and collectively, immediately.

21 Until and unless we do something
22 about the perils of drugs and race relations,
23 discussions about America's place in the new, more
24 competitive and more interdependent world risk

1 becoming empty and meaningless.

2 There is a new challenge for the
3 United States in the energized, economically
4 competitive and highly interdependent new world
5 order of things; and I'm not kidding you, I'm not
6 blowing smoke at you when I say to you I think that
7 you, individually, are very important in our
8 country's ability to meet the challenges of that.

9 What's happening in the world,
10 it's obvious to us all, if we pause for even a few
11 seconds to think about it, does demand new thinking
12 about the responsibilities of national leadership,
13 new thinking about what a governorship is and state
14 governments and new thinking about the
15 responsibilities of the press.

16 What's happening in the world,
17 not just in China, not just inside the Soviet Union,
18 not just in Eastern Europe, but everywhere is
19 compelling us at a jet lag, often frightening speed,
20 where we stood as a country as recently as five
21 years ago politically, economically and
22 strategically a far place from where we are now.

23 Time and space have shrunk. A
24 cyclone of change flows.

1 The information r volution is on
2 cause, but I want to tell you that I think in many
3 ways it may be overrated, overestimated. It
4 certainly is not the only cause.

5 In the face of this -- and I
6 don't fully understand it myself -- the country as a
7 whole is strangely, dangerously complacent.

8 This strikes me as not in the
9 American tradition. This is not quintessentially
10 America. It is -- to use an archaic phrase, perhaps
11 unAmerican -- we are lacking in understanding our
12 neighborhood and in deciding how to survive and
13 thrive in the new global reality.

14 We do not have a coherent
15 national strategy for doing it, and we're not giving
16 our children the education for doing it.

17 Your task force reports on this,
18 I thought, were marvelous, right the way through.

19 I did take the time to read them.
20 They were not, Governors, as you pointed out to me,
21 ideal bedtime reading, but they were exceptionally
22 well done.

23 Now, the American press bears a
24 heavy r sponsibility for our shortcomings in this

1 area of understanding and adjusting to th n w world
2 changes.

3 There are no exceptions. I
4 specifically include myself and CBS News.

5 Our viewers, your voters,
6 Americans in general, still have not grasped the
7 immediacy and potentially devastating complications
8 of this, nor have any fully grasped the
9 opportunities.

10 Never has the phrase "the global
11 picture" had such relevance. But how has our
12 society responded to this new rise of globalism,
13 this new interdependence of the world, one nation to
14 another, whether we like it or not?

15 The answer, sadly, is that we
16 have not responded to it. A kind of paralysis has
17 set in.

18 What we don't like to talk about
19 we ought to grab by the shirt collar and get out and
20 say yes, we've got some paralysis on this.

21 From the White House to the state
22 house to the school house to the living rooms to our
23 bedrooms and right on down to the newsroom, we need
24 n w thinking.

1 Nev r mind Glastnost or th
2 Russians. We need reform, restructuring and new
3 thinking. Without it, this country cannot preserve,
4 will not deserve being a leader in the new
5 interdependent world community.

6 And a big reason for that -- if
7 you want to say well, what is this little talk about
8 this morning -- this is a major part of it.

9 I think the big reason for this
10 paralysis, this pause, if you will, this complacency
11 is our alarming ignorance of the language and
12 customs, history and geography of the rest of the
13 world.

14 You've all heard the stories
15 about business deals gone sour because of the
16 language problem or relationships ended because of
17 an unintended insult that resulted when one party
18 was ignorant.

19 You have all read the reports in
20 your tasks force reports, startling stuff about the
21 shame of our students unable to find even France or
22 Mexico on a map. I'm not exaggerating.

23 And those of you who have read
24 th task force r ports and r ad public opinion polls

1 in t sting know that to b tru .

2 Every world traveler reporter has
3 witnessed such incidents firsthand and has
4 shuttered.

5 We were in Japan earlier this
6 year, before we went to China. It was underscored
7 to me again that the Japanese economic miracle is
8 the result of a lot of things, including hard study
9 and hard work, but also including the fact that the
10 Japanese know more about the rest of the world than
11 we know about them.

12 And this is especially true in
13 the United States.

14 One reason they score so well
15 with our customers -- and let's remind ourselves of
16 this -- one reason they score so well with our
17 customers is because they know more about customers
18 here. Comparatively, about them, we don't know
19 diddly.

20 Now, this is costing us clearly,
21 and we in the press have not done nearly as good a
22 job as you in the state houses have done of trying
23 to ram that home to our folks.

24 The situation is subj cting

1 Am rica and Am ricans to ridicul .

2 Have you noticed, especially in
3 the new emerging economic powers of Japan and
4 Germany?

5 Let me tell you, I'm not at all
6 certain that in the 21st century Japan and/or
7 Germany might not begin to be the principal threats
8 to American security.

9 We've had our eye on the Soviet
10 Union. Well, I'm not saying that will be the case.
11 I think it can be and will be avoided, but I
12 think -- also think it would be foolish not to
13 consider it at least as a possibility.

14 These people, Germans and the
15 Japanese, particularly are coming on like 60's.
16 Behind our backs and sometimes to our faces now,
17 they make fun of us.

18 You may have heard some of the
19 jokes at our expense in those two countries and
20 elsewhere.

21 I want to repeat one of them, not
22 because I think it's particularly funny, but because
23 it was so startling.

24 If a person sp aks thr e

1 languages he is trilingual. Th p rson who sp aks
2 two languages is bilingual. What do you call a
3 person who speaks only one language? An American.

4 I find that humiliating all the
5 more so because it's true. And I also find it
6 ironic because one of the reasons we Americans know
7 we live in the greatest country in the world is
8 because we, like no nation in history, have so
9 successfully found a place for millions of people
10 from other lands.

11 We are truly a nation of many.
12 Now, is it possible we can be so ignorant of where
13 we came from?

14 Truly, I have a theory, nothing
15 more about that. It is this: In thinking for so
16 long that ours is the greatest nation and either --
17 and believing that everything we do and make and
18 have is the best, we couldn't imagine why learning
19 about the rest of the world was worth the bother.

20 I would like to believe that
21 everyone around at least this circle of the table
22 here this morning now knows why.

23 I would like to think we can all
24 agr that w 've got a probl m, ignorance of foreign

1 languages, foreign customs, history and v n th
2 geography of our economic competitors.

3 And it's costing this country its
4 leading role in the international marketplace, which
5 costs our people's jobs, which threatens our future.

6 We also agree that one key to
7 turning the slide around is more attention to the
8 problem, more information and more education about
9 it.

10 Where we may disagree some is in
11 how to do that.

12 I have a few thoughts about it.
13 You may not agree with them, but that's the chance
14 you take in asking me to speak.

15 But, you know, I take a chance
16 too of making a fool of myself again.

17 For example, compared to a
18 governor, any governor around this table, who has to
19 deal with educational matters every day, I'm not a
20 qualified speaker.

21 Compared to lifetime teachers and
22 professional educators, I'm a strict raw amateur.

23 On the other hand, I keep
24 r minding myself that amateurs built th arc,

1 prof ssionals built th "Titanic."

2 Or, to put it another way,
3 sometimes, sometimes, common sense has a better
4 chance of coming through when it's not grounded out
5 by a lot of theories.

6 The truth is I don't have any
7 definitive theories anyway. What I have -- all I
8 have -- are some common sense observations and
9 guesses, and actually, they aren't even mine.

10 And, the way anchormen do, I've
11 taken them from somebody else. They come from
12 people in all walks of life I've spoken with over
13 the years -- and you've spoken to them too.

14 You're tired of hearing it some
15 ways, so am I; but one reason is because we know
16 it's so true.

17 We're frustrated. We have
18 difficulty doing anything about it. We've got to
19 find a way to pay teachers more.

20 In Japan, they pay a teacher more
21 than they pay an engineer. Especially teachers in
22 preschool and elementary school, is my personal
23 opinion, we've got to find a way to pay teachers
24 better becaus , aft r all, th y deal with th

1 foundation, th whole foundation of the conomic
2 house.

3 We've got to find a way to raise
4 teachers' standing. We've got to find a way to
5 teach more and better math and pure science and
6 chemistry and physics and, yes, I would even
7 suggest -- suggest maybe -- adding a full grade at
8 the beginning of school and eliminating -- doing
9 away with -- the 12th grade.

10 I'm not sure that's a good idea.
11 If you haven't thought about it, pick it up, examine
12 it, maybe we'll discuss it another time.

13 You've heard all of those things.
14 Let me say to you, I agree with you.

15 I don't have the way -- I can't
16 give you a budget line how to raise teachers'
17 salaries, and I don't know exactly how to raise
18 their standing, but I do think we have to do so,
19 particularly preschool, elementary school teachers.

20 Let me give you my shot. It's
21 actually a double barrell shot, under the heading of
22 frequently in error, but never in doubt.

23 This, I believe, we -- most of us
24 in th pr ss and you -- thos of you in governm nt,

1 perhaps can best help you, the statistics, come to grips
2 with the realities of the new interdependent global
3 community by placing especially heavy emphasis on
4 the teaching of geography, world history and
5 languages in our schools, in our newspaper and
6 magazines and on radio and television.

7 And, two, we have got to have
8 more, not less, foreign news coverage in both
9 national and local news broadcasts.

10 Mark well, Governors, that right
11 now, the trend line in American journalism, print
12 and broadcast is away from, not towards, more
13 foreign coverage.

14 Foreign coverage costs more, a
15 lot more, than domestic coverage. So no one should
16 be surprised that so many -- not all -- but so many
17 broadcast executives like to talk about how they
18 know Americans are not interested in news from
19 overseas.

20 In New York, they say oh, it's a
21 long way from Broadway.

22 That kind of talk is wrong, and
23 that kind of talk is dangerous.

24 Broadcasters, all of us, talk a

1 lot about freedom of the press and deregulation.

2 Good things. I believe in them. But few in the
3 industry even talk any more about quality,
4 responsibility and public service.

5 Why is that? Because you
6 governors and a lot of other people and people in
7 broadcasting such as myself do not ask enough, often
8 enough, forcibly enough, why aren't the people's
9 airways being used at least a little more for
10 quality, for public service, for that clearer global
11 picture?

12 You have a right to expect more
13 from television. You have an obligation to expect
14 more from television. I'll try to ask more of
15 myself.

16 But you can help, Governors,
17 whether you've thought about it or not, by doing the
18 same, especially to the station owners in your own
19 states, but also with news directors and on-the-air
20 personalities.

21 These are good people. They want
22 to do right. Like the rest of us, they want to do
23 right and do well.

24 As Churchill once said, they want

1 to do the right thing. And you can mak a
2 difference.

3 I mention here and there a word
4 here, there, perhaps could make more of a difference
5 than you realize.

6 Now, if somebody says to you,
7 well, Governor, give me an example of how you think
8 we can improve, well, try this: Suggest
9 contribution be given to -- including at least a few
10 more foreign stories in local newscasts. Any
11 mention would be more than some local newscasts now
12 give.

13 Don't misunderstand. I'm a
14 supporter and believe in local news broadcasters,
15 but some stations broadcast now two or three hours
16 every day of news, but rarely have ever mentioned
17 what's happening internationally.

18 Now, if you want something that's
19 even easier, I think, gently suggest that
20 consideration be given to local newscasts using
21 better graphics to better put in context the where,
22 the geographical location of stories.

23 Very soon -- and you are the
24 first to to hear about this; I'm going to giv you a

1 littl xclusiv her , so you may not recognize --
2 we're going to try on the CBS Evening News a whole
3 new service of graphics; that is, try to do this,
4 put the location of stories on the screen into
5 better overall geographical context.

6 The intent is to give a geography
7 lesson at the same time we tell a story that we give
8 the news.

9 We're going to take the position
10 of trying to inform, to teach more of our audience
11 better where things are happening in world.

12 It is a tiny step, yes, but I
13 hope it will be a useful one.

14 And your local stations can do it
15 too, and they just might, if you speak up and
16 mention it.

17 Go gently though. News people,
18 including this one, rarely take kindly suggestions
19 from outsiders, no matter how well they're intended.

20 We can dish it out, but we don't
21 take it very well. I mention that because you
22 probably didn't know it.

23 Point here is that my projection
24 can do more with small and large steps to encourage

1 more learning about g ography, world history and
2 foreign languages; and we can do a lot more to take
3 more responsibility for public service and to
4 remember more often that the airways belong to the
5 people of the United States, not just to a few of
6 us.

7 And I rededicate myself today to
8 trying to help that along, but I have to ask for
9 your help. You've got to help us, not that you
10 don't already have plenty on your part, but a lot of
11 important battles to fight.

12 You've got to lead in making
13 America more competitive economically.

14 But besides better schools, means
15 luring the federal budget deficit, decreasing the
16 trade deficit, increasing the amount of savings
17 Americans do, getting U.S. industry to invest more
18 resource capability and getting industry and our
19 businesses to invest some, at least with an eye
20 toward the long pull rather than just the short
21 term.

22 You who already have the toughest
23 job in American politics have got to take the lead
24 in convincing th President and th Congr ss that

1 th pres nt approach to ducation policy is a m ss
2 and needs immediate overhaul and that the present
3 approach to federal budget deficit is an Alice in
4 Wonderland fantasy.

5 Yours is the harder job by a long
6 shot; but I can help, and so can others in the
7 American press.

8 I give you my word today that
9 I'll try and will make every effort to encourage
10 others in my profession to try.

11 Perhaps the most important thing
12 we in the business of broadcasting and profession of
13 journalism and you in government can do together is
14 help each other help the country by resolving to
15 crack through this paralysis that seems to grip
16 America at the moment.

17 Face it. We, all of us, are long
18 on talk; we're short on action. We don't put up,
19 but we don't shut up.

20 Such is not our tradition. It is
21 quintessentially American.

22 It is considered quaint overseas.
23 It is quintessentially American to believe that all
24 problems ar solubl . I was taught to b li v that

1 and beli v it. You w r taught to b li v it, and
2 you believe it.

3 Let the world continue to insist
4 that belief is an American delusion, a mark of
5 immaturity, naivete.

6 I would like for them to continue
7 to believe that because one of our strengths -- and
8 we've got a lot of them -- that we're a nation built
9 on ideals and optimism, and this is strength given
10 to us by our fathers and mothers and one that we've
11 got to give to our sons and daughters.

12 But the power of ideals and
13 optimism works only when it's blended with hard
14 study, hard work and a determination not to duck
15 hard facts and tough truths.

16 I want to close before we get to
17 your questions with two quick thoughts, one of which
18 I think is appropriate here.

19 It is one of the favorite things
20 of mine written by F. Scott Fitzgerald. It is a
21 paraphrase of Fitzgerald.

22 I think it has to do with the
23 fact that while we can't always articulate it, that
24 w do b liev in optimism and id alism in this

1 country, and we do know d p within ours lv s it's a
2 great strength.

3 Fitzgerald wrote that France is a
4 land, England is a people, but that America having
5 about it still the innocence of the ideal is harder
6 to utter.

7 America's graves shy low, some
8 bodies of young American boys who died in the Oregon
9 forest, on the beaches at Normandy for a phrase make
10 the world safe for democracy, and America is the
11 tired, drawn faces of its leaders, yes, including
12 the best of governors sometimes on the worst of
13 their days. And it's the belief that some way we
14 will find a way to keep America in a leadership role
15 in the new, more fiercely competitive and more
16 interdependent world order.

17 Now, people are trying, you know.
18 I was very encouraged when I was back home in
19 Houston not too long ago. Air France has opened an
20 office in our town, perhaps, Casey, some time in
21 your state want to connect with Europe.

22 Air France opened this office,
23 and they were pleased with the work they were
24 g tting, a lot of hard-working T xans wer in th re,

1 including som of our hard working people.

2 When the Air France management
3 came over it was shocked and appalled at the way
4 these Texas ladies answered the phone.

5 They put together a one-week
6 crash course saying listen, this is the way we do it
7 at Air France worldwide.

8 So recently, when I called Air
9 France, this is what happened. Very gentle voice
10 said, Air France, Bon Joure, can I help you?

11 (Laughter)

12 MR. RATHER: Thank you very much.

13 If you have questions, I will do
14 my best to answer them.

15 (A round of applause)

16 GOVERNOR BALILES: Thank you, Mr. Rather, for
17 your ideas and information presented in a very
18 remarkable and refreshing way for us.

19 We welcome your announcement in
20 particular about CBS providing the geography lessens
21 for hundreds of millions of viewers at the same time
22 we're getting the news.

23 Our first comes from Governor
24 Mabus of Mississippi.

1 GOVERNOR MABUS: Mr. Rather, I want d to tell
2 you how much I appreciate -- and I know everybody
3 around this table appreciates -- what you said about
4 governors and the jobs that we face and how that is
5 in contrast to those in Washington.

6 We talked about the need for new
7 thinking, the need to break some paralysis, and it
8 reminded me of the story of the man who asked if he
9 believed in baptism. He said believe in it? I've
10 seen it done.

11 Well, I've seen these things
12 done, education, in drugs and in geography and in
13 race relations; and so many of the things you talked
14 about are the people sitting around this table.

15 I guess my question is why then
16 when I turn on the national news is the rule that a
17 response to a drug question or a race relation
18 question normally a Senator or a cabinet officer and
19 only the exception a governor.

20 Why is there so little coverage
21 of Jackson and Cheynne and Olympia and Mount Peter
22 which are just as far away from Broadway as a lot of
23 cities you talked about?

24 MR. RATHER: It is a good question, and I

1 hav an answer. None of them ar going to b very
2 satisfactory to you.

3 Number one, within journalism,
4 like in politics, people are inclined to take the
5 easy way. I know this doesn't happen in politics.

6 In journalism, folks are very
7 fond of taking the easy way, and it's easy to get to
8 the governor, the congressman, your senator. It's
9 is easy for reasons we understand.

10 One, it's easy.

11 Two, it's cheaper. There's lot
12 of press in your town. I applaud most of them,
13 certainly a lot of them, to deliver value for
14 dollar. That's one way we make our sales
15 competitive worldwide.

16 Never mind thinking about the
17 world as one whole thing. If each one of us tries
18 to deliver good value for dollar, why, it helps us
19 economically worldwide.

20 But another of the reasons -- to
21 answer your question why aren't more people talked
22 to; why isn't a broader spectrum addressed on these
23 questions -- one is it's easier to do it the way you
24 d scrib d. Two, it's ch aper. And, thr e --

1 th re's no pride in saying this -- that in a lot of
2 ways, in a lot of ways, we're gutless; that we're
3 afraid to risk.

4 And I don't exclude myself from
5 this. It's a tendency in television news,
6 particularly. I think it is true in -- growing
7 trend in American journalism. The tendency is
8 don't make anybody mad.

9 Now, when you go to your governor
10 or your senator or congressman, you're pretty sure
11 that you're going to get remarks within a certain --
12 within certain boundaries.

13 If you start going out and
14 talking to folks in general, you don't know what
15 you're going to get.

16 One way it's funny, and another
17 way it's tragedy; but it's an answer to your
18 question.

19 Those are three reasons. One,
20 it's easy to do it this way; two, it's cheaper and,
21 three, it's a whole lot safer that you're not taking
22 much of a risk.

23 We can do better. We ought to do
24 b t t r.

1 GOVERNOR BALILES: Governor McKernan of
2 Maine.

3 GOVERNOR MCKERNAN: Thank you. I want to say
4 I enjoyed your remarks. I think you were preaching
5 to the choir.

6 And it's because of that view
7 that my question is how do we tell the rest of this
8 country and the rest of the world that Jerry Baliles
9 was the right guy at the right time; that we made a
10 major contribution as an association with our
11 American transition project and that the rest of the
12 nation has to understand how important it is.

13 Obviously, you agree with that or
14 you wouldn't be here today; you wouldn't have said
15 what you just finished saying.

16 How do we make sure that we can
17 expand the group and convince others all across this
18 country setting policy that we have to make these
19 kinds of contributions if we're going to have a
20 future you want?

21 Your, obviously, in a position
22 where you can have a major impact on that.

23 How would you suggest we get that
24 word out through CBS News and other outlets?

1 MR. RATHER: W ll, first of all, about
2 singing to the choir, I agree, singing on the same
3 page here.

4 My hope is this might reach an
5 audience beyond here, for one thing. The other is I
6 do think it's important for those of us in the press
7 to recognize our own responsibility.

8 We're pretty good about pointing
9 the finger at other folks. It is important for me
10 and a lot of other people in journalism for you to
11 understand that we know that we're not holding up
12 our end. Now, as how to do it.

13 First of all, I think as
14 governors you are doing a good job. I tried to
15 point out my remarks. It is the rest of us to catch
16 up with you in making a forceful effort to punch
17 through, but I do believe in straight talk.

18 And you say well, how can we get
19 through? I think if you talk straight, if you don't
20 try to cut it, if you don't try to dilute it too
21 much, if you don't try to make it too easy, people
22 to get down because a lot of tough truths to be had,
23 if you keep doing that, you're going to get through,
24 whether it's on CBS, NBC, what v r, local station,

1 it g ts through.

2 I don't think it gets through if
3 you gussy it up too much, if you cut it too much.

4 GOVERNOR BALILES: Governor Kean of New
5 Jersey.

6 GOVERNOR KEAN: And to those, obviously,
7 thanks you very much for your appearance and your
8 remarks.

9 We basically are looking for
10 things that work, for solutions. It's a very
11 difficult problem. I think I agree with you, as
12 most governors do, on the various problems.

13 You've spent a lot of time now on
14 drugs for a special that you're doing. I don't
15 think there's not a governor here who hasn't been
16 wrestling with solutions at least on a state-wide
17 level to the problem of drugs.

18 I was wondering if in your
19 research you found some things that can give us some
20 cause for optimism, whether you found some programs of
21 worth, whether you found some things that we can key
22 in on and perhaps imitate.

23 MR. RATHER: Well, yes, again the heading of
24 frequ ntly in rror, never in doubt on this.

1 I think w have found som things
2 that work. This is not an all-inclusive list.

3 One of the things that works is
4 starting early in school. Any community in this
5 country that does not have almost from the beginning
6 of school some drug education program is running a
7 greater risk, a much greater risk, than it has to.

8 That's one of the things that
9 works. It has worked in New Jersey. It has worked
10 in New York. It has worked in number of places,
11 starting drug education very early.

12 I can remember very well when I
13 took my son around the block at my mother's
14 insistence when he was 11 years old for that kind of
15 talk a father is supposed to have with their son.

16 He said, Dad, I know all that,
17 I've known that for three years.

18 Point being most of us are behind
19 the curve on what young people know and also what
20 they can absorb.

21 One of the ways the world has
22 changed is that you have to know a whole lot more
23 younger now than you ever did. That's one of the
24 things that works.

1 Anoth r thing that works is
2 keeping the heat on; that the hammering down with
3 drug enforcement has paid some debt dividends.

4 I myself do not think it is the
5 ultimate answer to the drug problem, but it does pay
6 dividends.

7 I was with the sheriff's
8 narcotics force in Newark, one of the few sheriff's
9 officers, I think, in the state that has a narcotics
10 enforcement unit -- And they do a good job, and
11 they're making a difference.

12 Now, that works some.

13 What doesn't work is to talk
14 about some grandiose -- we're going to have a great
15 war on drugs, we're going to have a tremendous
16 effort here and not back it up.

17 Now, I want this criticism to be
18 acumenal, Republicans, Democrats, anybody else, but
19 that doesn't work.

20 The idea that there are more
21 policemen guarding the subways in New York than
22 there are DEA agents worldwide does not exactly send
23 out a signal to drug traffickers that we're serious
24 about war on drugs.

1 You say what works? What works
2 is backing up what you say.

3 And, you know, old testament says
4 let your eyes be eyes and nays be nays.

5 Well, don't talk about it if
6 you're not going to do it because that hurts your
7 credibility. We wander far.

8 I think those are some of the
9 things that works. I do think it works to keep
10 hammering to people, both young people and adults,
11 how dangerous drugs are.

12 You saw this report yesterday, I
13 think, in which there's some indications that our
14 education programs are paying off; that a lot of
15 people, particularly those better educated people,
16 more education the higher you go, they're beginning
17 to understand, that may be in, it may be pretty cool
18 to go on cocaine, but it also will kill you; it'll
19 also wreck you.

20 These things are working.

21 GOVERNOR BALILES: Governor Clinton of
22 Arkansas.

23 GOVERNOR CLINTON: Mr. Rather, thank you very
24 much. I enjoyed not only your speech, but the

1 answ rs to the qu stion.

2 I would like to go back to the
3 question Governor McKernan asked and try to put it
4 more sharply.

5 You said to him this message
6 would get out if we didn't cut it too much, blunt.

7 I think that is true. Everybody
8 has almost got too much information. You have so
9 much information you almost don't have any.

10 So if you don't really cut
11 through it sharply we won't hear you.

12 This is a second page or problem
13 and it has to do with the relationship of the
14 politics to the press, to the public; and that is
15 trying to keep an agenda on high in public
16 consciousness long enough to really do something
17 about it.

18 We're an impatient people. We
19 always have been. A kind of change we're talking
20 about requires pain and patience and time and -- Let
21 me just give you a couple of examples.

22 At home, there have been some
23 recent press stories here about how people are
24 g tting more from ducation and stating th y want to

1 talk about something els .

2 I heard several people talking
3 here about how the only questions they've been asked
4 about at this session were about abortion.

5 Now, the Webster decision is in
6 Court. That's a very important issue. I don't want
7 to minimize that.

8 I would say I've gotten ten times
9 as many questions on that from press all over
10 America than anything else.

11 I had a reporter come up to me,
12 and I am -- I don't want to embarrass the governor,
13 but this reporter said well, what kind of grade
14 would you give Baliles as chairman?

15 And I said A; I'd give him an A.
16 And he said well, God, this boring, isn't it? I
17 mean aren't people bored with this? Does anybody
18 really care about this? I mean there's no real
19 headlines here.

20 I said look -- the guy -- I think
21 the agenda is important. I think the reports were
22 good, and I think he got us all involved. I think
23 he gets an A.

24 Th r has b en a lot of that sort

1 of nobody shocked themselves at this meeting so it
2 really wasn't very important.

3 I guess what -- I understand that
4 things at the moment and conflict make great news,
5 and you've made some of the best news in the 20th
6 century because you happen to be in the right place
7 and you understood that.

8 But give us some advice about how
9 our jobs which may look boring to everybody when
10 they're profoundly important, dealing with the
11 things that will really matter when we look back on
12 this time in history 20 years from now can be made
13 important enough in the moment to at least maintain
14 the majority support for these issues over this
15 period of time.

16 That is our biggest problem, I
17 think, as governors, long-term change.

18 MR. RATHER: Governor, I can empathize with
19 that.

20 • Let me say in good spirit I
21 appreciate the question.

22 Most of the time, I'm looking for
23 advice, and I generally do my best to try not to
24 give any.

1 I also try not to fall into th
2 trap. Russell Baker, you haven't read his new book
3 "The Best of Time," he reminds all of us who are
4 reporters it is a trap if you're a reporter and you
5 begin to believe that you're a player, you want to
6 be a player.

7 I'm not a player. I'm a
8 reporter. That's what my life is about.

9 That's not a copout. I'm going
10 to answer your question.

11 It is important to me that
12 everybody here understand that -- about a lot of
13 these things I just don't know.

14 I think all of us are a little
15 reluctant sometimes to give the answer, dammed if I
16 know, about a lot of things, awful lot of things I
17 don't know. But I want to be responsible.

18 Two things. One, there is a
19 blizzard of information coming at everybody. It is
20 one of the most difficult challenges of my
21 profession, how to sort out every day.

22 We have 22 and a half minutes, 22
23 minutes now -- we had another commercial added not
24 long ago.

1 W hav 22 minut s v ry night on
2 the evening news trying to sort out and trying to
3 state it clearly and directly and understandably.

4 What people need to know and what
5 people want to know is the challenge of that
6 broadcast. Every newsroom faces that challenge.

7 While everybody else is out doing
8 their jobs, doing that, the welders, waitresses,
9 insurance salesman, governors, our job is to fan out
10 and find out what people need to know and want to
11 know and present it.

12 It gets more difficult because
13 you have this blizzard of information. And sorting
14 that out for each individual citizen is particularly
15 important in a republic based on principles
16 represented democracy such as ours in which the
17 ideas that every citizen will be very well informed
18 and therefore can make decisions.

19 Now, about how to keep the focus
20 on even when it's, quote, "boring," why -- I think
21 boring is one of the most boring words around. It
22 is getting overworked. A lot of tough stuff is
23 boring.

24 W talked about education. I was

1 r. mind d of Miss Simmons who was our lementary
2 school principal at Love School Elementary.

3 I can remember very well looking
4 back on it, when she said listen, there's certain
5 things that must be done, they must be done well,
6 and they must be done on time.

7 Believe you me, she said that
8 about every other day, and it became boring. But it
9 got through.

10 And you've asked me. For
11 whatever it may be worth, I can give it to you.

12 I think if you believe in it, if
13 you've got something you really believe in, as
14 opposed to something just turned out by a speech
15 writer or pollsters -- we have them in our business
16 too; consult intelligence -- something that you
17 really believe inside yourself, I wouldn't be afraid
18 to hit that theme over and over again. And for --
19 everybody said well, that's boring, you've got to do
20 something exciting here, I would say well, this is
21 what I believe in and just keep on keeping on.

22 GOVERNOR BALILES: Governor Sinner of North
23 Carolina.

24 GOVERNOR SINNER: Mr. Rath r, I tried to be

1 a good gov rnor -- I try to b a good gov rnor, as
2 everybody around this table does. We work hard. We
3 don't apologize to anybody. We work damn hard, and
4 like you, we make mistakes.

5 In fact, I have a plaque in my
6 office that one of my children carved in an old
7 piece of wood that said if you made no mistakes
8 today, you've done nothing.

9 My mistakes as governor are fair
10 game in politics. But frankly, the despicable
11 depths of dirt to which campaigns appear to be
12 descending make me sick in my stomach.

13 And I, frankly, want no part of
14 it, nor do the people around this table.

15 To whatever extent we may have a
16 weakness engaged in, I think we're all ashamed.

17 Somehow issues don't matter, our
18 genius or our proverb of ideas don't matter. It's
19 personal slur, innuendo and even occasionally real,
20 personal failures become the frontal piece of
21 campaigns.

22 There's an old Chinese proverb
23 that says he who slings mud loses ground, and I fear
24 that as our campaigns go mor and more dirtily b as

1 w all sling mud the nation los s ground.

2 The question is can you help us.
3 Will you blast us editorially and forcefully and
4 regularly when we are part of these kind of
5 campaigns, and will you do the same to others?

6 Because I think it's critical to
7 the country. I think it's worthy and credible news
8 reporting, if you can do that.

9 (A round of applause)

10 MR. RATHER: Thank you, Governor, and the
11 answer is I'll try -- I won't duck wobble with
12 you -- that we're limited.

13 Any of us can do what I do are
14 limited to effect this problem.

15 The same reason, the same reason
16 I think you are; that the word is out that it works.

17 Let's don't kid one another.
18 Lately, a lot of elections have been won by the sort
19 of thing you described. I think it'll turn. I
20 think it may turn pretty quickly.

21 I don't think it'll turn quick
22 enough for those of you who are up in the next two
23 to four years, but it'll turn.

24 But as long as it works, and

1 p rhaps more importantly, as long as it's b l i v d
2 that it wins there are going to be a lot of people
3 trying.

4 I'll try to respond to your
5 request, to your plea that we do a better job of
6 calling people's hands when they do it.

7 This goes back to something I
8 said before, a certain lack of intestinal fortitude
9 on the part of journalism as a whole, myself
10 included, that it's awfully easy to say well, we're
11 going to put on the sound like from candidate A and
12 candidate B and that's our responsibility. That's
13 it.

14 Somebody thinks it's dirty or
15 somebody thinks the facts aren't there, that's
16 somebody else's responsibility -- I don't agree with
17 that, although sometimes have done it, and I
18 couldn't guarantee I wouldn't do it again.

19 I do think we have a
20 responsibility and we can do a better job of, for
21 example, when the facts do not match the rhetoric of
22 pointing it out and not the next day or the next
23 week, but pointing it out at the same time that you
24 play, you broadcast or you write about th attack.

1 But I'm not going to kid you.
2 I'll admit with you the problem.

3 I don't know the answer to it,
4 and although there is a lot of talk about the power
5 of the press and some of it's justified, we're
6 limited in what we can do about it.

7 I think, Governor, better take
8 one more.

9 GOVERNOR BALILES: Governor Blanchard of
10 Michigan for the final question.

11 GOVERNOR BLANCHARD: Thank you, Governor
12 Baliles.

13 I want to thank you for your
14 thoughtful address. I hope we can get copies of
15 your remarks or a summary of it. I think it would
16 be most helpful to all of us.

17 I want to ask a question that
18 relates to leadership. I don't know that there is
19 an answer, but I would be curious as to your
20 response.

21 To the extent that good
22 leadership is important to bring a greater awareness
23 to more Americans in international relations,
24 geography, history, what we need to know to be

1 I ad rs of th world again, I would lik to think
2 that the caliber of governors and national anchormen
3 and women is higher today than it was a few years
4 ago.

5 I'm not going to ask you that
6 question. We'll assume that's correct. But there
7 are a whole thousands and thousands of other people
8 who run for public office that hold public office
9 that work in local television and radio stations and
10 newspapers.

11 And my question is do you think
12 from your experience now, several decades in the
13 news business, do you think the knowledge level of
14 all candidates for public office and the knowledge
15 level of all new journalists and broadcasters is
16 higher today or lower than it was a decade or two
17 ago?

18 MR. RATHER: There is no question in my mind
19 that it's higher on both counts.

20 I'm going to tell you something.
21 I'm glad I don't have to start the day as a CBS news
22 correspondent. I'm not sure I can hack it.

23 Higher on both counts.

24 Now, those who know m w ll --

1 and Governor Clements is here; I see him next to
2 you -- knows full well it may depend on where you
3 are.

4 I grew up on please pass the
5 biscuits, Papa Daniel, as some of the governors of
6 Louisiana, so it's pretty easy to say well, the
7 level of people running for public office today is
8 much higher now than it was then.

9 But I believe that. I think the
10 level of intelligence has risen with the level of
11 education in the country.

12 This is partly a trapping of what
13 I see in journalism, but I know it to be true in
14 politics.

15 But I'll tell you what isn't --
16 in my opinion may not be as high as it once was, and
17 that is a willingness to follow one's own instincts.

18 I don't want to wander too far in
19 answering your question.

20 I think the answer is yes on both
21 counts, but there is a tendency not to use one's
22 intelligence, not to use one's instincts as well as
23 perhaps those who practice journalism and/or public
24 service once did because the tendency now is to get

1 cocooned.

2 This is true in journalism as
3 well. It's true of a local anchorman.

4 Never mind those of us who are
5 sniffing that high grade radio fuel of anchor that
6 the network had. You can get pretty cocooned.

7 I heard this early before. I do
8 see a tendency. For whatever it may be worth to
9 you, it's true in journalism as well.

10 Say, well, my instincts tell me
11 this or my home tells me this, but I listen to other
12 people -- and you get bombarded from every
13 direction.

14 I've seen some races lost that
15 way. My guess is you have too.

16 I've seen some journalists lose
17 their way on that, and I worry some about that; that
18 my idea of leadership may not match your own. But
19 my idea of leadership is somebody who will listen to
20 all the opinions, listen to all the advise and take
21 himself or herself off for at least a moment and say
22 do I think? And then move on the basis of that.

23 I don't think it's leadership to
24 poll v ry night or v ry hour and look at th

1 pollst r and say, what do your polls say? Okay.
2 That's where I'm going to go or, if among other
3 things, it doesn't work, you can always say that's
4 what the polls say.

5 In journalism, we don't call them
6 polls. We call it research. It is a little better
7 word, a little dressy up word.

8 There is always one around.
9 Research is going to tell you how to increase the
10 circulation of the press or increase the ratings on
11 the newscast.

12 This, I do not think, is for the
13 better; that politics out covering my lifetime,
14 going back stop, might have been a little more
15 inclined to go with their own instincts, not with
16 their gut, but their own head, than today's
17 generation, which is, in the main, more intelligent;
18 and that applies to journalism as well.

19 I'm told that Governor Celeste
20 has a short question.

21 I can't guarantee a short answer,
22 Governor, but let's give it a try.

23 GOVERNOR CELESTE: Thank you very much.

24 You m ntioned that we'r in ne d

1 of n w thinking and r structur , and then you mad a
2 comment in response to one of the questions that you
3 wanted to be real clear that you are a reporter and
4 you're not a player.

5 I want to suggest that in fact
6 you, television, has become a player in the making
7 of events.

8 And that was really clear in
9 China, in the presence of the camera, the presence
10 of reporters is vital for what could happen or what
11 might happen.

12 And I think in the questions of
13 Governor McKernan and of Governor Clinton and of
14 Governor Mabus, there is this concern about how does
15 something become news.

16 What is in Washington, Senators
17 and Congressman are news in a way that governors are
18 not.

19 I would suggest a real difference
20 there, and I wonder whether -- My question really is
21 this.

22 Do you see that there is an
23 opportunity to do more in the way of special reports
24 that ar n't driven by what happ n d in th Middle

1 East yest rday but ar driv n by th work of
2 governors in developing an American transition?

3 If so, how do we help you make
4 that happen?

5 MR. RATHER: Well, I think it's already
6 happening to a degree.

7 First let me come to the players
8 reference. Perhaps I spoke too much in shorthand
9 there.

10 Without beating it to death, what
11 I meant by the reference of don't confuse one's role
12 as a reporter being a player, that I've seen it
13 happen -- and there's no pride in saying this --
14 yes, it's happened to me sometimes that you hang
15 around people who have great responsibility, who
16 have leadership roles, who have some high honor, the
17 highest honor we can bestow, and that is being
18 elected to something.

19 And if one isn't careful, being
20 there as an observer, the next thing you know you
21 begin to think to yourself well, you know, I've seen
22 these guys come and go; I can do it better than this
23 guy can do it, or I've been around a bit and I think
24 I hav a solution to all th s probl ms.

1 Now, it's v ry difficult for a
2 reporter, particularly one who's had some success.

3 I define that not to fall in that
4 trap. That's what I meant by being a player. I
5 didn't mean it was not being a reporter.

6 Being a reporter is all I ever
7 wanted to be. I was lucky. I wanted to be a
8 reporter. I can see myself on television and
9 newspaper.

10 It is just my way of saying to
11 you, I know what I'm about; I know who I am and what
12 I am, at least in that sense professionally.

13 And I don't confuse that with the
14 kind of responsibility that you or any other person
15 sitting around this table would have. I think
16 that's very important.

17 Adlai Stevenson once said about
18 being in the papers every day and all that, that
19 stuff's all right, but don't inhale.

20 That's the spirit in which I said
21 that I don't want to think of myself as being a
22 player.

23 Now, it's already happening some
24 that we'r diffusing som , as w 're g tting out a

1 littl more, a little mor away from th Washington
2 syndrome.

3 But, again, remember that
4 Washington is easy; it's comparatively cheap.
5 Compared with overseas coverage, it's very cheap,
6 and it's pretty safe, all those things I mentioned
7 to you before.

8 Now, how are you going to help
9 this is not an all-inclusive list.

10 One, accessibility is a key.

11 I know it's difficult,
12 particularly difficult when somebody like Dan Rather
13 is pounding on your door with a question you didn't
14 want to answer, asked for the fifteenth time of the
15 day or is asking something really stupid, which we
16 can do. But accessibility is one.

17 Two, I do believe in straight
18 talk. This is at least the third time I've
19 mentioned it.

20 I don't think there is any
21 substitute for it. If you've got a message to get
22 through, something you really believe in, it may get
23 discouraging, but you keep on giving that straight
24 talk, it's going to get through.

1 I do b li ve in sp aking up to
2 local station managers and owners, news directors
3 and on-the-air talent.

4 I apologize to that. I don't mean it's
5 criticism. I'm going to criticize. I think as
6 governors you may underestimate your influence with
7 local television station owners, operators, news
8 directors, and, yes, network people as well, when
9 you come in contact with them.

10 They do care about what you say.
11 They may not look like it or sound like it when
12 you're talking to them about it, but they can be
13 persuaded.

14 I guess this is a way it can be
15 solved.

16 I think the power of governorship
17 in a way akins to the power of the presidency in
18 that the principal power of the governorship as with
19 the press is the power to persuade.

20 And if you believe in it, you
21 could persuade people in my position, people at
22 local stations in Ohio or anyplace else to provide
23 the kind of coverage that you think is necessary to
24 giving p opl th kind of information th y ne d to

1 make th d cisions, including thos big decisions on
2 how we make ourselves more competitive in the world.

3 Listen, you've all been extremely
4 patient with me, and you've been generous with your
5 time. I am honored to be here. I appreciate
6 it.

7 Thank you.

8 (A round of applause)

9 GOVERNOR BALILES: Ladies and gentlemen, at
10 this time I would like to call the special friend of
11 this association to the podium, Mr. Gil Grosvenor of
12 the National Geographic Society for an award from
13 this association because for 100 years the National
14 Geographic Society has brought the world to all of
15 us, through films, books, television programming and
16 its monthly magazine.

17 National Geographic has taken
18 each of us to confidence, to the depths of the sea
19 and to the outer limits of space.

20 National Geographic has
21 introduced us to new people, new technologies and
22 new lands.

23 At the same time, it has
24 reintroduc d us to som old fri nds.

1 This July issu of Franc , for
2 example, was one of its best. For more than a
3 century, this society has seen our nation grow in
4 size and stature and responsibility, have seen the
5 growth of an education system that does not meet the
6 needs of an American transition.

7 Too many of our citizens cannot
8 locate themselves on a map, not to mention Beijing,
9 the Persian Gulf and Central America.

10 The worldwide poll commissioned
11 by the National Geographic last year found that
12 American adults, particularly young adults, know
13 less geography than their counterparts in several
14 other countries.

15 Under the leadership under
16 President and Chairman Gilbert Grosvenor of the
17 National Geographic Society is determined to change
18 that.

19 He has established alliance
20 programs with 20 of our states and will add 7 more
21 in the near future.

22 He has established an education
23 foundation to help fund those alliances.

24 H establish d th National

1 G ographic Summer Institut for Teachers. The
2 enthusiasm generated by the institute is spread by
3 those teachers throughout the state.

4 In fact, I understand that this
5 year's class is watching these proceedings in the
6 society's auditorium, and the governors salute their
7 commitment.

8 Gil has worked closely with
9 governors individually, through regional
10 associations, and through the National Governors'
11 Association to raise the quality of geography
12 instruction at all grade levels.

13 You may recall the National
14 Geographic Society produced a video entitled
15 "Connections" that lay forth our challenge in a
16 compelling manner, and each one of you received a
17 copy of that video.

18 The National Governors'
19 Association has made international education a high
20 priority. And with Gil Grosvenor's help, we have
21 made a different source for his dedication to
22 improving our education system, for his tiring
23 efforts on behalf of the governors' agenda, for his
24 commitm nt of the r sourc s of th National

1 Geographic Society, to the teachers and students of
2 our nation, and it gives me great pleasure on behalf
3 of National Governors' Association to give the
4 chairman's award to Gilbert M. Grosvenor.

5 (A round of applause)

6 MR. GROSVENOR: Thank you very much,
7 Governor.

8 On behalf of our 10,900,000
9 members, I accept this with great pride.

10 I assure you I will share this
11 award with them on the pages of our magazine.

12 To a great measure, I owe much of
13 our success to a group of governors sitting around
14 this table, for it was in 1986 when I first had the
15 opportunity to speak to the governors at Hilton Head
16 as the guest of chairman LeMar Alexander governors
17 began to take an interest.

18 Governor Baliles then chaired a
19 committee of the Southern Governors Advisory
20 Conference on Education.

21 I had the privilege to
22 participate in that. And as a result of his
23 cornerstone competition in which he stressed
24 geography, international studies and foreign

1 languag s, we w r off and running.

2 That held me convinced our board
3 of trustees at our central in 1988 to devote our
4 second century efforts to geography, education and
5 environmental issues.

6 We agreed to commit \$40 million
7 to that effort, and much of that is due to your
8 influence here today.

9 I will take this award home to a
10 picnic that I am giving tomorrow for 120 teachers,
11 great teachers, from 28 different states here, and I
12 will share with them your commitment to education.

13 And I will also share with them
14 Dan Rather's cogent remarks about geography.

15 With your help, we will
16 accelerate our efforts to eradicating geographic
17 illiteracy in this country, but I will need your
18 help from the state house, from your staff and with
19 your state legislatures.

20 I can work with the teachers if I
21 have your support.

22 And I'm confident that we'll make
23 our ten-year goal of bringing American youth up to
24 world par on the knowl dg of geography.

1 Thank you v ry much.

2 (A round of applause)

3 GOVERNOR BALILES: Thank you Mr. Grosvenor.

4 Ladies and gentlemen, we now
5 consider the revised and new committee policy
6 positions that were mailed to you on July 14, 1989.

7 In addition, there is one
8 suspension.

9 You have these policies before
10 you together with any amendments made by the
11 committee during this meeting.

12 As a reminder, new policies
13 require two-thirds vote of those present and voting,
14 suspension requires two-thirds votes, three-fourths
15 to suspend the rules and three-fourths for passage.

16 We will take the policies in
17 alphabetical order by committee with the executive
18 committee last.

19 To expedite matters, we will vote
20 in block on the proposal of each committee, except
21 where a request has been made to consider a policy
22 individually.

23 Will the committee chairs please
24 move th adoption of th ir polici s?

1 And w 'll b gin with Gov rnor
2 Sinner, chairman of the Committee on Agriculture and
3 World Development.

4 GOVERNOR SINNER: Thank you, Mr. Chairman.

5 Committee on Agriculture adopted
6 two policy amendments. One is G4, which supports
7 check-offs for commodity promotions, specifically
8 prohibits the use of check-off money for political
9 lobbying.

10 G5, promotion of the use of
11 ethanol fuels to comply with clean air standards.

12 Those are amendments.

13 There is a new policy on the 1990
14 farm bill, which is basically the supporting '85
15 farm bill concepts, with the most difficult part of
16 our new policy dealing with the flexibility on
17 production decisions.

18 There was some difference of
19 opinion on the -- how far that should go. We came
20 out with a compromised proposal.

21 We supported realistic target
22 crisis tied to real farm costs and expanded
23 conservation research program for fragile lands.

24 It is important that you know

1 that there are three areas in th study mod for our
2 next meeting. One deals with wet lands.

3 It is a recognition that water
4 fowl habitat in the drought areas has pointed up
5 rather clearly, that we must broaden our wet lands.

6 The proposal is to recommend that
7 our goal be that 3 percent of every state's land as
8 a minimum be reestablished to wet lands. That is
9 under study.

10 The second study deals with water
11 quality because of its extensive relationship with
12 agriculture.

13 A third deals with the favored
14 nation's status for the Soviet Union.

15 That -- Those three will be
16 reported on for action in February.

17 Mr. Chairman, I move the adoption
18 of the recommendation.

19 GOVERNOR BALILES: Is there a second?

20 A VOICE: Second.

21 GOVERNOR BALILES: Any discussion?

22 (No response)

23 GOVERNOR BALILES: All in favor for the
24 motion, say aye.

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(A chorus of ayes)

GOVERNOR BALILES: Any opposed?

(No response)

GOVERNOR BALILES: Motion carries. Adopted.

Governor DiPrete, chairman of the
Committee on Economic Development and Technological
Innovation.

GOVERNOR DIPRETE: Mr. Chairman,
recommending approving the first amendments to
existing policy.

E6 on technological innovation,
the amendment calls for federal investment in
research and development, coordination of federal
science and technology programs with states efforts,
improvements in the small business innovations
research program and suggests regarding the clearing
house on technology and innovations.

It also encourages President Bush
to organize a White House conference on science
policy and economic development.

The second policy, E11, regarding
enterprise zones is a new policy that stresses the
importance of including rural areas as targets for
federal enterprise zones programs and highlights

1 jobs r t ntion as an important elem nt of the
2 policy.

3 And I so move.

4 GOVERNOR BALILES: Is there a second?

5 GOVERNOR CELESTE: Second.

6 GOVERNOR BALILES: There has been a second.

7 Any discussion?

8 (No response)

9 GOVERNOR BALILES: All in favor of the
10 motion, say aye.

11 (A chorus of ayes)

12 GOVERNOR BALILES: Any opposed?

13 (No response)

14 GOVERNOR BALILES: Motion carries.

15 Next, Governor Kunin, Governor of
16 the Chairman on Energy and Environment.

17 GOVERNOR KUNIN: Yes, Mr. Chairman.

18 The Committee on Energy and
19 Environment has four policy changes, and I would
20 like to separate the first one from the other three
21 and have a separate vote on that.

22 The first one is D17, which
23 relates to hazardous waste movement for the
24 assuranc . Th super fund amounts mention d in 1986

1 r quire states to provid that th administrator of
2 EPA assures that we have the capacity to manage
3 hazardous waste either within the state or through
4 an agreement to dispose the waste in another state.

5 And a deadline for providing
6 these assurances are this October 17.

7 The amendment to the policy here
8 enables states to have more flexibility and to
9 assure that we're acting in good faith in making
10 progress, but that we not be penalized or cut off
11 from super funds if we don't meet this particular
12 deadline.

13 There is some discussion about
14 that in our committee, and I believe that Governor
15 Campbell of South Carolina would like to comment on
16 that.

17 GOVERNOR BALILES: It is my understanding
18 that you wish to separate D17 from the rest of the
19 block.

20 GOVERNOR KUNIN: Right.

21 GOVERNOR BALILES: How about covering the
22 rest of the issues.

23 GOVERNOR KUNIN: Go back to D17? Fine.

24 The next on , D35, is a simpl

1 chang in policy that allows th use of railroad
2 right-of-ways for recreational activities such as
3 trails and parks and biking.

4 The third is D48, in regard to --
5 ocean, coastal and Great Lakes protection policy in
6 regard to ocean dumping, and this amendment has much
7 more strict requirements in terms of coastal
8 development, protecting the environment along the
9 Great Lakes and our ocean areas as well.

10 I know that Governor DiPrete
11 would like to comment on that.

12 I will move on to the next one,
13 we'll get back to it, whether it is in clear
14 response to some of the unfortunate situations that
15 we saw last summer when we want tough action taken.

16 The fourth policy, D49, relates
17 to -- our response and liability and capability to
18 act in terms of oil spills.

19 And the situation in Alaska that
20 we've been watching for the last several months was
21 the key event that inspired this change in language
22 that other states have also had similar unfortunate
23 environmental disasters.

24 And this amendm nt d mands that

1 th gov rnm nt d velop a r sponse plan that oil
2 shippers and oil companies also greatly improve
3 their response capabilities in the event of a spill.

4 So I would -- Mr. Chairman, like
5 to first go back to D17 and move that separately.

6 GOVERNOR BALILES: Without objection, D17
7 will be removed from the block.

8 Your motion then would apply to
9 the approval of D35, D48, D49. Is that correct?

10 GOVERNOR KUNIN: I will first move the
11 approval of D35, D48, D49; and I would recognize --
12 defer to Governor Diprete to comment further.

13 GOVERNOR BALILES: Let me see if I have a
14 second on the motion.

15 A VOICE: Second.

16 GOVERNOR BALILES: Any discussion?

17 (No response)

18 GOVERNOR BALILES: Governor Diprete.

19 GOVERNOR DIPRETE: Thank you, Mr. Chairman
20 and thank you, Governor Kunin.

21 I would like to commend Governor
22 Kunin and also Governor Schaefer for their
23 leadership activity, specifically as respects the
24 ocean coastal and Gr at Lakes protection policy,

1 Gov rnor Kunin for h r ov rall l ad rship, but
2 specifically Governor Schaefer for helping to
3 organize a recent meeting in Washington, D.C. along
4 with Senator Mitchell of Maine.

5 That was attended by several of
6 the governors here.

7 I would call to the attention of
8 the chairman that I've recently sent a letter to Ray
9 Shock asking for NGA to convene a meeting of
10 interested governors to discuss the recent oil
11 spills in our nation and what we as governors need
12 to do and can do to make sure that they don't happen
13 again or at least that damages is mitigated.

14 I would be happy to work closely
15 with Governor Kunin and the committee on the
16 environment and would offer to serve as such a host
17 of a meeting in Rhode Island, if the Chair deemed
18 appropriate.

19 GOVERNOR BALILES: Thank you, Governor.

20 Any other discussion of the
21 motion?

22 All in favor of approval D35,
23 D48, D49 as a block, say aye.

24 (A chorus of ay s)

1 GOVERNOR BALILES: Any oppos d?

2 (No response)

3 GOVERNOR BALILES: Motion carries.

4 We now have separated from the
5 block D17.

6 Recognizing Governor Campbell.

7 GOVERNOR CAMPBELL: Thank you, Mr. Chairman.

8 I want to speak against D17. I
9 think it's inconsistent with a general policy that
10 we have on the handling of hazardous waste.

11 If you read our long-standing
12 policy, we're calling on others to do all of these
13 things, federal government to do things, and yet
14 what we're saying that we aren't willing to meet the
15 deadline to take action ourselves.

16 Now, many states have met a
17 deadline. All of us, all of us, are responsible for
18 the creation of hazardous waste, but unfortunately
19 politically in the states it's difficult in the
20 legislatures to vote, to try to handle your own
21 hazardous waste or to work with other states where
22 you carry your share of the burden.

23 I think that if you slip a date,
24 numb r on , you'r giving political cov r to th

1 legislatures who will vote not to do something.

2 You're also, in my opinion,
3 abandoning responsibility to deal with this problem.

4 Many states had laws that were
5 passed, some over the objections of their governors,
6 to handle hazardous waste. And it took strong
7 action and deadlines to get the legislatures to
8 agree to meet their obligations.

9 Cecil Andrus spoke to this
10 yesterday in the committee, and he spoke, I think,
11 my sentiments.

12 I'm personally very much opposed
13 to this policy. But, verbiage aside, I think we
14 should understand that the policy calls for the
15 relaxation of the federal deadline for states to
16 dismiss their hazardous waste disposal problem, and
17 that is the wrong signal.

18 I mean we can't sit around. We
19 complain about it all the time. We want something
20 done, but not in my backyard. And we're going to be
21 responsible on this. I think that we should take it
22 on.

23 Each state does contribute. What
24 I'm hoping is that the states which have not done so

1 will tak th st ps to go ahead and qualify by
2 October the 17th, either by contract or by action in
3 their own states.

4 South Carolina does have a
5 facility. We have also the facilities for the
6 burning of hazardous waste as well as storage.
7 We're not going to sit there and take it for
8 everybody else forever.

9 Alabama was the same way. Idaho
10 is the same way. And unless we have a date so that
11 other states start sharing their load, then we're
12 going to have a problem with this.

13 So I'm deeply concerned about the
14 message we're sending. We stand ready to work, to
15 contract with anybody to try to work something out,
16 but I don't think we should abandon our position of
17 having a deadline to meet our obligations.

18 GOVERNOR BALILES: Thank you, Governor.

19 Governor Kean of New Jersey.

20 GOVERNOR KEAN: This policy isn't designed to
21 abandon anything. In fact, it's based on support
22 for the planning process.

23 It's not an attempt, sir, it
24 wouldn't b an attempt to r liev any stat of any

1 r sponsibility plan for wast disposal.

2 What it says basically is states
3 who are doing it responsibly ought to be allowed to
4 continue with that process.

5 The law was passed in 1986. EPA
6 didn't issue final guidelines until 1989.

7 Now, two and a half months -- By
8 the way, that guidance went against state NGA task
9 force recommendation because it requires signed
10 contracts covering waste import/export being placed
11 by this October. It is only a couple of months
12 away. Without that, states could lose super fund
13 monies.

14 We're not asking for anything
15 except for the states who are now proceeding in good
16 faith be allowed to complete that process.

17 If any state is judged to be not
18 complying in good faith, I would be all for opposing
19 any deadline required.

20 This policy is only intended to
21 help states where good faith negotiations are
22 already in progress with other states and where
23 states are working to develop their own capacity.

24 GOVERNOR BALILES: Governor Hunt of Alabama.

1 GOVERNOR HUNT: Mr. Chairman, Alabama, w are
2 told, has the largest commercial hazardous waste
3 dump, and we've done this for several years.
4 Greatest controversy in my state.

5 This year has been the shipping
6 of Texas and Indiana dirge, New Jersey garbage to
7 Alabama.

8 Well, like Governor Campbell,
9 we're willing to do our part, but, you know, there's
10 a point. Patience is a virtue. There's also a
11 point that patience ceases to be a virtue.

12 Now, I know that this was passed
13 in 1986 and the guidelines were laid down only
14 recently, but every state has got to bite the bullet
15 and do its own responsibility.

16 Every state that wants industry
17 and business should be willing to work to take care
18 of their own waste. And we're open and ready to
19 negotiate.

20 I know Governor Campbell and
21 myself are working with several of the southern
22 governors and even within their legislators. There
23 would not have been the attempts to work with us had
24 th r -- had Gov rnor Campb ll not issu d his

1 x cutive order and stood in the media, th min nt
2 media not having a place to put their hazardous
3 waste.

4 My thought is that we should move
5 with all deliberate speed, and I also oppose the
6 change of the language to make it -- to give an
7 opportunity to let it ride even further.

8 I know in this state that's
9 probably the best thing politically to do, but
10 somewhere our people, voters within each of our
11 states have got to realize that business and
12 industry, cities are making this waste, then we've
13 got to make the plans to take care of it. And I do
14 not see a continuation of -- I don't see any
15 deadline to reach the contract negotiations
16 recommended.

17 We just suppose that two months
18 or ten years might be the appropriate time. There
19 is nothing in here to indicate that if there's good
20 faith efforts going on that those good faith efforts
21 ought to end on a contract within a few months, so I
22 object to the changes.

23 GOVERNOR BALILES: Governor O'Neill of
24 Connecticut.

1 GOVERNOR O'NEILL: Thank you, Mr. Chairman.
2 I'm supportive of the change in the contract.

3 I believe that Connecticut and
4 New Jersey, for example, who have been working
5 together on this problem are doing it continually.

6 But I do think we should have the
7 opportunity rather than have legislation adopted
8 immediately to work out our own arrangements and
9 certainly would be supportive of the proposal.

10 GOVERNOR BALILES: Governor Hayden of Kansas.

11 GOVERNOR HAYDEN: Well, Mr. Chairman, our
12 state does not have a site nor are we going to be in
13 compliance on October 17, but I rise in opposition
14 to the motion.

15 If we pass this motion, it simply
16 indicates we're unwilling to hold our own feet to
17 the fire. And if we pass this motion, we remove the
18 monetary incentives which are really the sanctions
19 that are going to make each state deal with its own
20 environmental problems.

21 We expect others to do. I think
22 as leaders and governors, we ought to be willing to
23 do it ourselves. I say that as a state without a
24 site and a state that's not going to b in

1 compliance but a state willing to accept its own
2 responsibility.

3 GOVERNOR BALILES: Thank you.

4 Any other discussion?

5 (No response)

6 GOVERNOR BALILES: Ready for a vote?

7 All in favor of the motion, say
8 aye.

9 (A chorus of ayes)

10 GOVERNOR BALILES: Opposed.

11 (A chorus of nays)

12 GOVERNOR BALILES: Chair rules, the motion
13 carries.

14 Governor Celeste, chairman of the
15 Committee on Human Resources.

16 GOVERNOR CELESTE: Thank you very much, Mr.
17 Chairman.

18 The Committee on Human Resources
19 has five items that I would like to move for
20 approval in block.

21 The first is -- two proposed
22 amendments to the education section, one going to
23 the issue of encouraging support from the department
24 of education for states that are developing th

1 plans for student and parent choic and public
2 schools, and the other strengthening the language of
3 our policy on minority access to higher education.

4 Second amendment focuses on
5 health care costs and financing and is an amendment
6 to the current language in our policy, bringing up
7 to date.

8 I would point out in passing that
9 separate from this we will take up under suspension
10 of the rules the matter we discussed yesterday
11 morning about calling for a freeze to Medicaid
12 mandates. We can have that discussion when we bring
13 it up under suspension.

14 The third proposed amendment is
15 in the section that relates to mental health.

16 It focuses on children with
17 serious emotional disturbance and sets forth a
18 policy there that focuses on family centered
19 treatment on support, and it calls for flexibility
20 in funding so that we can use those funds to support
21 community base as well as institutional programs
22 with children.

23 The fourth item is a proposed
24 policy position on community servic , a matt r which

1 is of growing interest in Congressmen who sent out a
2 policy which characterizes it, very quickly gains
3 encouraging support for existing state and local
4 initiatives, developing framework of financial
5 policy that really builds on state experience for
6 community service in school, for community service
7 which is part time or full time, for community
8 service that is based in things like full-time
9 conservation court in California, takes great pride
10 in being a leader.

11 And finally, there is a proposed
12 resolution which we have taken up in line with this.

13 It is titled "Support for
14 Extended Deferred Departure" and relates to the
15 problem which many Chinese students and scholars are
16 facing as a consequence of expired visas and need
17 for an ability to stay safely in this country.

18 I would like to move the adoption
19 of these policies in block.

20 GOVERNOR BALILES: Is there a second?

21 A VOICE: Second.

22 GOVERNOR BALILES: Any discussion?

23 (No response)

24 GOVERNOR BALILES: All in favor of th

1 motion, say aye.

2 (Chorus of ayes)

3 GOVERNOR BALILES: Opposed?

4 (No response)

5 GOVERNOR BALILES: Motion carried.

6 Governor Gardner, chairman of the
7 Committee on International Trade.

8 GOVERNOR GARDNER: Mr. Chairman, I move
9 adoption of NGA Tourism Policy H10.

10 The distinguished governor from
11 Hawaii, who has been our lead governor on tourism,
12 invites everyone to visit his state regularly did an
13 excellent job of overseeing the development of the
14 policy and will second the motion to speak to it, if
15 you wish.

16 GOVERNOR BALILES: Governor Waihee of Hawaii.

17 GOVERNOR WAIHEE: I second the motion.

18 Mr. Chairman, the proposal -- Mr.
19 Chairman, the proposal is expansion of our existing
20 NGA policy.

21 It does not anticipate any new
22 federal or state costs beyond what we have already
23 approved in the earlier votes.

24 Some of th important asp cts of

1 the policy includ the support for th visa waiv r.
2 The Federal government now has underway the
3 recognition that successful tourism development is
4 dependent on strong infrastructure programs,
5 definition of a strong state interest and bilateral
6 negotiations on international air service and
7 suggested priorities for the U.S. travel and tourism
8 administration.

9 This proposed revision is timely
10 because Congress is expected to hold hearings this
11 year on updating the national tourism policy.

12 Therefore, Mr. Chairman, I would
13 recommend the adoption of the new policy as proposed
14 by the international committee.

15 GOVERNOR BALILES: Chair recognizes that as a
16 second.

17 Is there any discussion?

18 (No response)

19 GOVERNOR BALILES: All in favor of the
20 motion, say aye.

21 (A chorus of ayes)

22 GOVERNOR BALILES: Any opposed?

23 (No response)

24 GOVERNOR BALILES: Motion carri s.

1 Gov rnor Castl , chairman of th
2 Committee on Justice and Public Safety.

3 GOVERNOR CASTLE: Thank you, Mr. Chairman.
4 Thank you for the good job you've done this year.

5 The committee on justice and
6 public safety discussed prison crowding and drug
7 abuse. With Governor Martinez, issues discussed
8 were drug control policy, including a reduction
9 based on his travels to several Latin American
10 countries.

11 Let us make no mistake about
12 this. There is no issue of greater concern to
13 Americans today than that of drugs.

14 Dan Rather just told us an hour
15 or so ago that the spread of drugs can be the
16 greatest internal threat to the United States since
17 slavery.

18 I think perhaps there is no other
19 group in the country that can reduce the use of
20 drugs more than the governors in the states working
21 collectively and individually and for the
22 continuation of this fight that we have ahead of us.

23 I would commend to you our NGA
24 revised policy which w have here.

1 If you read nothing else, r ad
2 that at some time, if you can. I think you will
3 find some very good ideas in the committee's
4 proposals which are before us.

5 And under the yellow cover, which
6 you have here, are the amendments to policy B6,
7 combating and controlling drug abuse and
8 trafficking, which is the one I spoke about.

9 Two amendments that pertain to
10 another significant problem right now, prison
11 crowding.

12 I think four out of five prisons
13 are now in the court systems because of the
14 overcrowding problems that we have.

15 We have amendments to policy B13,
16 the national strategy on the prison crowding
17 problem, and a new proposal alternative sentence and
18 sanctions for offenders and a regulation concerning
19 support for the National Guard, which is consistent
20 with our current NGA policy.

21 Mr. Chairman, I move the adoption
22 of these recommendations in block.

23 GOVERNOR BALILES: Second?

24 GOVERNOR MARTINEZ: Second.

1 GOVERNOR BALILES: All in favor, say ay .

2 (A chorus of ayes)

3 GOVERNOR BALILES: Any opposed?

4 (No response)

5 GOVERNOR BALILES: Motion carries.

6 Governor Orr, chairman of the
7 Committee on Transportation, Commerce and
8 Communications.

9 GOVERNOR ORR: Thank you, Mr. Chairman.

10 The Transportation, Commerce and
11 Communications Committee recommends four amendments
12 to the existing policy.

13 F1, transportation policy related
14 to rural areas; F2, highway transportation, related
15 to highway safety; F8, hazardous materials
16 transportation related to enforcement; F9, motor
17 carrier related to school bus safety.

18 Mr. Chairman, I recommend these
19 four amendments in block and for their adoption.

20 A VOICE: Second.

21 GOVERNOR BALILES: There's a second.

22 Any discussion?

23 (No response)

24 GOVERNOR BALILES: All in favor of th

1 motion, say aye.

2 (A chorus of ayes)

3 GOVERNOR BALILES: All opposed?

4 (No response)

5 GOVERNOR BALILES: Motion carries.

6 Governor Campbell, member of the
7 executive committee, is out of his seat.

8 Ladies and gentlemen, let me turn
9 to another member of the executive committee. If I
10 don't see anyone here, I'll do it myself.

11 The Executive Committee in May in
12 Washington adopted a change in our current federal
13 budget policy.

14 You have all had an opportunity
15 to review it.

16 Governor Campbell is now here,
17 and I'll ask him to supplement my explanation of the
18 bill.

19 GOVERNOR CAMPBELL: Thank you, Mr. Chairman.
20 I thought you were doing very well though. I was
21 going to let you proceed.

22 Mr. Chairman, it is never easy to
23 address the federal budget. It has been all too
24 well demonstrated by the current antics in Congress

1 as th y try to do it.

2 The budget task force, which was
3 chaired by Governor Homan, which I was cochair, have
4 been wrestling with this for a year and a half. The
5 process you have today is a product of a lot of
6 bipartisan and unanimously approved by the executive
7 committee, comprised of five elements, reducing the
8 federal deficit to zero through selected freezes and
9 adherence to the Graham-Rudman taxes with no new
10 taxes if possible, providing funding certainly
11 through changes in the budget process, refraining
12 from further restriction on the ability of state and
13 local governments to raise revenues, primarily
14 through the tax exempt bonds, undertake management
15 and program reforms generally and specifically
16 calling for major multi-government debate over the
17 future of the health care system, providing a
18 special priority for productivity investment.

19 Even as we're cutting spending,
20 we should invest a larger share of the budget in
21 programs that improve productivity.

22 Such investments should include
23 tax exempt bonds for infrastructure, something that
24 we've been dealing with in other areas.

1 Mr. Chairman, I mov the budg t
2 policy.

3 A VOICE: Second.

4 GOVERNOR BALILES: Is there a second?

5 Any discussion?

6 (No response)

7 GOVERNOR BALILES: All in favor, say aye.

8 (A chorus of ayes)

9 GOVERNOR BALILES: Any opposed?

10 (No response)

11 GOVERNOR BALILES: Motion carries.

12 I now recognize Governor Celeste
13 of Ohio for the purpose of a motion to suspend the
14 rules regarding a resolution.

15 GOVERNOR CELESTE: Mr. Chairman, I would like
16 to call for taking up the resolution on health care.

17 A VOICE: Second.

18 GOVERNOR BALILES: Second.

19 Any discussion?

20 (No response)

21 GOVERNOR BALILES: All in favor, say aye.

22 (A chorus of ayes)

23 GOVERNOR BALILES: Opposed?

24 (No r sponse)

1 GOVERNOR BALILES: Motion carries.

2 Governor Celeste.

3 GOVERNOR CELESTE: We have before us under
4 the sheet that's titled "Suspension Resolution on
5 Health Care," which is the outgrowth of our
6 discussion at breakfast yesterday morning, which I
7 thought was a vigorous and thoughtful discussion.

8 It is intended to reflect our
9 concern that Congress and the White House put a hold
10 on any new Medicaid mandates for a period of two
11 years and to share a concern as to why, but also to
12 indicate our willingness to come forward on a
13 bipartisan basis to work with Congress in the White
14 House, as we did on welfare reform, to seek the best
15 solutions to stem escalating costs while we assure
16 access and quality in our health care system.

17 I hope that all of the members
18 are comfortable with this resolution.

19 Several of my colleagues have
20 indicated a desire to offer comments.

21 I know that Governor Blanchard
22 and Governor Dukakis would like to say a word before
23 we bring the matter.

24 GOVERNOR BALILES: Is there a second?

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A VOICE: Second.

GOVERNOR BALILES: Any discussion?

GOVERNOR DUKAKIS: Chairman.

GOVERNOR BALILES: Governor Dukakis.

GOVERNOR DUKAKIS: Mr. Chairman, as one of the veterans of this organization, let me commend you for a very fine session, very fine, and say that one of the great things about this organization is that more often than not, sometimes spontaneously, we come to grips with an issue about leadership.

We did that -- very strong leadership of Governor Clinton, others on welfare reform.

I think our discussion yesterday morning was another example of why these sessions and why this organization is so important.

The United States today spends more money on health care than any other country in the industrialized world; and, in fact, the percentage of our gross national product going to health care is going up, not down.

And yet despite all the money we spend, there are almost 40 million Americans, most of them members of working families and children,

1 who don't have a dim of health insurance and don't
2 qualify for Medicaid.

3 Millions of families go to bed at
4 night not having the slightest idea how they're
5 going to pay the bills if the kids get sick. And
6 the number of such uninsured families is going up.

7 In fact, it has increased by
8 about 8 million people since 1980.

9 Two states, my own and Hawaii,
10 are struggling to try to move toward a system of
11 universal health care. Believe me, it's not easy.

12 Other governors and other states
13 represented here today are working at ways to close
14 that gap.

15 In my own state, we've begun to
16 phase universal system by 1992, but it's very
17 obvious that only a handful of states are in a
18 position to do this.

19 Most of you are trying the best
20 you can to cope with these mandates that keep coming
21 from Congress.

22 I think we're all supportive of
23 recent congressional expansions to the Medicaid
24 program, which incr ased car to low income

1 families. Most of us have asked Congress at one
2 time or another at least to give us the option of
3 expanding that coverage.

4 But I think what our discussion
5 yesterday demonstrated is that there is a strong and
6 growing consensus on the part of all of the
7 governors that the time has now come to take a very
8 fresh, comprehensive look at how we pay for health
9 care in this country and to whom we provide it.

10 It's time, as we did in the case
11 welfare reform, to sit down with the administration
12 of Congress in a bipartisan way and find a way to
13 ensure the availability and quality of health care
14 for all of your citizens at a cost we can afford.

15 About a month ago, Kitty and I
16 were in Toronto, had the opportunity to talk with
17 the Premier of Ontario. They're our closest
18 neighborhood, closest friends and our biggest
19 trading partners.

20 They provide basic health
21 insurance for every one of their citizens under a
22 system that provides freedom of choice, where you
23 can pick your own doctor.

24 It is not government medicine where

1 th hospitals for the most part ar run by nonprofit
2 boards of trustees like our own, and they're doing
3 it at 60 percent of the cost per capita than we're
4 providing health care inadequately to this country.

5 I'm not suggesting that the
6 Canadian system is the one we ought to adopt or it's
7 ideal. They too have their problems. But it seems
8 to me something is wrong when we now find
9 ourselves -- with the exception of South Africa --
10 the only industrialized nation in the world that
11 doesn't require basic health care for its citizens.

12 For that reason, I support the
13 resolution.

14 Mr. Chairman, I think this may
15 well be one of the most important resolutions the
16 National Governors' Association has approved.

17 I hope we can all work together
18 with the administration, with the Congress to
19 address what -- with the possible exception of the
20 federal deficit -- I believe is the single most
21 important domestic policy issue in this government.

22 GOVERNOR BALILES: Any other discussion?

23 Governor Blanchard.

24 GOVERNOR BLANCHARD: I would lik to

1 congratulat Gov rnor C l st for th work s ssion
2 yesterday which generated this idea, but I want to
3 restate again for some of the governors who weren't
4 there yesterday morning my concern, which is not
5 only is this resolution well directed, but I think
6 we better make it very clear that Medicaid mandates
7 upon the states without giving us the revenue are a
8 small part of the growing trend.

9 What we have happening right now
10 because of the financial mess with the federal
11 government and the federal budget, what we have is
12 the President and the Congressmen dating new
13 functions upon the states without giving us the
14 revenue.

15 Under Nixon, under Carter and
16 others we had revenue sharing. We now have revenue
17 bleeding.

18 Let's not kid ourselves. This is
19 either a back door tax increase upon our citizens or
20 is a way to bleed revenue from the states for
21 functions that the Congress, if they had any guts,
22 would finance directly. And it's a way for them to
23 not only expand programs, but not have to pay for
24 th m.

1 And this Medicaid mandate
2 situation is only part of that. We have underground
3 storage tank legislation.

4 This year, Michigan, for example,
5 has to find \$80 million just to do nursing home
6 regulation.

7 All these are worthwhile
8 programs, designed to address the important domestic
9 needs. But if we let this trend continue, I'm
10 telling you, you're not going to have a budget to
11 deal with.

12 It's bad enough they've been
13 charging expenditures on the American people in the
14 national debt; they're now doing it with the state
15 credit card as well.

16 We better draw the line.

17 This is the beginning, but it's
18 going to take a lot of political pressure in our
19 home states, our home states, and we better act
20 fast.

21 GOVERNOR BALILES: Any other discussion?

22 Governor Miller of Nevada.

23 GOVERNOR MILLER: Just to add what Governor
24 Blanchard said, I don't think we can allow

1 fed ralism to mean that th Congr ss sel cts th
2 programs and the states selects the taxes.

3 GOVERNOR BALILES: Any other discussion?

4 Governor Clinton of Arkansas.

5 GOVERNOR CLINTON: I just want to sort of
6 second everything that was said by Governor Dukakis,
7 Governor Blanchard and others who have talked.

8 I want to emphasize two things.

9 When I suggested this meeting and
10 then you all voted, we all voted for the two-year
11 thing, that was what the majority wanted.

12 It seemed to me we committed to
13 do two things, Mr. Chairman, that we have got to
14 follow up on or this resolution or it won't be worth
15 the paper it's printed on.

16 Number one, we promised all of us
17 that we would aggressively lobby for the moratorium,
18 and that's what Governor Blanchard said.

19 The second thing we promised --
20 to go back to Governor Dukakis' remarks -- we
21 promised if we were going to have the moratorium we
22 would in good faith aggressively work with the
23 Congress to deal with the additional lack of
24 cov rage.

1 Let's don't kid ourselv s. This
2 won't work unless we all go out there and do
3 something about it and do it now.

4 Thank you.

5 GOVERNOR BALILES: Any other discussion?

6 (No response)

7 GOVERNOR BALILES: Ready for a vote?

8 All in favor of the motion, say
9 aye.

10 (A chorus of ayes)

11 GOVERNOR BALILES: All opposed?

12 (No response)

13 GOVERNOR BALILES: Motion carries.

14 GOVERNOR CELESTE: Mr. Chairman, if I may, I
15 would just like to point out that we circulated a
16 letter for signature to the members of Congress to
17 convey this resolution to them.

18 I hope all of the governors who
19 are here had an opportunity to sign that. It is our
20 intention to try to get as many governors as we can
21 who aren't present to also join.

22 If you weren't contacted, please
23 see me so you will -- you'll have a chance to sign
24 this lett r.

1 GOVERNOR BALILES: In the waning moments of
2 this administration, I shall ask the staff to
3 contact each governor within the next 30 days to
4 find out how many contacts have been made by us in
5 regard to this resolution.

6 GOVERNOR CELESTE: Thank you very much.

7 GOVERNOR BALILES: I would like to recognize
8 Governor Dukakis for a brief statement before we go
9 to the chairman's award.

10 GOVERNOR DUKAKIS: Those of you who are
11 veterans of this organization will remember that in
12 1983 Kitty spoke for a few minutes to members of the
13 U.S. Holocaust Commission on the question of a
14 holocaust museum.

15 At that time it was a dream.
16 Today, it's a reality, and many of you were
17 extremely helpful in making it so.

18 With your permission, Mr.
19 Chairman, I would like to ask her to take my place
20 and take two minutes to fill you up to date on
21 what's happening and list the cooperation of the
22 governors and what's ahead.

23 MRS. DUKAKIS: Thank you, Michael, and thank
24 you to the NGA for this opportunity to speak with

1 fri nds about a caus that's very d ar to my heart.

2 Over the years, the NGA has meant
3 a great deal to me, and I always look forward to
4 your meetings and, lately, our spouse's seminars;
5 and I look forward to sharing so many of the unique
6 experiences and challenges, the bad as well as the
7 good, only governors and their families can fully
8 appreciate and understand.

9 Today I want to talk just for a
10 moment or so about a dream that many of us have
11 shared for a long time.

12 Actually, it was once called the
13 impossible dream of establishing a national
14 holocaust memorial and museum in our nation's
15 capital.

16 The holocaust, as most of you
17 know, more than any other event in our lifetime or
18 in a thousand lifetimes challenges us to remember
19 the depths as well as the heights of the human
20 spirit.

21 And we are now closer, as my
22 husband just said, to making that dream a reality.

23 Just last week, the award of the
24 first construction contract was announc d, and I am

1 pl ased to report \$66 million has already b en
2 raised, just about half of the 140, that will be
3 needed.

4 Meanwhile, the United States
5 holocaust memorial council, of which I was honored
6 to be a member from 1979 to '82, is working hard to
7 raise the rest of that money.

8 The council has received help and
9 support from many of you around this table.

10 Many of you held holocaust
11 memorial celebrations -- memorials in your state.

12 Several of you in Maine,
13 Maryland, Rhode Island, Texas, Florida and other
14 states have already raised funds for the museum, and
15 in Massachusetts, Michael and I hosted a fund raiser
16 and raised more than a million dollars in a single
17 evening.

18 Today, I am urging all of you to
19 take part in this ongoing effort.

20 I urge you to sponsor your own
21 fund raiser on behalf of the United States Holocaust
22 Memorial Council.

23 I can't think of a group of
24 p opl in th United Stat s who ar b tt r abl to

1 l nd a hand than th gov rnors of our fifty stat s.

2 And I can't think of a better way
3 for all of us to contribute to the education of our
4 children and of our children's children than
5 building this very special place, a place where the
6 holocaust will not be a remote event, far away in
7 time, in a distant country, but a place where all
8 Americans will come face to face with the
9 responsibility we share for our fellow human beings
10 every day of our lives.

11 Former Governor Harry Hughes of
12 Maryland and I will cochair the effort with the
13 governors, and I will be in touch with many of you
14 and look forward to your cooperation with our
15 effort.

16 Thank you very much.

17 (A round of applause)

18 GOVERNOR BALILES: Thank you, Governor
19 Dukakis and Mrs. Dukakis.

20 Now, ladies and gentlemen, I have
21 the privilege of presenting the 1989 NGA awards for
22 distinguished service to state government.

23 These awards recognize
24 outstanding contributions by private citiz ns and

1 thos involv d in th arts.

2 I would like to thank the
3 governors who participated in the nominating process
4 and Mr. David McCloud, chairman of the awards
5 selection committee.

6 I would also like to thank Jean
7 Baliles, first lady of Virginia, who has chaired the
8 arts review panel for the past two years.

9 As the winners are announced,
10 will their governors please come to the podium for
11 their presentation.

12 First category, state officials.

13 First in the state officials
14 category from Arkansas is Dr. Joselyn Elders,
15 director of the Arkansas Department of Public
16 Health, a post she has held since 1987.

17 Dr. Elders has spent 28 years in
18 pediatrics at the University of Arkansas and has
19 campaigned tirelessly at the university for a school
20 base health clinic plan.

21 Governor Clinton says she has
22 done more to raise the Arkansas public consciousness
23 on the issue of teen pregnancy than any other single
24 p rson.

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(A round of applaus)

GOVERNOR BALILES: Next is Jay Leonard Ledbetter, Commissioner of the Georgia Department of Natural Resources.

Commissioner Ledbetter has been honored by civic groups, environmentalists and business in achieving harmony between Georgia environmental and economic interest.

Governor Harris has said since Leonard assumed responsibility in 1975, our air, land and water resources are considerably cleaner.

Congratulations.

(A round of applause)

GOVERNOR BALILES: From Iowa, we have Wayne Richie, executive director of the Iowa State board of Regents for over 22 years, Mr. Richie has served the board of regents and helped develop a common, strategic plan for higher education in Iowa.

Governor Branstad said Wayne's longevity, but also by his extremely hard work, brilliant budget skills and a commitment to higher education that is unsurpassed in our state.

Congratulations.

(A round of applause)

1 GOVERNOR BALILES: N xt, from N w M xico,
2 Stern E. Reynolds, state engineer of New Mexico.

3 Mr. Reynolds is perhaps the
4 longest serving state employee in New Mexico
5 history.

6 Since 1955, Mr. Reynolds has
7 managed the most pressured resource in the southwest
8 quarter.

9 Governor Carruthers has said he
10 is often at odds with the many diverse groups that
11 depend on water, but everyone who has dealt with him
12 agrees that his fairness and integrity are without
13 question.

14 Mr. Reynolds.

15 (A round of applause)

16 GOVERNOR BALILES: Finally in this category
17 of state officials is Chase Ripley, secretary of the
18 Washington State Department of Corrections.

19 Mr. Ripley has created visionary
20 new programs such as the rent-a-call program,
21 creating new, unanticipated revenues for the state
22 and has improved enrollment in victim and offender
23 programs.

24 Gov rnor Gardner has said h

1 works in concert with other agency directors in
2 addressing economic development, education and the
3 social needs of the state. He is a very important
4 advisor to me.

5 Congratulations.

6 (A round of applause)

7 GOVERNOR BALILES: The National Governors'
8 Association is also proud to recognize private
9 citizens who give their time and talent for the
10 betterment of their states.

11 The first winner in this category
12 is Jack Acker, founder, trustee and board member of
13 the Acker Corporation in Florida

14 Mr. Acker has also been appointed
15 by presidents to the General Services Administration
16 and the USO Board of Governors. He served as
17 cochairman of the governors management and
18 efficiency study.

19 Governor Martinez has said he has
20 utilized the skills developed in the business
21 community to increase sufficiency and reduce fiscal
22 waste in government by helping to increase the
23 quality of life for all Floridians.

24 Congratulations.

1 (A round of applaus)

2 GOVERNOR BALILES: Next from Georgia is
3 Felker W. Ward with Ward and Associates,
4 Incorporated.

5 Governor Harris has said Mr.
6 Ward's lifelong commitment to human rights
7 distinguishes him and the city where the civil
8 rights movement was born.

9 When faced with racial incidents
10 in Forsyth County, I turned to Felker Ward, knowing
11 that his experience, special personal skills and
12 reputation would be vital to the successful
13 management of this difficult situation.

14 (A round of applause)

15 GOVERNOR BALILES: From Michigan, we are
16 pleased to honor Sam Grace, vice chair of the
17 Minnesota Metropolitan Air Force Commission, vice
18 chair of the governors open appointments advisory
19 commission and chair of the zoning board of the City
20 of St. Paul.

21 Since '38, Mr. Grace has spent
22 more than 50 years working to improve human service
23 programs in Minnesota and throughout the nation.

24 Governor Perpich has said he has

1 se n to it that most of his days are sp nt making
2 life better for others.

3 (A round of applause)

4 GOVERNOR BALILES: Jeffrey Blumm, a founder
5 and executive director of Pennsylvania citizen
6 action.

7 On September 1979, Mr. Blumm
8 founded the organization. Now it has 110,000
9 members, a \$2.25 million operating budget, and it
10 is the largest consumer action group in the state.

11 Governor Casey has said
12 Pennsylvania citizen action is a grass roots
13 organization financed and supported by ordinary
14 citizens.

15 (A round of applause)

16 GOVERNOR BALILES: Our final winner in this
17 category is Sister Isolena Fair, founder of the
18 center for orientation and services in Puerto Rico.

19 Sister Isolena has devoted 50
20 years to improving the lives of Hispanics in the
21 Continental United States and Puerto Rico.

22 She has received ten honorary
23 degrees and awards from more than 50 different
24 institutions. Neith r sh nor Gov rnor Hernand z

1 could be h re, but w salute her work.

2 The next category is
3 distinguished service to the arts.

4 For the past ten years, NGA has
5 given awards for distinguished service to the arts.
6 This year, two recipients were chosen, one for
7 achievement in arts production and one for art
8 support.

9 Our first winner, from
10 Mississippi is Audora Weldy, a native and lifelong
11 resident of Mississippi.

12 Mrs. Weldy's writing has taught
13 people to understand Mississippi. Her stories teach
14 you the basic nature of humanity and the essence of
15 life itself.

16 Ms. Weldy has also won a Pulitzer
17 Prize in the national book award.

18 Ms. Weldy could not be here
19 today, but we know and admire her work.

20 Governor Mabus will accept the
21 award on her behalf.

22 (A round of applause)

23 GOVERNOR BALILES: Award for art support goes
24 to th Oklahoma Arts Institut .

1 Th institute has brought art to
2 the rural areas of Oklahoma, has contributed to arts
3 instruction for teachers and students.

4 Governor Belden has said this
5 organization has changed the cultural landscape of
6 Oklahoma and has emerged from its inception only
7 years ago as one of the Oklahoma's most noteworthy.

8 Miss Mary Fretese, executive
9 director, will accept the award for Oklahoma.

10 (A round of applause)

11 GOVERNOR BALILES: Now, ladies and gentlemen,
12 before moving to a close, I want to thank Governor
13 Jim Thompson, Mrs. Thompson, Bob Millott and the
14 host committee and the host staff for giving us and
15 our families an opportunity to share in their
16 hospitality.

17 I also wish to thank all of you
18 for the extraordinary array of special events that
19 the Illinois and City of Chicago committees
20 organized and provided on behalf of their convention
21 to make our stay in the city both productive and
22 enjoyable.

23 I would like to thank Governor
24 Thompson and th memb rs of his offic and staff for

1 their coop ration and assistance in providing a
2 truly remarkable session for all of us.

3 Thank you, Governor Thompson.

4 (A round of applause)

5 GOVERNOR BALILES: And now, ladies and
6 gentlemen, before I ask Governor Kean for the report
7 of the nominating committee, I want to take a moment
8 to thank my colleagues for giving me the opportunity
9 to lead this association for the past year.

10 I think this is an exciting time
11 to be a governor in this country. I've always
12 thought this is one of the best jobs in the nation
13 because we have an opportunity to shape policy and
14 to develop programs that can make a difference in
15 the lives of our people.

16 As our role has grown as an
17 association, so has the scope of the National
18 Governors' Association.

19 And because of the commitment of
20 each of you and the staff, I wish to pay special
21 tribute to Ray Chipock (phonetic) the executive
22 director of his association and his entire staff for
23 a very successful year and a very sightful
24 convention, and I would ask my colleagu s to xpress

1 th ir appr ciation with applaus for the m mbers of
2 our staff.

3 (A round of applause)

4 GOVERNOR BALILES: And as a token of my
5 gratitude, I would like to ask Ray Chipock to step
6 forward because I have a little gift for him.

7 Ray, when you look at this gift
8 in the future, I hope it will remind you of the joys
9 and the trials and tribulations of working with
10 Virginia and the role of this association in the
11 world beyond our borders.

12 This happens to be a glass globe
13 of Virginia and the world and Ray's little part in
14 it.

15 Thank you very much.

16 (A round of applause)

17 GOVERNOR BALILES: Jim Martin, our staff
18 member with NGA for more than two decades, has spent
19 a great deal of time working to overturn the Balist
20 Test decision. If that bill ever passes, Jim, it
21 ought to have your name on it.

22 So as a token of appreciation for
23 all of your efforts from all of us, I would like to
24 pr s nt this littl gift from your friends at L. L.

1 Bean.

2 (A round of applause)

3 GOVERNOR BALILES: As I complete my agenda
4 within our borders, I'm receiving signals that the
5 executive will soon extend beyond my term.

6 I would like to ask Governor Kean
7 for the report of the nominating committee.

8 GOVERNOR KEAN: Mr. Chairman, the nominating
9 committee has met and has agreed unanimously for the
10 executive committee Governor Bill Clinton of
11 Arkansas, Governor James Blanchard of Michigan,
12 Governor John Ashcroft of Missouri, Governor Carol
13 Campbell of South, Governor Bangerter of Utah,
14 Governor Michael Sullivan of Wyoming, Governor Jerry
15 Baliles until January 1990 and then governor George
16 Sinner of North Dakota as our new vice chairman,
17 Governor Booth Gardner of Washington, as our new
18 Chairman, Governor Terry Branstad.

19 I will make a motion and ask for
20 a second.

21 A VOICE: Second.

22 GOVERNOR BALILES: Move and seconded.

23 All in favor?

24 (A chorus of ay s)

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GOVERNOR BALILES: Congratulations.

(A round of applause)

GOVERNOR BALILES: Ladies and gentlemen, it is now my pleasure to turn over the gavel of this association to a very distinguished member of our organization, the Governor of Iowa, the new chairman of this association, with whom I've had the pleasure of working during the past year and from whom I know we will expect great things in the future.

Ladies and gentlemen, thank you for permitting me to serve as your chairman.

Now let me introduce to you your new chairman, Terry Branstad.

(A round of applause)

GOVERNOR BRANSTAD: Governor Baliles, on behalf of the nation's governors, thank you for your service, your commitment and your leadership.

Your agenda has been one of vision. You have had a blueprint for accomplishing that agenda, and you've had the skills and wisdom to give each of us a piece of the action.

We can all say that we shared in identifying the solutions to important issues.

I had th chanc to s e J rry

1 Balil s' l ad rship firsthand when we traveled
2 together to Brussels this summer.

3 During meetings with the European
4 community, he represented America's governors well.

5 Governor Baliles is always
6 meticulous and very well prepared. He knew how to
7 communicate appropriately, and he related well to
8 diverse people around the world.

9 During that trip and throughout
10 this past year as he served as our chairman,
11 Governor Baliles has impressed all of the nation's
12 governors.

13 Now we have an opportunity to
14 publicly say thank you for your outstanding
15 leadership.

16 Governor Baliles, as our outgoing
17 chairman, I had the honor of presenting to you two
18 gifts as a token of our esteem for your contribution
19 to the nation's governors.

20 First, we recognize your
21 outstanding leadership with the chairman's gavel.
22 You have always used it judiciously, and we thank
23 you for that.

24 S condly, in addition to th

1 gavel, we hav a sp cial gift, which is a clock.

2 Now, this is no ordinary clock;
3 it is custom made just for you.

4 As you said many times, the sun
5 never sets on the stock market, so we thought you
6 needed a clock that could not only tell you the time
7 in Richmond but in the international exchanges
8 around the world like New York, London and Tokyo.

9 This is a special gift for you,
10 Jerry Baliles.

11 (A round of applause)

12 GOVERNOR BRANSTAD: One of the true measures
13 of membership in the National Governors' Association
14 is the opportunity to work with our fellow
15 governors.

16 It is always sad to say good-bye
17 to our colleagues who are leaving this association,
18 and that is particularly true when they have been
19 such active and involved participants in the NGA.

20 Today, we want to recognize two
21 governors who because of constitutional limits on
22 their terms will leave office in January.

23 Both are recognized as
24 outstanding l ad rs in their individual stat s, and

1 they've play d important lead rship rol s in this
2 governors' association.

3 They've always been willing to
4 share their experience and expertise with the rest
5 of us. Both of them have contributed much to making
6 the National Governors' Association so well
7 respected as a policy making organization.

8 Governor Tom Kean.

9 Tom Kean has led a dramatic
10 economic comeback in the State of New Jersey. He
11 has given his people a renewed sense of pride and
12 hope for the future, and the people of New Jersey
13 have shown that they appreciate it.

14 He was first elected by a very
15 slim margin, and just a short four years later he
16 was re-elected by the largest landslide in New
17 Jersey's history with 70 percent of the vote.

18 Tom Kean has practiced the
19 politics of inclusion in New Jersey and across the
20 nation. For New Jersey, he's been a thoughtful
21 leader in the fields of education, the environment,
22 and day care.

23 On the national scene, he has
24 b com a k y adviser to Pr sident Bush on issues

1 lik education and th nvironm nt.

2 Tom, you brought enthusiasm and
3 dedication to your work, and you and your wife
4 Debbie have made many friends throughout your two
5 terms.

6 Please give our regards to her.

7 We salute you for your
8 contribution to the National Governors' Association,
9 and we wish you well as you take on the new
10 challenge as the president of Drew University.

11 Tom Kean.

12 (A round of applause)

13 GOVERNOR KEAN: Thank you very much, and
14 thank you all.

15 This past eight years has been
16 extraordinary, and I think I have seen a growth and
17 influence, power, responsibility, among the nation's
18 governors that have changed in our role, an
19 important change for the country. And at the same
20 time, as the challenges increased, I have seen the
21 most geared group of people elected to meet those
22 challenges.

23 I never have nor do I ever hope
24 to work with a b tter group of men and women. I

1 will miss those exchanges. I will miss most of all,
2 I think, the friendships that I have made among each
3 and every one of you. I'll miss you. I have loved
4 this job, and I've loved our friendship.

5 Thank you.

6 (A round of applause)

7 GOVERNOR BRANSTAD: Governor Jerry Baliles.

8 We also salute Governor Baliles,
9 and you might say after thanking him for his
10 outstanding year as chairman, what else can one say?

11 Well, there's plenty that's left
12 to be said.

13 Governor Baliles comes from a
14 long line of Virginians who have provided
15 outstanding leadership in Virginia and to the
16 country.

17 We've talked about his
18 contributions to this organization, but he's also
19 done very important things for the people of
20 Virginia.

21 Governor Baliles put in place
22 Virginia's first comprehensive, long-term plan for
23 the transportation infrastructure of Virginia.

24 He established a department of

1 world trade. This d sign d and coordinated th
2 commonwealths trade strategy with great successes
3 from the ports to agriculture to economic
4 development.

5 To give Virginia high school
6 students full immersion in foreign languages, he set
7 up the governors language academy. And the list
8 goes on and on of his significant accomplishments in
9 four short years as governor of the commonwealth of
10 Virginia.

11 Suffice it to say that Jerry and
12 his wife, Jeanie, have been great -- a great team
13 working for the commonwealth of Virgiana and have
14 been have represented the National Governors'
15 Association with distinction and class.

16 Jerry Baliles, thank you very
17 much.

18 (A round of applause)

19 GOVERNOR BALILES: Thank you. Thank you,
20 Terry.

21 Ladies and gentlemen, I've
22 enjoyed my membership in this organization, which I
23 have admired for a long time, and so many things
24 that I have l arned during th cours of my term in

1 offic I've gain d from my association with th
2 members of this organization.

3 I consider this organization to
4 consist of good friends and great leaders, and I've
5 enjoyed the opportunity to work with you and the
6 challenge to serve in the interest of all of our
7 people.

8 Finally, this award reminds me of
9 something that Winston Churchill used to say or is
10 reported to have said. When asked what to say when
11 recognized after having occupied a great deal of
12 time at the podium and he smiled and said, be brief,
13 be sincere and be seated.

14 Thank you all very much.

15 (A round of applause)

16 GOVERNOR BRANSTAD: Under Governor Baliles'
17 leadership this past year, we have been guided
18 through a program focused on America in transition,
19 the international frontier.

20 During this year, we've learned
21 that a strong -- that a strong and secure future
22 depends on our ability to forming effective
23 relationships with other people and nations.

24 The sob ring fact that so many

1 American children have a difficulty identifying even
2 our neighboring countries indicates that we have our
3 work cut out for us.

4 As we begin the final decade of
5 the 20th century, we must continue to focus on the
6 future.

7 As we look to the future, we
8 recognize that for our children to succeed and
9 prosper in the 21st century, we must secure for
10 them in the '90s a quality education and a clean and
11 safe environment.

12 Today, American high schools
13 graduate 700,000 functionally illiterate young
14 people each year and another 700,000 drop out.

15 The work force 2000 report
16 reveals a wide gap between the demands of the
17 marketplace for the work force of the future and the
18 actual skills of our workers today.

19 Already it costs the private
20 sector in this country \$210 billion a year to
21 upgrade the skills of American workers.

22 At the same time, we witness
23 scenarios like these, droughts across our
24 heartland, floods on our coast, a garbage barge that

1 no on wants, medical waste surfacing on our
2 beaches, landfills overflowing with trash that may
3 take 400 years to degrade.

4 To date, we mainly use the
5 command and control approach to the environment.
6 The process involves a crisis. And then we respond
7 with a law.

8 Over the past 20 years, we've
9 spent a trillion dollars on the environment, using
10 primarily command and control.

11 Unfortunately, the job is still
12 bigger than the results we've been able to produce.

13 Then there's what I call the
14 finger pointing approach to the problems of American
15 education.

16 In that script, the teachers
17 blame the administrators, the administrators blame
18 the regulators, the regulators blame the
19 politicians, and the politicians blame everybody.

20 Well, the point is finger
21 pointing in reacting to crises won't solve the
22 problems of either education or the environment, yet
23 we cannot accept a future of decline in education
24 and further degradation of our environment.

1 As Tom Peters and Bob Waterman,
2 the architects in search of excellence said
3 recently, the U.S.A. is still number one in the
4 world, by far. What's their recommendation to
5 maintain our leadership position?

6 They say, we need to use good old
7 American ingenuity to keep U.S.A. on top, to solve
8 the crises in our schools, to make our nation renown
9 for quality in the environment.

10 As President Bush said yesterday,
11 the people in this room have the capability to break
12 new ground and to lead the movement for a consensus
13 to improve the quality of education and the
14 environment in this country in preparation for the
15 21st century.

16 Governor's offices are the hub of
17 consensus building. More than any other government
18 body, we can't just posture on issues.

19 The buck stops with us. We have
20 to make things happen.

21 One of the ways that we've been
22 able to lead with initiatives in our states is to
23 bring people to the table with us by building a
24 consensus of diverse and conflicting viewpoints.

1 Governors have merged in recent years as the best
2 leaders, innovators and problem solvers in America.

3 My goal for the next year in the
4 NGA is to break new ground for this association.

5 Governors can be facilitators to
6 bring about a consensus for change.

7 I want to see us collectively use
8 the NGA as a mechanism to reach out to the leaders
9 in education, the environment and business
10 communities.

11 I want to bring them to the table
12 for frank discussions with a goal of building a
13 consensus for change, positive change for education
14 and the environment.

15 In education, our challenge is to
16 develop in cooperation with parents, teachers,
17 administrators, school board members and business a
18 national consensus for educational results.

19 The National Governors'
20 Association enthusiastically accepts the President's
21 invitation to join him for a summit on education on
22 September 27 and 28, and we must focus on outcomes,
23 the essential knowledge and skills that students
24 need, students is essential.

1 W must spell out clearly what w
2 want from our schools, and if we involve the stake
3 holders and give our educators the resources and the
4 flexibility to do the job, then we can hold them
5 accountable for the results.

6 We can be powerful agents for
7 change. We can collectively fashion the policy that
8 will encourage schools to teach for competency, not
9 just for grades.

10 Our schools can become
11 laboratories of innovation, and we can help even our
12 most disadvantaged citizens pursue the American
13 dream.

14 I've asked Governors Bill Clinton
15 and Carroll Campbell to cochair the task force on
16 education. They're both leaders and innovators in
17 education. I've asked those governors to convene
18 the education task force prior to the September
19 Summit meeting with the president because we want to
20 take full advantage of this valuable opportunity
21 that we have to work with the President and with the
22 educational leaders of this country.

23 We must act as well to protect
24 anoth r precious r sourc , our nvironment.

1 I'm stablishing task forc s to
2 address two environmental issues that pose the most
3 imminent threat to our quality of life and standard
4 of living, global warming and waste management.

5 The governors I've asked to lead
6 these task forces each have extensive experience in
7 environmental issues, Governors Jim Thompson and
8 Madeleine Kunin will serve as chair and vice chair
9 of the task force on global warming.

10 Governors Robert Casey and Bob Martinez
11 have agreed to be chair and vice chair of the task
12 force on waste management.

13 Our goal as governors must be to
14 develop a new consensus agenda for the environment.

15 We will focus on opportunities
16 for innovative state action as well as market base
17 solutions to environmental issues.

18 The process for developing this
19 consensus agenda will include the active
20 participation of both the business and the
21 environmental communities. We must openly discuss
22 and actively solicit the advice of all who are
23 concerned or affected.

24 For exampl , the 20th anniv rsary

1 of earth day is on of our opportunities as
2 governors to help bring people together. We need to
3 set specific goals and milestones to measure
4 progress, and it's not possible to do that without
5 the involvement of people who have a stake in the
6 outcome of the policy development.

7 The states have a unique
8 opportunity at this point in our nation's history to
9 serve as a catalyst to break down the barriers of
10 distrust that exists between environmentalists and
11 the business community.

12 We want to see results, and the
13 best way to do that is to build a consensus and
14 establish common goals, not to have people at odds
15 with one another.

16 I'm deeply honored to have this
17 opportunity to serve as your new chair during the
18 coming year.

19 The National Governor's
20 Association has established a reputation for
21 bipartisan consensus building, and I'm confident
22 that with your help over the next year we can take
23 on the challenges in education and the environment.

24 To b succ ssful, w n ed th

1 personal commitment and active involvement of each
2 governor in this association.

3 I'm counting on each of you to
4 help me build a consensus for change in the '90s.
5 If we are successful, our gift to the next
6 generation will be an opportunity for quality people
7 to live quality lives in a quality environment.

8 Thank you.

9 (A round of applause)

10 GOVERNOR BRANSTAD: And now as we prepare to
11 adjourn, I would like to name the chairs of the
12 standing committees for this coming year.

13 The chair of the Committee on
14 Agriculture and Rural Development will be Governor
15 Mickelson from South Dakota.

16 The chair of the Standing
17 Committee on Economic Development and Technological
18 Innovation will be Governor Ray Mabus from
19 Mississippi.

20 The governor that will chair the
21 Energy and Environment Committee will continue to be
22 Governor Madeleine Kunin from Vermont.

23 The governor that will continue
24 to chair the Human Resources Committee will be

1 Gov rnor Dick Celest from Ohio.

2 Governor Tommy Thompson from
3 Wisconsin will chair the International Trade and
4 Foreign Relations Committee.

5 Governor Mike Castle of Delaware
6 will continue to chair the Justice and Public Safety
7 Committee.

8 Governor Kay Orr from Nebraska
9 will chair the Transportation, Commerce and
10 Communications Committee.

11 I would invite each of these
12 committee chairs to join with the executive
13 committee that was announced earlier for a
14 meeting -- I think it's up for 1:00 o'clock, but we
15 may want to move that up -- we'll move -- we'll set
16 the meeting for 1:00 o'clock in Columbus C and D
17 ballroom, east tower.

18 I would ask the committee chairs
19 to join the executive committee for that brief
20 meeting for the executive committee, which we
21 anticipate will only last for about a half hour.

22 Is there any other business to go
23 before the National Governors' Association?

24 (No r sponse)

1 GOVERNOR BRANSTAD: If non , I want to thank
2 you all, especially Governor Jim Thompson for
3 hosting an outstanding meeting here in the City of
4 Chicago in the great State of Illinois and, again,
5 Governor Baliles, thank you for your leadership.

6 I hereby declare the 81st annual
7 meeting of the National Governors' Association to be
8 adjourned.

9 (A round of applause)

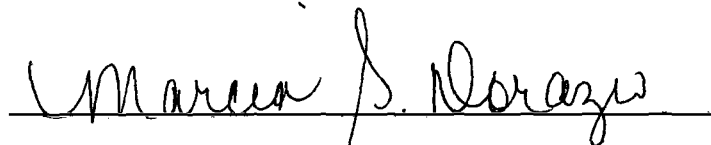
10
11 (Whereupon which were all the
12 proceedings had at the plenary
13 session this date)

1 STATE OF ILLINOIS)
2) ss:
3 COUNTY OF C O O K)

4 MARCIA S. DORAZIO, being first duly sworn,
5 deposes and says that she is a shorthand reporter in
6 Cook County, Illinois, and reporting proceedings in
7 said County:

8 That she reported in shorthand and
9 thereafter transcribed the foregoing transcript:

10 That the within and foregoing transcript is
11 true, accurate and complete and contains all the
12 proceedings had at this time.

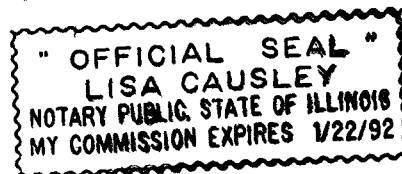
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14
15 

16 MARCIA S. DORAZIO, C.S.R., R.P.R.

17 Notary Public
18

19
20 SUBSCRIBED AND SWORN to
21 before me this 30th day
22 of August, A.D., 1989.

23 
24 Notary Public



TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS ASSOCIATION

* * *

SECOND PLENARY SESSION

Washington, D. C.

Monday, February 27, 1989

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NATIONAL GOVERNORS ASSOCIATION

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SECOND PLENARY SESSION

Hyatt Regency Hotel
New Jersey Avenue, N.W.
Washington, D. C.

Monday, February 27, 1989

2:00 p.m.

1 P R O C E E D I N G S

2 GOVERNOR BALILES: Ladies and gentlemen, yesterday
3 we discussed the challenge before the states to reach beyond
4 their borders, to better understand the world and discover
5 new, more effective means for competing in the global
6 marketplace.

7 But that is only half of the challenge. Today we
8 will take up the question of what we must do within our
9 borders. If we are to adjust to international realities, if
10 we are to compete beyond our borders, then we must equally
11 learn how to compete here at home. We must expand domestic
12 markets and invest in our infrastructure. We must make a
13 commitment to the ultimate source of our future, our
14 children.

15 It was recently claimed by a leading pediatrician
16 that America's disappointing record in supporting families
17 and children suggest that we are one of the least
18 child-oriented societies in the world. If that is so, th n
19 certainly there is evidence to support such a contention.
20 Then we must face up to what that implies for our future.

21 Stewardship of the future begins with caring for
22 our children. Individual governors and the National
23 Governors' Association have led the movement over the years
24 to r form education, to reform w lfar and to help the
25 disadvantaged become sufficient.

1 Arkansas, and I firmly believe the nation, is
2 better today because of Bill Clinton's vision and
3 leadership. He continues to pursue the future with
4 imagination and uncommon resolve. His commitment to helping
5 children and families is nationally recognized. Indeed, in
6 this respect, Governor Clinton is quite reliable. As past
7 chairman of NGA and current chairman of the task force on
8 children, he can always be counted on to challenge us to do
9 more. I suspect this afternoon he will stay true to
10 pattern.

11 Ladies and gentlemen, Governor Bill Clinton.
12 (Applause.)

13 GOVERNOR CLINTON: Thank you very much, Governor
14 Baliles, fellow governors, ladies and gentlemen. The
15 children's task force report was released in Little Rock on
16 February 13 at a press conference at the Arkansas Children's
17 Hospital, which is the seventh largest children's hospital in
18 the United States. I want to thank Governors Balilies,
19 Castle and DiPrete for coming to Little Rock. And thank
20 Governors Castle, DiPrete and Kunin for serving as members of
21 the task force, as well the NGA staff for their work in
22 support of the project. The task force report which is
23 before you, I think is not only an excellent compilation of
24 the problem, but also a succinct prescription for the
25 solution. The clear message of this report is that when it

1 comes to children, we ought to do it right the first time.

2 Our country, compared to all of our major
3 competitors in Asia and in Europe, and many countries with
4 far weaker economies and far fewer resources, does a worst
5 job of bringing children into the world, of preparing them to
6 start school, of keeping them healthy, of creating an
7 environment in which they can resist drugs, teen pregnancy
8 and other problems. As a consequence, we have more of them
9 drop out of school, more wind up in youth services c nters,
10 more wind up in prisons, as a percentage of our total youth,
11 and virtually any other advanced country in the world.

12 If we want to be competitive in the world in
13 transition, the world of tomorrow, the world that Governor
14 Baliles has called us to look at, we are going to have to
15 practice prevention; we are going to have to keep bad things
16 from happening.

17 The manufacturing sector in America increased
18 productivity at an astonishing rate of nearly 4 percent a
19 year in the 1980s, bringing us back into a worldwide
20 competitive position in many sectors. They did it by
21 reducing defects and doing it right the first time. Yet,
22 with our most important resource, our people, our children,
23 we are only giving lip service to that policy. This report
24 asks us to do better.

25 Our first speaker this morning is William

1 Woodside, a corporate executive of uncommon vision and
2 persistent dedication, someone who has been singing this song
3 for a long time, and I trust will keep doing it until we do
4 better.

5 William Woodside is the chairman of Sky Chefs,
6 Incorporated and former chairman and chief executive of
7 Primerica Corporation, known to better to some of you as the
8 American Can Company.

9 He has a long list of civic involvements, but I
10 want to mention just a few which will illustrate the depth of
11 his commitment. He is the vice chairman of the board of
12 trustees of the Committee for Economic Development, a New
13 York-based group of corporate executives, who last year
14 issued an astonishing report saying that the largest single
15 threat to the long-term economic security of this country was
16 the abysmal condition of children under the age of five.

17 He is director of the Manpower Demonstration
18 Research Corporation, a group that has worked with governors
19 over the years on welfare reform analysis and many other
20 important issues.

21 He is a member of the education Advisory Council
22 of the Carnegie Corporation, the vice chairman of the
23 National Forum on the Future of Children and Their Families,
24 a member of the Business Higher Education Forum and a partner
25 of the New York City partnership. He is a remarkable

1 American citizen, and we are all in his debt.

2 Please join me in welcoming to the podium, William
3 Woodside.

4 (Applause.)

5 MR. WOODSIDE: Thank you, Governor Clinton. Good
6 afternoon.

7 A year ago I was somewhat apprehensive about
8 accepting an invitation to talk with your committee on human
9 resources. I had had little direct experience in the area of
10 infant mortality and child health, the primary focus of your
11 efforts. My work was related to public education, to hunger
12 and poverty, to the economy and the workplace of the future.

13 But I soon realized my apprehension was
14 misplaced. We may have started out from different
15 directions, but our goal was precisely the same. We shared a
16 common concern about the health, the growth and the
17 development of children. We both wanted to build broader
18 coalitions in support of child-centered issues. And we both
19 wanted to involve the private sector in those efforts.

20 Today, almost a year later to the day, this
21 broad-based concern about children continues to grow, due in
22 no small measure to the leadership of the nation's
23 governors.

24 Last fall, for example, we went through a
25 precedential campaign that, whatever its shortcomings, was

1 the first presidential election in my memory in which the
2 needs of children were vigorously discussed by both
3 candidates.

4 We also are arriving at a more realistic
5 understanding of the problems faced by large numbers of
6 children. We are putting aside the traditional
7 compartmentalized view that looks at education as one
8 problem, health as another, family income as still a third.

9 In its place, we are adopting a more comprehensive
10 view that takes into account the ways education, health,
11 nutrition, housing, family income, social supports and even
12 political decisions all interact to form the environment in
13 which young people live and the opportunities that are
14 available to them.

15 As a matter of fact, a group with which I am
16 associated, the Institute for Educational Leadership, and a
17 group with which you are associated, the National Commission
18 to Prevent Infant Mortality, are among the leaders in this
19 area. These two organizations are in the process of
20 developing programs and strategies that will integrate the
21 health needs of children with their educational needs.

22 These are important signs of progress. But if our
23 outlook has changed, the obstacles before us have not
24 changed. One of them is our own history. When it comes to
25 developing rhetoric about children, I doubt we have an equal

1 in the world. But except for a very brief period, in the
2 1960s, when we developed and implemented a range of programs
3 aimed at providing all children with a relatively equal
4 opportunity in life, our recent performance has not come
5 close to our rhetoric.

6 Take infant mortality and child health. Everyone
7 agrees that children who receive early health care fare
8 better in life than children who do not; that quality
9 prenatal care can reduce infant mortality and eliminate many
10 of the problems that lead to high risk birth and subsequent
11 poor health among infants, as well as problems in later life
12 that are associated in an outgrowth of poor child health.

13 Yet the United States currently ranks 19th among
14 industrialized nations in infant mortality, and 15 million of
15 childbearing age in this country have no private or
16 government health insurance that covers maternity care.

17 In addition, we make the Head Start program
18 available to less than 20 percent of the children who need
19 it, place sharp restrictions on the number of women and
20 children who receive the benefits of food and nutrition
21 programs, and dramatically limit the Chapter 1 assistance we
22 provide our public schools in disadvantaged areas.

23 If these and other trends continue, then by the
24 year 2000, which now is just 11 years away, one of every four
25 youngsters in this country will be poor. One in five will be

1 at risk of becoming a teenage parent. One in seven will
2 become a high school drop out, most likely before the junior
3 year. That's the history we have to overcome.

4 . The nature of the poverty in which so many of our
5 children live is the second major obstacle in our path. It's
6 a poverty unlike any we have become familiar with from the
7 past. It's not a poverty that has a temporary hold over its
8 victims. It's a poverty that is both extensive and deeply
9 ingrained. It is far more severe and oppressive than most of
10 us imagine. It often defeats the best efforts of dedicated
11 and hard-working parents.

12 Although the national poverty rate has been held
13 steady at 14 percent, consider these facts. The poverty gap,
14 the amount by which the income of the poor falls below the
15 poverty line, is larger than at any time in 27 years, except
16 for the high unemployment year of 1983.

17 The proportion of poor who fall into the category
18 of the poorest of the poor is at the highest level in more
19 than a decade. The poverty rate among young families with
20 children doubled between 1974 and 1983, nine years.

21 By 1985, half of all young families with children
22 were living in poverty. This isn't just poverty, this is a
23 poverty in which children normally wind up worse than their
24 parents. The American economy and American society has been
25 built around the idea that tomorrow's generation will do

1 better than today's. The poor believe that, too.

2 But if those at the bottom of the economic ladder
3 stop believing that the child's future holds more promise
4 than the parent's past, we will indeed be in serious
5 trouble. We cannot allow the number of people who are not
6 recognized as equal participants in our society, either by
7 themselves or others, to grow any larger.

8 Nobody is suggesting we start from scratch and
9 build a new social and economic structure, but we can
10 identify those areas where we can make a substantial
11 difference and begin to build on those successes.

12 At the present time, the moment seems right for
13 some intensive efforts to improve the early lives of
14 children, to put into place on a more extensive scale than
15 currently exists, programs that will improve the odds that
16 children who are disadvantaged today will, in fact, have a
17 better future tomorrow.

18 The years between birth and the age of six are the
19 years when the basic foundation is developed for all the
20 physical, intellectual and emotional growth that is supposed
21 to occur in later years.

22 Yet one of every four children under the age of
23 six is growing up deprived during this critical developmental
24 period.

25 If a child does not grow as tall as he or she

1 might have grown under better conditions, we cannot give back
2 to that child the height that was lost.

3 If a child's ability to learn is impaired because
4 of poor nutrition, we cannot provide that child with the
5 brain cells that failed to develop.

6 If a child enters school with a low sense of
7 self-esteem and personal worth, because of the conditions in
8 which he or she grew up, or because that child was denied
9 emotional sustenance, we cannot reverse time and start all
10 over again.

11 These years and this development are
12 irreplaceable. What is lost during this time is lost
13 forever.

14 In your letter of invitation, you asked me to tell
15 you which private sector programs are working well and to
16 suggest some concrete ideas for moving forward. There are
17 any number of people in the private sector who could cite
18 public private partnership programs they believe work well or
19 programs in other areas that could be adapted to the needs of
20 children. There also seems to be some new-found support for
21 public sector programs within the private sector.

22 Some months ago, Peter Hart Research Associates
23 conducted a series of interviews with successful business
24 executives under the age of 40, members of the so-called
25 yuppy generation. His two principal findings were that, one,

1 young executives are concerned about the impact poverty has
2 on the children and the nation. Two, they would support
3 programs to assist children, as long as they were effectively
4 designed and managed.

5 That's good to know. But the final decision on
6 what works well, what works in what circumstance, and how
7 programs should be organized and managed, are public policy
8 decisions, and public policy decisions should not be made by
9 corporate executives. They should be made by elected
10 officials.

11 Sure, let's have the private sector involved,
12 let's have their support. But governors and other elected
13 officials were chosen to make these decisions. I do not
14 believe you should delegate your decisionmaking function to
15 those of us who lack your experience and for whom public
16 policy is only a part-time function.

17 Nevertheless, if pressed, I certainly can
18 recommend some major child-centered initiatives at the state
19 level.

20 These initiatives focus on the early lives of
21 children and would include the following, but not restricted
22 to these alone: Access to prenatal care for all pregnant
23 women; full participation in the WIC program and similar
24 state programs; ending childhood hunger in America;
25 immunizing every child against infectious diseases; making

1 quality day care available to parents of children who must
2 work and expanding Head Start and Chapter 1 to all eligible
3 children; effective teenage pregnancy prevention programs. I
4 am sure you could add at least an equal number of items to
5 that list.

6 Some of the best ideas I have heard recently have
7 come from state governments and from members of this
8 organization.

9 Moreover, I believe that states may be in a unique
10 position to play the leadership role that so far has eluded
11 other levels of government, particularly the federal
12 government. People regard states as manageable levels of
13 government. They seem to have confidence in state
14 government. They feel connected to their state officials.
15 Yet state government is also large enough to develop a
16 comprehensive point of view and still sensitive enough to
17 respond to local needs and diversities.

18 When I was a CEO, I always looked for an
19 opportunity that others did not recognize that would allow me
20 to successfully utilize resources not being used to their
21 full potential.

22 A similar opportunity, I am convinced, is lying
23 right at your own doorsteps. For all our sakes, I hope it
24 is.

25 Thank you.

1 (Applause.)

2 GOVERNOR CLINTON: Thank you very much for that
3 excellent speech. I would like to call on governors now for
4 questions. We have about 10 or 12 minutes for them.
5 Beginning with Governor Kunin.

6 GOVERNOR KUNIN: Thank you. Thank you very much
7 for your remarks. And it's very gratifying to see such a
8 strong interest from the private sector in a problem that had
9 not, prior to recently, really engaged the interest of the
10 corporate sector. But I am delighted to see your increasing
11 role. One area where the states are developing strong
12 partnerships with the business community is in the area of
13 child care.

14 In Vermont, we are doing various things. We
15 developed an Office of Child Care Services. We give some
16 matching grants. We try to get people through the turnstil s
17 of regulation to enable them to look at the options of either
18 on-site child care or other kinds of benefits.

19 From your perspective, what is the most effective
20 thing a state can do to encourage greater private sector
21 participation in providing child care?

22 MR. WOODSIDE: I suppose when you are dealing with
23 the private sector and the business community, it's -- as
24 much as anything else, it's keep talking about it as
25 governor, the things that you are required to do.

1 Secondly, I think last year one of the things I
2 recommended was that the governors actually hold, set up
3 commissions within the state in which business leaders were
4 involved, to look hard at these educational issues within the
5 state, because I have found -- in health issues within the
6 state -- I have found solely in dealing with education, the
7 best conversion is getting them actively involved in looking
8 at what is going on. So I think the governors can play a key
9 role there.

10 Most of the successful education reform movements
11 have risen from a governor with, as you well know, with
12 substantial interest in educational issues. I think the same
13 thing carries over to this child care area and other health
14 aspects.

15 GOVERNOR KUNIN: May I ask a follow-up question,
16 because part of your answer reminded me of another concern.
17 That is, you mentioned prenatal care, which I think all of us
18 agree is very essential and would be a great prevention.

19 One of the areas that stymies the governors in
20 many states right now is the lack of availability of health
21 insurance for many of our constituents, and a lot of pregnant
22 women are without prenatal care simply because of lack of
23 insurance and lack of access to health care.

24 Do you have any thoughts about how the private
25 sector can get involved in that very difficult question?

1 MR. WOODSIDE: I suppose I have a number of
2 thoughts about that. I don't want to get into it. Last --
3 two years ago I chaired a CED report on health care and what
4 was to be called for in the United States. One of the things
5 that I suggested then and the CED is pushing is to get
6 broader health care coverage by using combinations of small
7 businesses.

8 Most large businesses have adequate health care
9 programs; it's the small and medium sized businesses that do
10 not have health care that involves prenatal health care, if
11 they have anything at all. We were trying to develop
12 consortiums of smaller and middle-sized business that then
13 could afford to carry health care on a much larger bas that
14 would make it more economical for them. So that's on of the
15 possibilities, but only one.

16 GOVERNOR CLINTON: Governor DiPrete.

17 GOVERNOR DI PRETE: Thank you, Governor Clinton.

18 As the report notes, the key word all through it
19 is prevention. We talked that day in Little Rock in terms of
20 of investment in our children.

21 Along these lines, I would like to share with the
22 other governors here a program that we instituted a year or
23 so ago in my own state of Rhode Island called Right Start.

24 In the very first year of this program, Right
25 Start, has engaged in the delivery of some 800 to 1000 babies

1 to disadvantaged families. We operate on the principle that
2 healthy mother's deliver healthy babies. This is, of course,
3 consistent with what the speaker said.

4 . Let me illustrate, if I might, with just one
5 example of investment being in the advantage of the
6 development of a healthy mother and a healthy baby. The
7 report cites an example, of course, that our nation is a
8 leader in the development of high-tech medical procedures.
9 And we cite that we can save a 2 pound premature baby in the
10 intensive care expense of some \$27,000. That's fine, and
11 that's great that we have that technology. But for the same
12 \$27,000, we could take care of nine at-risk pregnant mother's
13 if we can get to them.

14 This is what this term prevention and investment
15 is all about. Certainly, I would encourage my fellow
16 governors here to read this report. I commend Governor
17 Clinton, the other governors who served on it. I think, once
18 again, it indicates that the governors of this country are
19 taking a leadership role in a humanitarian issue where
20 perhaps we could have some federal assistance, but we are not
21 waiting for it, we are doing what has to be done.

22 Thank you.

23 GOVERNOR CLINTON: If there are no other
24 questions, before we proceed to our panel of young people, I
25 would like to recognize Governor Casey to discuss a

1 teleconference that he is going to host in Harrisburg dealing
2 with state policy on children and families.

3 Governor Casey.

4 . GOVERNOR CASEY: Thank you, Governor Clinton.

5 Last week I wrote to all of the governors,
6 inviting you to join in a life nationwide teleconference for
7 state policies for children and families. As governors, each
8 of us knows how important it is for us to put our money where
9 our kids are, investing in quality effective programs to care
10 for children, to prevent abuse and neglect, to create the
11 kind of healthy family environment which we all know is
12 crucial for our children's future in life.

13 Governor Clinton and the members of the task force
14 on children have begun an important national conversation on
15 policies affecting our families and our future.

16 I believe it's important for us to expand that
17 discussion to include all of us, our staffs, executive
18 agencies, members of our respective business communities,
19 public interest groups, and most important, people
20 themselves, because we all share a single overriding
21 interest, insuring that our children grow up healthy and
22 strong, safe from violence and neglect, well nourished and
23 well educated. That kind of investment pays for itself time
24 and again, in future savings and future productivity.

25 We also know that to provide that kind of

1 environment, while giving our working parents the kind of
2 support they need to remain participants in the work force, a
3 shared commitment by government and the private sector at all
4 levels will be essential. The tough question we all face is
5 how to build that kind of shared commitment in each of our
6 states.

7 Teleconference is intended to help each of us do
8 just that, with information and ideas on the development and
9 implementation of comprehensive family policies that will
10 include video case studies of successful state and local
11 programs, live presentations by governors and other experts
12 in children and family policy. The focus will be on three
13 areas. Public private partnerships, interdepartmental
14 programs and, finally, programs involving parents and public
15 agencies.

16 The emphasis will be on the kind of early
17 prevention and intervention strategies that are central to
18 reducing the number of children and families at risk. There
19 will be a chance for discussion and interaction between the
20 participants in each of your local teleconference sites and
21 those of us on the panel in Harrisburg. You will be able to
22 talk with one another and share ideas directly, without the
23 time and expense of traveling outside our states.

24 Financial support has been generously provided by
25 the NEE Casey Foundation -- no relation -- and the Du Pont

1 Company. With their help and that of the Public Broadcasting
2 Service and WITF TV in Harrisburg, Governor Clinton and I are
3 convinced that the teleconference can be a real help to all
4 of us and those in our states who our helping to make our
5 children's future a brighter one.

6 So we hope you will all join us on April 26
7 without ever leaving your states. Thank you, Governor
8 Clinton.

9 GOVERNOR CLINTON: Thank you very much, Governor
10 Casey.

11 Now my fellow governors, I would like to introduce
12 the panel that's here. And by way of introduction, let me
13 say that Governor Kean and I started the morning together
14 with a call-in program on C-SPAN at 8:00 in the morning. It
15 was even earlier than that in some of the places where we
16 received telephone calls. People kept asking us to comment
17 about the Tower nomination. Then I came over here and I have
18 been talking to members of the press all around the country
19 all day. Everybody is talking about how boring this
20 conference is, nothing really interesting going on, people
21 wanting me to talk about the Tower nomination.

22 I realize that -- you know, I like mystery books
23 and adventure movies and cheap thrills are always
24 scintillating the imagination. At home I have seen time and
25 again how hard it is to keep people focused on problems that

1 don't have immediate solutions but may be of far deeper
2 impact and greater import to our national security than what
3 is capturing today's head lines.

4 . Yesterday, Henry Kissinger made an interesting
5 remark that sort of slipped unnoticed along towards the end
6 of his presentation, when he reminded us in a reference to
7 Secretary Gorbachev, that political life is very short, for
8 all of us.

9 Yesterday, David Halberstam reminded us that the
10 young people that we are supposed to be working for, and
11 maybe working on, are often unrecognized in the policy
12 process, and maybe we ought to listen to them more.

13 Today, I thought it might be worthwhile to hear
14 from a group of young people who are plainly emerging
15 leaders, children who have grown up with all the problems
16 that our kids face today, and in spite of everything, they
17 are doing real well, but have a deep concern for their fellow
18 young people who may not be doing quite as well.

19 In the very near future, they will replace all of
20 us and maybe another generation in between, in trying to live
21 with the problems or reap the benefits of the solutions that
22 we leave behind.

23 These young people represent four school districts
24 in my state, who were asked to select a student in each
25 school district to review our task force report and select on

1 their own one facet of the report which struck them in a
2 particular way.

3 The first person I would to introduce is Jerrold
4 Culp. He is a senior at Marianna in Lee County along the
5 Mississippi River. He excels academically in band programs,
6 exerts leadership in several organizations in the school and
7 community. He attended the Governors School for Gifted
8 Children and plans to attend Morehouse College in Atlanta,
9 where he will study mass communications. He is a shining
10 example of the best in our state.

11 The county he comes from has a 16 percent
12 unemployment rate. The third highest teen birth rate in our
13 state, 102 birth rates per 1000 teens. His county has been
14 through more economic deprivation in the 1980s than 90-plus
15 percent of the places in the United States.

16 He is a real tribute to the proposition that you
17 can still make it and do well. I think you will benefit from
18 getting to know him.

19 He read the report and felt strongly about one key
20 thing, prevention.

21 Mr. Culp.

22 MR. CULP: Thank you, Governor Clinton, for that
23 fine introduction.

24 Governors, I take pleasure in presenting to you,
25 Save the Children. The children of today are growing up in

1 an era that many adults consider to be the most perilous of
2 this century.

3 Although peer pressure continues to be a dilemma,
4 the problems that youth face today are more complex and
5 multifaceted. No longer is the desire to fit in a major
6 problem among youth. But they are faced with drugs, gang
7 violence, neglect and abuse by parents.

8 All of these problems are difficult for you to
9 face daily on the battlefield called life. As leaders, you
10 alone cannot save youth, but you can help us to understand
11 that if we are willing to make a concerted effort, we can
12 save ourselves.

13 Growing up in an economically deprived area, I
14 know many youth who have no positive role models. It is no
15 wonder, then, that in such settings, flashy dressing,
16 cash-carrying drug dealers are often elevated to the level of
17 folk heroes. Positive role models are still our most
18 effective weapon in a lost environment.

19 If attention is focused on the state prevention
20 goals, you can convince state leaders that an investment in
21 youth prevention programs will lead to a brighter tomorrow.
22 The state prevention goals will provide the positive role
23 models needed in the areas where there isn't one. The state
24 prevention goals of the state action agenda will be a major
25 factor in helping the disadvantaged beat the odds.

1 As chief communicators, governors must speak to
2 our churches, our educational institutions and our civic and
3 social organizations on developing model programs to aid
4 young people in dealing with peer pressure. By developing
5 model programs, you will be creating opportunities and
6 conditions that seek to include, rather than exclude, young
7 people.

8 By enforcing the goals in the state action agenda,
9 along with discipline and determination, America's youth will
10 rise from the ashes of despair and embrace the faith
11 necessary for our renewal. Thank you.

12 (Applause.)

13 GOVERNOR CLINTON: I think I should point out to
14 all of you that this very well spoken young man comes from a
15 county that is not only a poor county but also has been
16 ravaged by the problems of young people, not only teen
17 pregnancy, but drug abuse. Two young men from his county
18 were arrested in Detroit several months ago for running the
19 biggest crack ring in that city. They had taken 150 young
20 people from his county to Detroit, who were selling drugs on
21 the street there, because they had no other hope, no other
22 means of making a living, no other connection to our society,
23 150 people.

24 I am not saying they shouldn't be punished for
25 what they did, but it's perfectly obvious that the preventive

1 measures this report calls for were not in place for
2 literally hundreds of people who grew up with Jerrold Culp
3 and grew up ahead of him. So I particularly appreciate what
4 he said.

5 Our next panelist is Greg Kendrick of Conway,
6 where he is a senior straight A student, active in his
7 student congress, and football player in his junior and
8 senior high school years. He plans to study medicine, and I
9 think you will see he will be an asset to that profession as
10 well as to our society.

11 Greg.

12 MR. KENDRICK: Thank you, Governor Clinton. Good
13 afternoon, governors. I'd like to speak today on facing
14 today's childhood problems.

15 Our world today is constantly changing. We have
16 become more advanced in technology; new discoveries are made
17 daily. We have learned more about ourselves as humans.
18 However, it seems that along with our advancing world have
19 come some negative changes, such as pollution and the
20 threatening energy shortage.

21 Ranking among the top problems our society faces
22 are those which young people in our country are dealing
23 with. Young people are often put in situations with which
24 they cannot cope, such as broken homes, negative peer
25 pressure to do drugs and alcohol, and premarital sex.

1 Today's children are having children. Many of our kids are
2 depressed to the point of suicide. Something has to be done
3 to combat this negative movement among our nation's young
4 people. If not, our nation's future could be in jeopardy.

5 One of the main reasons that our young people are
6 having problems is the home environment. The family should
7 be a support group for a child, but today, defining family
8 has become more difficult. Because of the high number of
9 divorces and single mothers having children, many kids live
10 with one parent in an unstable home environment. This makes
11 it difficult for children to feel love and caring as they
12 should from their parents.

13 Parents need to keep open lines of communication
14 between themselves and their children. Parents must point
15 out the positive things that their children do. Parents must
16 also show love for each other and realize that what they do
17 affects their children, whether it be positive or negative.
18 Some parents are not doing these things, though. They are
19 not doing their responsibility.

20 But these are family problems. What can the state
21 do about them? Well, the state can provide education
22 programs for parents, to be led by community groups, churches
23 or schools.

24 An example of this type program is the HIPPY
25 program brought to Arkansas by Governor Clinton. HIPPY is an

1 acronym which stands for Home Instruction Program for
2 Preschool Youngsters. This program is made available to
3 undereducated parents and their children in 14 communities in
4 Arkansas.

5 The program provides information to parents on how
6 to educate their children and on how to build bonds with
7 their children. The goal is to break the cycle of parents
8 who are on government assistance having children who will
9 eventually depend on the government for assistance, too.

10 Along with a strong home situation, young people
11 need a secure school environment. The relationships that
12 children develop with teachers have become more important
13 because of an increase in problems in many homes.

14 Teachers need to be educated and certified on the
15 basis that they desire to promote positive learning. This is
16 something that a state may have some control over because of
17 public schools and the state's relationship to teachers.

18 The attitude that teachers take toward their jobs
19 is very important to the success that they have in teaching
20 our kids well. Teachers can be trained to help children.
21 They teach to have a high value of self-esteem.

22 Our teachers also need to teach their students how
23 to be responsible. It seems like every year we move further
24 and further away from moral values in the school system.
25 Although the school system may not be the best place to teach

1 moral values and responsibility, it can be a source of these
2 characteristics in young people's lives.

3 Society has become more lax on laws and law
4 enforcement in recent years. This move has taken away the
5 sense of responsibility to society which young people need.
6 It has given young people a sense that they can do as they
7 feel and that they can get away with what they want to.
8 There is a definite need in our society for more clearly
9 defined law in school and in communities. Laws must be
10 enforced.

11 Today's teenagers face more problems and more
12 serious problems than teenagers did 30 years ago. There were
13 drugs then, but there were not as many of them, and they were
14 not as potent. There was teenage pregnancy, but not as much
15 of it as there is today.

16 Our society must do something to turn our
17 teenagers in the right direction. At my high school, we have
18 a program to combat drugs and alcohol, which is presently
19 funded by the city.

20 Our school district uses the money it receives to
21 fund the ALLSTAR program. ALLSTAR is an acronym that stands
22 for Activities, Leadership, Laboratories, Students Teaming
23 Around Responsibility. The idea behind the program is to
24 promote positive peer pressure and positive self-image for
25 young people so they do not feel the need to use drugs and

1 alcohol. Phrases like "stand for something or you will fall
2 for anything," and "I am special," are commonly used by
3 teachers and people in the community, who give their talents
4 and time to the program.

5 The program reaches much deeper than just drugs
6 and alcohol, though. It is a useful tool in helping our kids
7 understand that they are special and that they can make a
8 difference.

9 I believe that the program is most effective at
10 the sixth and seventh grade level, because these are crucial
11 years when many decisions will be made by young people about
12 what direction they will go.

13 There are probably numerous other problems with
14 our children, to be faced, which needs solutions. If we will
15 think together and work together with the common goal of
16 securing our children's and our nation's future, we will win
17 out over our problems.

18 Thank you.

19 (Applause.)

20 GOVERNOR CLINTON: Thank you very much, Greg. Our
21 next panelist is Sonya Jackson, who's a junior at Pine Bluff
22 High School in northeast Arkansas, where she excels
23 academically with a 4.3 grade average on a 4 point system,
24 because of honors courses. She is also a top string
25 orchestra student and has recently been named of the 10

1 national winners of the 1989 Black History-Makers of Tomorrow
2 contest in the United States. Perhaps most important, from
3 my perspective, in spite of all the disincentives to do so,
4 this bright young woman wants to be a school teacher.

5 Sonya.

6 MS. JACKSON: Thank you. The educational
7 challenges.

8 Reports have shown that science and math skills of
9 American youth are poor compared to foreign youth. This
10 inferiority may cause problems for our nation as we move into
11 the next century and continue to compete with the other
12 countries. The future of the United States depends on its
13 children and their skills. To ensure a bright tomorrow,
14 students should be taught to use, appreciate and enjoy their
15 education.

16 I think that increasing the interest of students
17 in science and math is one way to better their skills. Most
18 students will be protective when they are motivated and
19 interested. The foundation for a good learning career is
20 built when children are young. If students become interested
21 an curious during their formative years, that curiosity may
22 make them study harder and learn more when they grow older.

23 In addition to teaching children the basis of
24 reading, writing, counting, adding and subtracting, things
25 should be done to make them involved and interested in

1 school. When I was younger, field trips were fun and
2 informative. The classroom becomes boring and monotonous
3 when intriguing things do not occur. Field trips provided a
4 change and they exposed students to things that usually are
5 not available in classrooms. While inside classrooms,
6 experiments and labs are good ways to demonstrate to students
7 the practical applications of scientific and mathematical
8 concepts. The adage that seeing is believing applies in this
9 instance.

10 Reading and hearing alone are not enough to
11 interest the average or below average students who do not
12 excel in science and math but could work hard to contribute.

13 Competitions are a good way to motivate students
14 to excel in science and math. In junior and high school,
15 students are invited to participate in science fairs and
16 science workshops and competitions. I think that if such
17 competitions were available to younger students, they would
18 enjoy and benefit from them.

19 These are fairly simple ways to motivate and
20 interest students. Commenting from high own experiences, I
21 feel that they would be effective. More radical measures
22 such as rewriting textbooks and restructuring school systems
23 have been suggested by some agencies, but they may take more
24 time to implement.

25 No matter what methods are used to motivate and

1 interest students, they should be incorporated when children
2 are young. If the seeds of interest in science and math are
3 planted when students begin school, our nation will reap a
4 positive harvest of technicians, educators, chemists,
5 engineers, mathematicians and scientist after the children
6 have grown.

7 We must be careful to cater to the needs of all
8 students. Many schools offer advanced courses for gifted
9 children, but average students and below average students do
10 not receive the same opportunities.

11 The students of today are the future of our
12 nation. Any changes and improvements that can be made are
13 worth the effort.

14 Thank you.

15 (Applause.)

16 GOVERNOR CLINTON: Our final panelist is Courtney
17 Robinson, a senior at Sheridan High School, about 38 miles
18 south of Little Rock, where she is president of the student
19 body, a member of the golf, basketball, track and volleyball
20 teams, and active in community, philanthropic activities.
21 She plans to major in biology or political science.

22 I would like to ask her now to say what they felt
23 about this report and what was important to her.

24 Courtney.

25 MS. ROBINSON: Thank you, Governor Clinton. I am

1 going to talk today about at-risk kids and making school more
2 personal.

3 In Arkansas last year, nearly 10,000 students
4 dropped out of school between the seventh and 12th grade.
5 All across the country, hundreds of thousands of the nation's
6 high school students do not complete high school. While some
7 of these drop-outs have the abilities and courage to achieve,
8 many of these drop-outs fail to become productive citizens.

9 As governors, you're interested in our country's
10 economic success and you're interested in creating a climate
11 of social wellbeing for our citizens. In order to do this,
12 America must have an exceptional educational system.

13 This report states, "we must educate all of
14 tomorrow's citizens." With so many students leaving school
15 in Arkansas and around this country, we are now not
16 approaching this goal. We may ask, what is the problem? Why
17 are kids dropping out of school? The problem is, some
18 students feel isolated, some students feel alienated and some
19 students are detached. Simply put, these students are not
20 connected to school.

21 For kids to make a connection, the very bottom
22 line is schools must be more personal. I think meaningful
23 personal relationships have to be developed between students
24 and teachers.

25 Let me tell you about myself. I feel I have had a

1 good experience with school. The reason I am sitting here is
2 because I was connected. I have athletics, I have student
3 government, I have clubs. I take classes that have meaning
4 for my future.

5 But what about the personal connection? I have
6 the personal support. Parents that support me, coaches that
7 have a personal interest in me, many friends and teachers I
8 can relate to and connect with. Myself and many like me are
9 not the problem, but let me tell you about the other side.

10 Let me tell you about Joey. Joey is a real
11 student that was in the 11th grade. Joey was the kind of kid
12 only a mother could love. Joey was not a member of any club
13 or organization, no band, no choir. He was not involved in
14 athletics. Joey was not a very capable student but not
15 eligible for special programs. Joey had little or no success
16 in school. He was not connected to school. He was not
17 personally involved in any school programs.

18 But with his buddies, Joey was the leader. H was
19 the very best at being bad. In that respect, he was
20 connected.

21 Just last week he paid the price for not belonging
22 to school. He left because he could not connect with
23 something or someone at school, Joey doesn't go to school
24 anymore. These words seem to apply to Joey and others like
25 him: Lonely walls, lonely halls, be my friend.

1 My belief is most kids who have dropped out of
2 school, in most cases, never connected. They have never
3 connected in terms of interest, or, most importantly, they
4 have never connected to a person at school. It may seem to
5 them that nobody cared.

6 While my state and other states have been involved
7 in reform, it seems we may have concentrated too much on the
8 system. In fact, we may have depersonalized the system even
9 more.

10 As governors, I am asking you to think about the
11 efforts to make the system more personal. Students' lives
12 have to be touched. Schools in its present society may hav
13 to accept more responsibility to make this happen. If more
14 lives are touched, maybe we won't have thousands of Joeys
15 dropping out of the school around the country. Thank you.

16 (Applause.)

17 GOVERNOR CLINTON: Anybody have a question?

18 Governor Kean.

19 GOVERNOR KEAN: First of all, I would like to
20 commend every one of these four young people. You and I,
21 Bill, sat through a number of very learned discussions by
22 professors about school reform and what schools could be
23 like. That was as articulate an exposition of the problems
24 and opportunities as I have heard, better so than most of
25 those forums. So I congratulate you all. And I congratulate

1 you, instead of just talking about young people, bringing
2 some.

3 Many questions you raised in my mind. But let me
4 take something the first young man brought up, and any of you
5 can answer this. The lack of role models. That's just
6 something that I happen to feel. That anybody growing up has
7 to have role models. I recognize the lack of role models,
8 but I am old enough in my generation, we had war heroes from
9 Second World War, Franklin Roosevelt, all of that. It's
10 pretty easy.

11 Now I recognize that finding role models are
12 difficult, and the teacher, the policeman, the clergyman, all
13 have feet of clay. They are not the role models we once
14 thought they were.

15 Have you got any suggestions on how to help you
16 establish role models, how to promote the kinds of people who
17 might be role models, ways in which we can bring role models
18 into the school?

19 MR. CULP: I think model youth programs, working
20 with parents, is probably the best way to get a good role
21 model in the home.

22 MR. KENDRICK: I will say probably today, and in
23 the future, we as young people are going to have to look to
24 community people rather than national figures as our heroes,
25 because the ones that are good don't get as much attention as

1 the ones that are bad, because of exposure by the media.

2 (Applause.)

3 GOVERNOR CLINTON: Governor Baliles.

4 GOVERNOR BALILES: I would like to join Governor
5 Kean in commending the students for their very articulate
6 expressions of interest in education and the achievement of
7 excellence.

8 I am interested in the connection that was
9 described by Courtney. In your judgment, how important was
10 parental involvement in your own academic achievement? To
11 what extent were parents involved in reviewing your
12 homework. As well as your tests that you brought home from
13 school? To what extent were they involved in meeting with
14 teachers and principals?

15 The second part of that question is to what extent
16 did a teacher influence your own love of learning?

17 MS. ROBINSON: First of all, I think my parents
18 always expected the most out of me that I could do, and I
19 always tried to fulfill what was expected. And I always felt
20 bad if my test wasn't what it should have be. And they are
21 -- you know, they go to parent teacher conferences. They are
22 involved in the school system, and ask my teachers
23 questions. And if I got a bad grade they will go ask them
24 what is Courtney doing wrong; they get home and I get in
25 trouble. But they do go to school and participate in

1 activities like that.

2 My teachers, they will help you if you ask them.

3 I think students are afraid to ask them, afraid they will say
4 you are dumb, why don't you do that. If students ask them,
5 they will help. I have never had a teacher who will not help
6 if asked.

7 I like school. I can say that from my
8 perspective.

9 Did I answer your question?

10 GOVERNOR CLINTON: Anybody else want to answer the
11 question? What extent were your parents involved in your
12 academic success, or teachers?

13 MS. JACKSON: I have always been very close to my
14 family. I think that their support and their interest in my
15 education made me want to achieve. That's why I do so well.

16 I have had some very good teachers. They seem to
17 care and they are in touch with my parents. I think that
18 when the parents and the teachers are involved, as well as
19 the parents and the students, then the students will get a
20 good education.

21 GOVERNOR BALILES: A follow-up question. Your
22 classmates, who perhaps have not done as well as the four of
23 you, to what extent is that the result of the impact of
24 television, the attraction of doing anything else but the
25 homework, doing anything else other than reading books and

1 looking for new horizons of learning?

2 MR. KENDRICK: I think it's really played a big
3 role today. We are exposed. We get to go home after school
4 and sit in front of the television, if we want to, and watch
5 TV. But they see -- our society has become less strict, I
6 should say, on moral values. You can go and turn on
7 television and see a show that would have been an R-rated
8 movie not too long ago. It does affect the kids. It does
9 affect young people and what they want to do and then how
10 they live. Because they see that and they think that's
11 okay. So they can go out and do that. They try to do it,
12 too.

13 I think television and movies have played a big
14 role.

15 GOVERNOR CLINTON: Governor Celeste.

16 GOVERNOR CELESTE: Thank you.

17 Courtney, you made the comment that sometimes we
18 focus too much on the system and not enough on how to make
19 the school more personal. I would be interested, if each of
20 you could change one thing in the school experience that you
21 have had that you think would help, particularly those kids
22 that school doesn't reach, could you say the sort of
23 particular thing you would like to see changed?

24 MS. ROBINSON: I personally would like to see some
25 type of program where the student, maybe in their high school

1 year, their first high school year, will go to school and
2 they'll say this teacher will be like your advisor. And you
3 will meet with that teacher maybe -- every student has a
4 teacher, and they meet with that teacher maybe once a week,
5 and they just talk. That person will always be there if you
6 have problems and you can talk to them. Other students don't
7 have two parents, a mother and a father. They don't have
8 anyone to talk to. Maybe that teacher could replace. That's
9 what I would like to see.

10 MR. KENDRICK: Probably mine would be starting in
11 the early years of education, first, second grade, maybe
12 kindergarten, teachers making sure every child was included
13 in activities. It would be really difficult to do, but
14 that's where it starts. Kids that feel like they don't
15 belong don't have a very good chance of succeeding. They
16 will feel like they are rejected, and they'll be lonely.
17 Kids need friends. If they can all realize at an early age
18 that they are not any better than the other one sitting next
19 to them, then maybe that would help.

20 MS. JACKSON: I think you should get a good
21 education like when you're younger because the science that
22 we took when I was little was usually just read from books or
23 maybe looking at dead butterflies or something. I think that
24 experiments and being able to see some of the things that you
25 read about in action would help, because when you get older,

1 you are really not interested in it unless you can see where
2 it will lead to and how it will help you.

3 MR. CULP: I would like for average students to
4 receive more personal attention. Most of the time the
5 students that excel academically receive a lot of attention
6 and those that don't do well receive lot of attention. Those
7 average students are just, like, there. I think if the
8 average students could be given a big push, they would do a
9 lot better than what they are doing.

10 GOVERNOR CLINTON: Any other questions?

11 Governor McKernan.

12 GOVERNOR MC KERNAN: Yes. I would just like to
13 get some of your thoughts on an issue that we face in the
14 state of Maine. That is, in many parts, especially in the
15 rural part of our state, I guess it might be the same in
16 parts of Arkansas. We have people who just think that there
17 is no future opportunity for them anyway, and, therefore,
18 their view was why bother to try at school anyway.

19 We are trying to implement a program to give role
20 models, as some of the other questions have come out, and use
21 as examples other people in communities over the last 10, 15,
22 20 years, whatever it takes, that young people live in, who
23 have really accomplished something, and try to use that to
24 hold up what people who came from their very communities have
25 been able to do. So that we sort of hold that carrot out

1 ther for people to realize there really can be a future for
2 them, even coming from their particular town.

3 Do you have any thoughts on how we could fine-tune
4 that kind of a program to make a difference on kids your
5 age?

6 MS. JACKSON: Last Thursday at my school, we had
7 what we call career day. Different people from the community
8 came in and spoke to us. Most of them had graduated from our
9 school, and they told us about their experiences. Some of
10 them had dropped out, had to go back and get a GED and then
11 try to find some work. Others had not gone to college and
12 others had gone to college and had become very successful. I
13 think that seeing those people who had grown up in the same
14 area and had done well was inspirational to most of them.

15 GOVERNOR MC KERNAN: Let me follow up on that if I
16 could. What if we started this program at a younger age? In
17 other words, thinking that once you got into high school,
18 your bed is probably pretty much made. If we got at either
19 the middle schools or even elementary school, if we can find
20 that the kind of people that might appeal to youngsters, to
21 explain that same type of situation.

22 So, before they sort of make a decision they don't
23 care about studying, they don't care about doing well
24 academically, you point out to them there really is an
25 opportunity.

1 Do you think that would have a bigger impact?

2 MS. JACKSON: Yes. There's another program at my
3 school called Project Impress. Usually we have high school
4 students. They don't have to be doing well, but they have to
5 promise that they won't do drugs or they won't smoke or drink
6 while they are in the program. They go to talk to the
7 younger children that I made it to high school without going
8 wrong, I studied, I did well.

9 Most of the time the children responded to this.
10 They tried to pattern themselves, because the high school
11 students form a big sister, big brother kind of thing with
12 them. They enjoy being able to talk to older children. I
13 think that that's worked.

14 GOVERNOR MC KERNAN: Do you have any thoughts on
15 that?

16 MS. ROBINSON: We have a similar program in our
17 school where our Fellowship of Christian Athletes group is
18 going to all the sixth grade classes. We go in there and we
19 just talk about not cheating on tests; drugs. It's really
20 neat. I think it's done more for us, the FCA group, than it
21 has for them. We are trying to set role models for them and
22 hoping that they will follow up and try not to get into the
23 bad things.

24 GOVERNOR CLINTON: Any other questions?

25 Let me ask you a really tough one. We are about

1 to run out of time, but I think the governors would
2 appreciate hearing you talk about it, if you feel comfortable
3 doing it.

4 I have worked now for 10 years, my wife and I and
5 our administration, through various terms, to get the infant
6 mortality rate now. We now for two years have been right at
7 the national average, which is pretty good for a poor state.

8 But we still have the first, second or third,
9 depending on which numbers you look at, highest teen
10 pregnancy rate in America. We are in the top three in
11 out-of-wedlock teen pregnancies -- or, no, we are in the top
12 eight. We have more shotgun weddings in Arkansas still than
13 in some places.

14 What do you think we can do to reduce the teen
15 pregnancy rate in Arkansas, and can we do anything meaningful
16 in the schools? Any or any of you.

17 MR. KENDRICK: I am not sure, besides education,
18 which is already available, what else can be done. I don't
19 think this has been a big issue in Arkansas in the
20 school-based clinics, whether they should be able to
21 distribute birth control. I really don't think the school
22 should be able to try to distribute birth control, because I
23 feel like that's just saying, okay, it's okay. I don't think
24 that's going to help at all. I don't know, besides
25 education, what else can be done.

1 MS. ROBINSON: I think there should be some more
2 extensive education done on it. I don't think that everyone
3 is educated enough on it, and are really ignorant on it.
4 They need to be taught.

5 MR. CULP: In my area, I think we just need
6 something else to do. In Marianna, there's nothing to do.
7 Maybe if a YMCA or YWCA or something of that nature was
8 developed, something positive, we could have something else
9 to do.

10 (Applause.)

11 GOVERNOR CLINTON: Governor Castle.

12 GOVERNOR CASTLE: I don't want to suggest this as
13 something else to do, but I want to ask you about drugs for a
14 moment. We had, yesterday at the committee meeting, we had
15 four or five people who had used drugs for a number of years,
16 had been criminals, convicts; explained to us how they got
17 into it and how they finally got out of it. This morning we
18 had a series of experts, including the Attorney General of
19 the United States, you may have heard it, you may have been
20 here, talk about drugs and some of the drug things that we
21 are dealing with.

22 But generally drugs start to happen, from all I
23 have been able to learn, in high school sometime or even
24 earlier than that, as a matter of fact. I was just wondering
25 -- if I have ever seen a group of kids that I would trust at

1 not using drugs, that's the four of you.

2 How much do you see of that? Not what you have
3 heard, but of your friends, people you know, really see and
4 observe. What, if anything, could we be doing to try to turn
5 this around or to educate differently or to do something in
6 the schools?

7 MR. KENDRICK: I mentioned earlier that our school
8 system has a program called ALLSTARS. It's a positive peer
9 pressure group to combat drugs and alcohol. If you started a
10 program like that in sixth or seventh grade, because that is
11 when these kids are turning -- they are teenagers, they are
12 young. They haven't made up their mind necessarily about
13 what direction they are going to go in, whether they are
14 going to use drugs or be straight, do their best or just lay
15 off, say who cares.

16 So I believe if you started a program similar to
17 that at the sixth or seventh grade level, before they have
18 made up their mind what direction they are going to go and
19 you have to change their mind back to what it should be, that
20 that would be useful.

21 GOVERNOR CLINTON: Anybody else want to make a
22 comment about that?

23 Let me ask you one final question, then we have to
24 go on with the agenda. I know ev rybody has enjoyed it.

25 On Saturday, when you all left the airport at

1 Little Rock to fly up here, I came out to meet you, we had
2 the press there, they took pictures, and some of the
3 television stations interviewed you. I was very moved to see
4 all of you had your parents there to see you off. They were
5 so proud of you, and it was obviously a big deal. It tickled
6 me to death to see everybody there.

7 The question I want to ask is, do you have -- do
8 you know people, young people in your schools, who are doing
9 as well as you are, both academically and emotionally, who
10 don't have any parental support at all, who come from maybe a
11 single parent household where the mother is working and gone
12 all the time, or come from a very, very bad home situation
13 and don't get any kind of support at all? Do you know kids
14 who you think are doing about as well as you are, in spite of
15 a bad family situation; and, if so, why do you think they
16 are? I would like for all four of you to comment on that
17 just very briefly.

18 MR. CULP: I know one young lady in my area who is
19 probably doing better than I am, but she gets no support from
20 her parents. She is relatively poor. She is real smart.
21 How does she overcome it, is that the question? I don't
22 know. She is a very positive person. I think she has had
23 some positive role models in that she has looked beyond
24 Marianna and she has looked at people such as Oprah Winfrey
25 as one of her role models, as she wants to one day be

1 somebody.

2 MS. JACKSON: I have friends who don't get the
3 same kind of parental support that I have. I don't know
4 where they get it from, but the motivation seems to come from
5 within. They want to do well and they want to see something
6 become of themselves when they get older. That's all I can
7 say is what keeps them going.

8 MR. KENDRICK: I know of one young man who I don't
9 think -- I don't think he receives any support from his
10 parents, but he is making it. He is making it really well.
11 I feel like it's because he wanted it for himself. He has a
12 great personality. He gets along with everyone well at
13 school. He gets along with teachers. He is active in
14 student government, ALLSTARS. He plays on the soccer team.
15 He has compensated for the attention that he is not receiving
16 from his parents through school activities and other
17 organizations, which will give him that support.

18 MS. ROBINSON: I have a friend who comes from a
19 single parent home. She doesn't have any support at all from
20 her parents. She is just -- she is one of my best friends,
21 and she is just the happiest, bubbliest person I know. It's
22 just the mere fact that she wants something out of her life,
23 wants to make something of herself. It comes from the
24 inside.

25 GOVERNOR CLINTON: Thank you very much. Let's

1 give them a hand.

2 (Applause.)

3 GOVERNOR CLINTON: I would like to now, I think,
4 turn it back over to Governor Baliles.

5 GOVERNOR BALILES: Thank you, Governor Clinton,
6 for a wonderful program, one that I am sure has inspired
7 everyone in this room. As we all know, this task force on
8 children report is one of the components of our examination
9 of the things that we need to do within our borders, if our
10 country is to be competitive in the future.

11 If our children are going to have jobs tomorrow,
12 we must find new markets for American products today. As the
13 trade deficit persists, we must ask ourselves the basic
14 questions. How can American firms compete effectively with
15 foreign firms in the American marketplace? How can we sell
16 ourselves our own products effectively and competitively,
17 products that we produce in our own backyard?

18 Well, governor Blanchard is the chairman of our
19 task force on domestic markets. That report is due in the
20 spring. Governor Blanchard has firsthand experience with
21 this vital issue. His long record in participation in GNA
22 activities continues in this vital role. I would like him to
23 at this time brief the governors on the status of that task
24 force effort.

25 GOVERNOR BLANCHARD: Thank you very much,

1 Mr. Chairman.

2 Let me again restate how refreshing the four
3 panelists were. I don't think I have sat through a
4 presentation on energizing our young or on education, for as
5 long as we have, and not had money mentioned in the very
6 first sentence. You have triggered ideas for me in
7 Michigan. I know that's the case with the other governors.
8 And we do want to repeat our sincere appreciation for you
9 taking time to be here and your insights, well stated. Thank
10 you.

11 Now I hope I can be as succinct here, because my
12 report is really due in April, not today. The task force on
13 domestic markets is charged with identifying ways that our
14 states can work to recapture domestic markets, remain strong
15 in existing markets, and achieve success in emerging
16 markets.

17 Our charge does not entail protectionism. Our
18 focus stems from the view, the strong view that the U.S. is
19 still the largest and most lucrative market in the world. We
20 have a great understanding of it, but we need to understand
21 it even more and compete even more effectively. But the
22 rewards are far bigger than all the efforts we have around
23 the world to generate markets and business.

24 Our task force will focus on ways states can
25 develop competitive enterprise systems and allow the firms in

1 our states to compete, and more than compete, win against
2 foreign competition in our very sizable lucrative domestic
3 market.

4 We believe the competition in the future will be
5 based on increased technology, technological utilization,
6 which will require, of course, higher education and skill
7 levels. We believe, in order to survive, our firms will have
8 to develop and deploy advanced technology and products and
9 processes.

10 And effective utilization of advanced technology
11 will, of course, require higher levels of work force skills.
12 It will begin with connecting in the early years in preschool
13 and in role models, in strong programs from preschool and
14 infant health to adult literacy.

15 But these higher levels of work force and
16 technology systems collectively, along with capital,
17 substitute a new type of public infrastructure. That's one
18 that firms competing in the market are not in the business of
19 providing or really even increasing. They will require a
20 public role, and, of course, the states will have to fill
21 that role to a great extent. Our states already, all of you,
22 have begun to focus on building capacity in these markets. A
23 number of different ways.

24 We hope to have an inventory of that available to
25 all of you, and I hope an exhaustive analysis of what we

1 think can be done as well as what is now working effectively
2 to strengthen our domestic economy in markets, our jobs, our
3 opportunities.

4 . We have an outline that we are going over. We
5 will have a draft report to the member governors. I must say
6 that my commerce director has been working with
7 representatives of Governors Ashcroft, Schaefer and Tommy
8 Thompson on this matter. I hope to have a preliminary report
9 from them early in the spring so we can give you a good,
10 solid, helpful final report in April.

11 But let me thank our chairman for his leadership
12 and indicate today's program is not only exciting and
13 enlightening to me, but yesterday's as well. I thought
14 beyond our borders was a spectacular program, and I would
15 like to congratulate Governor Baliles for his leadership.

16 GOVERNOR BALILES: Thank you, Jim. Ladies and
17 gentlemen, as we know, within our borders theme, we are
18 saying that we must expand domestic markets if we are to be
19 competitive in an international economy. We must inv st in
20 our children. We must invest in infrastructure.

21 Governor Jim Thompson of Illinois knows mor about
22 transportation infrastructure problems than anyone else in
23 this room. He is chairman of our intrastructure task force
24 which will be reporting on June. I would like him to brief
25 us on the status of that effort.

1 GOVERNOR THOMPSON: Thank you, Mr. Chairman. The
2 task force, which consists of myself, Governor Goldschmidt,
3 Governor Martinez and Governor Casey, agreed to hold regional
4 hearings in each of the states that we represent as models
5 for the nation, focusing on different infrastructure
6 challenges in the flesh, the products, the good and the bad.

7 Then we will go to hearings in those individual
8 states, focusing on these three topics. The relationship
9 between public investment in infrastructure improvements;
10 private economic development response, with an added focus on
11 international investment, which is becoming increasingly a
12 part of our economic development themes in each individual
13 state.

14 Financing infrastructure improvements in
15 innovative ways to do that under current law, considering the
16 issue of whether financing would be improved if laws,
17 particularly federal tax laws, are changed.

18 Infrastructure planning priorities. What is most
19 important and how can infrastructure planning and instruction
20 be integrated. And we then plan to release our report before
21 the summer meeting in time for our fellow governors to be
22 able to read it and be able to debate it in Chicago in
23 August.

24 While we will hold regional hearings in the four
25 states which have membership on the task force, we hope you

1 will join us, Mr. Chairman. We also invite the participation
2 of any of our fellow governors, either through your
3 Washington office, or to come sit with us in person as we go
4 to Oregon, Florida, Pennsylvania and Illinois, and to
5 contribute your unique -- this is an issue that impacts every
6 governor.

7 This is an issue in which every governor is
8 expert. No one is more expert than another. This is a theme
9 which every governor sounds everyday. This is the backbone
10 of our economy. That's the plan.

11 GOVERNOR BALILES: Thank you, Governor.

12 At this point Governor Mabus has asked for 30
13 seconds to make an announcement.

14 GOVERNOR MABUS: Thank you, Mr. Chairman. I want
15 to commend you and the chairman of the task force on a good
16 program today. One of the things, that when we are talking
17 about care for our children, I think it's important to
18 include parental training and input, like the HIPPI program
19 that was mentioned, the family literacy aspect. In
20 conjunction with that, we are hosting, in Jackson,
21 Mississippi, the National Conference on State Literacy
22 Initiatives, April 9 through 11. This conference is
23 sponsored by the National Governors' Association, by ABC
24 television and by PBS. It's a second one. Last year's was
25 in Chicago.

1 We hope that you or some designated people from
2 your staff will come. It's very important. It's going to
3 stress literacy at all levels. There's nothing more
4 important facing not only our workers today but also our
5 children.

6 Thank you.

7 GOVERNOR BALILES: Thank you, Governor Mabus.

8 Ladies and gentlemen, this session has underscored
9 the fact that as we sharpen our vision abroad, we must also
10 renew our commitment at home. We need to educate our people,
11 train our workers and care for our children. We need to
12 rebuild our infrastructures, our roads, bridges, ports and
13 airports. We must invest in our future. We've made a
14 beginning.

15 Thank you for joining us. Meeting adjourned.

16 (Whereupon, at 3:20 p.m., the meeting was
17 adjourned.)

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NATIONAL GOVERNORS' ASSOCIATION
CONFERENCE
JULY 30, 1989

Record of proceedings reported by MARCIA
S. DORAZIO, C.S.R., R.P.R., Notary Public, of the
plenary session, at the Hyatt Regency Chicago, 151
East Wacker Drive, Grand Ballroom C/D South, East
Tower, on the 30th day of July, 1989.

1 GOVERNOR BALILES: I would like to call this
2 meeting of the National Governors' Association to
3 order. Please be seated.

4 Ladies and gentlemen, at this time
5 I would like to call in Governor Branstad of Iowa,
6 vice chairman of the association, for purposes of the
7 motion.

8 GOVERNOR BRANSTAD: Mr. Chairman, I move the
9 adoption of the NGA Standard Rules of Procedure.

10 GOVERNOR BALILES: Is there a second?

11 GOVERNOR CLINTON: I second.

12 GOVERNOR BALILES: A motion has been made and
13 seconded that we adopt the standard NGA Rules of
14 Procedure for this meeting. Is there any discussion?

15 All in favor, say aye.

16 (A chorus of ayes)

17 GOVERNOR BALILES: All opposed?

18 (No response)

19 GOVERNOR BALILES: Motion carried.

20 Next, I would like to announce the
21 Nominating Committee for the 1989/90 Executive
22 Committee.

23 Governor Kean of New Jersey will
24 chair the Nominating Committee. Members are Governor

1 Clinton of Arkansas, Governor O'Neill of Connecticut,
2 Governor Jim Thompson of Illinois, Governor Mickelson
3 of South Dakota.

4 Now I would like to call on
5 Governor Jim Thompson of Illinois for a special word
6 of welcome.

7 GOVERNOR THOMPSON: Mr. Chairman, thank you.

8 It is my pleasure on behalf of the
9 11 and a half million people of this great American
10 state to welcome my fellow governors to Chicago and
11 to the State of Illinois for our 81st annual meeting.

12 The governors last met in this
13 great city in 1955. I think 34 years between
14 meetings is far too long.

15 This is only the second time that
16 the National Governors' Association has met in our
17 city's premier convention facilities, and I look
18 forward to your speedy return to Chicago.

19 Governor Baliles' staff and mine
20 and the staff of the NGA have worked hard over the
21 last two years to ensure that our business meetings
22 and our social gatherings are successful ones.

23 Chicago has gone all out by the
24 host committee chairmanship of Robert Mallot,

1 chairman and CEO of FMC Corporation.

2 We began our festivities last
3 night at the State of Illinois Center with a
4 reception and dinner and performance by Bobby Short.

5 Tonight, we move to the gallery
6 district of Chicago. Two blocks of Superior Street
7 have been closed off. Jazz and blues bands will be
8 playing all evening. The best food from the Taste of
9 Chicago will be there. And the galleries will be
10 open for the governors' move to their governors' only
11 dinner at the Art Institute of Chicago.

12 Tomorrow night will culminate our
13 social setting in Navy Pier, conceived of by Manuel
14 Bernman in the original Chicago plan just recently
15 scheduled for major rehabilitation and development
16 with the authority of the City of Chicago, the State
17 of Illinois.

18 So Jayne and I welcome you here.
19 We're proud of this great city, proud of what it has
20 to offer to the group I consider to be the finest
21 group of public servants in America, the American
22 governors.

23 Welcome to Chicago and welcome to
24 Illinois.

1 (A round of applause)

2 GOVERNOR BALILES: Thank you, Governor
3 Thompson, for your hospitality and for you efforts in
4 making this convention a success.

5 I think it's fitting that we meet
6 in the competitive city of Chicago because 12 months
7 ago the nation's governors embarked upon an ambitious
8 program to examine the role of states in building a
9 more competitive nation.

10 We established task forces to
11 focus on international education, foreign markets,
12 research and technology, each a key to our ability to
13 compete beyond our borders.

14 Within our borders, we targeted
15 issues vital to our communities here at home,
16 children, domestic markets and infrastructure.

17 Our premise was straightforward.
18 Americans have the capacity not only to change with
19 the times, but to change the times in which they
20 live.

21 What we hoped to accomplish,
22 therefore, was the creation of a plan of action that
23 would be objectively compelling. So we went to work.

24 For our ideas, w m t with trade

1 xp rts, h ld hearings on transportation, conducted
2 conferences on new markets and international
3 education, and we took a delegation of governors to
4 Brussels to meet with the European community
5 leadership in order that we might better understand
6 the opportunities that Europe after 1992 will offer.

7 Hearings were held across the
8 country by Governor Jim Thompson and others, focusing
9 on infrastructure, asking hard questions about our
10 highway, transit and airport programs.

11 New Brunswick, New Jersey was the
12 site for a major conference on international
13 education.

14 Governor Clinton and Governor
15 Casey hosted a 38-state teleconference on children's
16 programs with Bob Keshan, better known to some as
17 Captain Kangaroo.

18 The National Geographic Society in
19 cooperation with NGA produced a film called
20 "Connections" that illustrates the link between what
21 happens around the world and events taking place in
22 our own backyard.

23 We met on several occasions with
24 th Pr sid nt, his Cabin t and m mbers of Congr ss.

1 We convey our desire to work with the President and
2 the Congress, but let them know we're moving ahead
3 regardless.

4 The Executive Summary, which is in
5 the package, sets out our fine accomplishments.

6 They set out the basic competing
7 principles for success in the 21st century, and our
8 recommendations are straightforward, find new markets
9 and design new products those markets will buy; learn
10 about the world around us; recognize the importance
11 of foreign customs, cultures and languages; invest in
12 technology and move our ideas out of the laboratory
13 into the marketplace; train our workers, give them
14 the skills they need to be competitive; build the
15 roads, bridges and airports necessary to move our
16 people and products across town and around the world;
17 ensure that our children grow into healthy,
18 well-educated adults with the capability to perform
19 in the international marketplaces of the next decade.

20 So, ladies and gentlemen, the
21 Executive Summary is intentionally succinct and to
22 the point. Most of you helped write it. I hope the
23 rest of you in the audience will read it.

24 I'm particularly grateful to my

1 collegu s who have serv d on task forc s and tak n a
2 direct interest in this undertaking. They've made
3 the project possible.

4 They've helped craft a document
5 that draws the diverse and complex elements of our
6 time into a single, compelling call to action.

7 Now all we need to do is to get on
8 with the job, and that's the purpose of the meeting
9 in Chicago. .

10 Thank you.

11 (A round of applause)

12 GOVERNOR BALILES: Now, ladies and gentlemen,
13 I would like to call on Governor Kean of New Jersey
14 for the purpose of an introduction of a special
15 friend of this association.

16 GOVERNOR KEAN: Mr. Chairman, a number of
17 years ago, there was a young athlete, but interest
18 seemed to go way beyond the realm of athletics.

19 In his profile, author John McFee
20 wrote, I have asked all sorts of people who know Bill
21 Bradley or know about him what they think he'd be
22 doing when he is 40. And a really startling number
23 of them, including teachers, coaches, college lawyers
24 and v n journalists give th sam answer, h will b

1 gov rnor of Missouri.

2 Well, things didn't exactly turn
3 out that way, as all those John McFee and Bill
4 Bradley imaginers admired a quarter of a century ago.

5 And, Bill, all of us here have
6 been very pleased at the turn your career has taken,
7 most especially, I think, John Ashcroft.

8 As Senior Senator from the State
9 of New Jersey, Bill Bradley has become a major player
10 in shaking U.S. policy, both at home and abroad.

11 He took a machete to the U.S. Tax
12 Code and made it simpler and fairer. He sponsored
13 the cradle to grave manifest system to track medical
14 waste and cosponsored the legislation ending dumping
15 of sludge, and he has worked to increase federal aid
16 education and, in particular, worked to reduce the
17 high school drop-out rate.

18 His influence is just as great in
19 the international scene. In 1965, McFee titled his
20 profile of Bradley "A sense of where you are."

21 Today, Bill Bradley's sense of
22 where America stands has driven him to become an
23 expert in U.S./Soviet relations and third world debt.

24 His s ns of wh r w should be

1 going include a proposed packet coalition of
2 specific nations, dispersed trade and economic
3 development.

4 A lot of governors have taken a
5 great interest in the national trade.

6 Bill Bradley is eminently
7 qualified to give us a greater sense of where we
8 stand as players and what we can do to improve our
9 game plan overseas.

10 We are very honored in the State
11 of New Jersey to have Bill Bradley as our United
12 States Senator. I am greatly honored right now as
13 New Jersey's Governor to present him to you, our
14 Senior Senator from New Jersey, Bill Bradley.

15 (A round of applause)

16 SENATOR BRADLEY: Thank you very much,
17 Governor Kean, Governor Baliles, members of the
18 Governors' Conference, ladies and gentlemen.

19 I can't imagine a better
20 relationship between governor and a senator of
21 opposite parties than I've had with Governor Tom Kean
22 over the last eight years.

23 I respect you, Tom, I will miss
24 you, and I thank you deeply for that introduction.

1 Wh n Gov rnor Balil s' call came
2 to ask me to speak today, he said I should talk about
3 the challenges for American leadership in the global
4 economy of the 1990s. That's a nice specific topic.

5 So in thinking about what I was
6 going to say, I thought well, I have a number of
7 options.

8 I can put you all to sleep talking
9 about third world debt. I could confuse you talking
10 about the new multi-lateral trade round. I could
11 challenge you talking about exchange rate volume at
12 this time. I could provoke you talking about the new
13 wave of technology that's sweeping the world today.
14 I could say something you already know about the need
15 to improve American productivity, or I could insult
16 you by reiterating the need for good education, which
17 most of you -- and I put Tom Kean right at the top of
18 this list -- have been working on the front lines for
19 longer than I've been senator in some cases.

20 Instead, I have decided today to
21 talk with you a little bit about something that
22 affects all of the above categories and issues as
23 well as how we think of ourselves as Americans.

24 And th subj ct that I would lik

1 to talk about today is, frankly, what's happen ing in
2 the Soviet Union.

3 I went to the Soviet Union first
4 in 1966, last time in the spring of 1989.

5 In traveling from Siberia to
6 Central Asia to the South Caucasus to the Ukrain, I
7 try to gather a feel. Yet it seems that every time I
8 pick up a newspaper these days, I read a story about
9 the Soviet Union that I never expected.

10 Just think of the headlines, the
11 Soviets pull out of Afghanistan, Soviets unilaterlly
12 reduce conventional forces by 500,000 troops, Soviets
13 propose reductions in weapons grade uranium.

14 The Kremlin asked for a price
15 reform in its budget deficit four times greater than
16 the U.S. budget deficit in relevant terms, tells
17 workers they'll be paid only on the basis of their
18 effort.

19 Gorbachev declares multi-candidat
20 elections, encourages open debate, repeals decrees
21 limiting religious expression, settles the coal
22 miners' strike by accepting the striker's demands.

23 I mean let's face it, what is
24 going on h r ?

1 W l l, I b l i ve that Mikhail
2 Gorbachev took power back in 1985 and looked out at
3 the Soviet Union and fundamental state of
4 disintegration.

5 What do I mean by that? Well, he
6 had a rise in infant/adult mortality rate. 13
7 percent of all deaths in Soviet Union were due to bad
8 water; environmental catastrophe in the sea and rural
9 and Ukrain regions where there are over 50 million
10 people in the Soviet Union living in air that is
11 polluted above Soviet Union standards; looked out and
12 saw a society with massive needs for capital, for
13 agriculture, for energy, particularly post-Chernobyl,
14 with the environment, with transportation and for
15 modernizing plants and equipment.

16 He looked out and he saw enormous
17 hidden inflation, plummeting productivity and indeed
18 a budget deficit four times greater than the U.S. in
19 relative terms.

20 He looked out and he saw a society
21 that was corrupt at its core, not only in the normal
22 sense that we think about in criminality, which was
23 rampant in the Soviet Union, some places, like
24 Isb cstan (phon tic) it became mind-boggling,

1 collosal, but corruption in th s ns of not b ing
2 able to deliver or hope to deliver anything better
3 for your children or your grandchildren.

4 I think he looked out at that
5 society and decided to do something about it.

6 He decided that unless he did
7 something about it, the Soviet Union would remain the
8 fourth rated economic power in the 21st century and
9 could very well become a second rate military power.

10 So he decided to take some very
11 big risks, and he embarked on what could literally b
12 called a reformation that we've come to know with the
13 words perestroika, glasnost and democratization.

14 The question is will they work.

15 Well, a reformer friend of mine
16 said that the way he'd know -- the Soviet reformer
17 friend of mine said the way he'd know that
18 perestroika had worked is the more people want to get
19 into the Soviet Union than want to get out of the
20 Soviet Union.

21 And yet in April, I stopped a
22 12-year-old kid on the streets of Alma-Ata (phonetic)
23 at one of my chance encounters and asked him the sam
24 qu stion I'd ask a lot of p ople throughout the

1 str ts, what's p r stroika m an to you? What do you
2 think it means?

3 He looked up at me and said
4 perestroika? Oh, perestroika, it means the beginning
5 of a new life.

6 So the answer is somewhere out
7 there. We don't know if it's going to work, but we
8 sure ought to know what it is.

9 Perestroika basically means
10 economic decentralization, taking power from the
11 central bureaucracy and giving it to the enterprise
12 managers, paying people based on effort, not based on
13 the the old glow -- and that used to be in the old
14 factories, we pretend you do work and we pretend to
15 pay.

16 And it ultimately means going to a
17 price system which implies necessarily, in the
18 current environment, higher prices.

19 Glasnost. Important to be clear
20 it is not freedom of speech or worship as a right
21 guaranteed under the law as we know it in this
22 country.

23 It is, rather, permission to speak
24 and to worship. But it's still there.

1 Synagogu s w r op n, mosqu s ar
2 being built, Easter service at Donloff Monastery
3 (phonetic) in Moscow I attended a few months ago, no
4 malitia harassing, all ages represented in the
5 church.

6 No longer did the Soviet
7 televisions put the most famous Soviet rock group on
8 during 11:00 to 2:00 a.m., but instead the service
9 was being broadcast.

10 In the press, wide open
11 expression, criticism even of the General Secretary.

12 Glasnost and democratization
13 basically means making the system more responsive to
14 the people's needs by the creation of popularly
15 elected legislatures in the national level, at the
16 republic level and at the local level and making them
17 accountable by putting their deliberations on
18 television so all the people can see.

19 In fact, during the recent meeting
20 of the Congress, they had to postpone the broadcast
21 to 8:00 p.m. at night because nobody was working in
22 the Soviet Union; they were all home watching the
23 Congress in action.

24 Needl ss to say, that isn't th

1 case in th Unit d States.

2 So perestroika, Glasnost, the
3 democratization, they all fit together, I sense.

4 Some people say Gorbachov is to
5 socialism what FDR was to capitalism. Again, that
6 remains to be seen.

7 But the fact of the matter is
8 there is a political strategy working, and I think
9 the political strategy is recognition that the
10 toughest challenge ahead is going to be to raise
11 prices.

12 And in order to get the political
13 support to raise prices, Glasnost fits in.

14 450 million believers in the
15 Soviet Union give them what they want most in life,
16 their right and ability to worship as they choose,
17 and intellegencia needed to make a modern economy
18 work.

19 Give them the right to express
20 their ideas and interact, and you have a sizable
21 base.

22 Add to that all those people who
23 are fed up with the old party hacks who have been
24 working in the vin yards a long tim and b liev

1 they're as good as anybody is but can't move upward
2 unless they really address people's needs, give them
3 a right for local elections, give them a right to
4 express their views, to take some self-initiative
5 that will be essential if perestroika works and
6 people are regarded on the basis of effort and you
7 add to your coalition.

8 And then if you see what's
9 happened in just the last couple of weeks with the
10 coal miner's strike, absolutely extraordinary where
11 you see Mikhail Gorbachov taking the pretense of coal
12 strikes and moving up the local elections to the fall
13 instead of the spring.

14 And at the time, people thought
15 they wouldn't even take place in the spring, so that
16 he can marshal public opinion to throw out those
17 party officials who are blocking him in the
18 republic's on perestroika.

19 So it is very important for us to
20 understand what is the reformation.

21 Now, what does it imply for us?
22 Well, if you talk to some of the economic performers,
23 they say their words that if it succeeds, if it
24 succeeds, then economic criteria will become more

1 dominant than th allocation of resources.

2 Think about that. Economic
3 criteria become more dominant than the allocation of
4 resources.

5 If that's true, the Soviet Union
6 doesn't need 600,000 troops in Eastern Europe. They
7 don't need massive strategic arsenals. They
8 certainly don't need costly third world adventures,
9 and what they do need is a much lower defense budget.

10 I suggested over the last 18
11 months that at some point Gorbachov would put a
12 mutual reduction proposal on the table.

13 Little did I expect last December
14 he would come to the UN and offer a 500,000
15 unilateral troop cut prior to any discussions about
16 mutual reductions.

17 But if economic criteria becomes
18 more dominant than the allocation of resources, then
19 we should expect -- if we applaud perestroika, but
20 don't pay for it -- we should expect that the defense
21 budget in the Soviet Union has got to come down.

22 And that means as they come to th
23 table for mutual talks, we should be there to reduce
24 conv ntional forc s or strategic forces as long as

1 th r ductions ar in our interests, as I b li v it
2 could be.

3 What about on the economic front?

4 Well, on the economic front, I
5 believe that we should be rational capitalists and
6 not romantic capitalists.

7 What do I mean by that? Rational
8 capitalists maximize profit. We all know them. Many
9 of us are them or have been them -- have been them.
10 And romantic capitalists, they don't maximize profit.

11 Who are they? Well, I think I
12 have some good sense of who they might be.

13 I think that many romantic
14 capitalists used to -- maybe still do -- on
15 professional basketball teams, which means, you know,
16 they would pay people very nice salaries, very
17 generous salaries -- sometimes more than they could
18 possibly hope to make back in the operation of the
19 team.

20 They were not maximizing profit.
21 They were making investments for other reasons.

22 Maybe they wanted Kareem-Abdul
23 Jabbar come have lunch with the kids or somebody
24 ls , Larry Bird, come to th country club on th

1 w k nd. But th y w re not rational capitalists,
2 they were romantic capitalists.

3 And I would argue that we need, in
4 our dealings with the Soviet Union, to be rational,
5 not romantic.

6 And I would hasten to suggest that
7 there are probably innumerable American business
8 people trotting around Moscow today who are romantic
9 capitalists who think they're going to have a great
10 deal if they can get their picture taken with Rhesa
11 or if they think, you know, they can come back with
12 the latest gossip.

13 I would argue that we should be
14 rational capitalists and not romantic capitalists,
15 that we should applaud perestroika but not pay for
16 perestroika.

17 What do I mean by that?

18 I draw distinction between trade
19 and credit. On the trade side, if you trade with
20 someone, they got to have something that somebody
21 wants to buy.

22 Anybody want to buy a Soviet TV?
23 Anybody want to buy a Soviet car? Their quality is
24 so bad th y couldn't possibly sell anything.

1 So if you say okay, trade, that
2 gives the hand to the reformers to force reforms
3 necessary that would improve quality, which
4 necessarily I believe means a quicker movement toward
5 a price mechanism and toward a kind of market
6 oriented economy.

7 So I would argue that it is very
8 important for us to go ahead with trade.

9 On credit, I would say let's slow
10 down. Why do I say let's slow down? Well, there's
11 only a limited amount of credit in the world, only a
12 limited amount of credit in the world.

13 Where do you want that credit to
14 flow? I would like to see that credit flow to the
15 United States for our own rebuilding, and outside the
16 United States, I would like to see it flow to
17 developing world.

18 I would not like to see it flow to
19 the Soviet Union. I would not like to see it flow in
20 the Soviet Union where people are not poor, just
21 poor, but where people are in bad straits because of
22 an incredibly, collossally bad system and a giant
23 defense budget.

24 I don't want to help th Sovi ts

1 avoid th choic b tw en guns and butt r.

2 So on the military front, be at
3 the table to negotiate.

4 On the economic front, be rational
5 capitalists, not romantic capitalists.

6 And then there's another front,
7 and that is our ability to influence what goes on in
8 the Soviet Union.

9 Probably most important way that
10 we can influence is to recognize the power of the
11 American example.

12 What do I mean by that? Well,
13 right now in the Soviet Union we have a leadership
14 that is actually invaluating fresh concepts.

15 They're actually thinking through
16 popularly elected legislators and independent
17 judiciary, financially accountable enterprises, a
18 moderate banking and credit system.

19 I mean in April, I kind of snuck
20 into the back room where some of the Moscow deputies
21 were meeting in preparation for the party congress.

22 And with an interpreter in my ear,
23 I listened to their debate and discussion. And they
24 w r saying such things as w ll, in this new

1 legislature that will be created, we have to have
2 immunity for prosecution for what we say on the
3 floor. We have to have the powers of subpoena. We
4 have to have access to all of the defense information
5 which should be public openingly to everyone.

6 And they were constantly making
7 references -- Well, in the United States Congress,
8 they do it this way. In the United States Senate,
9 the intelligence committee seems to have access to
10 information. There is a congressional budget office.
11 There is a Library of Congress that -- They were
12 constantly making references to the United States and
13 to the Congress.

14 And so I think an American example
15 is enormously important as these countries -- as the
16 Soviet Union opens itself up to begin to assess what
17 it costs to be a part of an international economic
18 system and what they would have to do.

19 I would suggest to you that
20 governors can play and should play an enormously
21 important role in this process.

22 This is particularly so as the
23 republics, all fifteen of them, move towards a more
24 open and independent relationship with the rest of

1 the world.

2 I think, frankly, governors can
3 have an impact by entering into partnerships,
4 relationships with various republics, between states
5 and various republics, groups of states and various
6 republics.

7 And in so doing, I believe that
8 we'll have a chance to educate our management skills,
9 we'll have a chance to advise on popularly elected
10 legislatures, a chance to campaign on and express why
11 the price mechanism is, the only way that they have a
12 chance, the only way they have a chance.

13 And frankly, I think it would be
14 an enourmously positive expression of interest on th
15 part of some extremely important American
16 governmental leaders to simply express the interest
17 on the part of governors what's happening in the
18 Soviet Union and the desire to learn more about it,
19 maybe even interest a trip. Believe me, it's eye
20 opening.

21 As I've thought about what's
22 happening, it seems to me that there may be something
23 more fundamental going on than I've even talked about
24 h r today.

1 Thoughts occurred to me -- maybe
2 it has to do with you -- as you read all those headlines over
3 the last four, five years, what if the Soviet Union
4 is really changing? What if the Soviet Union is
5 really changing? What if there's a historic change
6 formation going on?

7 Well, for fifty years, ever since
8 FDR said the world was divided between human freedom
9 and human slavery, we've known which side we were on.

10 We were against Imperial Japan,
11 the Nazis, communist China, communist Soviet Union.
12 What if we Americans can no longer define ourselves
13 in opposition to apparent evil?

14 Well, D. H. Lawrence once said
15 it's never really freedom till you decide what you
16 positively want to be.

17 It seems for the last fifty years
18 we have been saying what we are not.

19 But if the Soviet Union is real --
20 if change is real, if the Soviet threat is
21 diminishing, then the challenge for all of us will be
22 for positive definition as to who we are and what we
23 believe.

24 Now I know there is some people

1 who are going to say no, no, uhn-uhn, we've got to
2 have an enemy. If it's not the Soviet Union, maybe
3 it'll be Iran or Japan or Nicaragua or somebody;
4 we've got to have an enemy.

5 There are others -- I bet most of
6 you are in this category; I put myself in this
7 category -- that say it's an opportunity for us in a
8 rapidly changing world to define who we are and what
9 we believe and to offer the world a positive vision
10 and then to deliver on that vision.

11 This last point was brought home
12 to me in January of 1988.

13 I was in Georgia, Soviet Georgia,
14 in Tbilisi, and the state department had asked me to
15 go to an American information exhibit that was
16 showing everything from laser technology to the Bill
17 Cosby Show.

18 And I went in to the exhibit,
19 Soviets standing outside for an hour to get through
20 for a 20-minute walk.

21 And after being in there for a
22 little bit and kind of being bored, talking to one or
23 two, I said well, let's have a little experiment
24 here. Let's do a town meeting.

1 I told them what a town meeting
2 was. They shrunk back a little bit. I told them I
3 was a senator, told them all about New Jersey, told
4 them to call Governor Tom Kean.

5 And I said the way we do this, you
6 ask me questions.

7 They asked me some questions. And
8 I said and now, it's my turn to ask you some
9 questions. I want to ask you two questions. Tell me
10 three things that you like about the United States
11 and three things that you don't like about the United
12 States.

13 Yeah, well, I like the standard of
14 living, pretty good standard of living.

15 What about you? Well, I like the
16 freedom in the United States.

17 What about you? I like the fact
18 that you can always stand up for human rights.

19 Okay. Those struck true chords
20 with me.

21 What don't you like? Well, I
22 don't like the homelessness.

23 Well, I don't like the
24 jobl ssn ss.

1 I don't lik th crim .

2 My first reaction is hey, wait a
3 minute. Don't bring that idealogical garbage in
4 here. I don't want to hear that.

5 Then I thought wait minute. There
6 is homelessness, joblessness and crime.

7 And I thought about those kids who
8 entered kindergarten last year, who one in four poor,
9 one in five likely be to a parent, one in two with
10 both parents working and inadequate -- in many
11 cases -- child care.

12 And I thought about that group of
13 young people who will be the first graduates in the
14 21st Century, and I thought about how that group as a
15 percent of the total population is smaller than
16 percent virtually any other group to move through
17 this certainly post-war period.

18 And I thought about how important
19 it is that this group not leave the educational
20 systems of our country uneducated and unproductive
21 because we can't afford that.

22 And I think that's why all of you
23 in this room have been such innovators in the area of
24 ducation because you know w can't afford that.

1 But I would organize that w need
2 educated, productive citizens, not only to maximize
3 our economic growth, but also so that we can live up
4 to the ideals that all of us believe America was
5 founded on.

6 So when I think about Gorbachov
7 and the challenge that he has offered, it is not only
8 the military challenge, which is there, clearly, it
9 is not only the economic challenge, which requires
10 clear-headed thinking about being rational
11 capitalists, but it is also a challenge to our own
12 ideals that we live up to those, that we end
13 homelessness, joblessness and that we reduce crime
14 significantly, not only so that we can look Gorbachev
15 in the eye and say, no, we don't have those things
16 anymore, but so that we can look ourselves in the
17 mirror and say, yeah, America is a special society,
18 always has been, always will be.

19 Our ability to do that depends not
20 only on U.S. Congress, but increasingly it depends on
21 the imagination and ingenuity and strength and vision
22 of those of you around this table.

23 Thank you very much.

24 (A round of applause)

1 GOVERNOR BALILES: Thank you, Senator Bradley,
2 for a very stimulating and thoughtful analysis of the
3 Soviet Union and its emerging role in the
4 international economy.

5 You might be interested to know
6 when you mentioned exchanges that Governor Jim
7 Thompson of Illinois has opened a state office in
8 Moscow. Governor Branstad has traveled to the Soviet
9 Union on several occasions in regard to his states
10 and the sister state relationship with the Soviet
11 republic. And a number of Soviet trade officials
12 have traveled to Virginia to meet with southern
13 governors and to talk about possible trade ideas.

14 So we're delighted with your
15 presentation, your explanation and your willingness
16 now to take questions.

17 I believe Governor Carruthers of
18 New Mexico has the first question.

19 GOVERNOR CARRUTHERS: Senator, you spoke of --
20 Can you hear that?

21 GOVERNOR BALILES: I can hear you, although
22 your microphone is not on; but I can hear you.

23 GOVERNOR CARRUTHERS: Senator, you spoke of
24 rational v rsus romantic capitalists.

1 I want to know from you if you
2 believe that the federal government, our federal
3 government, has been rational in allowing capitalists
4 to deal with the Soviet Union.

5 And I point particularly to the
6 case the other day where there's a debate in the
7 administration as to whether the new p.c. computers
8 can be allowed to be sold in the Soviet Union.

9 SENATOR BRADLEY: Well, I think that you can
10 make a case that p.c.s are probably more subversive
11 than they are dangerous. They're subversive to the
12 Soviet Union. That's personally what I think.

13 I think you know the more you hav
14 informal computer systems around the Soviet Union you
15 have a method of moving information fast.

16 That benefits by far those who ar
17 opponents to a region who have not been able to
18 communicate with each other in the past.

19 So I have -- I'm not troubled by
20 that decision taken by the administration. If you
21 get big computers, well, obviously, you put limits on
22 big computers that can have any kind of military
23 significance whatsoever.

24 But in terms of your d sktop

1 comput r, th p rsonal computer, I think it's a v ry
2 subversive move, whoever is selling them to the
3 Soviet Union.

4 GOVERNOR BALILES: Governor Clinton of
5 Arkansas.

6 GOVERNOR CLINTON: Senator -- Maybe none of
7 these work.

8 I want to ask you a question
9 related to the remarks you made about the political
10 strategy of Gorbachov.

11 The interesting thing to me about
12 the Soviet Union is it's the only great nation that
13 is really both a western and an eastern nation.

14 The eastern economic powers have
15 basically followed now as commonly accepted a very
16 different economic strategy.

17 China seems determined to do what
18 South Korea, Taiwan and Singapore, which is to
19 maintain political control while fostering economic
20 markets and then let political liberalization follow.

21 Gorbachov's following a different
22 strategy. The questions I want to ask are two.

23 One is, is he doing what he has to
24 do or could have don it th way th ast rn

1 soci ti s did it?

2 And, number two, since he's made
3 the decision to have political democracy before
4 economic prosperity and since you say we should be
5 careful about how much we try to give to them, how
6 much time does he have before he has to produce some
7 meaningful economic results?

8 Our impression is -- and a
9 delegation from my state just got back -- is it's
10 worse economically than it was a couple of years ago
11 when he took office.

12 GOVERNOR BALILES: The question was -- I'll
13 repeat the question.

14 The question was how Gorbachov is
15 doing compared to what, say, China did in comparison
16 to political and economic reform and, also, how long
17 does he have before he's got to produce something for
18 his people.

19 SENATOR BRADLEY: It's interesting, because
20 China and the Soviet Union are really taking totally
21 different tracks.

22 China, the decision was taken for
23 economic reform.

24 Th y decide th b st way to b gin

1 conomic r form was to b gin it in th countryside
2 with agriculture.

3 Get 700,000 Chinese on your side
4 first, direct standards of living go up and then
5 tackle the central part of bureaucracy and then mayb
6 at some future point get to political reform.

7 As the recent events in Tiananmen
8 Square state, it's probably not likely that political
9 reform will come likely in the future.

10 We'll admit that we deplore that.
11 That's fact.

12 On the Soviet Union, Soviets
13 postponed the economic reform decision. They also
14 did not go to the countryside, the agriculture sector
15 first.

16 They instead went to the
17 bureaucracies, the ministries, the intellegencia in
18 Moscow first, and they naturally decided ahead in a
19 way of political reform, Glasnost, express, et
20 cetera.

21 And the result is, I believe, that
22 Gorbachov has got -- has made a serious blunder, and
23 basically many Soviet economists say this --
24 c rtainly many U.S. conomists who watch th Soviet

1 Union say this: They should have gon for pric
2 reform two years ago when his popularity was
3 absolutely at its peak.

4 We all have political capitalist
5 spent even in the Soviet. He sent his capitalist in
6 on his tough negotiation when his political
7 capitalist was the highest chose not to do that.

8 Now, when you talk to reformers,
9 they describe the situation as follows:

10 They say we know where we have to
11 go to, a price reform, and we know the path we have
12 to go to get there. But we have come upon a big
13 swamp, they say, and now we have to move around that
14 swamp to get back on the path.

15 First the question is raised well,
16 will they ever get back on the path? And that path
17 is very difficult.

18 He's got to dry up literally
19 billions of rubels of pent up spending powers that
20 are in people's mattresses, and society doesn't
21 produce the goods that can be spent on. That's
22 hidden inflation.

23 In addition, the budget deficit is
24 gigantic. You have the thnic disputes around the

1 rim.

2 My view is and the view of many
3 people that if Gorbachov doesn't produce something
4 within the next two to three years, it's unlikely
5 that things are going to continue.

6 Gorbachov, I believe, knows that.
7 And he has demonstrated ingenious to take changing
8 political events and turn them to his advantage.

9 The coal miner's strike is the
10 latest example.

11 He took the unrest in the coal
12 miner's strike and he said all those people out there
13 who can't get food, who can't get soap, who can't get
14 the necessities of life in the coal mines, the reason
15 that's so is because your local government is not
16 responsive to you.

17 So he moved up elections to this
18 fall, thereby breathing new life into the political
19 reform and building a broader constituency for the
20 tough economic decisions that he's got to make in
21 perestroika.

22 So no one knows how it's going to
23 turn out.

24 GOVERNOR BALILES: Gov rnor McKernan of Maine.

1 GOVERNOR MCKERNAN: Mayb if w switch
2 microphones that will help.

3 Senator, maybe speaking for the
4 rational capitalists in our group, given all the
5 changes that we've seen in the Soviet Union and the
6 reverberations through all of eastern Europe, what do
7 you see for the kinds of economic opportunities that
8 some of the companies in our states might have as we
9 try to enhance our relationship with either the
10 republics in the Soviet Union or the other eastern
11 countries?

12 SENATOR BRADLEY: Well, again, I am not a
13 business consultant, so I'm bringing my prejudices
14 and biases in answer to your question.

15 It seems to me that there's going
16 to be very little way to make very much money in the
17 Soviet Union for a long time to come.

18 Soviets themselves tell you this
19 is 20, 30 year reform, if it works. It'll take that
20 long.

21 And, you know, I have business
22 people ask me, you know, do I want to prevent people
23 from investing in the Soviet Union?

24 No, I don't want to prevent it.

1 You know, it's a fr e country, free flow of capital.

2 You want to take a wad of thousand
3 dollars bills and walk out on Michigan Avenue and put
4 a match to them, it's a free world; do it.

5 That's a little bit how I feel
6 about investing in the Soviet Union.

7 If you want to do it, fine, go
8 ahead and do it. But don't come to me -- meaning the
9 U.S. Government -- saying bail me out of my mistake I
10 made when I invested billions in the Soviet Union.

11 And then on another level, I don't
12 want to wake up eight to ten years from now with the
13 Soviet debt bomb that is as big as the Latin American
14 debt bomb.

15 As I say, if there is a limited
16 pool of capital, I would like that devoted to where
17 people are really poor, not the flow to subsidize a
18 society that is, as I said, collosally inept but also
19 part of a problem of a gigantic military budget which
20 is within their power to reduce.

21 So I wouldn't say -- You know,
22 don't expect your main businessman to be making wells
23 in investments in the Soviet Union unless they're
24 willing to tr at it as th ultimat wildcat.

1 GOVERNOR BALILES: Governor Romer of Colorado.

2 GOVERNOR ROMER: Senator Bradley, we face a
3 massive reinvestment in our ability to modernize our
4 nuclear weapon production facilities in many states.

5 This new opportunity atmosphere in
6 the Soviet Union, does it give us an opportunity to
7 take the two challenges of military and economic and
8 put them on the table at the same time?

9 I know there are multi-billion
10 dollars on the table right now, decisions that need
11 to be made within a year or 18 months as to what
12 degree we're going to replace and reestablish our
13 ability to have a modern capacity.

14 Can we take advantage of this
15 atmosphere and reduce that commitment? Are the
16 politics of that possible?

17 SENATOR BRADLEY: I take it you mean when is
18 the defense dividend going to come home if we indeed
19 find Gorbachov for real in reducing defense
20 expenditures.

21 My best guess -- and sometimes you
22 would be surprised at how -- often you'd be surprised
23 as you've watched him operate over the last five
24 years -- my best guess is it's not until the mid

1 '90s.

2 Why do I say that? Gorbachov has
3 said he's going to remove 500,000 troops unilaterally
4 from Europe. He committed that operation in April of
5 last year. It's due to be finished at the end of
6 1991.

7 If he does that, and particularly
8 if he removes them where they say they will remove
9 them, then that's an indication.

10 If in the interim, you have
11 developed a conventional force reduction agreement,
12 mutual reduction agreement and you then move toward a
13 strategic nuclear agreement, you can see the time
14 when you might get some savings out of the defense
15 budget that could be utilized for domestic
16 expenditures.

17 But the phase in time for that
18 plus the kind of retooling from defense to
19 non-defense of major sectors of the U.S. economy will
20 not happen overnight.

21 And my guess is that in the best
22 of circumstances, you're looking at the mid 1990s
23 before significant defense dividends will be there.

24 Now, will you be able to reduce

1 her and th r ? Will you pick up a littl ? Y ah.
2 But significant defense dividends, I think you're
3 looking at '94, '95.

4 GOVERNOR BALILES: Final question, Governor
5 Branstad of Iowa.

6 GOVERNOR BRANSTAD: Senator, I had the
7 opportunity to go to the Soviet Union in '86 and to
8 go back in '88 when we signed the sister state
9 agreement with Cherkerhof of Stavropol (phonetics).

10 I was impressed with the Glasnost
11 part of the changes that were taking place over
12 there, the fact that the leader of the Stavropol
13 district, which is now our sister state, was able to
14 come without checking with Moscow to visit the State
15 of Iowa.

16 We've had some contact and we sold
17 a considerable amount of corn and soy beans, even
18 going back to the '60s and '70s.

19 We are now selling paving
20 equipment, and they're interested in purchasing food
21 processing equipment from us.

22 We're running into the problems
23 that you note in terms of trading and trying to
24 pro -- find quality products that w can buy from

1 th m is difficult.

2 One thought I had.

3 We have a tremendous interest in
4 our state in tourism. If you would like to travel to
5 the Soviet Union and how can -- the problem is, as I
6 understand it, those tourism dollars go to the
7 central government, not to the local governments.

8 Is there a way that we can use
9 that interest in America in traveling there as a way
10 to somehow generate some hard currency for the trade
11 that we want to have in terms of selling them food
12 processing items and things that we produce in our
13 state?

14 SENATOR BRADLEY: Well, it sounds to me like a
15 governor's great idea about how to help governors of
16 republics in the Soviet Union.

17 Yeah, there's certainly a way you
18 can now do it. They now have a coop system.

19 They can establish a coop, can be
20 a republic based coop. It has its own foreign
21 exchange. It can purchase goods from the United
22 States, and the benefits of that can flow to the
23 specific area involved, the specific republic.

24 I m an th Sovi t agricultur

1 system, as you've seen firsthand, and your visit to
2 Mr. Gorbachov was the General Secretary for all over
3 a decade, Stavropol, where he comes from and where
4 his parents still live, your observations, they can
5 do enormous things.

6 One of the places, Central Asia,
7 Azerbaidzhan 40 percent of all the fruit and
8 vegetables, 40 percent, are lost through spoilage,
9 through spoilage.

10 They grow them. They can't get
11 them to market. Just modern things, like modern
12 refrigeration, modern trucks, transportation,
13 equipment, et cetera, would facilitate their
14 agricultural problem and improve it dramatically.

15 Now, I'm sure not proposing that I
16 will do that, but it does lend itself to kind of
17 interesting regional and state interactions, out of
18 which there might come some things that will help
19 your states economically, although I don't think
20 there's a possible bonanza there.

21 It could possibly help, and
22 clearly I think just the discussions will move reform
23 in the Soviet Union forward.

24 Thank you all very much.

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(A round of applause)

GOVERNOR BALILES: Thank you, Senator Bradley, for your appearance here before the National Governors' Association, for your comments and observations.

Ladies and gentlemen, any discussion about the world beyond our borders must include our largest trading partner, Canada.

With the new Free Trade Agreement between our two countries, a new Canadian Embassy in Washington, new ambassadors in each country, there is a fresh quality to our relationship.

That quality is enhanced by a history of friendship, including the longest unpatrolled border in the world and the largest bilateral trade relationship anywhere on earth.

Exports and direct investment between the two nations are almost \$300 billion a year. U.S. exports to Canada nearly equal those of the 12-nation European community.

The United States purchased more than 70 percent of Canadian exports and Canada supplies, about one-fifth of our imports.

Th national int r st in trade

1 with Canada is reflected in most of our states as
2 well.

3 That's why the National Governors'
4 Association took such an active interest in the Free
5 Trade Agreement, adopting a resolution that
6 encouraged congressional approval.

7 We're fortunate to have with us
8 today a man uniquely qualified to discuss the
9 U.S./Canadian relationship.

10 Derek H. Burney is Canada's
11 ambassador to the United States.

12 Prior to taking his post with
13 them, Ambassador Burney served as chief of staff to
14 Prime Minister Mulroney (phonetic). The ambassador
15 has also served as ambassador to Korea and served in
16 Canada's embassy in Japan and New Zealand.

17 I am pleased to present to you,
18 Canada's ambassador to the United States, his
19 Excellency, Derek H. Burney.

20 (A round of applause)

21 AMBASSADOR BURNEY: Thank you very much,
22 Governor. I'm very honored to be among you today.

23 You know, among the various
24 stories circulating in D.C. these days is one that

1 Pr s i d n t Bush has discov r d a kind r, gentler
2 America. It is called Canada.

3 It's in that spirit that I'm
4 pleased to join you today in the great City of
5 Chicago where, as you know, the Chicago Cubs are
6 locked in a very tight penant race with the Expos,
7 Montreal.

8 Just think, if the Blue Jays catch
9 fire, we might have the first Canadian world series
10 in 1989. What a surprising dividend of free trade
11 that might be.

12 I say that about baseball because
13 I'm really here today as a pinch hitter of sorts,
14 substituting for my prime minister who had hoped to
15 join with you.

16 He asked me to give you the
17 following message: In Canada, he said, we believe
18 that good policies make good politics. That was why
19 we launched the Free Trade Initiative.

20 The negotiations that followed
21 were tough and the electoral campaign on the results
22 were much tougher still.

23 In politics, there's nothing like
24 th ballot box to focus the mind. But w will return

1 to office with a majority, th first tim in many
2 years that a Canadian government had won back-to-back
3 majority victories.

4 So good policies does make good
5 politics. But like a business contract, the
6 agreement does not guarantee that either partner will
7 prosper.

8 If this relationship is to
9 succeed, both sides will have to work at it.

10 I give you my assurances that we,
11 for our part, will work at ensuring its success, and
12 I invite you to reciprocate.

13 That is my prime minister's
14 message for you today and also my first commercial
15 that I want to deliver.

16 As you can expect, I do want to
17 focus on the Free Trade Agreement, but because of my
18 position, I think you will understand it would be
19 impossible for me in a platform like this to avoid
20 mentioning our other primary bilateral concern with
21 the United States, acid rain.

22 Let me be brief, but very
23 explicit.

24 W in Canada ar mor ncourag d

1 than ver that this Congress will deal with our
2 common surge of acid rain.

3 We are more determined than ever
4 to press for your bilateral accord to reflect the
5 transborder nature of this problem and to preserve
6 and enhance our common environment.

7 As we move to the crunch and what
8 has been for too long an anomaly in our otherwise
9 solid partnership, we look to you, the governors, for
10 continued support.

11 So ends my second commercial.

12 And now back to the main message,
13 our six months under free trade and the lessons to be
14 drawn from our experience so far.

15 What would a six-month report card
16 say? Well, I believe that a fair report would say
17 good start, shows real potential, continued effort,
18 will bring good results.

19 There have been remarkably few
20 start-up problems in bringing the agreement into
21 force. However, a lot of hard work lies ahead if we
22 are to make the agreement a dynamic instrument of
23 North American growth.

24 It is a blu print for a brighter

1 and mor prosperous futur , but a blueprint is not
2 enough by itself. It requires building materials,
3 and it requires builders.

4 All of us at the federal, state
5 and provincial levels must be involved in the
6 construction phase that lies ahead. We need to be
7 among the builders. We must provide the patient,
8 dedicated political oversight to ensure that the
9 blueprint is adhered to.

10 It is the actions of the private
11 enterprise, of course, which will provide the
12 agreement which will prove that the agreement is
13 working because it's private enterprise that invests,
14 that exports, that creates jobs and income on which
15 we depend.

16 But as governments, we have to be
17 ready too.

18 Our job is to provide a more
19 positive environment for trade and investment, and
20 the best way of doing this is to conform not only
21 with the letter, but also with the spirit of the Fre
22 Trade Agreement.

23 Because if we as governments
24 fulfill our obligations, if w mov ah ad with th

1 furth r n gotiations to expand and improv this
2 agreement and to resolve our disputes equitably and
3 quickly, I believe will have the confidence to do its
4 part.

5 At stake is the continued vitality
6 and growth of the largest trading relationship
7 between any two countries in the world.

8 In 1988, our two-way trade totaled
9 \$176 billion. That's U.S. dollars. And that's
10 probably even larger than the latest junk bond
11 transaction on Wall Street.

12 Canada and the United States, as
13 the governor has already indicated, trade more with
14 each other than France trades with West Germany and
15 the United States trades with Japan and than the
16 United States trades with Britain, France, West
17 Germany and Italy combined.

18 Canada is the number one export
19 market for almost all American firms. It is also the
20 number one opportunity for further expansion of
21 trade.

22 Remember this: Between 1981 and
23 1988, U.S. exports to Canada grew twice as fast as
24 U.S. xports globally.

1 In Canada, U.S. trade is quality
2 trade; that is, trade in job creating manufactured
3 goods on a per capita basis.

4 Canadians imported more than \$16
5 million of American manufactured goods in 1988.
6 Other countries are playing catch-up, but they have a
7 long way to go.

8 Compare Japan with \$142 per capita
9 imports of manufactured goods from the United States
10 or the countries of the European community with \$132
11 on a per capita basis.

12 Approval of the Free Trade
13 Agreement generated a good deal of raw emotion in
14 Canada, and raw emotion parked is a lot of half-baked
15 criticism, I might add.

16 It required a major investment of
17 political courage and commitment to see the
18 initiative through to a successful conclusion.

19 Canadians were tested more than
20 ever before on the fundamental fabric of relations
21 with their American cousins. They chose to go for
22 it, and now they expect results.

23 The challenge for governments and
24 for the private sector is to respond positively.

1 What is vident so far?

2 Well, so far, from an economy in
3 retreat, the facts show a Canadian economy which
4 expanded at close to 1 percent in real terms in the
5 first quarter of 1989, which added more than 110,000
6 jobs to national employment goals, with a June
7 unemployment rate that is the lowest for Canada in
8 more than eight years.

9 Bilateral trade continues to show
10 solid growth, up over by 5 percent in the first four
11 months of this year, over the same period in 1988.

12 In the first quarter, real
13 investment in Canada was up by 2.8 percent, compared
14 with the growth of 2.5 percent in the last three
15 months of 1988.

16 Capital spending is expected to
17 increase by 11 and a half percent in 1989, and
18 manufacturing leads the way in investment plans
19 projected to be up \$22 and a half billion or 28
20 percent from 1988 levels with a 17.1 percent increase
21 forecast for electric utilities and gas pipeline
22 companies.

23 Obviously, free trade is helping.
24 The world conomic forum in G neva now ranks Canada

1 as th fourth most competitive country in th world,
2 and that's up from 11th place in 1984.

3 Nothing stifles the professional
4 pessimist better than results.

5 Stronger two-way growth, increased
6 trade and growing employment will provide decisive
7 proof that the agreement is indeed a win/win deal.

8 I don't have to explain to any of
9 you the importance of trade to your economy nor about
10 the significance of trade with Canada to the
11 prosperity of your state.

12 What I can state is that under the
13 Free Trade Agreement, there is the potential for
14 increased trade both ways, for us to expand in areas
15 where we already sell to one another and to establish
16 new markets, new niches in one another's market.

17 There is so much to be positive
18 about when U.S. business looks to Canada, so many
19 natural advances to back up the opportunities created
20 by the Free Trade Agreement you will forgive me if I
21 only enumerate a few of Canada's attributes.

22 Number one, a business culture and
23 a business structure that most closely parallel your
24 own.

1 Number two, sophisticated
2 cross-border transportation links to move your goods
3 to market and get the inputs your industries need.

4 Third, a growing high tech
5 manufacturing sector for new technology, for joint
6 ventures, for profitable investment in integrated
7 manufacturing operations.

8 Fourth, a resource base in
9 minerals, timber, agriculture and fisheries to supply
10 your needs.

11 And, fifth, energy resources in
12 oil, gas, electricity, to furnish an important part
13 of America's growing demand.

14 On the other side of the coin,
15 what the U.S. market offers.

16 We are a good match as creative
17 partners, and the agreement makes a better match.

18 That, of course, is my overriding
19 commercial today.

20 The Free Trade Agreement gives us
21 a better blueprint and better rules to ensure more
22 stable, more predictable trade environment as well as
23 better incentive to do even more business with one
24 another.

1 But how do we make the promise of
2 Free Trade Agreement a reality? The old-fashioned
3 way, by working at it.

4 Let me focus on the role of the
5 states in the provinces.

6 Some of the most important
7 provisions of the agreement apply to areas in your
8 jurisdiction. Investment, for example.

9 The agreement requires equal
10 treatment for Canadian and American investors. If
11 you discriminate against Canadian investors, you will
12 breach the agreement. It is simple as that.

13 And it may strike you as odd to
14 receive a Canadian message about equity on
15 investment, but nonetheless, it is a timely one.

16 Another area is health and
17 sanitary rules for food and agriculture products.

18 The agreement prohibits the
19 unjustified use of these rules to block trade. It
20 provides a means to reduce the barriers that do
21 exist. And I would encourage the states to play a
22 full role in this important work.

23 You know where the impediments are
24 on your side. We know where they are on our side.

1 So let's help each other get rid of them.

2 But just making the agreement work
3 is not enough. We need to expand it.

4 For example, on tariff
5 elimination. Hundreds of businesses on both sides of
6 the border want the tariff cuts accelerated.
7 Negotiations are going to begin this fall to do just
8 that.

9 Frankly, this is one of the most
10 encouraging developments, I believe, in the
11 agreement's first six months.

12 Two other areas for further work
13 affecting state and provincial governments are
14 subsidies and government procurement.

15 Do I not have to tell any of you
16 that subsidy issues are deeply controversial? After
17 all, one man's subsidy is another man's birth right,
18 or so it is often argued.

19 Indeed, this agreement on
20 subsidies almost sank the free trade negotiations.

21 The agreement mandates us to
22 negotiate new subsidies rules in the next five to
23 seven years, not an easy task, nor one where rapid
24 progress can be expected.

1 For such negotiations to succeed,
2 I sincerely hope that the -- that only Canada's
3 subsidy can be put out of its mystery once and for
4 all. But that's an aside.

5 Government procurement is another
6 area ripe for expansion. Combined government
7 procurement at all levels in both countries exceeds
8 some \$700 billion annually; a huge market by any
9 definition.

10 When the procurement negotiations
11 begin, both sides will need the same vision and
12 leadership of the federal and state provincial levels
13 of government that produce the Free Trade Agreement.

14 Our goal should be a more
15 competitive market for all government procurement in
16 North America.

17 Beyond North America, the Free
18 Trade Agreement positions Canada and the United
19 States together to face the wider challenges of the
20 global trading environment.

21 The best message we can send our
22 European friends, for instance, is to make our own
23 agreement a model of the benefits of trade
24 liberalization and a sign of our readiness to respond

1 positiv ly to th r duction of trad barri rs by
2 others.

3 As for their plans, we should, as
4 a recent American leader said in quite different
5 context, trust but verify.

6 In a world of increasing
7 interdependence, the free trade equips us to deal
8 with globalization. In an era of change, it equips
9 us to manage the future.

10 I invite you to pick up the
11 challenge right here in North America when you
12 consider trade promotion, procurement or investment
13 prospects for your state.

14 Beware the allure of the exotic,
15 examine the pragmatic opportunities right next door,
16 nurture the market.

17 That means, for most of you, today
18 and tomorrow, Canada, where the dividends are real,
19 is still your best outlet for -- if I might borrow a
20 phrase -- rational capitalism at its best, because
21 the strength we build here in North America will mak
22 a stronger global.

23 The Free Trade Agreement is the
24 best availabl instrum nt to make our countri s more

1 comp titiv and mor productiv . It is good policy
2 and good politics too.

3 Thank you very much.

4 (A round of applause)

5 GOVERNOR BALILES: Thank you, Mr. Ambassador.

6 Many of us in this room are
7 familiar with market opportunities in Canada.

8 I believe we have time for several
9 questions, the first one going to Governor Tommy
10 Thompson of Wisconsin.

11 GOVERNOR TOMMY THOMPSON: First, Mr.
12 Ambassador, let me just say thank you for coming
13 today. We really appreciate that, and we appreciate
14 your message.

15 All of us around this table have
16 quite a bit to do with the Free Trade Agreement and
17 urging Congress to adopt it.

18 The Canadian elections last
19 November were a little feisty, to say the least, on
20 this particular issue.

21 Has the attitude changed much
22 since the elections as relates to their attitude
23 towards the United States and towards the Free Trade
24 Agreem nt?

1 AMBASSADOR BURNEY: I think th attitud s ar
2 changing.

3 I think that a lot of deeper fears
4 that were generated during the election, particularly
5 fears that were expressed about the vulnerability of
6 Canadian social and health programs, I think that
7 those concerns, if not having been put to rest,
8 they've certainly abated considerably. So the pitch
9 or the depth of the emotional fervor on the issue, I
10 think, has diminished.

11 And I think that the agreement is
12 now being looked at increasingly towards economic --
13 from its economic yardstick.

14 It's still fair to say that almost
15 every economic development that takes place in
16 Canada, whether it's related in fact to free trade or
17 not, tends to be held up against the Free Trade
18 Agreement. It's a very convenient mirror for people
19 to look at decisions through.

20 But I think my own sense of it
21 would be that, as I say, the raw emotion that was
22 generated and fears that were generated with both the
23 impact of this trade agreement on social and health
24 programs has abat d. But th r 's still a t nd rn ss

1 about the agr m nt in th country.

2 GOVERNOR BALILES: Governor Gardner of
3 Washington.

4 GOVERNOR GARDNER: I was going to ask you
5 what we as governors might do to enhance the
6 relationships with the province, but I thought you
7 covered that.

8 Let me ask you kind of a
9 bread-and-butter-type question.

10 About two weeks ago, Governor --
11 the Western Governors' Conference in which the theme
12 was going global, where we talked about the
13 initiatives the states are taking in the
14 international area.

15 Out of that came the fact that
16 many of us traded sensibly with Canada, and yet none
17 of us have an office in Canada.

18 Out of that comes the question,
19 would it be helpful to have a formal presence in
20 Canada in contrast to the contribution we all have to
21 make in terms of offices in Europe, East Asia and
22 Pacific Rim; or is the proximity the common borders
23 shared such that that wouldn't be necessary?

24 I would b interest d in your

1 vi w.

2 AMBASSADOR BURNEY: Well, I did try to touch
3 on that a bit in my remarks when I said beware the
4 exotic and consider the practical.

5 I would say that to the extent
6 those kinds of offices can be helpful, I would assume
7 that they would be even more helpful to you in the
8 area where your biggest growth has been as opposed to
9 some areas where there's been less growth.

10 But I know that people would argue
11 it the other way. They would say that the reason
12 that you have growth in Canada is because of the
13 links that exist with other provinces.

14 But my own guess would be that I
15 would see advantages for the States to have offices
16 in parts of Canada.

17 I think that will continue to be
18 your major growth market as far as any reasonable
19 economist can see in the next decade.

20 I know that several Canadian
21 provinces have offices in the United States, and I
22 think as they expand their operations internationally
23 they do it increasingly in the United States.

24 In part, it is a cost factor too.

1 I think if you look at th
2 relative cost of running an office in Canada or
3 Japan, it won't take you too long to figure out which
4 one might pay back.

5 GOVERNOR BALILES: Governor Celeste of Ohio.

6 GOVERNOR CELESTE: Thank you very much, Mr.
7 Ambassador.

8 I, along with several of my Great
9 Lakes colleagues, visited Canada recently and were
10 most impressed by the enthusiasm which characterizes
11 the efforts to implement the Free Trade Agreement and
12 are grateful for that.

13 I would like to pick up on your
14 mention of one of the outstanding issues that we're
15 going to have to confront over the next few years,
16 and that is the subsidy issue.

17 Because I think that this is an
18 issue that needs to be underscored for us as
19 governors because we, as states, do have a part to
20 play in that discussion.

21 I would be curious as to your
22 thoughts about the appropriate way in which we as
23 governors could begin to identify the proper role for
24 us to participat in those discussions because,

1 clearly, what the State of Ohio does in terms of its
2 economic incentive or the State of Indiana, State of
3 Kentucky or others, it may not look like a subsidy
4 from our perspective, but I suspect will clearly be a
5 part of a discussion when we reach that point.

6 If you have thoughts as to how we
7 as governors now or in the future begin to educate
8 ourselves and find an appropriate forum for both
9 listening and offering suggestions, I think it would
10 be useful.

11 AMBASSADOR BURNEY: Reminds me of an anecdote
12 that one of your -- not your predecessors, but a
13 predecessor governor who was being interviewed by
14 Canadian television several years ago said, and he
15 was being asked about the implications of a subsidy
16 that he had just introduced.

17 He said that's not a subsidy;
18 that's for national security.

19 We find different labels to
20 disguise what it is we're doing for different
21 reasons.

22 I can only give you our own
23 example, Governor, and that is that our provinces are
24 v ry clos ly involv d and consult d very thoroughly

1 throughout the course of the free trade negotiations
2 by a good bureaucratic and political process.

3 The prime minister had more
4 than -- I think more than a dozen meetings with the
5 premiers and -- to report on the progress of the
6 negotiations and to seek views from the provincial
7 premiers in terms of what their particular priorities
8 were.

9 At the level of officials, there
10 was a similar dialogue that went on throughout the
11 negotiations process.

12 As work is just getting underway
13 again on the subsidies issue in Canada, once the
14 chairman or whatever it's -- he's going to be called
15 of that part of the negotiation is named publicly, I
16 think he will be establishing -- he or she --
17 appropriate network with the provinces in order to
18 make sure that we have the proper inventory of what
19 each government at each level is doing that could be
20 construed rightly or wrongly as trade distorting
21 subsidy.

22 I would assume that while it's
23 perhaps a much bigger undertaking on the part of the
24 United States that something similar might be the

1 b st and most immediat approach.

2 I would back up a bit on that and
3 say that I think we all should be looking very
4 carefully at one of the subjects that the Senator
5 didn't want to discuss, the multi-lateral trade
6 negotiation.

7 I think, obviously, whatever
8 progress is made in that round on subsidies or
9 whatever progress not made will help determine the
10 agenda between Canada and the United States.

11 I think there may be things that
12 we can do together more quickly.

13 That's a personal view, but I
14 think we'll have to take our first cue from the
15 manner in which the subsidy's aspect of the
16 multi-lateral trade negotiations evolved.

17 I know that in Canada the
18 provinces are actively preparing the kind -- doing
19 the kind of homework that will assist the Canadian
20 negotiator at the right, and I can only assume that
21 something similar would be helpful here.

22 GOVERNOR BALILES: Last two questions.
23 Governor Sinner of North Dakota.

24 Gov rnor.

1 GOVERNOR SINNER: Mr. Ambassador, thank you
2 for being here. We worked very closely with our
3 neighboring provinces and in our working with them to
4 hold a joint meeting with them, at least the western
5 provinces.

6 A couple of issues that you
7 touched on: On the issue of clean air. If the
8 United States adopts more stringent restrictions on
9 full fire generators, would Canada embark on an
10 effort to restrict emissions from its stacks of full
11 fire generators as well? That's the first question.

12 And the second one: The
13 centralized marketing of air culture products by the
14 Canadian government poses a real threat to our
15 entrepreneurial marketing of agriculture products.

16 Is that -- Is there going to be
17 progress on moving towards common ground in that
18 area?

19 AMBASSADOR BURNEY: I like these subjective
20 questions, Governor.

21 Well, on the first one, I think --
22 as you may well know -- we have a program already in
23 place in Canada of reducing overall sulfur dioxide
24 emissions by 50 p rcent by 1994.

1 We ar doing that in a vari ty of
2 ways, targeting in particular the huge mining
3 shelters which, in Canada, are contributing about 70
4 to 80 percent of the problem.

5 We are spending both at the
6 government and the private sector level upwards of \$3
7 and a half billion now to get those smolders and to
8 get some of the electric utilities, particularly in
9 Ontario, within the framework of our 50 percent
10 program.

11 We hope that by 1994 we will have
12 achieved a 50 percent reduction across the board in
13 the sulfur dioxide emissions with the program that is
14 now in place.

15 We're reasonably encouraged that
16 we will get there because we're better than 40
17 percent of the way there already.

18 So with what's being produced now
19 in the United States, we see that as being comparable
20 to what we are doing in overall target reduction
21 terms, even though we recognize the source of the
22 emissions of the United States are quite different
23 than the source of the emissions in Canada.

24 On th question of c ntralized

1 agricultur , I guess I won't d bat the pr mise,
2 although \$33 billion coming from support systems to
3 American farmers translates to something other than
4 the free market spirit, someone might say.

5 The agricultural portion -- the
6 agriculture and the Free Trade Agreement -- Free
7 Trade Agreement did not address many of the
8 agricultural issues that there are between us.

9 And in a situation where you enjoy
10 a surplus in the order of about \$2 billion in
11 agricultural trade with Canada, I would hope that
12 there would be satisfaction with the situation the
13 way it is.

14 I think we both see, again, the
15 multi-lateral trade negotiations as the way of
16 reducing subsidies to agriculture in both of our
17 countries if we can get the Europeans to restrict or
18 reduce some of the subsidies that they are using, not
19 only in their own systems, but in terms of their
20 exports to third countries that will go a long way to
21 resolving some of the problems we each have had in
22 third markets.

23 I don't think that there's really
24 much of a thr at in the American market as such to

1 th supply management system that is being run in
2 Canada.

3 In fact, if you talk to Canadian
4 farmers, they would give you the other side of the
5 coin.

6 GOVERNOR BALILES: Final question, Governor
7 Miller of Nevada.

8 GOVERNOR MILLER: Mr. Ambassador, as a
9 follow-up to Governor Gardner's question relative to
10 a trade office, in your estimation, would it be more
11 advantageous when considering a trade office to go to
12 a more proximate Canadian community, be it Vancouver
13 or Calgary, go to the capital, go to Montreal,
14 Toronto, or how would you assess where the best
15 location might be?

16 AMBASSADOR BURNEY: Whatever answer I gave, I
17 would be hanged in the morning from the other
18 province.

19 In strictly practical terms, I
20 would do it on the basis of where I see the market
21 now and where I see the growth for the market. I
22 wouldn't do it simply in terms of proximity at all.

23 I would look very carefully at
24 what it is that my state exports, what it is that my

1 state will be exporting fifty cars down the road; and
2 I would then look at the most exploitable part of the
3 Canadian economy, in that context, I would locate
4 close to it.

5 So I didn't give you the direct
6 answer.

7 GOVERNOR BALILES: Thank you, Mr. Ambassador,
8 for your comments and observations.

9 (A round of applause)

10 GOVERNOR BALILES: Ladies and gentlemen,
11 Governor Mabus of Mississippi was our foreign markets
12 task force chairman.

13 The report has gotten a great deal
14 of attention, especially in Washington and the
15 corporate board rooms of this country.

16 We'll ask Governor Mabus for a
17 brief report.

18 GOVERNOR MABUS: Thank you, Jerry, and thank
19 you for the opportunity to chair the task force on
20 foreign markets.

21 The task force consists of
22 Governor Gardner, Dukakis, Hunt, Orr and O'Neill, and
23 I want to thank them and their staffs for the hard
24 work that went into this report.

1 Th last time I report d to you on
2 the activities of the task force, the winter meeting,
3 we had not yet released our task force report.

4 I'm happy to tell you that
5 Governors Baliles, Gardner and I released the report
6 in Washington on April 14.

7 This report, which was sent to all
8 of you and which you have in front of you right now,
9 challenges us to motivate our states and mobilize our
10 resources to provide a coordinated, responsive trades
11 support network.

12 The task force felt it was
13 important to emphasize that we have to lead our
14 states to thinking new ways about the world in which
15 we live and the marketplace in which our businesses
16 compete.

17 Just as we discovered a great
18 interest in a relatively small Mississippi
19 telecommunications company in Singapore and a
20 Canadian company, Mr. Ambassador, how we found an
21 opportunity in Farrell, Mississippi, we must all be
22 innovative and bold.

23 We have to raise public awareness
24 about th vital conn ction b twe n our stat s'

1 conomies and international markets.

2 In conjunction with the release of
3 the report, the NGA Center for Policy Research held a
4 conference on forging new partnerships, states and
5 the developing world.

6 The Brenton Woods committee, a
7 bipartisan group organized to increase public
8 understanding of the world bank, international
9 monetary fund and the regional development
10 institutions joined with us in this project.

11 Brenton Woods has plans to follow
12 up the conference with regional symposia in the fall
13 and early spring of next year. These meetings will
14 focus on the roles of states and trade with the
15 developing world.

16 Governors, state trade officials
17 and small- to medium-sized businesses will be asked
18 to participate.

19 In July, nine governors traveled
20 to Brussels to meet with European community
21 officials, including the President and the vice
22 President of the EEC as well as U.S. and
23 multinational business leaders and state office
24 directors.

1 Th gov rnors discuss d th
2 European community's plans for internal integration
3 and how those will affect U.S. trade.

4 Those nine governors, led by our
5 Chairman Baliles and our Vice Chairman Branstad, gave
6 firsthand knowledge about one of the most exciting
7 trade opportunities of the next decade.

8 The trips emission was three-fold.

9 The governors explore possible
10 collaboration between U.S. and European businesses
11 and gained an understanding of European community
12 concept and their plans for transition.

13 They began developing a mutual
14 understanding of the possibilities for cooperation
15 with the European community, and they asked the
16 European state office directors to work together or
17 to join trade effort.

18 Finally, I want to say what a
19 splendid job Rachel Clock-Dewitt, John and the rest
20 of the NGA staff did in preparation of this report
21 and coordinating our conference in April.

22 Now it's up to all of us to put
23 these ideas and these concepts into action, as only
24 w as states can do.

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Thank you, Mr. Chairman.

(A round of applause)

GOVERNOR BALILES: Thank you, Governor Mabus.

Whether you're talking about the markets of Canada, the European community or the Far East, one area where this country still has a competitive edge is in the area of research and technology.

Governor McKernan of Maine was th chairman of our task force. He is being produced with a great deal of interest, especially in the academic and business communities of our nation.

Governor McKernan.

GOVERNOR MCKERNAN: Thank you, Jerry.

You know, last year, when I was chairing a subcommittee on telecommunications, we had hearings all around the country; and I would sometimes tell the story of the President Rutherford B. Hayes, who once hosted a science and technology event of which there is a demonstration of the newly invented telephone.

President Hayes took one look at the display, and he commented what an amazing inv ntion, but who'd v r want to us it.

1 W ll, obviously, h didn't have
2 any teenage children, or he would have known the
3 answer to that.

4 It would also appear though that
5 he really had no sense of the tremendous potential of
6 the device that was before him.

7 Well, having spent this past year
8 studying the whole issue of research and technology
9 in this country, I would say that President Hayes's
10 shortsightedness is a trait that is shared by too
11 many of today's leaders in both business and
12 government.

13 United States, as Governor Baliles
14 says, remains a world leader in the research and
15 development of new technology. In this area, we
16 truly are a match for any country in the world.

17 But our competitors have become
18 far more adept at turning those new technologies into
19 commercial products and at marketing them around the
20 globe.

21 Consequently, we've lost
22 tremendous ground.

23 In an effort to identify ways to
24 turn that particular situation around, our task forc

1 focus d on how the Unit d States could b tt r
2 translate the latest advances in research and
3 technology into products for international markets.

4 The result was the issuance in May
5 of this report, in which we tried to analyze exactly
6 what steps to be taken.

7 It's important to realize,
8 especially as governors, that much of the
9 responsibility and the authority for effecting these
10 changes lies with the federal government and with
11 industry.

12 In our report, it calls for an
13 increase in federal commitment to commercial R and D.

14 It's also important though to
15 realize that we have to call upon government to do
16 some other things.

17 Federal government has to make
18 research in federal labs more readily accessible to
19 business, and we have to have changes in our tax
20 policies and in our antitrust laws and international
21 agreements that are going to foster greater
22 innovation.

23 The report does not, however,
24 ex mpt those of us who ar here today from our

1 r sponsibiliti s.

2 This is an issue that requires
3 action on a number of fronts, many of which fall
4 under our domain as governors, a strengthened
5 education system, which Senator Bradley mentioned
6 earlier, better work and trading programs, support
7 for R and D, and the establishment of trade ties
8 around the world.

9 Our report identifies other areas
10 as well that we can also have an impact.

11 We need to expand even further
12 state support for R and D. We need to encourage and
13 assist private industry in its efforts to convert
14 ideas into products, and we need to support the
15 efforts of manufacturers in their attempts to develop
16 new markets for the international marketplace.

17 So you can see that there really
18 is a great deal that we as governors can do at the
19 state level to regain leadership in this critical
20 area.

21 You know, I couldn't help but
22 think a week or so ago when we were celebrating the
23 20th anniversary of the landing on the moon that this
24 country of ours is capable of tru miracl s wh n w

1 focus our resources and our creativity.

2 But if we're going to remain an
3 economic leader in the world and if we're going to
4 continue to offer the opportunity that I think all of
5 us want for our people, it's time for us to focus our
6 attention again, and this time on our competitive
7 situation.

8 Governor Baliles, I want to thank
9 you for your leadership in this terribly important
10 endeavor.

11 I also want to thank Governors
12 Romer of Colorado, Branstad, Martin and Celeste and
13 their staffs for all of their involvement and
14 commitment to making our task force such an important
15 undertaking.

16 Thank you very much.

17 (A round of applause)

18 GOVERNOR BALILES: Finally, trade success
19 depends on trade markets; but if we could find the
20 markets and can't communicate with them, if we don't
21 understand their customs and cultures that dictate
22 their market choices, we're simply not going to be
23 competitive or successful in those trading
24 opportunities.

1 Governor K e a n of N e w J e r s e y was
2 the chairman of our task force on international
3 education. He produced a remarkable report citing
4 some of the examples that are now being developed
5 around the country in our own respective states.

6 I would like to call Governor K e a n
7 for an excellent report on an excellent task force
8 project, which also included an international
9 education conference in New Jersey.

10 Governor K e a n.

11 GOVERNOR KEAN: Thank you, Governor Baliles,
12 and thank you for your leadership as well.

13 I would like also to thank my
14 fellow task force members, Governor Perpich of
15 Minnesota, Governor Waihee of Hawaii, for all their
16 support and all their hard work this past year.

17 It's been a very active year for
18 the task force. I think I can say now, looking back,
19 a most successful one. Most of that success is due
20 to the people around this table.

21 Governors here have taught
22 geography lessons, moving forward to implement our
23 ambassador's program for exchange students. They
24 hav help d us produce a r port on stat -sponsored

1 international education programs for business people ,
2 small- and medium-sized businesses can learn to
3 compete.

4 I want to thank you for all those
5 efforts. I also thank you for sending your
6 representatives to the conference that we had in New
7 Jersey.

8 That conference held last April
9 was one of the most important efforts of the task
10 force. Some of the finest minds in all of academia
11 came there and joined with the private sector to
12 recommend ways to close the gap of the international
13 understanding among our neighbors, friends and, of
14 course, our children.

15 In front of you is a brief
16 discussion, summarizing the presentations and
17 discussions from the ten sessions. I'm pleased to
18 release this report to you today.

19 As you read it, you will no doubt
20 be impressed by all that has developed in the field
21 of international education in recent years,
22 conference participants who will present examples of
23 well-designed and balanced materials, innovative
24 model programs and, of course, states which had

1 initiativ s.

2 However, none of us should let
3 these accomplishments lull us into any kind of
4 complacency. Bear in mind that for all that has been
5 done, so much more must be accomplished.

6 We found excellent national
7 education programs to be the exception, not the norm,
8 knowledge of international history, people, issues
9 and languages we know has to be a part of every
10 student's education where there are advocates for a
11 national education focus on their information.

12 Based on this conference, let me
13 offer three final thoughts.

14 First, states can provide
15 institutional structures that will promote the
16 meaningful development of partnerships and
17 collaborative efforts between public schools, higher
18 education, people in the private sector, government
19 and cultural institutions.

20 The most successful international
21 education programs, whether in St. Louis or Santa
22 Claire, draw upon a reservoir of shared interest and
23 support in bringing people together.

24 Secondly, international education

1 must b a compon nt of comprehensiv school r form
2 efforts. International education cannot be
3 considered unique. It's part of the preparation for
4 democratic citizenship.

5 The schools of this country are
6 our future, now seen emerging. We can never forget
7 that.

8 Finally, economic competitiveness
9 is a compelling reason and motivating force for
10 international education, but it is not the only one
11 and not even the most important.

12 International education fosters
13 the imperativeness of democratic citizenship, the
14 recognition of shared values and the preservation of
15 time tested human rights.

16 This transcends corporate
17 competitiveness because international education is
18 good education.

19 Mr. Chairman, thank you and thank
20 you again for your leadership.

21 (A round of applause)

22 GOVERNOR BALILES: Thank you, Governor Kean.

23 Ladies and gentlemen, before we
24 shift to committ e m etings this afternoon, I have

1 two important announcements to make, specially to
2 staff and guest members in the audience.

3 The first announcement is I would
4 like to announce that any governor wishing to suspend
5 the rules to introduce a policy statement must do so
6 in writing by the close of business tomorrow.

7 Anyone wishing to offer
8 substantial announcements should also submit a copy
9 by the end of the day tomorrow.

10 Please give those policy
11 amendments to Jim Martin of our NGA staff by 5:00
12 o'clock tomorrow afternoon.

13 I would remind you that our normal
14 rule with respect to policy resolutions is a
15 two-thirds vote to pass after that resolution has
16 gone through the normal procedure of committee
17 approval. To suspend the rules requires
18 three-fourths vote. And then for it to pass requires
19 a three-fourths vote.

20 The second announcement: Special
21 arrangements tomorrow have been made for an address
22 by the President in this room at 10:00 a.m.

23 I'm advised by Secret Service and
24 other officials that no one will be admitted into

1 this room after 10:00 a.m., governors included.

2 Due to security needs, I would
3 remind especially staff and guests that you are urged
4 to be here no later than 9:30. All briefcases and
5 purses must be checked by security. If you leave
6 behind all non-essential belongings, it will speed up
7 the process.

8 Ladies and gentlemen, we are
9 shifting from today's focus on competitive policies
10 beyond our borders to tomorrow's focus on competitive
11 programs that we can adopt within our borders.

12 This concludes the meeting. See
13 you tomorrow.

14 (Whereupon which were all the pro-
15 ceedings had in this plenary
16 session on this date)

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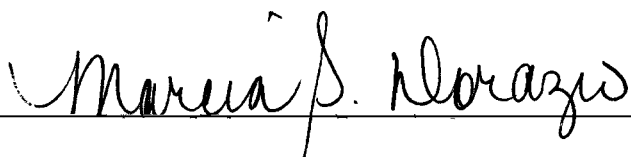
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STATE OF ILLINOIS)
) ss:
COUNTY OF C O O K)

MARCIA S. DORAZIO, being first duly sworn,
deposes and says that she is a shorthand reporter in
Cook County, Illinois, and reporting proceedings in
said County:

That she reported in shorthand and
thereafter transcribed the foregoing transcript:

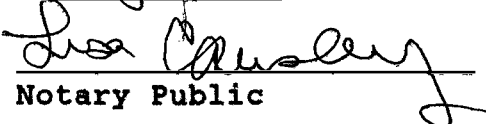
That the within and foregoing transcript is
true, accurate and complete and contains all the
proceedings had at this time.

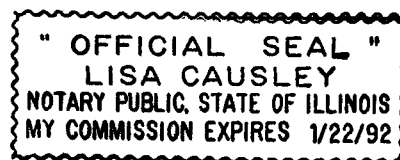


MARCIA S. DORAZIO, C.S.R., R.P.R.

Notary Public

SUBSCRIBED AND SWORN to
before me this 30th day
of August, A.D., 1989.


Notary Public



1

NATIONAL GOVERNORS' ASSOCIATION
CONFERENCE
JULY 31, 1989

Record of proceedings reported by MARCIA
S. DORAZIO, C.S.R., R.P.R., Notary Public, of the
plenary session, at the Hyatt Regency Chicago, 151
East Wacker Drive, Grand Ballroom C/D South, East
Tower, on the 31st day of July, 1989.

Patricia Blair court reporters p c

1 GOVERNOR BALILES: Ladi s and g ntleme n, two
2 years ago, Governor Jim Thompson made three
3 predictions, the Cubs would win the World Series, the
4 nation's governors would meet this month in Chicago,
5 and the President of the United States would give the
6 keynote address.

7 Well, Jim, Governor Schaefer of
8 Baltimore would say two of three isn't bad.

9 The nation's governors have always
10 had a special relationship with the White House.

11 Mr. President, when your
12 predecessor, Theodore Roosevelt, called the governors
13 to Washington the year was 1908. It was the first
14 meeting of the National Governors' Association, and
15 the last year the Chicago Cubs won the World Series.

16 A lot has happened since that
17 initial meeting. America has fought two world wars,
18 survived the depression, signed the Camp David
19 accords and an arms control agreement with the Soviet
20 Union.

21 A number of our predecessors and
22 yours played major roles in those events.

23 Woodrow Wilson, a native of
24 Virginia, gov rnor of New J rs y and recipient of the

1 Nobel Peace Prize, laid the foundation for the League
2 of Nations.

3 Franklin Roosevelt, who brought
4 the nation's economy back from the brink of
5 bankruptcy, borrowed a number of ideas for the New
6 Deal from programs he put in place as governor of New
7 York.

8 Your last two predecessors in the
9 Oval Office were also alumni of this association.

10 But while our last two Presidents
11 have been former governors, no President in recent
12 memory has devoted more time and attention to working
13 with the nation's governors.

14 Less than two weeks after the
15 election, the President elect traveled to
16 Charlottesville, Virginia to confer with the
17 executive committee of this association.

18 The President elect began that
19 morning by appointing my NGA predecessor as chief of
20 staff. The trappings of office hasn't changed John
21 Sununu at all. He is the same easy going,
22 soft-spoken, self-effacing statesman we knew as
23 governor of New Hampshire, and we welcome you back.

24 (A round of applause)

1 GOVERNOR BALILES: We'r also pleas d that
2 Secretary Duwinski from the Veterans Affairs Office
3 has joined the Presidential party this morning.

4 Ladies and gentlemen, that
5 November day in Virginia, we talked about a two-part
6 agenda.

7 Within our borders, we focused on
8 education, welfare reform, day care and clean air.

9 In the last six months, the
10 President has put forth proposals on each of these
11 fronts. Throughout these negotiations, our position
12 has been clear, we weren't waiting on Washington, but
13 had been willing to work with Washington.

14 We do not agree on all aspects of
15 each program, but we have common goals, clean air,
16 better schools, more jobs.

17 Beyond our borders, we talked
18 about moving our products out of the laboratory and
19 into the marketplace, about more investments for
20 research and opening doors for emerging markets.

21 Today we have witnessed elections
22 in Poland and freer markets in hungry, the emergence
23 of a single market in Europe and the signing of a
24 free trade agr m nt with Canada.

1 Mr. President, our discussions in
2 this project even exceeded our expectations.

3 Another one of your predecessors,
4 Thomas Jefferson, also understood the need for
5 foreign markets, the importance of foreign languages
6 and the vital link between education and innovation.

7 He believed that America's
8 opportunities would not expand beyond our borders
9 unless we made the necessary investments within our
10 borders. And we agreed.

11 Two centuries later, chief
12 executives across this country are working with this
13 President to achieve Jefferson's vision of a safer
14 world for our people and a brighter future for our
15 children.

16 With that mission in mind, it is
17 my pleasure this morning to introduce the person who
18 can help our nation realize its promise and our
19 people reach their potential.

20 Ladies and gentlemen, I present to
21 you the President of the United States.

22 (A round of applause)

23 PRESIDENT BUSH: Thank you very much. Thank
24 you, Governor Baliles. I thank all of you.

1 Befor I mak my remarks, I want
2 to comment on a very disturbing report that we've
3 just heard.

4 There are unconfirmed reports that
5 Colonel Higgins has indeed been executed. And I had
6 planned to go on out to Nevada for another appearance
7 today and then to go to Oklahoma tonight, but this
8 matter is of such concern to me and to all of you and
9 to the American people that I think it's appropriate
10 that I go back to Washington.

11 Whether the report is true or not,
12 I know I speak for all here when I try to express to
13 the American people the sense of outrage that we all
14 feel about this kind of brutality, of this
15 uncalled-for terrorist.

16 This was a young American colonel
17 serving an international force, and it is incumbent
18 on all of us to try to rectify this situation, if at
19 all possible.

20 I have no more to share with you
21 on this, but -- We have not been able to confirm this
22 horrible report, but I will go back to Washington and
23 convene our top national security people and first
24 establish to th best of our ability if th r port is

1 tru and figur out what might conc ivably be done.

2 So I'm sorry to bring to this
3 meeting a message of that nature, the bad news, but I
4 thought you would want to know about it.

5 Jerry, that's it. Thank you very
6 much.

7 I want to commend you on your
8 success as chairman of this group. I studied Latin
9 for four years. Soon you will be chairman emeritus.
10 E in Latin means out; meritus, damn well deserves to
11 be. I want to commend you -- that having been
12 said -- commend you on that. It's been a joy working
13 with you.

14 I want to salute our host and my
15 friend, Jim Thompson, a great governor, former NGA
16 chairman, who has rocked the world of Illinois
17 politics by announcing that he will not run for a
18 fifth term.

19 We were just getting used to him
20 out here, and now he's not going to run. But thank
21 you for your hospitality.

22 I would like to rise to John
23 Sununu's defense. He is not quiet and retiring.
24 That's all I'll say about him.

1 But I think it is good to hav a
2 chief of staff who knows how the governors function
3 and the importance of the governors in this whole
4 federalist system.

5 I think he had mentioned Edgar
6 Duwinski, a member of my cabinet, a good friend, long
7 standing; and I want to salute him and also Secretary
8 of Transportation, Illinois' own Sam Skinner, who is
9 here with me today, both doing outstanding jobs, and
10 Sam digging in now, working on a national
11 transportation strategy.

12 Terry Branstad, the incoming
13 president, I will say I look forward to working with
14 you; and I hope we will have an era of real
15 cooperation, just as we have with Governor Baliles.

16 Let's begin by saying what is the
17 role of the governor in the American political life?

18 Well, the talk of a great observer
19 of the 19th century observer once asked a country
20 politician the same question. And the answer he got
21 was this: The governor accounts for absolutely
22 nothing and is paid only \$1200.

23 Well, you still can't get rich off
24 a public salary, but today, I don't think th r 's any

1 question in th minds of th American p opl that the
2 office of governor accounts for an awful lot,
3 accounts for a great deal.

4 In fact, leadership in America is
5 increasingly the sum of your efforts and of your
6 vision, and that's why I consider myself a
7 federalist.

8 I was there when President Reagan
9 issued the executive order on federalism, and I want
10 you to know that I stand by it.

11 We believe in federalism, and yet
12 we are a people, one nation, indivisible. Just as we
13 share our cherished Constitution, so we also share
14 common challenges and responsibilities.

15 To cure our nations of illiteracy
16 and drug abuse and crime, we must act in tandem,
17 President with governor, governor with mayor, up and
18 down the line; and, in short, we've got to find our
19 collective link as a nation.

20 That's why I've come to Chicago to
21 meet with all of you fellow chief executives.

22 We share as executives a special
23 responsibility, and some describe it as a great
24 burden. But for us, if it is a great burd n, if it

1 is a burden, it is one that is cheerfully accepted.
2 To sit where the buck stops, to resolve disputes, to
3 help those in need and to set a course for the future
4 to know a special kind of satisfaction.

5 In fact, our missions as
6 executives are so similar that many presidents have
7 called on you for guidance.

8 Teddy Roosevelt, who called the
9 nation's first conference of governors, the
10 forerunner of this association, convened the
11 governors of the White House. And he brought the
12 nation as governors together to call for conservation
13 for the end of the reckless denuding of our forest,
14 and they started a tradition that we are carrying on
15 today, working together as president and governors
16 for a cleaner environment.

17 I thought you might be interested
18 in a peripheral note here.

19 I've just gotten back from the
20 economic summit in Europe, and the whole question of
21 environment is on the minds of these western European
22 leaders unlike any time that I've ever seen.

23 I think that's a good thing, and I
24 think it is going to cause all of us to work together

1 int rnationally, just as my plea is h r that we work
2 together inside our great country.

3 We have proposed, as you know, the
4 first major revision of the Clean Air Act in more
5 than a decade.

6 I read a headline in one of the
7 great newspapers of this country where some say it
8 didn't go far enough and others said it went too far.

9 I figured well, maybe we're not
10 doing too bad on it.

11 But it sets tough standards. It
12 gives trades and industry the flexibility needed to
13 reduce costs and break the long-standing legislative
14 law jam.

15 The potential for consensus is
16 there. The American people want clean air, and we
17 can work together to see that they get clean air.

18 Then there was another Roosevelt,
19 great President, Franklin D. Roosevelt, who called on
20 the governors to help him stem the financial crisis
21 of the great depression.

22 Today, we don't meet in a spirit
23 of immediate crisis, plenty of problems out there,
24 but th nation is fundam ntally sound.

1 But the decline of our educational
2 system and the threats of crime and drugs, the
3 economic dependency of so many and, yes, that ever
4 present federal deficit and the problems that come
5 with it, these problems threaten to endanger the very
6 leadership position of America in the next century.

7 And for America to remain
8 competitive will require your best efforts and your
9 executive know-how.

10 The ultimate challenge, as
11 Governor Baliles put it, is to become again the
12 Yankee traders that we once were, and he's not
13 talking about George Steinbrenner. He is referring
14 to the clever ships. Your creative response to our
15 nation's competitive position is more than
16 perceptive; it's overlooking, an attribute to the
17 best kind of leadership.

18 At this economic summit that I
19 mentioned, the competitive position of our nation was
20 an underlying theme in the discussions of the great
21 economic issues of trade and monetary policy and
22 international debt, but no less important to America
23 was the start of my journey, that part that took us
24 to eastern Europe and central Europe.

1 Poland and Hungary today ar not
2 the economic magnets that we find in western Europe
3 or the Pacific Rim, but I saw tremendous potential in
4 the awakening spirit of those lands.

5 It is absolutely amazing the
6 changes that are taking place on the economic front
7 there and on the political front as well. And the
8 beauty of it is that we can boost reform without
9 massive government-to-government programs.

10 We can do the most good as
11 American leaders by simply facilitating trade and
12 investment, by simply opening doors for opportunity
13 and encouraging those governments to move as fast as
14 they can towards privatization.

15 But to open these doors will
16 require leadership at every level of government.

17 You've already established a great
18 tradition of searching for those opportunities
19 abroad, and now I ask you to include Poland and
20 Hungary on your list.

21 While governors have no normal
22 role in foreign policy, you are becoming our economic
23 envoys and ambassadors of democracy. You are a new
24 forc in restoring Am rican int rnational

1 comp titiv ness and expanding world mark ts for
2 American goods and services and, of course, your
3 focus is, and I think must be, on the critical
4 domestic issues.

5 As chief executives, we know
6 firsthand how crucial our social health is to the
7 future position of America, a nation in which half of
8 our youth is ignorant of geography, in which drugs
9 are rampant, in which a substantial proportion of the
10 population knows little hope; and such a nation will
11 not long remain competitive.

12 And in the final analysis,
13 improving our schools, driving out drugs and bringing
14 hope and opportunity to those who need it most, these
15 are issues of our national well-being, even our
16 national security.

17 First and foremost are our
18 children and their education. Working together, we
19 can raise the level of learning in the classrooms of
20 America.

21 On April 5, I sent a package to
22 the Congress, an educational reform package, based on
23 four principles rooted in the practical experience of
24 th stat s.

1 To have reform, excellence in
2 achievement must be recognized and rewarded.

3 To have reform, federal dollars
4 should be targeted to those most in need.

5 To have reform, we need
6 flexibility and choice, choice for parents, choice
7 for schools in their selection of teachers and
8 principles.

9 And finally, the essence of reform
10 is accountability in education and reward for those
11 schools that show progress.

12 If implemented, I believe that
13 these measures will restore the quality of American
14 education and redeem the future of millions of
15 children, but there is more to be done.

16 On June 5, I asked the business
17 community to study what the private sector can do, to
18 energize and support educational reform. There are
19 wonderful programs in effect now for business leaders
20 to assign people from their companies to help in the
21 local school districts. These have been pushed and
22 fostered by many of you around this table.

23 I want to renew my pledge to
24 assemble the governors in a summit, to share ideas

1 and to explor options for ducational progr ss.

2 Only twice before have the
3 governors met with the President on an issue of vital
4 national importance, and now there will be a third
5 such conference and historic meeting on education.

6 And so I invite you to work with
7 me at a governors' summit on education to be held on
8 September 27 and September 28.

9 We have not yet selected a place,
10 but we want to go forward and do that.

11 (A round of applause).

12 PRESIDENT BUSH: Together we can find ways to
13 strengthen our schools, to enlarge opportunities and
14 to improve our nation's educational performance.

15 As chief executives, we also see
16 drugs and crimes as the most harrowing domestic
17 threat to the future of America.

18 I proposed on May 15 a common
19 sense approach to detour the criminals' use of
20 weapons, to reform the criminal justice system, to
21 enhance enforcement and prosecution and to expand
22 prison capacity to ensure both the certainty and the
23 severity of punishment.

24 I propos the hiring of 825 n w

1 fed ral ag nts and staff, 1600 n w pros cutors and
2 staff and an additional \$1 billion for federal prison
3 construction, and I proposed tough new laws,
4 including mandatory principles onto prison terms, no
5 deals without cooperation and the death penalty for
6 those who murder our police officers.

7 But I need your leadership to see
8 results.

9 Work with me. Toughen your laws
10 and put the worst offenders behind bars. If you do,
11 we will take back the streets.

12 Finally, America cannot continue
13 to lead the world if we lag in providing opportunity
14 at home.

15 Last year, as you know, Congress
16 and the administration enacted major welfare reform
17 legislation, the Family Support Act of 1988, and this
18 act grew out of a consensus that the well-being of
19 children depends on more than material needs.
20 Children need a family environment that encourages
21 self-sufficiency, in a word, character.

22 With this in mind, I reestablished
23 the low income opportunity board within the White
24 House, and I'v ask d that board to assist you in th

1 compl x and tim -consuming proc ss of obtaining th s
2 federal approvals for experiments in state welfare
3 reform.

4 So many innovative policies have
5 come from the states, so we want to work together to
6 keep your administrations free to experiment, free to
7 be creative.

8 In fact, I've asked our domestic
9 policy council and the low income opportunity board
10 to make flexible the guiding principle so that states
11 will have greater freedom to experiment with welfare
12 reform.

13 I'm pleased to announce that this
14 week the DPC, domestic policy council, has committed
15 itself to give you greater room to maneuver and to
16 grant waiver requests as quickly as possible.

17 Many of our responsibilities
18 overlap in education, law enforcement and welfare.
19 At times, there's been friction, a lot of friction
20 between the states and the feds. And perhaps what we
21 need between the federal government and the states is
22 friendly competition, well-known to Chicagoans.

23 Here, along the majestic lakefront
24 sky lin , ther 's b n an ongoing comp tition among

1 d v lopers to retain th title of th world's tall st
2 building. You talk about one-upmanship, this is it,
3 a whole new meaning.

4 Yet this is the kind of
5 one-upmanship that builds, not destroys, that lifts,
6 not lowers, that takes us all a little closer, a
7 little closer to the stars.

8 I have committed the powers of my
9 office to lift America, starting in the classrooms,
10 in the streets, working together. I am absolutely
11 convinced that we can achieve a national consensus in
12 spite of the overriding budgetary problems that the
13 federal government faces.

14 Working together, we can make the
15 next century an American century.

16 Thank you. Thank you all for what
17 you do for this country, and I'm just delighted to
18 have been with you.

19 Thank you very much.

20 (A round of applause)

21 GOVERNOR BALILES: Thank you, Mr. President.

22 The president has agreed to take a
23 couple of questions.

24 I'll call on our vice chairman,

1 Gov rnor Branstad of Iowa, for th first qu stion.

2 GOVERNOR BRANSTAD: Mr. President, we're very
3 honored that you have invited us in the third only
4 presidential summit with the governors on the topic,
5 and I am delighted that you've chosen education
6 because that's going to be an area of focus of the
7 governors for this coming year.

8 I just want to add my appreciation
9 and say that we look forward to working with you in
10 developing consensus goals, to improve the quality of
11 education; and we want to involve all the people in
12 this nation that are concerned about rebuilding and
13 strengthening the quality of education.

14 Thank you for that commitment.

15 PRESIDENT BUSH: Thank you for your question.
16 Thank you, Terry, and we look forward to working with
17 you.

18 Bill.

19 GOVERNOR CLINTON: Mr. President, first of
20 all, we appreciate your speech and your commitment
21 both to fighting drugs and to improving education.

22 I wonder -- I support, as I think
23 you know, your education position. I'm for
24 accountability, choic , alternativ certification.

1 On thing that concerns me in our
2 state and I think is a concern around the table here
3 that I would like to hear you comment on is the
4 relative lack of competitiveness of our high school
5 seniors with many of the other countries with which
6 you've been negotiating new economic, environmental
7 and defense arrangements.

8 What do you think the federal role
9 ought to be in trying to increase the number of
10 people who can afford to go on to college but need to
11 so they can be internationally competitive? And do
12 you believe that that ought to be a part of our
13 education summit in September?

14 I'm very concerned about that, and
15 that's something neither the states or the federal
16 government has adequately addressed, in my judgment,
17 in the last three or four years.

18 PRESIDENT BUSH: I think clearly the federal
19 government has a role.

20 We have some programs. I know
21 everybody would like to see them financed more fully,
22 thinking of Pell grants and things of that nature.

23 I've been intrigued with some of
24 the private sector approaches.

1 Pat Taylor of New Orleans has a
2 program that I believe -- I don't know if Governor
3 Roemer can comment on -- I don't know if he likes it
4 or not, but whether or not it's a program that has
5 applicability to what we're talking about here, it
6 has happened in other states, but yes, I think it
7 should be a key agenda item for the summit that we're
8 talking about.

9 Again, every time we get to the
10 worthy goals, I have to say how do we beat
11 Graham-Rudman targets and all of that. But clearly,
12 in terms of objective, it must be that.

13 But, Bill, I'd also say that what
14 you've talked about -- and you've pioneered with
15 others around this table -- I can single out
16 Governors Baliles and Kean, both be unemployed here
17 in a few weeks -- but this concept of encouraging
18 excellence the way your states have done it, I think,
19 has great applicability for how a high school senior
20 goes forward and gets into college.

21 So anyway, but it should be an
22 agenda item.

23 GOVERNOR BALILES: Governor Celeste of Ohio.

24 GOVERNOR CELESTE: Mr. President, you just

1 applaud d to th notion of worthy goals and budg t
2 realities, and this morning the governors, around the
3 breakfast table, talked at length about the problems
4 we're facing now with Medicaid and the mandated costs
5 that are building as a consequence of delegations
6 that have been made in the Congress.

7 I think it's our feeling that we
8 would like to, number one, share with our
9 congressional delegations the realities we're now
10 contending with as governors, to call on them and
11 perhaps to seek the assistance of the administration
12 as well to have a two-year moratorium on any
13 additional mandates in terms of Medicaid with a
14 commitment that all of us sit down together on a
15 bipartisan basis, governors, the Congress, the
16 administration to look at this whole issue of health
17 care, how we assure coverage to those who need it,
18 how we deal with this problem of sort of backing into
19 a system which is virtually universal now for various
20 pregnant women and small children and to do it in a
21 cost efficient way.

22 I'm wondering whether you would be
23 comfortable with the notion, for example, of a
24 moratorium on additional mandates on this point and

1 wh ther th r 's a way we could work together at this
2 point.

3 PRESIDENT BUSH: I would consider it. And
4 certainly you're trying to hold the line on the
5 spiraling costs.

6 We're in a battle now, and I think
7 we can resolve it properly with some of our doctors
8 in terms of the increased cost of physician's fees,
9 but yes, I -- without getting into the specifics, I
10 certainly think we can properly fulfill it.

11 May we take one more.

12 GOVERNOR THOMPSON: Mr. President, under our
13 chairman's behest, I conducted in spring and summer,
14 I conducted a hearing on transportation
15 infrastructure.

16 Two key facts came out of those
17 hearings, one, those nations which make an increased
18 investment in their highways, their bridges, their
19 harbors, their air and rail systems, their water
20 systems are more competitive in the world economy
21 than those nations who do less.

22 And, secondly, those nations who
23 make such investments stimulate more private
24 investm nts than those nations who do less.

1 I don't hav a qu stion. I hav a
2 suggestion, if I might be so bold.

3 Could you ask Director Darman
4 (phonetic), Secretary Brady, Secretary Skinner and
5 Secretary Mosbocker (phonetic) to form kind of a
6 working group to make sure that our tax laws and our
7 transportation policies are doing everything we can
8 to encourage a renewal of America's transportation
9 infrastructure?

10 I know that will be part of
11 Secretary Skinner's national strategy as a plan, but
12 I think there needs to be more focus in Washington on
13 the benefits of infrastructure investment and a
14 return to our economy, especially our competitive
15 world economy.

16 I think those four good men could
17 really help in that effort.

18 PRESIDENT BUSH: Well, let's try. I
19 appreciate your suggestion.

20 For those out around here from
21 Illinois, I must say I am very pleased to be working
22 with Sam Skinner in this deal.

23 I know the frustrations around
24 this tabl when you see this tr m ndous highway trust

1 fund and wonder why those funds aren't available
2 for -- immediately available for the purposes for
3 which they were earmarked, and the answer, obviously,
4 is budgetary.

5 But yes, I would be very happy to
6 ask the four of them to get together.

7 GOVERNOR BALILES: Maybe this should be the
8 last.

9 Governor Roemer.

10 GOVERNOR ROEMER: Nice to see you again, Mr.
11 President.

12 I just want to follow up on a
13 point that you had made and offer -- for whatever
14 it's worth -- my congratulations on the September 27
15 summit vis a vis education.

16 I would like to say that the
17 southern growth policy board, which Carol Campbell
18 has headed for this past year and which will head for
19 this next year, is concerned as the world grows
20 smaller, cheap is not enough. We must be flexible
21 and smarter.

22 And we've undertaken, Mr.
23 President, the goal to address an adult illiteracy in
24 our part of America, and I would encourage your team

1 at th ducational summit to addr ss that question in
2 context of the whole nation.

3 It seems to me that we're going to
4 be making more products, one product, one person, one
5 sale, rather than mass production; and it seems that
6 the quality of our work force will be the key to us
7 being competitive, not just the price of the work
8 force, but the quality of the work force.

9 That's one of our assignments in
10 the south, and we're hoping you can help us
11 nationwide.

12 What I'm trying to say, Mr.
13 President, is send money.

14 (Laughter)

15 GOVERNOR ROEMER: I said it poorly as you
16 can --

17 PRESIDENT BUSH: Let me say that on this
18 educational summit, I don't view this as something
19 like today where we're coming here for two minutes
20 and then take off.

21 I mean this is going to be a
22 session where we will have an opportunity together,
23 you and me, to take a considerable amount of time to
24 discuss these kinds of issu s.

1 I think it is important -- and
2 maybe Governor Branstad would be the one to turn
3 to -- to have a little group for the agenda on this,
4 and our education secretary will be involved; but
5 sure, we should take that up.

6 I want you to know I will be
7 personally involved in learning from this kind of
8 involvement.

9 But thank you all very much, very,
10 much.

11 (A round of applause)

12 GOVERNOR BALILES: Thank you, Mr. President.

13 Governor Jim Thompson and I have
14 two brief presentations to make to you.

15 Mr. President, the nation's
16 governors deeply appreciate the special priority you
17 have placed on the states of this nation.

18 You've been a regular participant
19 in our meetings these last nine months, and I must
20 say your presence has had a significant impact on our
21 attendance.

22 In many respects, you've played a
23 major part in our American transition project.

24 For that reason, we would lik to

1 pr s nt to you th first compl t s t of our reports
2 and recommendations on the international frontier
3 that will be released tomorrow.

4 This set of six reports and the
5 executive summary might be called an international
6 six pack with a kick. We hope that you will enjoy
7 it.

8 We thank you for joining us today,
9 and we hope to see you again soon.

10 (A round of applause)

11 GOVERNOR THOMPSON: Mr. President, even if the
12 applause that you've received from the governors here
13 today did not convey it -- and it surely does -- I
14 know you can feel in this room the warmth and
15 affection for you by all the nation's governors, as
16 our chief executive and as our friend.

17 Recently, a new painting was
18 commissioned which depicts President Abraham Lincoln
19 surrounded by the nation's governors at the most
20 important point in this nation's history, when it was
21 in the Civil War.

22 The painting is "President Lincoln
23 meets informally in the White House for two hours to
24 conf r with th loyal governors of Am rica."

1 We know that there will be many
2 occasions during the next eight years when you, Mr.
3 President, will confer with the loyal governors of
4 America on the issues which are important to all our
5 people.

6 You've got fifty loyal governors
7 and the territories too.

8 Congratulations.

9 (A round of applause)

10 GOVERNOR BALILES: Ladies and gentlemen,
11 please be seated.

12 Ladies and gentlemen, if I may
13 have your attention, I would like to call on Governor
14 Jim Thompson of Illinois for the purpose of an
15 introduction.

16 GOVERNOR THOMPSON: Thank you, Mr. Chairman.

17 Our next guest was one of the
18 nation's most successful computer salesmen when he
19 decided that he wanted to be an assistant United
20 States attorney and put crooks in jail.

21 So he left one world and came to
22 another. He rose from the ranks to become the first
23 assistant United States attorney and rose again to
24 become the first United States attorney in the

1 north rn district of Illinois ver to come from th
2 ranks of young prosecutors.

3 After leaving that office, he
4 became a successful partner at Sidley & Austin in
5 Chicago and then left that office to serve the
6 President and this nation as Secretary of
7 Transportation.

8 This remarkable young man also
9 understands the challenges which confront governors,
10 for at my request here in Illinois while he was in
11 the private practice of law, he chaired the capital
12 development board.

13 That state agency was responsible
14 for the building of all vertical structures in this
15 state to be owned by the public.

16 He understands the importance of
17 infrastructure to this nation's economy.

18 He also served as the chairman of
19 the governors' council on welfare fraud and reform,
20 and so he understands in real terms the human servic
21 needs and challenges which confront governors.

22 But I guess the thing I'm proudest
23 of and any governor would be, the understanding that
24 we can't do it alone.

1 As Mik Dukakis said to m last
2 night, if there are problems on my desk, it means
3 that somebody is not working on them.

4 All of us are proud of having
5 chosen wisely and well those men and women who carry
6 out our policy directions and get the real job done.
7 Nothing has made me prouder in the last year than to
8 be able to recommend to our President the selection
9 of Sam Skinner as Secretary of Transportation.

10 He has literally seized hold of
11 that job, taken this nation and the administration by
12 storm and confirmed the President's good judgment in
13 selecting him.

14 We're all enormously grateful, and
15 we all look forward to looking to the Secretary of
16 Transportation, Sam Skinner.

17 (A round of applause)

18 SECRETARY SKINNER: Thank you, Governor.

19 I'm delighted to be here in
20 Chicago, and I must say I'm -- this is the first time
21 I've followed the President, but normally, as he is
22 prone to say, it's after a result of one of the
23 crises that we seem to face in transportation over
24 th last s veral months.

1 And it's only appropriat , as I
2 look across the table, I see my friend Governor
3 Cowper from Alaska, he and I have spent more time
4 together than almost any governor in this state as we
5 have together governors and presidents and their
6 leaders working on a very, very serious problem; that
7 is, of course, the situation affecting the
8 environment in Alaska.

9 So I am delighted to be here again
10 and to give you a brief report on the status of our
11 national transportation policy and to ask you for
12 your help and for your help as we move forward.

13 Governor Thompson has indicated,
14 as has the President, that my top priority as
15 Secretary of Transportation is to develop something
16 we do not have in government today, in
17 transportation, and that's a strategic plan for the
18 21st century.

19 As you may be aware, as Governor
20 Thompson mentioned, I spent my first nine years at
21 the IBM Corporation in both marketing and sales, and
22 there, planning was a way of life.

23 Every move and every step we took
24 was a r sult of a long-rang strat gic plan. Y t

1 laving Chicago and going to Washington, I was
2 astounded to find that no such transportation
3 strategy or strategic plan exists for this country.

4 And so, therefore, we have
5 embarked on what is a very ambitious, very
6 challenging program, to developing in one year the
7 national transportation plan for the 21st century for
8 the United States.

9 It is an important objective. It
10 is an objective that I know you as governors
11 recognize and place a great deal of emphasis on.

12 I'm also encouraged as I've read
13 the National Governors' Association task force report
14 on transportation infrastructure.

15 It is an outstanding report; and,
16 of course, that means that it's a subject of top
17 priority to a lot of you in this room and to the
18 governors in general.

19 I want to congratulate my friend
20 Jim Thompson and his fellow governors for putting
21 together a product that will be a great assistance to
22 us as we move forward in the development of our
23 national transportation policy.

24 L t m just quot from your r port

1 b caus it's som thing I r ally like, and it's
2 something I think the governor indicated a few
3 minutes ago when he asked the President a question on
4 transportation.

5 "America must devise a strategic
6 plan for dealing with transportation infrastructure.
7 All' levels of government as well as the private
8 sector should be involved."

9 And that's what this process that
10 we're working on is all about. Infrastructure is not
11 a household word, but it is as important to America
12 as any topic we discuss.

13 And unfortunately, for most of you
14 in this room, while you and I don't take it for
15 granted, many Americans do.

16 Infrastructure is not exciting.
17 It is something we rely on every day, yet it is
18 something that very few Americans focus on and the
19 importance of it in the 21st century.

20 One of the reasons we are as
21 competitive as we are in the world is because of our
22 domestic transportation system.

23 And as we begin to compete more
24 vigorously in th world, th r ar very f w things w

1 will do that will make us mor ffectiv and more
2 competitive as we sell our products, not only in the
3 Pacific Rim, but in a combined European market.

4 Your chairman, the Governor of
5 Virginia, put it this way: How this nation moves its
6 commerce, how quickly, efficiently and effective our
7 system transport goods and conveys people
8 traumatically influence America's future
9 competitiveness as a trading nation.

10 And Governor Baliles goes on to
11 say unfortunately, when it comes to transportation,
12 America is stuck in neutral.

13 Well, let me tell you, ladies and
14 gentlemen, we are no longer stuck in neutral when it
15 comes to transportation policy.

16 We are beginning throughout this
17 country with your help and the help of public
18 officials, private citizens, industry and government
19 officials in Washington to focus on the importance of
20 transportation infrastructure as to the future of
21 this country in the 21st century.

22 Now, I don't have to tell you the
23 importance of investment and the cost of
24 disinvestment in transportation, but l t me share a

1 coupl of statistics that I found astounding.

2 The United States transportation
3 command has the responsibility for the commander in
4 chief to marshal all of the resources of this country
5 in case of war, to move our nation's military forces
6 to Europe or the Pacific Rim if a major battle or war
7 were to break out.

8 Recently, they modeled on a
9 strategic basis the requirements and the mission, and
10 the mission -- and they failed their mission shortly
11 after its inception because they did not have
12 sufficient sea-lift power to carry America to war.

13 This is just one example of the
14 effect of a lack of investment in our nation's
15 maritime industry.

16 It also affects aviation. It
17 probably doesn't surprise you to know that it's been
18 since 1974 when we last built a new airport in this
19 country.

20 The airport we built, Dallas/Fort
21 Worth, is already just fifteen years into its life,
22 rebuilding and expanding the two runways and a whole
23 new terminal in order to meet the capacity that they
24 predict for the y ar 2000.

1 Many of you remember the airport
2 in Dallas and eastern Virginia.

3 Many of you may remember the time
4 when Congress would not allocate one more dollar for
5 the Dallas airport.

6 Yet today, as the governor of
7 Virginia can tell you, that is the fastest growing
8 area in Virginia and one of the fastest growing areas
9 in all of the northeast; and it's because history is
10 repeating itself, transportation attracts business
11 and economic development.

12 It first started with ports. It
13 then began with -- next went to roads. We then moved
14 to rail. And now, throughout this country, airports
15 are a center of economic activity and economic
16 growth.

17 And that's why the project in
18 Denver is so important as the first new major airport
19 that will be built since 1974.

20 It represents a significant effort
21 by state, local and federal officials, Republicans
22 and Democrats, to rebuild a facility and to expand
23 the economic activity in the State of Colorado.

24 I suggest that that project, as

1 hard as it has b en to bring to fruition and with
2 many problems still facing it, will be the next
3 airport in a series of major transportation
4 facilities that will be built in this company --
5 country; and Colorado will lead in that part of the
6 country because of that effort.

7 But our lack of investment does
8 not just exist in airports and maritime.

9 Right now, in this country, we
10 have a \$78 billion bridge problem, and we literally
11 are closing bridges every week in this country
12 because of a lack of investment and a lack of
13 rebuilding.

14 If we're going to take
15 transportation out of neutral and move it forward,
16 it's going to require a joint effort.

17 No one group can do it alone.
18 President and I cannot do it alone. The Congress
19 cannot do it alone. And the governors cannot do it
20 alone.

21 I am comfortable that when we have
22 the national transportation policy formed, we will
23 have President Bush's support and leadership, but we
24 will ask much mor .

1 It is as important today as
2 welfare reform was to this organization several years
3 ago, and I can't think of a better project to refer
4 to that shows the results of gubernatorial
5 involvement at the national level than the welfare
6 reform program that you were instrumental in pushing
7 forward.

8 That is the kind of effort I hope
9 the governors and the Department of Transportation
10 will work on next year to move forward.

11 Many of you think of Dwight
12 Eisenhower as a great military leader that led us to
13 Victory in Europe, but most historians will record
14 President Eisenhower's greatest contribution to be
15 the interstate highway system.

16 It will have taken \$122 billion
17 and 36 years to finish the almost 43,000 miles of
18 highway, but the job is essentially complete.

19 That is President Eisenhower's
20 legacy to this country, and it is important that this
21 President and the presidents that follow leave a
22 similar legacy in transportation.

23 Much has changed, as you know very
24 well, since Eisenhower signed the law authorizing the

1 highway syst m.

2 The population of the United
3 States in 1956 was 64 percent urban and 36 percent
4 rural. By '87, it had gone to 77 percent urban and
5 23 percent rural. In '56, 67 million people were
6 employed. In 1987, 112 million were employed. In
7 1956, we had 64 million automobiles and trucks. In
8 1987, we have 177 million.

9 I could go on and on, but it's
10 quite clear that we've become an urbanized, mobile
11 society; and, therefore, our transportation
12 infrastructure must keep up. And if we're going to
13 stay successful and competitive, we must rebuild and
14 expand like we've never done before.

15 Our objective is a challenging one
16 because what we want to do is revamp America's
17 gridlocked transportation system into a 21st Century
18 model of efficiency.

19 To do that, we're going to have a
20 strategic plan with the support of aviation,
21 maritime, highway, trucking, mass transit as well as
22 aviation, and it will be a coordinated national
23 policy.

24 At your chair, you hav th first

1 volumn of our National Transportation Policy
2 Strategy. It is called "Moving America, New
3 Directions, New Opportunities." It is literally off
4 the press last night.

5 This is the beginning of our
6 process that will affect many of you and occur in
7 many of our states throughout the country.

8 The process involves outreach
9 throughout America, industry, consumers, scientists,
10 environmentalists, strategic planners and public
11 officials at all levels will participate.

12 They will assist us in defining
13 the problem, suggesting solutions that call for the
14 proper balance between the federal government and the
15 state and local cities and countries throughout this
16 country.

17 We have begun the dialogue. One
18 of the policy planning sessions is in Chicago today.
19 Six working groups will be involved all over the
20 country, will be 33 public hearings.

21 I'm not interested in finding out
22 that we've got gridlock. I'm looking for solutions.
23 And I ask the governors and the transportation chiefs
24 and th oth rs that ar involv d in infrastrucur to

1 not only cooperat fully, but to participat and us
2 this as an opportunity to educate America on the
3 importance of transportation and the need to rebuild
4 and expand the system we have to get ready for the
5 21st century.

6 There is no question that we have
7 an outstanding national transportation system, but
8 there's also no question that we're not keeping
9 ahead, as we say in flying, of the power curve.

10 This study, along with your
11 infrastructure report, will allow us to begin to
12 focus on the needs and come up with the solutions,
13 including the funding options.

14 Let me tell you that I am very
15 fortunate to have the kind of relationship with the
16 Department of Transportation and the governors that
17 we do.

18 Last week, Governor Kay Orr of
19 Nebraska was at our national kick-off session, and
20 she indicated the problem, but she also indicated
21 that the governors are willing to work with us, and
22 she put it this way:

23 We don't have the resources to do
24 v rything we want th right way, so lik any family

1 on a budget, we must identify our needs and make
2 opportunity investments, and that's what the strategy
3 is all about.

4 When we begin to reauthorize the
5 highway program, begin to reauthorize the aviation
6 trust fund system and reauthorize mass transit, it is
7 important that the resources that we raise are
8 properly allocated.

9 Now, Governor Thompson indicated
10 to me that there would be a couple of tough questions
11 on a couple of issues of importance, so let me see if
12 I can address one or two before I even get to
13 questions.

14 When I met with the task force on
15 infrastructure, I was asked a question on my position
16 and the position I would take with the information
17 regarding the trust funds.

18 My position has not changed from
19 the day that I met with you.

20 As the President indicated here
21 today, it is important that we begin to spend the
22 balances of the trust funds as soon as possible on
23 mass transit, highway, and aviation infrastructure.
24 We can no longer tolerate a system that uses transit

1 funds and highway trust funds to balance the budg t.

2 (A round of applause)

3 SECRETARY SKINNER: Many of you find it hard
4 to understand how a trust fund can be used to balance
5 a budget. I have the same problem.

6 Unfortunately, because it deals
7 with the definition of appropriations and the issue
8 of Graham-Rudman, it is in fact correct.

9 We've got to find a way, and we've
10 got to do it together, to work with the Congress to
11 make them understand that every time there is a
12 problem with the budget deficit they cannot continue
13 to take funds from the trust fund from aviation
14 passengers or user fee from highway taxes and balance
15 the budget.

16 That, I'm sure, will be an
17 instrumental objective in the national transportation
18 policy. That is something we're going to have to
19 work on together.

20 Let me also indicate that there's
21 another situation going on in Washington that is even
22 of greater concern, and that deals with the
23 possibility that user fees will be used to reduce the
24 deficit with an on -time passing of a major us r gas

1 tax to reduce the deficit.

2 There are over 200 members of
3 Congress that have expressed opposition and almost 50
4 members of the Senate. Most, if not all, of the
5 governors share that position.

6 But it is important that we make
7 our position known and that every opportunity we can
8 we lobby and articulate the importance of keeping
9 those trust funds and those revenues available for
10 infrastructure, not deficit reduction.

11 It is a project that we will work
12 on together. It is a project that needs constant
13 vigilance.

14 And as you meet with your members
15 from your state who serve on the House Ways and Means
16 Committee or the Senate Finance Committee or as
17 you're meeting with the members of the Office of
18 Management and Budget, please make sure they
19 understand the importance you place on infrastructure
20 in this country and what needs to be done in the
21 future.

22 One problem I want to talk
23 about -- because I'm going to need your
24 cooperation -- is the problem of airport capacity.

1 I indicat d to you that w have
2 not built a new airport since 1974. Yet today, we
3 have twice as many people flying on commercial
4 airliners as we had ten years ago.

5 The economists and demographers
6 indicate that by the year 2000 we will have four
7 times as many people flying on commercial airliners
8 as we had just 25 years before.

9 We have expanded demand. We have
10 not expanded capacity. And just as we have capacity
11 control at four airports in the United States, it is
12 possible that we will begin to allocate aerospace in
13 the future in landing spots in other airports until
14 we can begin the new generation of airports and the
15 construction which will go on not only through this
16 century, but into the next.

17 All of this requires cooperation
18 and understanding, and all of this requires a
19 commitment by you to make sure that in your area
20 you're analyzing the demand and you're working with
21 the state and local officials who build airports to
22 make sure they have the support from the state, from
23 the legislature.

24 If you don't, in my opinion,

1 you'r going to b left b hind becaus th r ar
2 states all over the country that are beginning to
3 explore new and greater airports, whether it's in
4 Denver, whether it's the massive expansion in
5 Dallas/Fort Worth, whether it's the new alliance
6 airport for business and commercial use in the Fort
7 Worth area or other projects all over this country.

8 Let me also give you one alarming
9 statistic, which I think you should be aware of; and
10 it's something you can do a great deal about.

11 As you know, we began in 1987 to
12 allow states to raise their speed limits on rural
13 interstates from 55 miles an hour.

14 40 states have done so. But it
15 clearly appears from the statistics so far that
16 fatalities on rural interstate highways have
17 increased 14 percent since that occurred. And those
18 statistics and that increase cannot be attributed to
19 a growth in traffic.

20 The proper place for speed limit
21 law enforcement on the highways is with the states,
22 but I urge you as you return to your state to begin
23 to look at the statistics and make sure that your law
24 nforc m nt officials are enforcing th posted speed

1 limits.

2 We cannot afford to continue to
3 have deaths increase at 14 percent a year on rural
4 highways, especially when we have a mechanism that
5 can work to enforce speed limits that will clearly
6 help and assist in cutting down this increase in
7 deaths.

8 Several of you have asked me for
9 assistance in the area of mass transit. Many of you
10 are building new mass transit systems. Most
11 important, of course, is the massive effort that's
12 ongoing in California and Los Angeles. Others of you
13 are rebuilding your mass transit systems throughout
14 this country.

15 Let me tell you that the
16 philosophy in Washington is to move quietly and
17 thoughtfully the role of mass transit from the
18 federal government to the states.

19 The new policy on discretionary
20 transit grants gives priority to projects where the
21 state match is greater than 50 percent.

22 In fact, there will be very few
23 discretionary transit grants this year that will be
24 mad at anywh r th match is l ss than 50 p rc nt.

1 Just as in mass transit, consumers
2 are going to be asked directly to foot the bill for
3 the services they use. And, of course, I'm talking
4 about user fees.

5 As Governor Thompson indicated --
6 and I accept responsibility -- I came to Springfield
7 recently to lobby on increase in state gas tax for
8 transportation improvement.

9 I quietly lobbied in California
10 when I was there on the same subject, and I applaud
11 the governor of California's legislature for moving
12 forward and suggesting that a referendum be held on
13 mass -- on gas tax increase for infrastructure.

14 And I can pledge to you, Governor,
15 that we will do everything we can in that state and
16 in all states to make sure that the consumers and the
17 users of the mass transit and the highway system in
18 that state and all states understand the importance
19 of user fees in rebuilding the infrastructure.

20 But let me also suggest that there
21 is a window of opportunity for many states that they
22 have not taken advantage of, and I suggest that
23 window of opportunity will be available for a short
24 period of time, and I hope that you would take

1 exampl of th governor of California, th governor
2 of Illinois and the other governors in this room who
3 have moved forward.

4 It is interesting to find that
5 when you take the polls that we're all so familiar
6 with that if you ask consumers and users of highway
7 and mass transit will you approve an increase in the
8 gas tax or user fee if it all goes towards
9 transportation, the percentages of acceptance goes up
10 to management in many cases over 50 percent.

11 That shows the importance of user
12 fees. That shows the importance of transportation,
13 trust funds. And that shows the importance of
14 maintaining the credibility of trust funds as we move
15 forward.

16 I can't predict with any degree of
17 certainty the outcome of our national transportation
18 policy, but I've given you some sign which I think
19 the plan will address.

20 Let me suggest that this group
21 more than any other group other than Congress and the
22 office of the President itself can be the determining
23 factor in whether we are successful in rebuilding our
24 nation's infrastructure.

1 If I can go to Washington 50
2 strong or 50 plus strong with one message about
3 infrastructure and transportation and the importance
4 it has for the 21st century, we will win this battle.

5 We will be here next year and the
6 year after talking about the success that the
7 governors have played in rebuilding America's
8 infrastructure.

9 It is a legacy that each of you
10 can leave not only for your states, but for this
11 nation. It is an opportunity that seldom comes in
12 one's political life. It is an opportunity that we
13 must seize and move forward quickly.

14 I know many of you because many of
15 you are not shy, on the phone or in person. I am
16 trying to do everything I can to make sure that the
17 relationship between the Department of Transportation
18 and the governors of this country is as good as it's
19 ever been.

20 We do have, I believe, a good
21 record in correspondence and communication, and we
22 will continue to do so. No governor has called for a
23 meeting with me on a matter of importance where that
24 meeting has not occurred. That doesn't mean all th

1 follow-up meetings occurred, but there have been
2 communications established that I think are symbolic
3 and indicate to me that we can have that kind of
4 relationship.

5 Whether it's Governor Bayh from
6 Indiana, Governor Orr from Nebraska, Governor Waihee
7 from Hawaii -- who I must admit I have spoken to by
8 phone only, unfortunately -- we have discussed
9 problems and we have agreed to work together.

10 I look forward to working with you
11 in the next six months and the next three years
12 and -- some in Washington are prone to say -- the
13 next eight years about the problems, but I'll settle
14 right now for the next three and a half years, if I
15 have your cooperation and your support as we move
16 forward.

17 And we will have at our next
18 session a report to the President and to the American
19 people that we have made some of the most significant
20 trades in transportation that have probably ever been
21 made in the history of this country.

22 It will be exciting. It will be
23 challenging. It will be expensive. It might be a
24 little fun. But one thing it will be, it will be

1 r warding, and it will h lp us r main th most
2 competitive and the best nation in the world as we
3 move into the 21st century.

4 Thank you very much.

5 GOVERNOR BALILES: Thank you, Mr. Secretary.

6 We'll see whether you anticipated
7 all of those questions.

8 I have indications from Governor
9 Kay Orr of Nebraska, from Governor Wilkinson of
10 Kentucky and Governor Thompson of Illinois.

11 Let's start first with Governor
12 Orr from Nebraska.

13 GOVERNOR ORR: Thank you, Mr. Secretary.

14 I'm delighted that you're with us
15 once again, and I want to use this opportunity to
16 publicly applaud and commend you for undertaking such
17 a difficult but yet very important task.

18 Being from a rural state,
19 Nebraska, like many other states, is concerned about
20 rural development; and transportation is very
21 important too.

22 Governor Terry Branstad and I have
23 been working very hard to develop setting some --
24 d t rmining priorit i s and n eds in rural America.

1 It would be very important and
2 very beneficial for us to hear from you in your
3 opinion what has been the most effective arguments
4 that have been used by those that are advocates for
5 rural transportation as you hear this debate on
6 future legislation in the area of transportation.

7 SECRETARY SKINNER: Governor Orr, thank you.

8 I think the most effective
9 argument I hear is that there is a significant amount
10 of statistical support for the position that by
11 building infrastructure you will attract business,
12 and by attracting business and making it easy, those
13 businesses will be able to compete as would compete
14 throughout the world.

15 There is an awful lot of
16 statistics that show return on investment in
17 infrastructure, but most people don't understand it
18 because it's highly technical in nature. Yet it's
19 ironic that Eisenhower saw it when he was in Europe
20 with the Autoban system and took it to this country,
21 and there is probably no one transportation
22 investment that has been more help to our
23 productivity and has enhanced our competitiveness
24 than the interstate highway system.

1 W got that from Europe. That's
2 going on in Europe right now. That's going on in
3 Japan. The Japanese are spending, for instance,
4 hundreds of millions of dollars on supersonic
5 transportation. The French and the Germans are
6 talking about high speed rail.

7 Those are developments in
8 infrastructure that we're not making in this country.
9 That's because they recognize in order to remain
10 competitive that transportation component of the
11 product cost has got to be held to a minimum.

12 I think that's the kind. It isn't
13 just in the urban areas that is impacted. As you
14 know, there are a great number of businesses in what
15 we now define as rural areas that are very, very
16 competitive and they want to be. Those businesses
17 want to be there if they can have that transportation
18 infrastructure.

19 It does attract business. All we
20 have to do is point to the airport at Dallas, which
21 is a transportation infrastructure investment. The
22 property has gone sky high.

23 There's businesses that are
24 surrounding th Dallas airport, and now Dallas

1 airport 20 y ars ago, whit l phant, is talking
2 about making an \$800 million investment into that
3 facility.

4 And the tollway that you could
5 ride with -- and never see a car is now talking about
6 expanding beyond the airport to feed into the airport
7 and feed those revenues into infrastructure.

8 There is a perfect example that
9 you can show not only statistically but, you know,
10 factually what's happens.

11 That's the argument you've got to
12 make to the taxpayers if you're going to keep those
13 jobs and keep the economic race. The people that do
14 it will be successful.

15 GOVERNOR BALILES: Governor Wilkinson of
16 Kentucky.

17 GOVERNOR WILKINSON: Mr. Secretary, I enjoyed
18 very much your talk this morning.

19 One comment and, I guess, one
20 quick question or two.

21 I notice -- can't help but notice
22 with interest that the report, the new report from
23 the task force of transportation on infrastructure,
24 r comm nds acc ssing for ign capital markets for

1 ad quat capital to innovativ ways to financ
2 infrastructure in our states.

3 I just want to say that we, I
4 think, have been the first state to successfully
5 complete summary or bond issue on the Tokyo markets
6 with protection from fluctuating currencies values to
7 accomplish exactly this infrastructure requirement.
8 We have this information available. We would like to
9 see that.

10 Secondly -- Two quick questions.
11 What is the future of the Appalachian development
12 highway program, one in which I am interested. And,
13 secondly, what do you envision the future to be for
14 the alternative fuels tax exemptions that have hit
15 hard on our taxes, both state and federal?

16 SECRETARY SKINNER: First of all, there is no
17 question that there are a number of investors
18 throughout the world that want to invest in America
19 and want to help finance America's infrastructure.
20 They are able to do it on a very cost effective
21 basis.

22 I applaud your effort because that
23 obviously gets more use out of the mountain. The
24 Appalachian Region Commission, as you know, and th

1 entire proj ct is basically at an nd, absent
2 significant new funding.

3 You have a very strong proponent
4 of the program, as you know, in Senator Bird who
5 comes from West Virginia and has spoken to me on a
6 number of occasions. But the fact of life is that
7 the interstate highway system basically spent out
8 with the additional revenues that have coming to go
9 to that project.

10 As we move forward in the
11 reauthorization of the trust fund, most of those
12 monies have been authorized. So, therefore, there
13 are no new funding available for expansion in the
14 area you're talking about, and only as part of the
15 national transportation policy and a reinvestment in
16 America is that going to happen.

17 I think that's a good reason.

18 GOVERNOR WILKINSON: Can we maintain it; do
19 you think?

20 SECRETARY SKINNER: The serious question is w
21 don't know until the end of the year what it's going
22 to cost to maintain.

23 As you know, there's a big effort
24 not only to maybe fund it, but to expand and complet

1 it. W 're not going to b abl to maintain without
2 some additional resources.

3 We're clearly not going to be able
4 to expand it unless -- that's the kind of project
5 that if we quit pulling against each other and start
6 pulling with each other and join together there will
7 be projects like that all over the country.

8 I do think that that does enjoy,
9 will enjoy some real attention.

10 GOVERNOR BALILES: Governor Bayh of Indiana.

11 GOVERNOR BAYH: Thank you very much.

12 SECRETARY SKINNER: You got the lottery for
13 infrastructure.

14 GOVERNOR BAYH: 85 percent of it.

15 SECRETARY SKINNER: Let me say that the
16 governor came into my office right after he was
17 elected, and here's an example of what I consider
18 some very innovative and priority placement.

19 He talked about the lottery in
20 Indiana, the fact that he wanted to take the lottery
21 proceeds in Indiana and put them towards
22 transportation and other infrastructure problems
23 within Indiana.

24 I'v r f rr d to that all ov r th

1 country. I want to congratulat you on the ffort
2 there. That's the type of creative financing that
3 states are going to have to look for as we move
4 forward in the 21st century. That's what I've
5 proposed today.

6 GOVERNOR BAYH: That's just the way we wrote
7 it.

8 I want to thank you for your
9 hospitality in meeting with both me and members of my
10 staff on transportation on issues that are important.
11 I am happy toto say the lottery should result in as
12 much as \$250 to 300 million annually going into
13 infrastructure in the State of Indiana.

14 My question is twofold, Mr.
15 Secretary.

16 First, in the 1991
17 reauthorization, Federal Highway Act, is there hope
18 for having a new connector routes included in that
19 authorization and, in particular, something that
20 Governor Wilkinson and I are connected in being an
21 example of one such projects? That's number one.

22 And, number two, on the subject of
23 airports, since we're located in the great City of
24 Chicago, I couldn't r sist th question as to wheth r

1 a d t rmination has be n made as to wheth r a third
2 regional airport will be necessary for this metropol;
3 and, if so, I would like to propose for that Gary,
4 Indiana.

5 SECRETARY SKINNER: Well, let me take the
6 first question.

7 It's a little early to tell what
8 the reauthorization is going to look like on the
9 highway reauthorization.

10 The importance of moving forward
11 on our strategic plan is so that it's in place and so
12 that when we begin to make those decisions on
13 reauthorization we've got the proper priorities in
14 place and we can put the mechanism in place through
15 the reauthorization and possibly other expanded
16 programs to deal with that problem.

17 And I have asked -- As an aside,
18 I've asked Governor Thompson and Governor Baliles to
19 work with me and serve as -- to interface with the
20 national transportation policy task force on making
21 some of these concerns known as we move forward.

22 So I would suggest on things like
23 that, please have your transportation chiefs and
24 transportation departm nt h ads att nd thos

1 sessions, submit those ideas, but also, please,
2 submit through Jerry and through Governor Jim
3 Thompson your thoughts. They'll serve as the conduit
4 as we move forward.

5 I want to make sure that every
6 single idea that a governor has is considered
7 seriously in the next six months before we adopt that
8 policy.

9 These are the two people I've
10 asked to help; and if you want to find one of those
11 two, ask my friend Governor Orr. She can find me
12 real quick.

13 GOVERNOR BALILES: Governor Gregg of New
14 Hampshire.

15 GOVERNOR GREGG: Thank you. Parochial side,
16 the Congress about three years ago changed the
17 formula for distribution, reducing essentially
18 distribution to 41 states, increasing distribution to
19 9 states.

20 I was wondering if there was any
21 thought process going on in this plan that you're
22 developing of going back to the prior form.

23 Second question, of course when
24 President Eisenhower developed his interstate plan,

1 th r wer a lot of ag nci s that didn't xist; and
2 laying out roads was a much easier project, it
3 appeared, I suspect. The EPA wasn't in existence,
4 the corps of engineers wasn't as aggressive as it
5 was.

6 Now, most of the road problems w
7 have in New Hampshire aren't due to money; they are
8 due to the fact that we get tied up in litigation and
9 confrontation with other agencies that are not --
10 that are other federal agencies.

11 And I'm just wondering if you're
12 planning to try to develop some coordinating
13 functions, some streamlining function for
14 determination of road layouts.

15 SECRETARY SKINNER: Let me say -- I forgot
16 one of your questions. I'll get back to it. You
17 think I'm ducking it; I'm not.

18 Number one, we will look at the
19 balance between what I consider the nonmetropolitan
20 highway systems and the heavy density systems.

21 That, obviously, will come under
22 great discussion when the highway bill is
23 reauthorized. Whatever our national transportation
24 policy, that balanc s go s through on a r gular

1 basis, but it is -- w 'r going to look at it as far
2 as balance, and we do think it's important.

3 On the environmental issue, there
4 is a real problem because we require states when
5 they're building projects sometimes to go through two
6 and three environmental studies, and the state will
7 do one, and then another one has to be done. We
8 duplicate the efforts.

9 One of the things we want to look
10 at is let's find one standard for environmental
11 studies; and when you go through it, you don't have
12 to go through it two and three times. That is a
13 waste of resources and a waste of time. That will be
14 dealt with.

15 About the environmentalists and --
16 many of the lawsuits you're talking about that are
17 dealt with are private lawsuits. We've got to find a
18 way to let the environmentalists make their claims
19 but not to lay projects for an extended period of
20 time when there's really no basis for the claim.

21 We're trying to do that, and it's
22 complicated because we have all these environmental
23 studies that are quid, so, therefore you have to
24 litiag on , then you litigat another, and then you

1 litigat anoth r. W 'r trying to simplify that
2 process.

3 The airport. We do need, in my
4 opinion, a new airport in the midwest part of this
5 country. No decision has been made until the study
6 is done exactly where that airport should be located.

7 And I would suggest -- even though
8 Governor Thompson is not here, I will -- you'll make
9 sure and tell him that the state that puts together
10 an organization in an area where the airport is
11 acceptable and moves forward much the way the people
12 in Colorado have moved forward is going to have a leg
13 ahead of any other areas or states that do that.

14 So in order to build an airport in
15 this country, you've got to have an organization and
16 authority that's willing to put their neck out on the
17 line.

18 That is what the State of Colorado
19 is doing, and they're going to get some assistance
20 from the federal government.

21 The state that does this is going
22 to have a leg up. And so far, in my opinion, neither
23 state has moved forward with a vigorous plan.

24 And whil at th sam tim w will

1 continu to study that and accelerat that proc ss,
2 we do need a third airport. We've got to do
3 something about it. It will be down south of Midway
4 somewhere, and it will have to fit into the airport
5 skies currently managed.

6 GOVERNOR BALILES: Secretary, speaking of time
7 constraints, I will take the last two questions of
8 Governor Martin of North Carolina and Governor Kunin.

9 GOVERNOR MARTIN: After being in North
10 Carolina, you would think we didn't have any more
11 problems. We have doubled our highway budget in the
12 state to build an intrastate network of 3,000 miles
13 of continuous interconnected four-line, divided
14 limited access highways and urban loops; and we did
15 it without creative financing.

16 We had two major tax increases on
17 fuel and vehicles, and we're not asking for federal
18 matching on it.

19 My concern is with rail service.
20 While we're making these commitments, we see our
21 railroad system deteriorating. Passenger service was
22 lost three years ago, and every year lots of track
23 and right-of-way is being abandoned.

24 W int nd to r store int rcity

1 passeng r servic . W 'r moving to requir not the
2 nature trails, but for railroad service for freight,
3 for excursion runs that can be tourist attraction for
4 areas. We have got to figure out how to rebuild it.

5 And my question is what plans do
6 you have and what can you do to help us and guide us
7 not necessarily with your money but with ideas and
8 advice and money, if you have some?

9 SECRETARY SKINNER: That's a very good
10 question because if you go to Europe, as I've been on
11 several occasions in the last six months, you'll
12 notice that the Europeans as they move towards a
13 unified community are very, very enthusiastic in
14 doing a great deal with high speed rail.

15 They are protecting their
16 right-of-ways. They are rebuilding their
17 right-of-ways and they're moving passengers on high
18 speed rail. And that, of course, allows them also to
19 move freight on those same rail lines, in some cases
20 on high speed rail.

21 There's no question we have made a
22 decision to move most of our traffic in this country
23 by highway and by aviation and by air.

24 Th r are a great number of p opl

1 in this country that believe that passenger traffic
2 high speed rail corridors can make sense, and I think
3 you'll see the national transportation policy address
4 that.

5 And if we can believe what's going
6 on in Europe, that that technology will work in this
7 country, I think it offers a great deal of
8 alternative support for the system that will in fact
9 supplement air and highway.

10 On the issue of rail as it relates
11 to freight, primarily the policy I'm sure will call
12 for the industry and the users that use that system
13 to maintain those right-of-ways except as they're
14 used for passenger traffic.

15 But we will continue to support
16 programs that will make them safe, but I don't think
17 you can expect major investment.

18 I do suggest, however, that many
19 states have right-of-ways that are available, and
20 they are giving them back to the private sector.

21 Be very cautious if you give your
22 rail right-of-way, abandon right-of-way away. It is
23 very expensive to retain or recover once it's
24 developed; and in some cases, that makes them

1 difference.

2 So if you have a rail
3 right-of-way, and it's being abandoned, give serious
4 thought to finding ways to protect it because I
5 suggest in the 21st century those right-of-ways will
6 be of value, whether it be for freight or whether it
7 be for some kind of light rail or even some heavy
8 rail high speed passenger travel.

9 I encourage you to do so.

10 GOVERNOR BALILES: Final question, Governor
11 Kunin.

12 GOVERNOR KUNIN: Thank you, Mr. Secretary.

13 I would like to follow up on the
14 answer that you just gave to Governor Martin's
15 question.

16 This afternoon, we're going to be
17 releasing a report on global warming that the NGA was
18 a cosponsor with; and, obviously, public
19 transportation and global warming are very much
20 interconnected.

21 And my question is in addition to
22 high speed rail, what other forms of public
23 transportation do you envision not only for urban
24 ar as but also for rural areas? And is ther any

1 accounting going on within the administration of th
2 more roads we build, the more cars on the highway,
3 the more we aggravate the already existing pollution
4 problem and the threat in terms of climate change and
5 what is being done in your relationship to the
6 Environmental Protection Agency.

7 SECRETARY SKINNER: That's a very good
8 question. That reminds me that I didn't answer a
9 question on an alternative fuel taxing. Let me just
10 answer that, and I'll get to your question.

11 The alternative fuel bill's
12 component of the Clean Air Act will cause a revenue
13 loss, as the law currently stands, of about a billion
14 dollars a year in the trust fund. Now, that has to
15 be addressed.

16 It isn't addressed in the Clean
17 Air Act, so it's going to have to be addressed as
18 part of the budgetary process and some revenue
19 pressures by the office of management budget and the
20 Department of Transportation.

21 So that's an issue you should have
22 on your agenda because those trust funds will be
23 deflated by about a billion dollars a year if the
24 curr nt law stands as it relat s to exc ptions.

1 Th re ar two other things going
2 on that are important as we look at the issue of
3 global warming and the role transportation plays.

4 Number one, Jim Watkins, the
5 secretary of energy, is working, as you know, on a
6 national energy policy. That national energy policy
7 will have to interface very significantly with the
8 Environmental Protection Agency and the Department of
9 Transportation.

10 Bill Riley and I have a very good
11 working relationship, and the Department of Energy
12 and the Department of Transportation and the
13 Environmental Protection Agency and the Clean Air Act
14 are to work together, consult with each other as we
15 move forward on the implementation of the very, very
16 significant measures that are contained in the Clean
17 Air Act.

18 One of the things we'll be looking
19 at, not only from environmental reasons but pure
20 efficiency reasons is how we can move more people
21 and -- with less use of energy in a clearer
22 environment and on a more cost effective basis.

23 I have lived in Illinois -- I've
24 lived in Illinois all my lif until moving to

1 Virginia. Let me suggest that one of the things I've
2 learned in Virginia, they have what we know as HOV
3 lanes on Highway 66 and 395. Those HOV lanes are
4 very effective in getting more people in fewer cars.

5 There are many states, including
6 Illinois, that don't have them. I think that's an
7 example of what we will be doing in the area of
8 automobiles to see about encouraging -- and what the
9 federal government can do in supporting programs,
10 involving HOV lanes.

11 The other is light rail. There
12 is -- The other is the issue of mass transit. Mass
13 transit has to stay competitive as the work force
14 moves to the suburbs, but it does have a significant
15 role.

16 There is no better state than
17 California to demonstrate that, where they are now
18 after years of disinvestment in mass transit are
19 making a multibillion dollar investment in mass
20 transit. And one of the reasons they're doing that
21 is not only gridlock and congestion, but the problems
22 that the automobile creates for the environment.

23 So all of these will be addressed
24 as part of our national strategy.

1 I think n xt year when we r turn
2 to this session, hopefully we will have the answer
3 for many of those questions. It will then become
4 encumbant upon us to implement some of those
5 policies.

6 That, as I say, again, will
7 require an effort between governors, mayors, local
8 officials, legislatures and the administration as
9 well as a full support of industry working together.

10 It's a big challenge. It is
11 something I see coming together. I have never seen
12 such enthusiasm for a governmental project in 20
13 years as I have in Washington among transportation
14 interest groups on a national transportation policy.

15 I think that shows the void. I
16 think that shows the need. I think I see them now
17 talking about working with each other rather than
18 against each other. We've got to keep that energy
19 working.

20 Thank you very much.

21 GOVERNOR BALILES: Thank you, Mr. Secretary.

22 (A round of applause)

23 GOVERNOR BALILES: Thank you, Mr. Secretary,
24 for your app aranc her today, for your r marks and

1 for your r spons to our qu stions. It was an
2 impressive performance. We look forward to working
3 with you in the future.

4 I would like now to call on
5 Governor Harris of Georgia for the purpose of an
6 introduction.

7 GOVERNOR HARRIS: Mr. Chairman, I appreciate
8 the opportunity to present our next program
9 participant.

10 I think it's very appropriate that
11 our next speaker is here today to speak on the role
12 of the cities in international economy.

13 He was elected mayor of the City
14 of Atlanta almost eight years ago when Atlanta was
15 one of the largest cities in the southeast, and today
16 it's one of the top international cities in the
17 world.

18 He has drawn on the lessons that
19 he has learned, which is over 35 years of public
20 service, to help Georgia and to help Atlanta become a
21 real player in the international arena.

22 Together, we see Georgia the past
23 eight years double the number of foreign companies it
24 will hav almost 1300 and almost 85,000 G orgians

1 employed in the international arena.

2 He has been a player, and he's
3 been a leader, and we've been very grateful for that.
4 He also uses abilities in working with us in landing
5 the national democratic convention through our state
6 last year.

7 He is serving presently as the
8 chairman of the board of the Atlanta invitational
9 committee for the '96 Olympics that, as you know,
10 Atlanta has been chosen as the city to participate in
11 the selection process internationally for that event
12 of 1996, and we feel that Georgia is certainly going
13 to be a very viable player in that arena.

14 Of course, he has not only been a
15 leader in state government, but you could call him --
16 city government, but you can call him reverend or
17 pastor because he has a very deep religious
18 conviction and a very deep faith and has served
19 churches in Georgia.

20 You could call him congressman
21 because he has served as a member of Congress from
22 the State of Georgia for a number of years.

23 You could call him ambassador
24 because he was our ambassador to the United Nations

1 for a number of y ars during the Cart r
2 administration. But personally, I like to call him
3 my own special personal friend because of the working
4 relationship that we've had as he has served as mayor
5 of our largest city in the south and, of course, the
6 City of Atlanta and served as my friend during the
7 time I've been governor.

8 So join me in extending a welcome
9 to Mayor Andy Young, Mayor of the City of Atlanta,
10 Georgia.

11 (A round of applause)

12 MAYOR YOUNG: Thank you very much, Governor
13 Harris and Governor Baliles for inviting me to this
14 occasion.

15 It really gives me an opportunity
16 to say to you how much we appreciate the ground work
17 that has been laid by the governors of our nation,
18 particularly southern governors since we needed the
19 help most in the globalization of our economy.

20 One of the things that I learned
21 between my term on the banking committee of Congress
22 and my term at the United Nations was that money
23 knows no borders, money really knows no nationality
24 anymor and that we r ally ar succ eding in the

1 world insofar as w are able to globalize our
2 economies.

3 That's pretty hard for us to
4 realize sometimes. It's been relatively easy for us
5 in Atlanta because of Coca-cola, which is truly a
6 global company, and -- that plus the work that the
7 southern governors have done in promoting trade and
8 investment gives a kind of a successful cover for a
9 mayor who has an international interest.

10 If you think it's hard for
11 governors to be involved in international trade and
12 international business, you ought to think about it
13 as mayor.

14 We have absolutely no business
15 doing this as far as our constituents are concerned.
16 Our job is to pick up the garbage and fill the
17 potholes and to stay at home and mind the store. And
18 that's true. We have to do all of that.

19 But about the time I was thinking
20 about running for mayor, I read a book, "Cities and
21 the Wealth of Nations," by Dr. Jane Jacobs, and it
22 was very influential in helping me to -- well, it
23 played to my prejudices and convictions. That is,
24 that gov rnments don't r ally gen rat growth and

1 economic wealth, that you cannot plan conomic growth
2 from the top down.

3 If you could, the Soviet Union and
4 China would be doing much better than they are, that
5 essentially growth comes out of problems and problems
6 of people.

7 When people experience
8 difficulties, entrepreneurs create solutions for
9 those difficulties.

10 Then, as those difficulties
11 succeed, as you succeed in solving those difficulties
12 at a local level, other local levels call upon you to
13 come and share you experience.

14 So you have innovation leading the
15 trade in export, and that's the basis of the
16 generation of wealth in the world today, according to
17 Dr. Jacobs.

18 Looking at Atlanta and looking at
19 cities that I see, clearly, everybody in the world
20 wants what we have as the American way of life.

21 And one of the reasons why so many
22 companies are coming to this country is because we
23 have generated one of the most successful economies.

24 We don't mind sp nding mon y. W

1 enjoy lif . In ord r for a business to succ d
2 anywhere in the world, it has to succeed in these
3 United States.

4 And so we've been very successful
5 in attracting business. We've been successful in
6 bringing business from all over the world. And, as
7 Governor Harris has said, more than 1300 companies
8 from other countries in Georgia, but the figures of
9 new investment in the state -- well, in the
10 metropolitan Atlanta area are somewhere in the
11 neighborhood of \$75 billion worth of new investment
12 in the last eight years, but that grows out of just
13 what the Secretary of Transportation was talking
14 about.

15 We have great infrastructure. We
16 didn't build a new airport since 1974, but we put
17 about \$500 million in the old one. And we relocated
18 our terminal and we built additional international
19 runways so that we are -- our new airport has been
20 along with the expanded interstate system a mechanism
21 that allows us to attract all kinds of business to
22 our region.

23 But the challenge, I think, has
24 b n mor than infrastructur . For I se th

1 succ ss s in our stat not just a r sult of th big
2 cities, but the result of the personal partnership
3 between the government and the private sector.

4 Hawkinsville, Georgia is not on
5 any main interstate. Nobody has ever heard of it
6 anywhere outside of Georgia, and yet the county
7 commission chairman and the banker have formed a
8 partnership that have been attracting as much
9 business per capita to Hawkinsville as we have to
10 Atlanta.

11 They've got a direct personal
12 relationship with Finland. They attracted a plant
13 from Ireland. They have had a plant from England and
14 that public/private partnership and the personal
15 concern of the mayor and the leaders of the -- I mean
16 the county commission chairman, the leader of the
17 political unit and the leader of the economic unit,
18 seems to us in Georgia to be the kind of thing that
19 really does work.

20 People don't do business just
21 because of tax breaks and just because of industrial
22 parks and just because of infrastructure.

23 Ultimately, business grows out of
24 som personal trust and conviction. And people want

1 to know that if they'r going to mov h r , th s ar
2 people with whom they can like and with whom they can
3 work and with whom they can enjoy life.

4 So you see success, not only in
5 the Atlanta, but in Cordele and Douglasville and
6 Dublin, Georgia and Waynesville, Georgia and
7 Hawkinsville Georgia.

8 I say that about Georgia in the
9 first place because nobody would ever expect those
10 cities to have an international outreach. But at the
11 same time, you can see an Indianapolis, you can see
12 Henrisnarow (phonetic) and San Antonio -- You can see
13 almost anywhere there has been a mayor working
14 together with the private sector building a
15 partnership, going out and recruiting business that
16 they've met with significant success.

17 Of course, you governors make that
18 possible, for you have created the industry and trade
19 divisions of your states that by and large as a
20 result of your effort make the state known. But it
21 still takes somebody to sort of ride a bird on it.

22 I make it a habit whenever
23 Governor Harris sends somebody by my office or
24 when v r som body comes into th stat , I giv th m a

1 privat number that th y can call m if th y ver
2 have any difficulties, and I assign a person in my
3 administration to be their contact person to walk
4 them through all of the bureaucracy and regulations
5 and everything else they will have to deal with in
6 order to do business.

7 And I think when they feel like
8 they have that personal concern and when they feel
9 like you want them to be a part of your economy as a
10 full participant, then I think that it's with a new
11 level of confidence that people are willing to come
12 and invest in our cities and in our states.

13 But I've been more concerned here
14 lately because I really didn't think that our problem
15 was bringing business into the United States.

16 I have felt since my days on the
17 banking committee and particularly in international
18 trade that it was just unconscionable for America to
19 run a trade deficit. For everybody wants everything
20 we've got, and we've just not made a sufficient
21 effort to sell it.

22 So I was hoping by being mayor of
23 Atlanta that I could get Atlanta business to go out
24 into th world and trade. That's th one thing wher

1 I've had really limited, if any, success and only
2 just recently any success.

3 The reason I think is our economy
4 is so big and it's so comfortable that we almost have
5 to give our businesses some more security and some
6 more incentive and some more protection to go outside
7 the borders and run the risks that are a part of
8 doing business in a global economy.

9 But the money is there. Just two
10 weeks ago, the Atlanta Business League, a
11 predominantly black organization, asked me if I would
12 take them to the Caribbean. Well, that's a good way
13 to catch flak, even in the summertime. The only
14 reason you go to the Caribbean is to play tennis and
15 swim and lay in the sun.

16 Nobody still believes we did any
17 business there, but in the course of a one-week trade
18 mission, 44 businesses, about 35 of them black, and
19 therefore small in our state, signed \$134 million
20 worth of preliminary agreements.

21 I would say from the kind of
22 agreements that they signed, at least \$100 million of
23 those will be secured.

24 That was one week's effort, but it

1 was importing flow rs into Atlanta from th Caribb an
2 marketplace, it was processing fish and developing an
3 interchange with tourism, it was a young junk dealer
4 who decided that he -- there was a market in the
5 results of hurricane -- I mean the devastation in
6 Hurricane Gilbert in Jamaica.

7 You put all this together and you
8 add then -- this is all stuff that we were trying to
9 bring in from the Caribbean. But then our peanut
10 farmers and our soy bean farmers and our chicken
11 exporters and our engineers were able to go along
12 with this, and we had a kind of two-way exchange.

13 Also as a result of that, we got a
14 commitment from Air Jamaica and a beginning
15 commitment from British West Indian Airways to fly
16 more direct flights into Atlanta because they see a
17 business connection.

18 That's been one of the things that
19 I think has been our blessing, that every time we
20 have started a new air route somewhere, we've just
21 about been able to quadruple the amount of business
22 between us and wherever that place is.

23 Now, finally, I think that another
24 book that I sort of ran across was -- titl of it was

1 "Th Third Century." It is writt n by a team of
2 economists out in California that essentially are
3 saying that America has two centuries, our first two
4 centuries, and has been basically looking toward
5 Europe and almost all of our economic activity has
6 been Eurocentric.

7 With 1992 and the consolidation of
8 a European community, the United States is going to
9 have to be much more of a partner with Asia and the
10 Pacific Rim and also the developing world.

11 There are figures that indicate
12 that by the year 2000, 79 percent of the global
13 market population-wise is going to be in what we now
14 consider the developing world that is not in Europe
15 and not in Japan, but in the rest of the world that
16 needs and wants everything that we have generated as
17 the American way of life.

18 And somehow, I think finding a way
19 to direct our mayors in the direction of that market
20 has, I think, tremendous potential.

21 The mayor of Decatur, Georgia
22 happened to be in the Peace Corps in West Africa, and
23 so Decatur has a sister city relationship with Brachi
24 Nafaso (phon tic), and that's on plac in Africa

1 v n I hav nev r b en.

2 But there is a regular exchange,
3 an exchange that involves students from the
4 University of Georgia, that involves a partnership
5 with a -- the health facilities of the Center for
6 Disease Control and that ultimately when they begin
7 to develop whatever they're going to develop because
8 none of these countries are poor, these countries are
9 simply undeveloped and underdeveloped, there's
10 tremendous wealth, tremendous role material,
11 tremendous natural resource that the skills and
12 technology of the United States of America's economy
13 can participate in developing.

14 And so I think the future is there
15 for us. I don't despair, but I think that governors
16 ought to seek out partnership with the mayors and
17 give them a little more personal state.

18 One final thing. Governors can
19 budget for international travel; mayors can't. And
20 yet I think there's a good thing about that.

21 We have no money in our Atlanta
22 budget for international travel. If somebody wants
23 to go someplace, there has to be enough business
24 people who ar willing to pay th ir own way to g t

1 th airlines to give me a ticket to take them, and
2 that is basically self-sufficient.

3 It does require time, but I think
4 it's something that we're going to have to do as the
5 world becomes smaller and smaller and as our
6 constituents need more and more leadership from the
7 local level in order to keep our economy growing and
8 expanding and meeting the global challenge.

9 Thank you very much.

10 GOVERNOR BALILES: Thank you, Mr. Mayor.

11 (A round of applause)

12 GOVERNOR BALILES: Thank you, Mr. Mayor, very
13 much for your comments and observations.

14 I want to direct the first
15 question to come from Governor Ashcroft of Missouri.

16 GOVERNOR ASHCROFT: Mayor Young, thank you for
17 sharing with us the internationalization of the
18 marketplace. I think it places us in competition
19 with other industrial nations, not just in terms of
20 bridges and airports, but maybe even, more
21 importantly, with human resources.

22 In the light of our literacy
23 deficit as compared to our industrial nations, can
24 you share with us some of the -- what I consider to

1 b -- exciting things that hav happ n d in the
2 Atlanta area regarding literacy and helping people
3 gain the competitive advantage or necessity of
4 literacy as a part of the human resource package we
5 offer?

6 MAYOR YOUNG: Well, let me say that we've done
7 a lot, but -- In fact, one of the things we've done
8 was decide that we could pay overtime to city
9 employees to go in to a computer training program,
10 and we found that about 16 percent of our city
11 employees even have difficulty -- well, see, cannot
12 read in the fifth grade language -- fifth grade
13 level. So it pays us to pay them overtime to improve
14 their reading skills.

15 And because IBM has a big regional
16 operation there in Atlanta, we've used their program.

17 We have a series of computers, and
18 there's no stigma incoming to computer training after
19 work; but we also give them overtime for those hours
20 because we found that people -- it was costing us so
21 much money -- people who have brains that do have
22 skills who've moved up in decision-making positions,
23 particularly in public works and water and pollution
24 control where th best work r g ts to b th best

1 and -- nobody ever realized that he couldn't ven
2 read.

3 So that's one of the things we've
4 been doing.

5 I laugh because -- I smile because
6 I really don't necessarily -- I mean I agree that
7 we've got to do everything on education and literacy,
8 but the competitiveness in science is one thing, the
9 competitiveness in entrepreneurship is another thing.

10 The people who are making a lot of
11 money and who are most courageous in Atlanta weren't
12 necessarily good students. And so while I want to
13 have good students, I don't want us to figure that we
14 can't compete until we get good students.

15 I doubt that Ted Turner made a
16 whole lot of A's, and yet he has globalized the
17 media.

18 And just on -- I mean that
19 American tenacity that says I'm going to do it my way
20 and it doesn't matter what the rules are and what the
21 world says, so we -- that kind of entrepreneurial
22 spirit is what I think we can identify at the local
23 level, and push -- well, push trade.

24 GOVERNOR BALILES: Next question from Gov rnor

1 Sinn r of North Dakota.

2 GOVERNOR SINNER: Mayor, thank you for being
3 here. That was a very estute observation you just
4 made. I think we all need to remember that.

5 We've got a terrible industry
6 going on in the collection of sales tax by
7 out-of-state direct sellers. It puts our main street
8 merchants at such an incredible disadvantage, and
9 getting that problem corrected in Congress is going
10 to be a very difficult task because there's a lot of
11 money being spent to preserve the advantage.

12 We need every ounce of energy we
13 can get from the -- from mayors, and I -- I guess my
14 question to you is can you help us generate a very
15 active role in the mayors because we absolutely have
16 to have that help.

17 MAYOR YOUNG: I would really appreciate doing
18 that. I actually tried to do that.

19 A lot of the things that came out
20 of Ways and Means on tax exempt bonds and things like
21 that really crippled our potential as mayors.

22 The problem was the Congress was
23 after the investment bankers and the bond lawyers,
24 and th y t nd to r spond to who th y s .

1 I think we do hav to g t mor
2 mayors and more governors involved, particularly with
3 the Ways and Means Committee on tax questions.

4 GOVERNOR BALILES: Any other questions?

5 Governor Celeste of Ohio. Final
6 question.

7 GOVERNOR CELESTE: Mr. Chairman, Mayor Young,
8 you alluded to the difficulty sometimes of a mayor
9 explaining to constituents about the importance of
10 being involved and the development of international
11 business both ways.

12 Tomorrow we're going to have an
13 opportunity to talk about the press's role in our
14 relationships beyond our borders.

15 I wonder if you've done anything
16 specifically with the media in the Atlanta area to
17 really underscore with them, to educate them about
18 the importance of your role as governor, as mayor --
19 governors' role in this arena so that they don't see
20 as us introducing something that is simply
21 Washington's province.

22 How do we convey -- How do we
23 educate the press?

24 MAYOR YOUNG: W ll, on of the things that

1 I've tried to do before each trade mission, explain
2 to them what I'm going to do and invite them to send
3 somebody along.

4 And once they come along and
5 realize that it's not a picnic and, you know, and
6 when they get back, they're wiped out and they took
7 the week off and you go on back to work the next
8 morning, and finally they begin to see that this is
9 not a vacation; that this is probably a very
10 important part of the role of an elected official in
11 today's economy.

12 (A round of applause)

13 GOVERNOR BALILES: Thank you, Mr. Mayor.

14 Mayor, we are grateful to you for
15 your presence here and for your remarks, for your
16 contributions to the strengthening of international
17 trade at all levels of government.

18 Ladies and gentlemen, as you know,
19 one-half of our task force reports focused on
20 projects and programs of policies within our borders
21 that can strengthen our international competitive
22 abilities.

23 I'm going to ask for brief reports
24 on those three projects as focusing on within our

1 bord rs.

2 First, Governor Jim Thompson of
3 Illinois's presentation for the transportation
4 infrastructure report.

5 GOVERNOR THOMPSON: Thank you, Mr. Chairman.

6 Mr. Chairman, I've been presenting
7 things to this association now for 13 years, and I've
8 never felt more that I was preaching to the choir
9 than this morning.

10 I think the most effective
11 preaching will be short. If you all take a look at
12 Page 8 of the task force report, quotation by David
13 Ashower (phonetic), who is a senior economist in the
14 Chicago Federal Reserve Bank -- he testified at our
15 first hearing in Chicago -- it says it all.

16 A root cause of the decline in the
17 competitive position of the United States in the
18 international economy may be found in the low rate at
19 which our country has chosen to add to its stock of
20 highways, port facilities, airports and other
21 facilities which aid in the production and
22 distribution of goods and services.

23 Not only must our education be
24 competitive as we reach for the next century, but our

1 transportation facilities must be competitive and in
2 first-rate condition as well with no sector
3 neglected, no parts of our states left behind.

4 We ought to take that quotation
5 and send it to every member of Congress to make them
6 understand, every member of the general assembly of
7 your states to make them understand, every mayor to
8 make them understand, every county official to make
9 them understand nothing is more important than being
10 able to move people and goods efficiently in today's
11 competitive economy.

12 If you will just take the time,
13 Governors, over the next several days to read the
14 forward, it tells you what we found out and what we
15 really need to do together.

16 First, there has to be a much
17 greater emphasis on combining your transportation and
18 your economic development efforts within your states
19 and your regions.

20 Transportation departments and
21 economic development departments can't go off in
22 different directions.

23 A number of states have already
24 been doing that. Build Illinois loan hops that and,

1 for xample, Iowa's Rise Program and I'm sure each
2 state here has one example that they can point to or
3 more.

4 We need a renewed call from the
5 governors' offices to your transportation planning
6 and economic development departments to say, hey, new
7 infrastructure must serve both purposes.

8 There needs to be a demonstrated
9 economic return for capital investment. We need to
10 do much more in planning for our infrastructure
11 because it's gotten enormously expensive and gets
12 pinched up against other needs.

13 I suggest we need to do much more
14 regional planning between states because many of us
15 have bi-state economics and the key to the success of
16 those bi-state economics is regional transportation
17 planning as well as regional transportation
18 investment and infrastructure.

19 We need to explore every
20 conceivable financing option because, as Mayor Young
21 has said, the Congress has cut back a little bit on
22 our ability, especially on our ability to do projects
23 which have both a public and private purpose.

24 W need to go back to Congr ss on

1 that issue.

2 There are all sorts of things that
3 we can be doing in the meantime to find new resources
4 to strengthen our infrastructure, including looking
5 at an expanding role for private sector investment in
6 what were considered to be entirely public purposes,
7 especially at a neighborhood level.

8 We need, as Secretary Skinner
9 suggested, to get about the task as being as
10 infrastructure as our European and Pacific Rim
11 competitors in transportation.

12 Compared to some European efforts,
13 some Japanese efforts, we're still horse and buggy in
14 the United States, and we can't afford that horse and
15 buggy any longer.

16 All of us must do a greater job in
17 getting our public to understand they get what they
18 pay for in transportation. In fact, currently,
19 they're getting in most states a great deal more than
20 they're paying for. And that's a tough proposition
21 for all of us.

22 But if we need to educate our
23 public on one fact, it's how important the
24 transportation is to our job and our conomy. It is

1 just not the road that single person takes to and
2 from work, nice smooth pavement in front of his
3 house. It is a critical lifeblood of our
4 transportation systems and our state economic
5 development policies.

6 I would like to express my thanks
7 to the hard working members of my task force,
8 Governor Martinez, Branstad, Goldschmidt, Governor
9 Casey, and our, chairman elect, express my thanks to
10 you for entrusting me with this task.

11 You will be sure that I will be
12 available to follow up with the administration, with
13 the secretary and with the Congress.

14 Thank you very much.

15 GOVERNOR BALILES: Thank you. I'm convinced
16 that this report --

17 (A round of applause)

18 GOVERNOR BALILES: I'm convinced that this
19 report will be the flight plan, the road map of
20 transportation improvements in this country for years
21 to come.

22 Next report, Governor Blanchard
23 for a report on domestic markets.

24 GOVERNOR BLANCHARD: Thank you, Mr. Chairman.

1 With all th focus on
2 international trade, reverse investment, it is wise
3 for us to remember that the world's largest market is
4 indeed our domestic market.

5 And, in fact, today, every
6 American dollar spent is spent about twenty-seven
7 cents on imports, and that sum has almost doubled in
8 the last ten years.

9 States cannot afford to stand on
10 the sideline while businesses and jobs, millions in
11 some cases, are lost. Whole industries have been
12 wiped out by the inability to compete; and,
13 obviously, this is a direct threat to our survival.
14 And any intelligent state economic development policy
15 has to focus on domestic markets.

16 Now, we at this task force issued
17 our report on June 29. We made three broad
18 conclusions about any successful effort to regain our
19 economic leadership domestically and about the role
20 of government in that effort.

21 First conclusion was that
22 international economy, U.S. industries which have a
23 comparative advantage are key to achieving a rise in
24 th standard of living.

1 Ther will be no way w can cut
2 wages and costs continually to compete with certain
3 areas of the world only, obviously by using the
4 latest, the latest technologies and skilled workers,
5 skilled workers, a theme that runs from everything
6 we're doing to create new products or new services or
7 by improving a quality of the goods or services we
8 provide can we reclaim old markets or build new ones.

9 The United States must again
10 become a high tech, high skilled producer if we're
11 able to create the areas of comparative advantage
12 that can fuel a rising standard of living.

13 Secondly, the conclusion is that
14 our businesses require a competitive enterprise
15 system if they are to succeed against foreign
16 competition.

17 That involves everything from the
18 traditional items of infrastructure to helping with
19 new technologies, productive capabilities of the
20 local work force to competitively priced capital, to
21 adequate human investments systems.

22 The third broad conclusion is that
23 the role of government in business development has
24 be n alter d as stat s have mov d to ensur th

1 xist nc of an enterpris syst m that allows
2 companies and people to use the new technologies and
3 skills to compete.

4 If I would leave you with
5 anything, it is the overwhelming conclusion that the
6 great debate in Washington over whether governments
7 presume a laissez faire policy with regard to
8 economic development or some sort of highly intricate
9 industrial policy is totally relevant.

10 In practice at the state level,
11 states are already a very active catalyst, and the
12 examples have nothing to do with laissez fairism or
13 industrial policy. They are very practical, highly
14 coordinated systems of economic development working
15 with the private sector.

16 In fact, state governments have
17 shown the leadership to be a broker and a catalyst in
18 almost every area of economic endeavor.

19 Instead of ignoring the lack of
20 technology and research capacity, we're trying to
21 remedy the problem exclusively with massive infusions
22 in public funds.

23 States are trying to promote new
24 relationships betw n busin sses and univ rsiti s.

1 Almost v ry singl gov rnm nt has initiativ s
2 involving universities, research centers, businesses,
3 transfer of technologies and other practical ways of
4 trying to bring about new processes, new technologies
5 and new systems to the marketplace faster so we can
6 win the global competition.

7 Instead of disregarding growing
8 skill gaps -- and we do have a skill gap in America,
9 absolutely, clear-cut, obvious -- instead of
10 disregarding the growing skill gap that threatens the
11 capability of local industries and businesses to
12 introduce new technologies, we're trying to remedy
13 that problem with huge business subsidies.

14 States are encouraging again
15 partnerships between community colleges, the public
16 school system, training centers and businesses to
17 upgrade the skills, to modify the curriculum, to
18 change teaching techniques, to better prepare the
19 current and our future workers.

20 And bear in mind, again, this is a
21 threat to Buddy Roemer's comments earlier or Alan
22 Greenspan yesterday or Alan Young today or the
23 President, the reality is brain power, not brawn
24 power is the k y to economic succ ss both in America

1 and around th world.

2 Indeed, 80 percent of our
3 current -- 80 percent of the work force in the year
4 2000 is already out there. So retraining the
5 existing work force is critical.

6 When I say work force, I mean
7 managers, executives, scientists, not just workers in
8 some traditional industry.

9 And also, instead of accepting a
10 lack of innovation capital, again, states have moved
11 to remedy the problem by finding new public agency to
12 provide capital for venture capital, risk capital,
13 all sorts of ways to treat with new financial
14 institutions.

15 Now in this report -- I would just
16 refer you to Page 20. It is not an exhaustive index
17 of state programs, but it does summarize many of the
18 very, very successful and effective initiatives by
19 governors, by states, in concert with the private
20 sector to upgrade our skills, provide greater access
21 to capital, to provide a greater regulatory framework
22 and to helping accelerate the move toward new
23 technologies and essentially to a quality, a quality
24 efforts of work rs and products and s rvic s to

1 regain domestic markets.

2 So I commend those last two pages
3 to either look at what's going on -- Feel free to
4 borrow them. You've all helped create initiatives.
5 You ought to be ready to borrow them and implement
6 them.

7 I can say that it is clear that
8 the states have been laboratories for democracy in
9 the area of economic development and domestic markets
10 and you should be proud of that.

11 I would also like to thank
12 Governor Ashcroft, Governor Schaefer and Governor
13 Tommy Thompson for their cooperation and assistance
14 and certainly their staffs and NGA staff.

15 We appreciate your effort, your
16 support; and we would like to congratulate all of you
17 for aggressive efforts in your state. We hope you
18 keep it up and we continue to borrow from each
19 other.

20 Thank you.

21 GOVERNOR BALILES: Thank you, Jim.

22 (A round of applause)

23 GOVERNOR BALILES: Ladies and gentlemen, I
24 would suggest that this report produced by Governor

1 Blanchard's task force is reported because it does
2 more than suggest a strategy for recapturing lost
3 markets here at home; it also outlines a series of
4 steps that can be pursued and should be pursued
5 within our states.

6 Finally, I would -- task force on
7 children, our report for us for the future.

8 GOVERNOR CLINTON: Thank you very much, Mr.
9 Chairman.

10 I will be brief because you were
11 kind enough to give this task force a major portion
12 of the plenary back in February, and our report was
13 the first one released in Little Rock in early
14 February.

15 I would like to thank Governor
16 Castle, Governor DiPrete and Governor Kunin for
17 serving.

18 I would like to especially thank
19 Governor Casey for sponsoring a teleconference with
20 me in April in Pennsylvania entitled Caring For
21 Children, which was participated in by 37 states.

22 The only points I want to make and
23 remark in view of the report, which is before you on
24 our desks, that our country is deficient in the

1 development f our human r sources in two major
2 respects.

3 The first relates to, in large
4 measure, to education; and that is that our high
5 school graduates are not really competitive in any of
6 the critically important academic areas as their
7 counterparts in other countries. Eventually, that
8 will make us poorer.

9 In the 1980s, you can see that
10 because college high school graduates and high school
11 dropouts in the work force in the 1980s actually had
12 a decline in earnings.

13 Second big problem we've got and
14 one which we addressed most of our concern in this
15 report is that a lot of our kids never even get to
16 the point where they're taking and losing those
17 competitive exams in high school because we have a
18 dropout rate and a child rearing failure rate that is
19 twice as great or more than any of the countries with
20 which we are in competition for the future
21 leadership.

22 The key items in this report are
23 those recommending high priority for prevention,
24 b tter us of xisting r sourc s by breaking down the

1 barri rs b tw en various gov rnmental departments and
2 agencies, more prenatal care, more well child care,
3 more child care that is affordable and tied more to
4 education programs for preschoolers and a special
5 emphasis on the needs of young teenagers, both in
6 terms of health care and health education and in
7 terms of constructive community involvement.

8 In that connection, I would
9 strongly recommend to all the governors reading the
10 very important and recently issued commission report
11 on adolescents.

12 Governor Kean and I were
13 privileged to serve on that commission, but the work
14 was done by a group of very creative and committed
15 staff people and other commission members to whom I
16 give all the credit; but I hope you will all do
17 that.

18 And, finally, let me urge all the
19 governors to participate and make the grade project
20 this fall which will focus on town summits being set
21 up across the country to address youth issues.

22 I hope that the President's
23 announcement of the education summit today will also
24 k ep th s r lat d issues high on th agenda of v ry

1 stat in the country and that the task force on
2 children will make the contribution to America's
3 transition that you hope.

4 Chairman Baliles, thank you very
5 much.

6 (A round of applause)

7 GOVERNOR BALILES: Thank you, Governor
8 Clinton.

9 As you know, the report of
10 Governor Clinton's task force has already received a
11 great deal of national attention.

12 The suggestions that are outlined
13 in that report consist of recommendations from
14 governors all over this nation representing our hopes
15 of the future.

16 I'm very grateful to him and to
17 the other task force chairmen and committee members.

18 Ladies and gentlemen, there are
19 committee meetings this afternoon on transportation,
20 commerce and communications, on economic development
21 and technological innovation, on energy and the
22 environment and special session on education.

23 Some of those meetings will begin
24 immediat ly upon adjournm nt.

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If th r is no oth r busin ss, I
declare this meeting adjourned.

(Whereupon, which were all the
proceedings had in the plenary
session on this date)

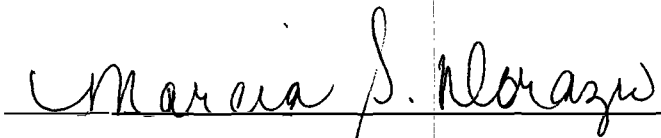
* * *

1 STATE OF ILLINOIS)
2) ss:
COUNTY OF C O O K)

3 MARCIA S. DORAZIO, being first duly sworn,
4 deposes and says that she is a shorthand reporter in
5 Cook County, Illinois, and reporting proceedings in
6 said County:

7 That she reported in shorthand and
8 thereafter transcribed the foregoing transcript:

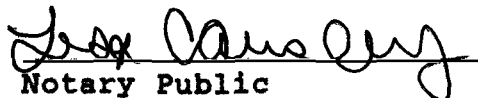
9 That the within and foregoing transcript is
10 true, accurate and complete and contains all the
11 proceedings had at this time.

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18 Notary Public

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21 of August, A.D., 1989.

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