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
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151 East Wacker Drive, Grand Ballroom C/D South,
East Tower, on the 1st day of August, 1989.
GOVERNOR BALILES: Ladies and gentlemen, I would like to call this session to order.

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

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

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

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

The first half of the 19th century, William Ogden was Chicago's mayor and a leading businessman as well. He, like Governor Thompson today, understood the link between transportation and commercial growth.
Morovr, Ogden was not on for waiting on others to do the job. He saw the potential for developing trade through exports. As Ogden put it, exporters could pave the way for wholesalers to make this city greater, and he knew what he was talking about.

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

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

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

By 1854, Chicago had received six major rail lines in six years. And now connected to the east and west, north and south, Chicago is on its way to becoming the national railroad center.
Ev nually, by 1912, 32 main
lines came into Chicago, with a total of more than
100,000 miles of track.

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

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

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

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

Ladies and gentlemen, in a world
of increasing economic interdependence, it is the
need to renew that Chicago spirit, that commitment
to overcoming th chal eng s of today for th
success of tomorrow that the governors have sought to convey during the past year concluding with this meeting in Chicago.

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

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

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

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

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

America is in transition, and the
shap and substance of what we may become is not yet known; but the time to act the building part has arrived.

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

Now it is my pleasure to introduce a special guest.

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

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

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

Two months ago, Chinese soldiers moved into Tiananmen Square, crushing a democratic demonstration and painfully reminding us of the
ultimate price that people are prepared to pay to be free.

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

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

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

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

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

In the tradition of Edward R. Murrow, he is a journalist who knows the difference.
betw n n ws and ent rtainm nt.

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

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

(A round of applause)

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

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

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

While those of us who went there know it to be the Harvard of our part of the world, we are aware that people this far north never heard of th damn plac.
It is always a pleasure to sit in a room full of distinguished people and hear yourself and them regale over the highlights of your career, accentuating the positive and eliminating the negative; and I really appreciate that, Governor.

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

The fact that I happen to anchor a newscast does not make me an expert on anything. And I've made my mistakes, Lord have I ever, many of them over the years, enough to convince me that I ought to keep in mind something Winston Churchill once said.

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

Governor, I know you're aware that something akin to that probably applies to me, and that makes me doubly appreciative of the
opportunity to come here and speak.

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

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

Let me try.

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

But one thing, unlike members of the House and Senate in Washington, you have to liv
in the same state with the same people whose lives are affected by your decisions.

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

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

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

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

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

As Dr. Henry Kissinger once said in another context, that has the advantage of being true.
Now, I'm keenly aware that as I begin to talk about our increasingly interdependent world, interdependent world and about our need to understand what lies beyond our borders that we're coming to up one of the deadlines set by the mad men in the Middle East.

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

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

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

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

CBS News is preparing a special
two-hour broadcast titled "A N w 48 hours on Crack Street." That will be broadcast in early September.

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

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

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

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

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

Now, also intertwined with the question of what our economic chances are in the n w
world order is how do we improve race relations and do we.

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

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

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

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

Until and unless we do something about the perils of drugs and race relations, discussions about America's place in the new, more competitive and more independent world risk
becoming empty and meaningless.

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

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

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

Time and space have shrunk. A cyclone of change flows.
The information revolution is on cause, but I want to tell you that I think in many ways it may be overrated, overestimated. It certainly is not the only cause.

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

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

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

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

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

Now, the American press bears a heavy responsibility for our shortcomings in this
area of understanding and adjusting to the new world changes.

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

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

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

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

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

From the White House to the state house to the school house to the living rooms to our bedrooms and right on down to the newsroom, we need new thinking.
Nev r mind Glastnost or th
Russians. We need reform, restructuring and new
thinking. Without it, this country cannot preserve,
will not deserve being a leader in the new
interdependent world community.

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

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

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

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

And those of you who have read
th task force r pors and r ad public opinion polls
Every world traveler reporter has witnessed such incidents firsthand and has shuttered.

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

And this is especially true in the United States.

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

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

The situation is subjecting
Have you noticed, especially in the new emerging economic powers of Japan and Germany?

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

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

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

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

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

If a person asks three
languages he is trilingual. The person who speaks two languages is bililingual. What do you call a person who speaks only one language? An American.

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

We are truly a nation of many.

Now, is it possible we can be so ignorant of where we came from?

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

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

I would like to think we can all agr that w've got a probl m, ignorance of foreign
languages, foreign customs, history and v n th
geography of our economic competitors.

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

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

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

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

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

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

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

On the other hand, I keep
r minding myself that amateurs built th arc,
professionals built the "Titanic."

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

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

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

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

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

In Japan, they pay a teacher more than they pay an engineer. Especially teachers in preschool and elementary school, is my personal opinion, we've got to find a way to pay teachers better because, after all, they deal with th
foundation, the whole foundation of the economic house.

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

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

You've heard all of those things.

Let me say to you, I agree with you.

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

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

This, I believe, we -- most of us in the press and you -- those of you in government,
perhaps can best help you, the states, come to grips with the realities of the new interdependent global community by placing especially heavy emphasis on the teaching of geography, world history and languages in our schools, in our newspaper and magazines and on radio and television.

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

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

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

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

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

Broadcast rs, all of us, talk a
lot about freedom of the press and regulation.

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

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

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

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

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

As Churchill once said, they want
to do the right thing. And you can make a
difference.

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

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

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

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

Very soon -- and you are the
first to to hear about this; I'm going to give you a
little exclusive here, so you may not recognize --
we're going to try on the CBS Evening News a whole
new service of graphics; that is, try to do this,
put the location of stories on the screen into
better overall geographical context.

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

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

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

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

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

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

Point here is that my projection
can do more with small and large st ps to ncourag
more learning about geography, world history and foreign languages; and we can do a lot more to take more responsibility for public service and to remember more often that the airways belong to the people of the United States, not just to a few of us.

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

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

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

You who already have the toughest job in American politics have got to take the lead in convincing the President and the Congress that
The present approach to education policy is a mess and needs immediate overhaul and that the present approach to federal budget deficit is an Alice in Wonderland fantasy.

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

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

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

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

Such is not our tradition. It is quintessentially American.

It is considered quaint overseas. It is quintessentially American to believe that all problems are solvable. I was taught to believe that
and believe it. You were taught to believe it, and you believe it.

Let the world continue to insist that belief is an American delusion, a mark of immaturity, naivety.

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

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

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

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

I think it has to do with the fact that while we can't always articulate it, that we do believe in optimism and idealism in this
country, and we do know d p within ours lv s it's a great strength.

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

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

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

Air France opened this office, and they were pleased with the work they were getting, a lot of hard-working T xans wer in th re,
including some of our hard working people.

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

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

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

(Laughter)

MR. RATHER: Thank you very much.

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

(A round of applause)

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

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

Our first comes from Governor Mabus of Mississippi.
GOVERNOR MABUS: Mr. Rather, I want to tell you how much I appreciate -- and I know everybody around this table appreciates -- what you said about governors and the jobs that we face and how that is in contrast to those in Washington.

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

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

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

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

MR. RATHER: It is a good question, and I
haven't an answer. None of them are going to be very satisfactory to you.

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

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

One, it's easy.

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

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

But another of the reasons -- to answer your question why aren't more people talked to; why isn't a broader spectrum addressed on these questions -- one is it's easier to do it the way you described. Two, it's cheaper. And, three --
there's no pride in saying this -- that in a lot of ways, in a lot of ways, we're gutless; that we're afraid to risk.

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

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

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

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

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

We can do better. We ought to do better.
GOVERNOR BALILES: Governor McK ran of Maine.

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

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

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

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

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

How would you suggest we get that word out through CBS News and other outl ts?
MR. RATHER: Well, first of all, about
singing to the choir, I agree, singing on the same
page here.

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

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

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

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

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

GOVERNOR BALILES: Governor Kean of New Jersey.

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

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

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

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

MR. RATHER: Well, yes, again the heading of frequently in error, never in doubt on this.
I think we have found some things that work. This is not an all-inclusive list.

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

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

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

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

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

One of the ways the world has changed is that you have to know a whole lot more younger now than you ever did. That's one of the things that works.
Another thing that works is keeping the heat on; that the hammering down with drug enforcement has paid some debt dividends.

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

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

Now, that works some.

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

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

The idea that there are more policemen guarding the subways in New York than there are DEA agents worldwide does not exactly send out a signal to drug traffickers that we're serious about war on drugs.
You say what works? What works is backing up what you say.

And, you know, old testament says let your ayes be ayes and nays be nays.

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

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

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

These things are working.

GOVERNOR BALILES: Governor Clinton of Arkansas.

GOVERNOR CLINTON: Mr. Rather, thank you very much. I enjoyed not only your speech, but the
I would like to go back to the question Governor McKernan asked and try to put it more sharply.

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

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

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

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

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

At home, there have been some recent press stories here about how people are getting more from education and stating they want to
talk about something else.

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

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

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

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

And I said A; I'd give him an A.

And he said well, God, this boring, isn't it? I mean aren't people bored with this? Does anybody really care about this? I mean there's no real headlines here.

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

There has been a lot of that sort
of nobody shocked themselves at this meeting so it really wasn't very important.

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

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

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

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

Let me say in good spirit I appreciate the question.

Most of the time, I'm looking for advice, and I generally do my best to try not to give any.
I also try not to fall into the trap. Russell Baker, you haven't read his new book "The Best of Time," he reminds all of us who are reporters it is a trap if you're a reporter and you begin to believe that you're a player, you want to be a player.

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

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

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

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

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

We have 22 and a half minutes, 22 minutes now -- we had another commercial added not long ago.
We have 22 minutes every night on the evening news trying to sort out and trying to state it clearly and directly and understandably.

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

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

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

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

W talked about education. I was
mind of Miss Simmons who was our elementary school principal at Love School Elementary.

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

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

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

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

GOVERNOR BALILES: Governor Sinner of North Carolina.

GOVERNOR SINNER: Mr. Rath, I tried to be
a good governor -- I try to be a good governor, as everybody around this table does. We work hard. We don't apologize to anybody. We work damn hard, and like you, we make mistakes.

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

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

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

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

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

There's an old Chinese proverb that says he who slings mud loses ground, and I fear that as our campaigns go mor and more dirtily b as
w all sling mud the nation los s ground.

The question is can you help us.

Will you blast us editorially and forcefully and
regularly when we are part of these kind of
campaigns, and will you do the same to others?

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

(A round of applause)

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

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

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

Let's don't kid one another.

Lately, a lot of elections have been won by the sort
of thing you described. I think it'll turn. I
think it may turn pretty quickly.

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

But as long as it works, and
perhaps more importantly, as long as it's believed that it wins there are going to be a lot of people trying.

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

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

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

I do think we have a responsibility and we can do a better job of, for example, when the facts do not match the rhetoric of pointing it out and not the next day or the next week, but pointing it out at the same time that you play, you broadcast or you write about the attack.
But I'm not going to kid you.

I'll admit with you the problem.

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

I think, Governor, better take one more.

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

GOVERNOR BLANCHARD: Thank you, Governor Baliles.

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

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

To the extent that good leadership is important to bring a greater awareness to more Americans in international relations, geography, history, what we need to know to be
I am not going to ask you that question. We'll assume that's correct. But there are a whole thousands and thousands of other people who run for public office that hold public office that work in local television and radio stations and newspapers.

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

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

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

Higher on both counts.

Now, those who know me will --
and Governor Clements is here; I see him next to
you -- knows full well it may depend on where you
are.

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

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

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

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

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

I think the answer is yes on both
counts, but there is a tendency not to use one's
intelligence, not to use one's instincts as well as
perhaps those who practice journalism and/or public
service once did because the tendency now is to get
This is true in journalism as well. It's true of a local anchorman.

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

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

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

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

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

I don't think it's leadership to poll v ry night or v ry hour and look at th
polls and say, what do your polls say? Okay.
That's where I'm going to go or, if among other
things, it doesn't work, you can always say that's
what the polls say.

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

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

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

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

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

GOVERNOR CELESTE: Thank you very much.

You mentioned that we're in need
of a new thinking and restructure, and then you made a comment in response to one of the questions that you wanted to be real clear that you are a reporter and you're not a player.

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

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

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

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

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

Do you see that there is an opportunity to do more in the way of special reports that are not driven by what happened in the Middle
East yesterday but are driven by the work of governors in developing an American transition?

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

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

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

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

And if one isn't careful, being there as an observer, the next thing you know you begin to think to yourself well, you know, I've seen these guys come and go; I can do it better than this guy can do it, or I've been around a bit and I think I have a solution to all these problems.
Now, it's very difficult for a reporter, particularly one who's had some success. I define that not to fall in that trap. That's what I meant by being a player. I didn't mean it was not being a reporter.

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

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

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

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

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

Now, it's already happening some that we're diffusing som , as w're g tting out a
little more, a little more away from the Washington syndrome.

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

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

One, accessibility is a key.

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

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

I don't think there is any substitute for it. If you've got a message to get through, something you really believe in, it may get discouraging, but you keep on giving that straight talk, it's going to get through.
I do believe in speaking up to local station managers and owners, news directors and on-the-air talent.

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

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

I guess this is a way it can be solved.

I think the power of governorship in a way akin to the power of the presidency in that the principal power of the governorship as with the press is the power to persuade.

And if you believe in it, you could persuade people in my position, people at local stations in Ohio or anywhere else to provide the kind of coverage that you think is necessary to giving people the kind of information they need to
make th d cisions, including thos big decisions on how we make ourselves more competitive in the world.

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

Thank you.

(A round of applause)

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

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

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

At the same time, it has reintroduced us to som old fri nds.
This July issue of France, for example, was one of its best. For more than a century, this society has seen our nation grow in size and stature and responsibility, have seen the growth of an education system that does not meet the needs of an American transition.

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

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

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

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

He has established an education foundation to help fund those alliances.
G ographic Summer Institut for Teachers. The enthusiasm generated by the institute is spread by those teachers throughout the state.

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

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

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

The National Governors' Association has made international education a high priority. And with Gil Grosvenor's help, we have made a different source for his dedication to improving our education system, for his tiring efforts on behalf of the governors' agenda, for his commitment of the resources of the National
Geographic Society, to the teachers and students of our nation, and it gives me great pleasure on behalf of National Governors' Association to give the chairman's award to Gilbert M. Grosvenor.

(A round of applause)

MR. GROSVENOR: Thank you very much, Governor.

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

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

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

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

I had the privilege to participate in that. And as a result of his cornerstone competition in which he stressed geography, international studies and foreign
languages, we were off and running.

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

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

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

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

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

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

And I'm confident that we'll make our ten-year goal of bringing American youth up to world par on the knowledge of geography.
Thank you very much.

(A round of applause)

GOVERNOR BALILES: Thank you Mr. Grosvenor.

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

In addition, there is one suspension.

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

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

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

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

Will the committee chairs please move the adoption of their policies?
And we'll begin with Governor Sinner, chairman of the Committee on Agriculture and World Development.

GOVERNOR SINNER: Thank you, Mr. Chairman.

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

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

Those are amendments.

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

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

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

It is important that you know
that there are three areas in the study mod for our next meeting. One deals with wet lands.

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

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

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

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

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

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

GOVERNOR BALILES: Is there a second?

A VOICE: Second.

GOVERNOR BALILES: Any discussion?

(No response)

GOVERNOR BALILES: All in favor for the motion, say aye.
(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
jobs r t ntion as an important element of the policy.

And I so move.

GOVERNOR BALILES: Is there a second?

GOVERNOR CELESTE: Second.

GOVERNOR BALILES: There has been a second.

Any discussion?

(No response)

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

(A chorus of ayes)

GOVERNOR BALILES: Any opposed?

(No response)

GOVERNOR BALILES: Motion carries.

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

GOVERNOR KUNIN: Yes, Mr. Chairman.

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

The first one is D17, which relates to hazardous waste movement for the assurance. The super fund amounts mentioned in 1986
quire states to provide that the administrator of EPA assures that we have the capacity to manage hazardous waste either within the state or through an agreement to dispose the waste in another state.

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

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

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

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

GOVERNOR KUNIN: Right.

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

GOVERNOR KUNIN: Go back to D17? Fine.

The next on, D35, is a simpl
change in policy that allows the use of railroad
right-of-ways for recreational activities such as
trails and parks and biking.

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

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

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

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

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

And this amendment demands that
the government develop a response plan that oil shippers and oil companies also greatly improve their response capabilities in the event of a spill.

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

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

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

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

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

A VOICE: Second.

GOVERNOR BALILES: Any discussion?

(No response)

GOVERNOR BALILES: Governor Diprete.

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

I would like to commend Governor Kunin and also Governor Schaefer for their leadership activity, specifically as respects the ocean coastal and Great Lakes protection policy.
Governor Kunin for his leadership, but specifically Governor Schaefer for helping to organize a recent meeting in Washington, D.C. along with Senator Mitchell of Maine.

That was attended by several of the governors here.

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

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

GOVERNOR BALILES: Thank you, Governor.

Any other discussion of the motion?

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

(A chorus of ays)
GOVERNOR BALILES: Any oppose d?

(No response)

GOVERNOR BALILES: Motion carries.

We now have separated from the

block D17.

Recognizing Governor Campbell.

GOVERNOR CAMPBELL: Thank you, Mr. Chairman.

I want to speak against D17. I

think it's inconsistent with a general policy that

we have on the handling of hazardous waste.

If you read our long-standing

policy, we're calling on others to do all of these

things, federal government to do things, and yet

what we're saying that we aren't willing to meet the

deadline to take action ourselves.

Now, many states have met a
deadline. All of us, all of us, are responsible for

the creation of hazardous waste, but unfortunately

politically in the states it's difficult in the

legislatures to vote, to try to handle your own

hazardous waste or to work with other states where

you carry your share of the burden.

I think that if you slip a date,

number, you're giving political cover to th
legislatures who will vote not to cite something.

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

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

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

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

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

Each state does contribute. What I'm hoping is that the states which have not done so
will take the steps to go ahead and qualify by October the 17th, either by contract or by action in their own states.

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

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

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

GOVERNOR BALILES: Thank you, Governor.

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

It's not an attempt, sir, it wouldn't be an attempt to relieve any state of any
r responsibility plan for waste disposal.

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

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

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

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

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

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

GOVERNOR BALILES: Governor Hunt of Alabama.
GOVERNOR HUNT: Mr. Chairman, Alabama, are told, has the largest commercial hazardous waste dump, and we've done this for several years. Greatest controversy in my state.

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

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

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

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

I know Governor Campbell and myself are working with several of the southern governors and even within their legislators. There would not have been the attempts to work with us had...
x cutive order and stood in the media, the medium not having a place to put their hazardous waste.

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

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

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

GOVERNOR BALILES: Governor O'Neill of Connecticut.
GOVERNOR O'NEILL: Thank you, Mr. Chairman.
I'm supportive of the change in the contract.

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

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

GOVERNOR BALILES: Governor Hayden of Kansas.

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

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

We expect others to do. I think
as leaders and governors, we ought to be willing to
do it ourselves. I say that as a state without a
site and a state that's not going to be in
compliance but a state willing to accept its own responsibility.

GOVERNOR BALILES: Thank you.

Any other discussion?

(No response)

GOVERNOR BALILES: Ready for a vote?

All in favor of the motion, say aye.

(A chorus of ayes)

GOVERNOR BALILES: Opposed.

(A chorus of nays)

GOVERNOR BALILES: Chair rules, the motion carries.

Governor Celeste, chairman of the Committee on Human Resources.

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

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

The first is -- two proposed amendments to the education section, one going to the issue of encouraging support from the department of education for states that are developing the
plans for student and parent choice and public
schools, and the other strengthening the language of
our policy on minority access to higher education.

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

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

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

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

The fourth item is a proposed
policy position on community service, a matter which
is of growing interest in Congress who sent out a policy which characterizes it, very quickly gains encouraging support for existing state and local initiatives, developing framework of financial policy that really builds on state experience for community service in school, for community service which is part time or full time, for community service that is based in things like full-time conservation court in California, takes great pride in being a leader.

And finally, there is a proposed resolution which we have taken up in line with this. It is titled "Support for Extended Deferred Departure" and relates to the problem which many Chinese students and scholars are facing as a consequence of expired visas and need for an ability to stay safely in this country.

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

GOVERNOR BALILES: Is there a second?

A VOICE: Second.

GOVERNOR BALILES: Any discussion?

(No response)

GOVERNOR BALILES: All in favor of th
motion, say aye.

(Chorus of ayes)

GOVERNOR BALILES: Opposed?

(No response)

GOVERNOR BALILES: Motion carried.

Governor Gardner, chairman of the Committee on International Trade.

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

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

GOVERNOR BALILES: Governor Waihee of Hawaii.

GOVERNOR WAIHEE: I second the motion.

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

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

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

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

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

GOVERNOR BALILES: Chair recognizes that as a
second.

Is there any discussion?

(No response)

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

(A chorus of ayes)

GOVERNOR BALILES: Any opposed?

(No response)

GOVERNOR BALILES: Motion carri s.
GOVERNOR CASTLE: Thank you, Mr. Chairman.

Thank you for the good job you’ve done this year.

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

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

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

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

I would commend to you our NGA revised policy which w have here.
If you read nothing else, read that at some time, if you can. I think you will find some very good ideas in the committee's proposals which are before us.

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

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

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

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

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

GOVERNOR BALILES: Second?

GOVERNOR MARTINEZ: Second.
GOVERNOR BALILES: All in favor, say ay.

(A chorus of ayes)

GOVERNOR BALILES: Any opposed?

(No response)

GOVERNOR BALILES: Motion carries.

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

GOVERNOR ORR: Thank you, Mr. Chairman.

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

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

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

A VOICE: Second.

GOVERNOR BALILES: There's a second.

Any discussion?

(No response)

GOVERNOR BALILES: All in favor of th
motion, say aye.

(A chorus of ayes)

GOVERNOR BALILES: All opposed?

(No response)

GOVERNOR BALILES: Motion carries.

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

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

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

You have all had an opportunity to review it.

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

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

Mr. Chairman, it is never easy to address the federal budget. It has been all too well demonstrated by the current antics in Congress.
as they try to do it.

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

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

Such investments should include tax exempt bonds for infrastructure, something that we’ve been dealing with in other areas.
Mr. Chairman, I move the budget policy.

A VOICE: Second.

GOVERNOR BALILES: Is there a second?

Any discussion?

(No response)

GOVERNOR BALILES: All in favor, say aye.

(A chorus of ayes)

GOVERNOR BALILES: Any opposed?

(No response)

GOVERNOR BALILES: Motion carries.

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

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

A VOICE: Second.

GOVERNOR BALILES: Second.

Any discussion?

(No response)

GOVERNOR BALILES: All in favor, say aye.

(A chorus of ayes)

GOVERNOR BALILES: Opposed?

(No response)
GOVERNOR BALILES: Motion carries.

Governor Celeste.

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

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

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

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

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

GOVERNOR BALILES: Is there a second?
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,
who don't have a dim of health insurance and don't qualify for Medicaid.

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

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

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

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

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

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

I think we're all supportive of recent congressional expansions to the Medicaid program, which incr ased car to low income
families. Most of us have asked Congress at one time or another at least to give us the option of expanding that coverage.

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

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

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

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

It is not government medicine where
th hospitals for the most part are run by nonprofit boards of trustees like our own, and they're doing it at 60 percent of the cost per capita than we're providing health care inadequately to this country.

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

For that reason, I support the resolution.

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

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

GOVERNOR BALILES: Any other discussion?

Governor Blanchard.

GOVERNOR BLANCHARD: I would like to
congratulate Governor C 1 st for th work s s sion
yesterday which generated this idea, but I want to
restate again for some of the governors who weren't
there yesterday morning my concern, which is not
only is this resolution well directed, but I think
we better make it very clear that Medicaid mandates
upon the states without giving us the revenue are a
small part of the growing trend.

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

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

Let's not kid ourselves. This is
either a back door tax increase upon our citizens or
is a way to bleed revenue from the states for
functions that the Congress, if they had any guts,
would finance directly. And it's a way for them to
not only expand programs, but not have to pay for
th m.
And this Medicaid mandate situation is only part of that. We have underground storage tank legislation.

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

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

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

We better draw the line.

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

GOVERNOR BALILES: Any other discussion?

Governor Miller of Nevada.

GOVERNOR MILLER: Just to add what Governor Blanchard said, I don't think we can allow
fed realism to mean that the Congress selects the programs and the states selects the taxes.

GOVERNOR BALILES: Any other discussion?

Governor Clinton of Arkansas.

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

I want to emphasize two things.

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

It seemed to me we committed to

do two things, Mr. Chairman, that we have got to follow up on or this resolution or it won't be worth the paper it's printed on.

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

The second thing we promised -- to go back to Governor Dukakis' remarks -- we promised if we were going to have the moratorium we would in good faith aggressively work with the Congress to deal with the additional lack of coverage.
Let's don't kid ourselves. This won't work unless we all go out there and do something about it and do it now.

Thank you.

GOVERNOR BALILES: Any other discussion?

(No response)

GOVERNOR BALILES: Ready for a vote?

All in favor of the motion, say aye.

(A chorus of ayes)

GOVERNOR BALILES: All opposed?

(No response)

GOVERNOR BALILES: Motion carries.

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

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

If you weren't contacted, please see me so you will -- you'll have a chance to sign this letter.
GOVERNOR BALILES: In the waning moments of this administration, I shall ask the staff to contact each governor within the next 30 days to find out how many contacts have been made by us in regard to this resolution.

GOVERNOR CELESTE: Thank you very much.

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

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

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

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

MRS. DUKAKIS: Thank you, Michael, and thank you to the NGA for this opportunity to speak with...
friends about a cause that's very dear to my heart.

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

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

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

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

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

Just last week, the award of the first construction contract was announced, and I am
pl ased to report $66 million has already b en
raised, just about half of the 140, that will be
needed.

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

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

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

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

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

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

I can't think of a group of
p opl in th United Stat s who ar b tt r abl to
And I can't think of a better way for all of us to contribute to the education of our children and of our children's children than building this very special place, a place where the holocaust will not be a remote event, far away in time, in a distant country, but a place where all Americans will come face to face with the responsibility we share for our fellow human beings every day of our lives.

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

Thank you very much.

(A round of applause)

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

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

These awards recognize outstanding contributions by private citizens and
thos involv d in th arts.

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

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

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

First category, state officials.

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

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

Governor Clinton says she has done more to raise the Arkansas public consciousness on the issue of teen pregnancy than any other single person.
(A round of applause)

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)
GOVERNOR BALILES: Next, from New Mexico, Stern E. Reynolds, state engineer of New Mexico.

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

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

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

Mr. Reynolds.

(A round of applause)

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

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

Governor Gardner has said h
works in concert with other agency directors in addressing economic development, education and the social needs of the state. He is a very important advisor to me.

Congratulations.

(A round of applause)

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

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

Mr. Acker has also been appointed by presidents to the General Services Administration and the USO Board of Governors. He served as chairman of the governors management and efficiency study.

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

Congratulations.
(A round of applause)

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

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

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

(A round of applause)

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

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

Governor Perpich has said he has
se n to it that most of his days are sp nt making life better for others.

(A round of applause)

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

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

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

(A round of applause)

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

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

She has received ten honorary degrees and awards from more than 50 different institutions. Neith r sh nor Gov rnor Hernand z
could be here, but we salute her work.

The next category is distinguished service to the arts.

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

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

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

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

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

Governor Mabus will accept the award on her behalf.

(A round of applause)

GOVERNOR BALILES: Award for art support goes to the Oklahoma Arts Institute.
The institute has brought art to the rural areas of Oklahoma, has contributed to arts instruction for teachers and students.

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

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

(A round of applause)

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

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

I would like to thank Governor Thompson and the members of his office and staff for
their cooperation and assistance in providing a truly remarkable session for all of us.

Thank you, Governor Thompson.

(A round of applause)

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

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

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

And because of the commitment of each of you and the staff, I wish to pay special tribute to Ray Chipock (phonetic) the executive director of his association and his entire staff for a very successful year and a very sightful convention, and I would ask my colleagues to express
thir appreciation with applause for the members of our staff.

(A round of applause)

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

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

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

Thank you very much.

(A round of applause)

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

So as a token of appreciation for all of your efforts from all of us, I would like to present this little gift from your friends at L. L.
Bean.

(A round of applause)

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

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

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

I will make a motion and ask for a second.

A VOICE: Second.

GOVERNOR BALILES: Move and seconded.

All in favor?

(A chorus of ay s)
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 the chance to see Jerry
Baliles's leadership firsthand when we traveled together to Brussels this summer.

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

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

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

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

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

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

Secondly, in addition to th
gavel, we have a special gift, which is a clock.

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

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

    This is a special gift for you, Jerry Baliles.

    (A round of applause)

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

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

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

    Both are recognized as outstanding leaders in their individual states, and
they've played important leadership roles in this governors' association.

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

Governor Tom Kean.

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

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

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

On the national scene, he has been a key adviser to President Bush on issues
lik education and th environm nt.

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

Please give our regards to her.

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

Tom Kean.

(A round of applause)

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

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

I never have nor do I ever hope to work with a better group of men and women. I
will miss those exchanges. I will miss most of all, I think, the friendships that I have made among each and every one of you. I'll miss you. I have loved this job, and I've loved our friendship.

Thank you.

(A round of applause)

GOVERNOR BRANSTAD: Governor Jerry Baliles.

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

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

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

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

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

He established a department of
world trade. This design and coordinated the commonwealth's trade strategy with great successes from the ports to agriculture to economic development.

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

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

Jerry Baliles, thank you very much.

(A round of applause)

GOVERNOR BALILES: Thank you. Thank you, Terry.

Ladies and gentlemen, I've enjoyed my membership in this organization, which I have admired for a long time, and so many things that I have learned during the course of my term in
I've gained from my association with the members of this organization.

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

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

Thank you all very much.

(A round of applause)

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

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

The sobering fact that so many
American children have difficulty identifying even our neighboring countries indicates that we have our work cut out for us.

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

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

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

The Work Force 2000 report reveals a wide gap between the demands of the marketplace for the work force of the future and the actual skills of our workers today.

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

At the same time, we witness scenarios like these, droughts across our heartland, floods on our coast, a garbage barg that
no on wants, medical wast surfacing on our 
breeches, land fills overflowing with trash that may 
take 400 years to degrade.

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

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

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

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

In that script, the teachers 
blame the administrators, the administrators blame 
the regulators, the regulators blame the 
politicians, and the politicians blame everybody.

Well, the point is finger 
pointing in reacting to crises won't solve the 
problems of either education or the environment, yet 
we cannot accept a future of decline in education 
and furth r degradation of our environm nt.
As Tom Peters and Bob Waterman, the architects in search of excellence said recently, the U.S.A. is still number one in the world, by far. What's their recommendation to maintain our leadership position?

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

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

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

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

One of the ways that we've been able to lead with initiatives in our states is to bring people to the table with us by building a consensus of diverse and conflicting viewpoints.
Governors have merged in recent years as the best leaders, innovators and problem solvers in America.

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

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

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

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

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

The National Governors' Association enthusiastically accepts the President's invitation to join him for a summit on education on September 27 and 28, and we must focus on outcomes, the essential knowledge and skills that students need, students is ss ntial.
W must spell out clearly what we want from our schools, and if we involve the stakeholders and give our educators the resources and the flexibility to do the job, then we can hold them accountable for the results.

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

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

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

We must act as well to protect another precious resource, our environment.
I'm establishing task forces to address two environmental issues that pose the most imminent threat to our quality of life and standard of living, global warming and waste management.

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

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

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

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

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

For example, the 20th anniversary
of Earth Day is one of our opportunities as governors to help bring people together. We need to set specific goals and milestones to measure progress, and it's not possible to do that without the involvement of people who have a stake in the outcome of the policy development.

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

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

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

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

To be successful, we need
personal commitment and active involvement of each governor in this association.

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

Thank you.

(A round of applause)

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

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

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

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

The governor that will continue to chair the Human Resources Committee will be
Governor Dick Celest from Ohio.

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

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

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

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

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

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

(No response)
GOVERNOR BRANSTAD: If not, I want to thank you all, especially Governor Jim Thompson for hosting an outstanding meeting here in the City of Chicago in the great State of Illinois and, again, Governor Baliles, thank you for your leadership.

I hereby declare the 81st annual meeting of the National Governors' Association to be adjourned.

(A round of applause)

(Whereupon which were all the proceedings had at the plenary session this date)
STATE OF ILLINOIS )
COUNTY OF COOK ) ss:

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 29th day

Notary Public

" OFFICIAL SEAL "
LISA CAUSLEY
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 1/22/92
NATIONAL GOVERNORS ASSOCIATION

* * *

SECOND PLENARY SESSION

Hyatt Regency Hotel
New Jersey Avenue, N.W.
Washington, D. C.

Monday, February 27, 1989
2:00 p.m.
GOVERNOR BALILES: Ladies and gentlemen, yesterday
we discussed the challenge before the states to reach beyond
their borders, to better understand the world and discover
new, more effective means for competing in the global
marketplace.

But that is only half of the challenge. Today we
will take up the question of what we must do within our
borders. If we are to adjust to international realities, if
we are to compete beyond our borders, then we must equally
learn how to compete here at home. We must expand domestic
markets and invest in our infrastructure. We must make a
commitment to the ultimate source of our future, our
children.

It was recently claimed by a leading pediatrician
that America's disappointing record in supporting families
and children suggest that we are one of the least
child-oriented societies in the world. If that is so, then
certainly there is evidence to support such a contention.
Then we must face up to what that implies for our future.

Stewardship of the future begins with caring for
our children. Individual governors and the National
Governors' Association have led the movement over the years
to reform education, to reform welfare and to help the
disadvantaged become sufficient.
Arkansas, and I firmly believe the nation, is better today because of Bill Clinton's vision and leadership. He continues to pursue the future with imagination and uncommon resolve. His commitment to helping children and families is nationally recognized. Indeed, in this respect, Governor Clinton is quite reliable. As past chairman of NGA and current chairman of the task force on children, he can always be counted on to challenge us to do more. I suspect this afternoon he will stay true to pattern.

Ladies and gentlemen, Governor Bill Clinton.

(Applause.)

GOVERNOR CLINTON: Thank you very much, Governor Baliles, fellow governors, ladies and gentlemen. The children's task force report was released in Little Rock on February 13 at a press conference at the Arkansas Children's Hospital, which is the seventh largest children's hospital in the United States. I want to thank Governors Balilies, Castle and DiPrete for coming to Little Rock. And thank Governors Castle, DiPrete and Kunin for serving as members of the task force, as well the NGA staff for their work in support of the project. The task force report which is before you, I think is not only an excellent compilation of the problem, but also a succinct prescription for the solution. The clear message of this report is that when it
comes to children, we ought to do it right the first time.

Our country, compared to all of our major competitors in Asia and in Europe, and many countries with far weaker economies and far fewer resources, does a worst job of bringing children into the world, of preparing them to start school, of keeping them healthy, of creating an environment in which they can resist drugs, teen pregnancy and other problems. As a consequence, we have more of them drop out of school, more wind up in youth services centers, more wind up in prisons, as a percentage of our total youth, and virtually any other advanced country in the world.

If we want to be competitive in the world in transition, the world of tomorrow, the world that Governor Baliles has called us to look at, we are going to have to practice prevention; we are going to have to keep bad things from happening.

The manufacturing sector in America increased productivity at an astonishing rate of nearly 4 percent a year in the 1980s, bringing us back into a worldwide competitive position in many sectors. They did it by reducing defects and doing it right the first time. Yet, with our most important resource, our people, our children, we are only giving lip service to that policy. This report asks us to do better.

Our first speaker this morning is William

ACE-FEDERAL REPORTERS, INC.
Woodside, a corporate executive of uncommon vision and persistent dedication, someone who has been singing this song for a long time, and I trust will keep doing it until we do better.

William Woodside is the chairman of Sky Chefs, Incorporated and former chairman and chief executive of Primerica Corporation, known to better to some of you as the American Can Company.

He has a long list of civic involvements, but I want to mention just a few which will illustrate the depth of his commitment. He is the vice chairman of the board of trustees of the Committee for Economic Development, a New York-based group of corporate executives, who last year issued an astonishing report saying that the largest single threat to the long-term economic security of this country was the abysmal condition of children under the age of five.

He is director of the Manpower Demonstration Research Corporation, a group that has worked with governors over the years on welfare reform analysis and many other important issues.

He is a member of the education Advisory Council of the Carnegie Corporation, the vice chairman of the National Forum on the Future of Children and Their Families, a member of the Business Higher Education Forum and a partner of the New York City partnership. He is a remarkable...
American citizen, and we are all in his debt.

Please join me in welcoming to the podium, William Woodside.

(Applause.)

MR. WOODSIDE: Thank you, Governor Clinton. Good afternoon.

A year ago I was somewhat apprehensive about accepting an invitation to talk with your committee on human resources. I had had little direct experience in the area of infant mortality and child health, the primary focus of your efforts. My work was related to public education, to hunger and poverty, to the economy and the workplace of the future.

But I soon realized my apprehension was misplaced. We may have started out from different directions, but our goal was precisely the same. We shared a common concern about the health, the growth and the development of children. We both wanted to build broader coalitions in support of child-centered issues. And we both wanted to involve the private sector in those efforts.

Today, almost a year later to the day, this broad-based concern about children continues to grow, due in no small measure to the leadership of the nation's governors.

Last fall, for example, we went through a precedential campaign that, whatever its shortcomings, was
the first presidential election in my memory in which the needs of children were vigorously discussed by both candidates.

We also are arriving at a more realistic understanding of the problems faced by large numbers of children. We are putting aside the traditional compartmentalized view that looks at education as one problem, health as another, family income as still a third.

In its place, we are adopting a more comprehensive view that takes into account the ways education, health, nutrition, housing, family income, social supports and even political decisions all interact to form the environment in which young people live and the opportunities that are available to them.

As a matter of fact, a group with which I am associated, the Institute for Educational Leadership, and a group with which you are associated, the National Commission to Prevent Infant Mortality, are among the leaders in this area. These two organizations are in the process of developing programs and strategies that will integrate the health needs of children with their educational needs.

These are important signs of progress. But if our outlook has changed, the obstacles before us have not changed. One of them is our own history. When it comes to developing rhetoric about children, I doubt we have an equal
in the world. But except for a very brief period, in the
1960s, when we developed and implemented a range of programs
aimed at providing all children with a relatively equal
opportunity in life, our recent performance has not come
close to our rhetoric.

Take infant mortality and child health. Everyone
agrees that children who receive early health care fare
better in life than children who do not; that quality
prenatal care can reduce infant mortality and eliminate many
of the problems that lead to high risk birth and subsequent
poor health among infants, as well as problems in later life
that are associated in an outgrowth of poor child health.

Yet the United States currently ranks 19th among
industrialized nations in infant mortality, and 15 million of
childbearing age in this country have no private or
government health insurance that covers maternity care.

In addition, we make the Head Start program
available to less than 20 percent of the children who need
it, place sharp restrictions on the number of women and
children who receive the benefits of food and nutrition
programs, and dramatically limit the Chapter 1 assistance we
provide our public schools in disadvantaged areas.

If these and other trends continue, then by the
year 2000, which now is just 11 years away, one of every four
youngsters in this country will be poor. One in five will be
at risk of becoming a teenage parent. One in seven will
become a high school drop out, most likely before the junior
year. That’s the history we have to overcome.

The nature of the poverty in which so many of our
children live is the second major obstacle in our path. It’s
a poverty unlike any we have become familiar with from the
past. It’s not a poverty that has a temporary hold over its
victims. It’s a poverty that is both extensive and deeply
ingrained. It is far more severe and oppressive than most of
us imagine. It often defeats the best efforts of dedicated
and hard-working parents.

Although the national poverty rate has been held
steady at 14 percent, consider these facts. The poverty gap,
the amount by which the income of the poor falls below the
poverty line, is larger than at any time in 27 years, except
for the high unemployment year of 1983.

The proportion of poor who fall into the category
of the poorest of the poor is at the highest level in more
than a decade. The poverty rate among young families with
children doubled between 1974 and 1983, nine years.

By 1985, half of all young families with children
were living in poverty. This isn’t just poverty, this is a
poverty in which children normally wind up worse than their
parents. The American economy and American society has been
built around the idea that tomorrow’s generation will do
better than today's. The poor believe that, too.

But if those at the bottom of the economic ladder stop believing that the child's future holds more promise than the parent's past, we will indeed be in serious trouble. We cannot allow the number of people who are not recognized as equal participants in our society, either by themselves or others, to grow any larger.

Nobody is suggesting we start from scratch and build a new social and economic structure, but we can identify those areas where we can make a substantial difference and begin to build on those successes.

At the present time, the moment seems right for some intensive efforts to improve the early lives of children, to put into place on a more extensive scale than currently exists, programs that will improve the odds that children who are disadvantaged today will, in fact, have a better future tomorrow.

The years between birth and the age of six are the years when the basic foundation is developed for all the physical, intellectual and emotional growth that is supposed to occur in later years.

Yet one of every four children under the age of six is growing up deprived during this critical developmental period.

If a child does not grow as tall as he or she
might have grown under better conditions, we cannot give back to that child the height that was lost.

If a child’s ability to learn is impaired because of poor nutrition, we cannot provide that child with the brain cells that failed to develop.

If a child enters school with a low sense of self-esteem and personal worth, because of the conditions in which he or she grew up, or because that child was denied emotional sustenance, we cannot reverse time and start all over again.

These years and this development are irreplaceable. What is lost during this time is lost forever.

In your letter of invitation, you asked me to tell you which private sector programs are working well and to suggest some concrete ideas for moving forward. There are any number of people in the private sector who could cite public private partnership programs they believe work well or programs in other areas that could be adapted to the needs of children. There also seems to be some new-found support for public sector programs within the private sector.

Some months ago, Peter Hart Research Associates conducted a series of interviews with successful business executives under the age of 40, members of the so-called yuppie generation. His two principal findings were that, one,
young executives are concerned about the impact poverty has on the children and the nation. Two, they would support programs to assist children, as long as they were effectively designed and managed.

That's good to know. But the final decision on what works well, what works in what circumstance, and how programs should be organized and managed, are public policy decisions, and public policy decisions should not be made by corporate executives. They should be made by elected officials.

Sure, let's have the private sector involved, let's have their support. But governors and other elected officials were chosen to make these decisions. I do not believe you should delegate your decisionmaking function to those of us who lack your experience and for whom public policy is only a part-time function.

Nevertheless, if pressed, I certainly can recommend some major child-centered initiatives at the state level.

These initiatives focus on the early lives of children and would include the following, but not restricted to these alone: Access to prenatal care for all pregnant women; full participation in the WIC program and similar state programs; ending childhood hunger in America; immunizing every child against infectious diseases; making
quality day care available to parents of children who must
work and expanding Head Start and Chapter 1 to all eligible
children; effective teenage pregnancy prevention programs. I
am sure you could add at least an equal number of items to
that list.

Some of the best ideas I have heard recently have
come from state governments and from members of this
organization.

Moreover, I believe that states may be in a uniqu
position to play the leadership role that so far has elluded
other levels of government, particularly the federal
government. People regard states as manageable levels of
government. They seem to have confidence in state
government. They feel connected to their state officials.
Yet state government is also large enough to develop a
comprehensive point of view and still sensitive enough to
respond to local needs and diversities.

When I was a CEO, I always looked for an
opportunity that others did not recognize that would allow me
to successfully utilize resources not being used to their
full potential.

A similar opportunity, I am convinced, is lying
right at your own doorsteps. For all our sakes, I hope it
is.

Thank you.
(Applause.)

GOVERNOR CLINTON: Thank you very much for that excellent speech. I would like to call on governors now for questions. We have about 10 or 12 minutes for them. Beginning with Governor Kunin.

GOVERNOR KUNIN: Thank you. Thank you very much for your remarks. And it's very gratifying to see such a strong interest from the private sector in a problem that had not, prior to recently, really engaged the interest of the corporate sector. But I am delighted to see your increasing role. One area where the states are developing strong partnerships with the business community is in the area of child care.

In Vermont, we are doing various things. We developed an Office of Child Care Services. We give some matching grants. We try to get people through the turnstiles of regulation to enable them to look at the options of either on-site child care or other kinds of benefits.

From your perspective, what is the most effective thing a state can do to encourage greater private sector participation in providing child care?

MR. WOODSIDE: I suppose when you are dealing with the private sector and the business community, it's -- as much as anything else, it's keep talking about it as governor, the things that you are required to do.
Secondly, I think last year one of the things I recommended was that the governors actually hold, set up commissions within the state in which business leaders were involved, to look hard at these educational issues within the state, because I have found -- in health issues within the state -- I have found solely in dealing with education, the best conversion is getting them actively involved in looking at what is going on. So I think the governors can play a key role there.

Most of the successful education reform movements have risen from a governor with, as you well know, with substantial interest in educational issues. I think the same thing carries over to this child care area and other health aspects.

GOVERNOR KUNIN: May I ask a follow-up question, because part of your answer reminded me of another concern. That is, you mentioned prenatal care, which I think all of us agree is very essential and would be a great prevention.

One of the areas that stymies the governors in many states right now is the lack of availability of health insurance for many of our constituents, and a lot of pregnant women are without prenatal care simply because of lack of insurance and lack of access to health care.

Do you have any thoughts about how the private sector can get involved in that very difficult question?
MR. WOODSIDE: I suppose I have a number of thoughts about that. I don't want to get into it. Last -- two years ago I chaired a CED report on health care and what was to be called for in the United States. One of the things that I suggested then and the CED is pushing is to get broader health care coverage by using combinations of small businesses.

Most large businesses have adequate health care programs; it's the small and medium sized businesses that do not have health care that involves prenatal health care, if they have anything at all. We were trying to develop consortiums of smaller and middle-sized business that then could afford to carry health care on a much larger bas that would make it more economical for them. So that's on of the possibilities, but only one.

GOVERNOR CLINTON: Governor DiPrete.

GOVERNOR DI PRETE: Thank you, Governor Clinton.

As the report notes, the key word all through it is prevention. We talked that day in Little Rock in terms of of investment in our children.

Along these lines, I would like to share with the other governors here a program that we instituted a year or so ago in my own state of Rhode Island called Right Start.

In the very first year of this program, Right Start, has engaged in the delivery of some 800 to 1000 babies
to disadvantaged families. We operate on the principle that
healthy mother’s deliver healthy babies. This is, of course,
consistent with what the speaker said.

Let me illustrate, if I might, with just one
example of investment being in the advantage of the
development of a healthy mother and a healthy baby. The
report cites an example, of course, that our nation is a
leader in the development of high-tech medical procedures.
And we cite that we can save a 2 pound premature baby in the
intensive care expense of some $27,000. That’s fine, and
that’s great that we have that technology. But for the same
$27,000, we could take care of nine at-risk pregnant mother’s
if we can get to them.

This is what this term prevention and investment
is all about. Certainly, I would encourage my fellow
governors here to read this report. I commend Governor
Clinton, the other governors who served on it. I think, once
again, it indicates that the governors of this country are
taking a leadership role in a humanitarian issue where
perhaps we could have some federal assistance, but we are not
waiting for it, we are doing what has to be done.

Thank you.

GOVERNOR CLINTON: If there are no other
questions, before we proceed to our panel of young people, I
would like to recognize Governor Casey to discuss a
teleconference that he is going to host in Harrisburg dealing
with state policy on children and families.

Governor Casey.

GOVERNOR CASEY: Thank you, Governor Clinton.

Last week I wrote to all of the governors,
inviting you to join in a life nationwide teleconference for
state policies for children and families. As governors, each
of us knows how important it is for us to put our money where
our kids are, investing in quality effective programs to care
for children, to prevent abuse and neglect, to create the
kind of healthy family environment which we all know is
crucial for our children's future in life.

Governor Clinton and the members of the task force
on children have begun an important national conversation on
policies affecting our families and our future.

I believe it's important for us to expand that
discussion to include all of us, our staffs, executive
agencies, members of our respective business communities,
public interest groups, and most important, people
themselves, because we all share a single overriding
interest, insuring that our children grow up healthy and
strong, safe from violence and neglect, well nourished and
well educated. That kind of investment pays for itself time
and again, in future savings and future productivity.

We also know that to provide that kind of
environment, while giving our working parents the kind of support they need to remain participants in the work force, a shared commitment by government and the private sector at all levels will be essential. The tough question we all face is how to build that kind of shared commitment in each of our states.

Teleconference is intended to help each of us do just that, with information and ideas on the development and implementation of comprehensive family policies that will include video case studies of successful state and local programs, live presentations by governors and other experts in children and family policy. The focus will be on three areas. Public private partnerships, interdepartmental programs and, finally, programs involving parents and public agencies.

The emphasis will be on the kind of early prevention and intervention strategies that are central to reducing the number of children and families at risk. There will be a chance for discussion and interaction between the participants in each of your local teleconference sites and those of us on the panel in Harrisburg. You will be able to talk with one another and share ideas directly, without the time and expense of traveling outside our states.

Financial support has been generously provided by the NEE Casey Foundation -- no relation -- and the Du Pont
Company. With their help and that of the Public Broadcasting Service and WITF TV in Harrisburg, Governor Clinton and I are convinced that the teleconference can be a real help to all of us and those in our states who our helping to make our children's future a brighter one.

So we hope you will all join us on April 26 without ever leaving your states. Thank you, Governor Clinton.

GOVERNOR CLINTON: Thank you very much, Governor Casey.

Now my fellow governors, I would like to introduce the panel that's here. And by way of introduction, let me say that Governor Kean and I started the morning together with a call-in program on C-SPAN at 8:00 in the morning. It was even earlier than that in some of the places where we received telephone calls. People kept asking us to comment about the Tower nomination. Then I came over here and I have been talking to members of the press all around the country all day. Everybody is talking about how boring this conference is, nothing really interesting going on, people wanting me to talk about the Tower nomination.

I realize that -- you know, I like mystery books and adventure movies and cheap thrills are always scintillating the imagination. At home I have seen time and again how hard it is to keep people focused on problems that
don't have immediate solutions but may be of far deeper
impact and greater import to our national security than what
is capturing today's head lines.

Yesterday, Henry Kissinger made an interesting
remark that sort of slipped unnoticed along towards the end
of his presentation, when he reminded us in a reference to
Secretary Gorbachev, that political life is very short, for
all of us.

Yesterday, David Halberstam reminded us that the
young people that we are supposed to be working for, and
maybe working on, are often unrecognized in the policy
process, and maybe we ought to listen to them more.

Today, I thought it might be worthwhile to hear
from a group of young people who are plainly emerging
leaders, children who have grown up with all the problems
that our kids face today, and in spite of everything, they
are doing real well, but have a deep concern for their fellow
young people who may not be doing quite as well.

In the very near future, they will replace all of
us and maybe another generation in between, in trying to live
with the problems or reap the benefits of the solutions that
we leave behind.

These young people represent four school districts
in my state, who were asked to select a student in each
school district to review our task force report and select on
their own one facet of the report which struck them in a
particular way.

The first person I would to introduce is Jerrold
Culp. He is a senior at Marianna in Lee County along the
Mississippi River. He excels academically in band programs,
exerts leadership in several organizations in the school and
community. He attended the Governors School for Gifted
Children and plans to attend Morehouse College in Atlanta,
where he will study mass communications. He is a shining
example of the best in our state.

The county he comes from has a 16 percent
unemployment rate. The third highest teen birth rate in our
state, 102 birth rates per 1000 teens. His county has been
through more economic deprivation in the 1980s than 90-plus
percent of the places in the United States.

He is a real tribute to the proposition that you
can still make it and do well. I think you will benefit from
getting to know him.

He read the report and felt strongly about one key
thing, prevention.

Mr. Culp.

MR. CULP: Thank you, Governor Clinton, for that
fine introduction.

Governors, I take pleasure in presenting to you,
Save the Children. The children of today are growing up in
an era that many adults consider to be the most perilous of this century.

Although peer pressure continues to be a dilemma, the problems that youth face today are more complex and multifaceted. No longer is the desire to fit in a major problem among youth. But they are faced with drugs, gang violence, neglect and abuse by parents.

All of these problems are difficult for you to face daily on the battlefield called life. As leaders, you alone cannot save youth, but you can help us to understand that if we are willing to make a concerted effort, we can save ourselves.

Growing up in an economically deprived area, I know many youth who have no positive role models. It is no wonder, then, that in such settings, flashy dressing, cash-carrying drug dealers are often elevated to the level of folk heroes. Positive role models are still our most effective weapon in a lost environment.

If attention is focused on the state prevention goals, you can convince state leaders that an investment in youth prevention programs will lead to a brighter tomorrow. The state prevention goals will provide the positive role models needed in the areas where there isn’t one. The state prevention goals of the state action agenda will be a major factor in helping the disadvantaged beat the odds.
As chief communicators, governors must speak to our churches, our educational institutions and our civic and social organizations on developing model programs to aid young people in dealing with peer pressure. By developing model programs, you will be creating opportunities and conditions that seek to include, rather than exclude, young people.

By enforcing the goals in the state action agenda, along with discipline and determination, America’s youth will rise from the ashes of despair and embrace the faith necessary for our renewal. Thank you.

(Applause.)

GOVERNOR CLINTON: I think I should point out to all of you that this very well spoken young man comes from a county that is not only a poor county but also has been ravaged by the problems of young people, not only teen pregnancy, but drug abuse. Two young men from his county were arrested in Detroit several months ago for running the biggest crack ring in that city. They had taken 150 young people from his county to Detroit, who were selling drugs on the street there, because they had no other hope, no other means of making a living, no other connection to our society, 150 people.

I am not saying they shouldn’t be punished for what they did, but it’s perfectly obvious that the preventive
measures this report calls for were not in place for literally hundreds of people who grew up with Jerrold Culp and grew up ahead of him. So I particularly appreciate what he said.

Our next panelist is Greg Kendrick of Conway, where he is a senior straight A student, active in his student congress, and football player in his junior and senior high school years. He plans to study medicine, and I think you will see he will be an asset to that profession as well as to our society.

Greg.

MR. KENDRICK: Thank you, Governor Clinton. Good afternoon, governors. I'd like to speak today on facing today's childhood problems.

Our world today is constantly changing. We have become more advanced in technology; new discoveries are made daily. We have learned more about ourselves as humans. However, it seems that along with our advancing world have come some negative changes, such as pollution and the threatening energy shortage.

Ranking among the top problems our society faces are those which young people in our country are dealing with. Young people are often put in situations with which they cannot cope, such as broken homes, negative peer pressure to do drugs and alcohol, and premarital sex.
Today's children are having children. Many of our kids are depressed to the point of suicide. Something has to be done to combat this negative movement among our nation's young people. If not, our nation's future could be in jeopardy.

One of the main reasons that our young people are having problems is the home environment. The family should be a support group for a child, but today, defining family has become more difficult. Because of the high number of divorces and single mothers having children, many kids live with one parent in an unstable home environment. This makes it difficult for children to feel love and caring as they should from their parents.

Parents need to keep open lines of communication between themselves and their children. Parents must point out the positive things that their children do. Parents must also show love for each other and realize that what they do affects their children, whether it be positive or negative. Some parents are not doing these things, though. They are not doing their responsibility.

But these are family problems. What can the state do about them? Well, the state can provide education programs for parents, to be led by community groups, churches or schools.

An example of this type program is the HIPPY program brought to Arkansas by Governor Clinton. HIPPY is an
acronym which stands for Home Instruction Program for
Preschool Youngsters. This program is made available to
undereducated parents and their children in 14 communities in
Arkansas.

The program provides information to parents on how
to educate their children and on how to build bonds with
their children. The goal is to break the cycle of parents
who are on government assistance having children who will
eventually depend on the government for assistance, too.

Along with a strong home situation, young people
need a secure school environment. The relationships that
children develop with teachers have become more important
because of an increase in problems in many homes.

Teachers need to be educated and certified on the
basis that they desire to promote positive learning. This is
something that a state may have some control over because of
public schools and the state’s relationship to teachers.

The attitude that teachers take toward their jobs
is very important to the success that they have in teaching
our kids well. Teachers can be trained to help children.

They teach to have a high value of self-esteem.

Our teachers also need to teach their students how
to be responsible. It seems like every year we move further
and further away from moral values in the school system.

Although the school system may not be the best place to teach
moral values and responsibility, it can be a source of these characteristics in young people's lives.

Society has become more lax on laws and law enforcement in recent years. This move has taken away the sense of responsibility to society which young people need. It has given young people a sense that they can do as they feel and that they can get away with what they want to.

There is a definite need in our society for more clearly defined law in school and in communities. Laws must be enforced.

Today's teenagers face more problems and more serious problems than teenagers did 30 years ago. There were drugs then, but there were not as many of them, and they were not as potent. There was teenage pregnancy, but not as much of it as there is today.

Our society must do something to turn our teenagers in the right direction. At my high school, we have a program to combat drugs and alcohol, which is presently funded by the city.

Our school district uses the money it receives to fund the ALLSTAR program. ALLSTAR is an acronym that stands for Activities, Leadership, Laboratories, Students Teaming Around Responsibility. The idea behind the program is to promote positive peer pressure and positive self-image for young people so they do not feel the need to use drugs and
alcohol. Phrases like "stand for something or you will fall for anything," and "I am special," are commonly used by teachers and people in the community, who give their talents and time to the program.

The program reaches much deeper than just drugs and alcohol, though. It is a useful tool in helping our kids understand that they are special and that they can make a difference.

I believe that the program is most effective at the sixth and seventh grade level, because these are crucial years when many decisions will be made by young people about what direction they will go.

There are probably numerous other problems with our children, to be faced, which needs solutions. If we will think together and work together with the common goal of securing our children's and our nation's future, we will win out over our problems.

Thank you.

(Appause.)

GOVERNOR CLINTON: Thank you very much, Greg. Our next panelist is Sonya Jackson, who's a junior at Pine Bluff High School in northeast Arkansas, where she excels academically with a 4.3 grade average on a 4 point system, because of honors courses. She is also a top string orchestra student and has recently been named of the 10
national winners of the 1989 Black History-Makers of Tomorrow
contest in the United States. Perhaps most important, from
my perspective, in spite of all the disincentives to do so,
this bright young woman wants to be a school teacher.

Sonya.

MS. JACKSON: Thank you. The educational
challenges.

Reports have shown that science and math skills of
American youth are poor compared to foreign youth. This
inferiority may cause problems for our nation as we move into
the next century and continue to compete with the other
countries. The future of the United States depends on its
children and their skills. To ensure a bright tomorrow,
students should be taught to use, appreciate and enjoy their
education.

I think that increasing the interest of students
in science and math is one way to better their skills. Most
students will be protective when they are motivated and
interested. The foundation for a good learning career is
built when children are young. If students become interested
an curious during their formative years, that curiosity may
make them study harder and learn more when they grow older.

In addition to teaching children the basis of
reading, writing, counting, adding and subtracting, things
should be done to make them involved and interested in
school. When I was younger, field trips were fun and informative. The classroom becomes boring and monotonous when intriguing things do not occur. Field trips provided a change and they exposed students to things that usually are not available in classrooms. While inside classrooms, experiments and labs are good ways to demonstrate to students the practical applications of scientific and mathematical concepts. The adage that seeing is believing applies in this instance.

Reading and hearing alone are not enough to interest the average or below average students who do not excel in science and math but could work hard to contribute.

Competitions are a good way to motivate students to excel in science and math. In junior and high school, students are invited to participate in science fairs and science workshops and competitions. I think that if such competitions were available to younger students, they would enjoy and benefit from them.

These are fairly simple ways to motivate and interest students. Commenting from high own experiences, I feel that they would be effective. More radical measures such as rewriting textbooks and restructuring school systems have been suggested by some agencies, but they may take more time to implement.

No matter what methods are used to motivate and
interest students, they should be incorporated when children are young. If the seeds of interest in science and math are planted when students begin school, our nation will reap a positive harvest of technicians, educators, chemists, engineers, mathematicians and scientists after the children have grown.

We must be careful to cater to the needs of all students. Many schools offer advanced courses for gifted children, but average students and below average students do not receive the same opportunities.

The students of today are the future of our nation. Any changes and improvements that can be made are worth the effort.

Thank you.

(Applause.)

GOVERNOR CLINTON: Our final panelist is Courtney Robinson, a senior at Sheridan High School, about 38 miles south of Little Rock, where she is president of the student body, a member of the golf, basketball, track and volleyball teams, and active in community, philanthropic activities. She plans to major in biology or political science.

I would like to ask her now to say what they felt about this report and what was important to her.

Courtney.

MS. ROBINSON: Thank you, Governor Clinton. I am
going to talk today about at-risk kids and making school more personal.

In Arkansas last year, nearly 10,000 students dropped out of school between the seventh and 12th grade.

All across the country, hundreds of thousands of the nation’s high school students do not complete high school. While some of these drop-outs have the abilities and courage to achieve, many of these drop-outs fail to become productive citizens.

As governors, you’re interested in our country’s economic success and you’re interested in creating a climate of social wellbeing for our citizens. In order to do this, America must have an exceptional educational system.

This report states, "we must educate all of tomorrow’s citizens." With so many students leaving school in Arkansas and around this country, we are now not approaching this goal. We may ask, what is the problem? Why are kids dropping out of school? The problem is, some students feel isolated, some students feel alienated and some students are detached. Simply put, these students are not connected to school.

For kids to make a connection, the very bottom line is schools must be more personal. I think meaningful personal relationships have to be developed between students and teachers.

Let me tell you about myself. I feel I have had a
good experience with school. The reason I am sitting here is because I was connected. I have athletics, I have student government, I have clubs. I take classes that have meaning for my future.

But what about the personal connection? I have the personal support. Parents that support me, coaches that have a personal interest in me, many friends and teachers I can relate to and connect with. Myself and many like me are not the problem, but let me tell you about the other side.

Let me tell you about Joey. Joey is a real student that was in the 11th grade. Joey was the kind of kid only a mother could love. Joey was not a member of any club or organization, no band, no choir. He was not involved in athletics. Joey was not a very capable student but not eligible for special programs. Joey had little or no success in school. He was not connected to school. He was not personally involved in any school programs.

But with his buddies, Joey was the leader. H was the very best at being bad. In that respect, he was connected.

Just last week he paid the price for not belonging to school. He left because he could not connect with something or someone at school, Joey doesn’t go to school anymore. These words seem to apply to Joey and others like him: Lonely walls, lonely halls, be my friend.
My belief is most kids who have dropped out of school, in most cases, never connected. They have never connected in terms of interest, or, most importantly, they have never connected to a person at school. It may seem to them that nobody cared.

While my state and other states have been involved in reform, it seems we may have concentrated too much on the system. In fact, we may have depersonalized the system even more.

As governors, I am asking you to think about the efforts to make the system more personal. Students' lives have to be touched. Schools in its present society may have to accept more responsibility to make this happen. If more lives are touched, maybe we won't have thousands of Joeys dropping out of the school around the country. Thank you.

(Applause.)

GOVERNOR CLINTON: Anybody have a question?

Governor Kean.

GOVERNOR KEAN: First of all, I would like to commend every one of these four young people. You and I, Bill, sat through a number of very learned discussions by professors about school reform and what schools could be like. That was as articulate an exposition of the problems and opportunities as I have heard, better so than most of those forums. So I congratulate you all. And I congratulate
you, instead of just talking about young people, bringing some.

Many questions you raised in my mind. But let me take something the first young man brought up, and any of you can answer this. The lack of role models. That's just something that I happen to feel. That anybody growing up has to have role models. I recognize the lack of role models, but I am old enough in my generation, we had war heroes from Second World War, Franklin Roosevelt, all of that. It's pretty easy.

Now I recognize that finding role models are difficult, and the teacher, the policeman, the clergyman, all have feet of clay. They are not the role models we once thought they were.

Have you got any suggestions on how to help you establish role models, how to promote the kinds of people who might be role models, ways in which we can bring role models into the school?

MR. CULP: I think model youth programs, working with parents, is probably the best way to get a good role model in the home.

MR. KENDRICK: I will say probably today, and in the future, we as young people are going to have to look to community people rather than national figures as our heroes, because the ones that are good don't get as much attention as
the ones that are bad, because of exposure by the media.

(Applause.)

GOVERNOR CLINTON: Governor Baliles.

GOVERNOR BALILES: I would like to join Governor Kean in commending the students for their very articulate expressions of interest in education and the achievement of excellence.

I am interested in the connection that was described by Courtney. In your judgment, how important was parental involvement in your own academic achievement? To what extent were parents involved in reviewing your homework. As well as your tests that you brought home from school? To what extent were they involved in meeting with teachers and principals?

The second part of that question is to what extent did a teacher influence your own love of learning?

MS. ROBINSON: First of all, I think my parents always expected the most out of me that I could do, and I always tried to fulfill what was expected. And I always felt bad if my test wasn't what it should have be. And they are -- you know, they go to parent teacher conferences. They are involved in the school system, and ask my teachers questions. And if I got a bad grade they will go ask them what is Courtney doing wrong; they get home and I get in trouble. But they do go to school and participate in...
activities like that.

My teachers, they will help you if you ask them.

I think students are afraid to ask them, afraid they will say you are dumb, why don't you do that. If students ask them, they will help. I have never had a teacher who will not help if asked.

I like school. I can say that from my perspective.

Did I answer your question?

GOVERNOR CLINTON: Anybody else want to answer the question? What extent were your parents involved in your academic success, or teachers?

MS. JACKSON: I have always been very close to my family. I think that their support and their interest in my education made me want to achieve. That's why I do so well.

I have had some very good teachers. They seem to care and they are in touch with my parents. I think that when the parents and the teachers are involved, as well as the parents and the students, then the students will get a good education.

GOVERNOR BALILES: A follow-up question. Your classmates, who perhaps have not done as well as the four of you, to what extent is that the result of the impact of television, the attraction of doing anything else but the homework, doing anything else other than reading books and
looking for new horizons of learning?

MR. KENDRICK: I think it's really played a big role today. We are exposed. We get to go home after school and sit in front of the television, if we want to, and watch TV. But they see -- our society has become less strict, I should say, on moral values. You can go and turn on television and see a show that would have been an R-rated movie not too long ago. It does affect the kids. It does affect young people and what they want to do and then how they live. Because they see that and they think that's okay. So they can go out and do that. They try to do it, too.

I think television and movies have played a big role.

GOVERNOR CLINTON: Governor Celeste.

GOVERNOR CELESTE: Thank you.

Courtney, you made the comment that sometimes we focus too much on the system and not enough on how to make the school more personal. I would be interested, if each of you could change one thing in the school experience that you have had that you think would help, particularly those kids that school doesn't reach, could you say the sort of particular thing you would like to see changed?

MS. ROBINSON: I personally would like to see some type of program where the student, maybe in their high school
year, their first high school year, will go to school and
they'll say this teacher will be like your advisor. And you
will meet with that teacher maybe -- every student has a
teacher, and they meet with that teacher maybe once a week,
and they just talk. That person will always be there if you
have problems and you can talk to them. Other students don't
have two parents, a mother and a father. They don't have
anyone to talk to. Maybe that teacher could replace. That's
what I would like to see.

MR. KENDRICK: Probably mine would be starting in
the early years of education, first, second grade, maybe
kindergarten, teachers making sure every child was included
in activities. It would be really difficult to do, but
that's where it starts. Kids that feel like they don't
belong don't have a very good chance of succeeding. They
will feel like they are rejected, and they'll be lonely.
Kids need friends. If they can all realize at an early age
that they are not any better than the other one sitting next
to them, then maybe that would help.

MS. JACKSON: I think you should get a good
education like when you're younger because the science that
we took when I was little was usually just read from books or
maybe looking at dead butterflies or something. I think that
experiments and being able to see some of the things that you
read about in action would help, because when you get older,
you are really not interested in it unless you can see where it will lead to and how it will help you.

MR. CULP: I would like for average students to receive more personal attention. Most of the time the students that excel academically receive a lot of attention and those that don't do well receive lot of attention. Those average students are just, like, there. I think if the average students could be given a big push, they would do a lot better than what they are doing.

GOVERNOR CLINTON: Any other questions?

Governor McKernan.

GOVERNOR MC KERNAN: Yes. I would just like to get some of your thoughts on an issue that we face in the state of Maine. That is, in many parts, especially in the rural part of our state, I guess it might be the same in parts of Arkansas. We have people who just think that there is no future opportunity for them anyway, and, therefore, their view was why bother to try at school anyway.

We are trying to implement a program to give role models, as some of the other questions have come out, and use as examples other people in communities over the last 10, 15, 20 years, whatever it takes, that young people live in, who have really accomplished something, and try to use that to hold up what people who came from their very communities have been able to do. So that we sort of hold that carrot out
ther for people to realize there really can be a future for them, even coming from their particular town.

Do you have any thoughts on how we could fine-tune that kind of a program to make a difference on kids your age?

MS. JACKSON: Last Thursday at my school, we had what we call career day. Different people from the community came in and spoke to us. Most of them had graduated from our school, and they told us about their experiences. Some of them had dropped out, had to go back and get a GED and then try to find some work. Others had not gone to college and others had gone to college and had become very successful. I think that seeing those people who had grown up in the same area and had done well was inspirational to most of them.

GOVERNOR MC KERNAN: Let me follow up on that if I could. What if we started this program at a younger age? In other words, thinking that once you got into high school, your bed is probably pretty much made. If we got at either the middle schools or even elementary school, if we can find that the kind of people that might appeal to youngsters, to explain that same type of situation.

So, before they sort of make a decision they don't care about studying, they don't care about doing well academically, you point out to them there really is an opportunity.
Do you think that would have a bigger impact?

MS. JACKSON: Yes. There's another program at my school called Project Impress. Usually we have high school students. They don't have to be doing well, but they have to promise that they won't do drugs or they won't smoke or drink while they are in the program. They go to talk to the younger children that I made it to high school without going wrong, I studied, I did well.

Most of the time the children responded to this. They tried to pattern themselves, because the high school students form a big sister, big brother kind of thing with them. They enjoy being able to talk to older children. I think that that's worked.

GOVERNOR MC KERNAN: Do you have any thoughts on that?

MS. ROBINSON: We have a similar program in our school where our Fellowship of Christian Athletes group is going to all the sixth grade classes. We go in there and we just talk about not cheating on tests; drugs. It's really neat. I think it's done more for us, the FCA group, than it has for them. We are trying to set role models for them and hoping that they will follow up and try not to get into the bad things.

GOVERNOR CLINTON: Any other questions?

Let me ask you a really tough one. We are about
to run out of time, but I think the governors would
appreciate hearing you talk about it, if you feel comfortable
doing it.

. . . I have worked now for 10 years, my wife and I and
our administration, through various terms, to get the infant
mortality rate now. We now for two years have been right at
the national average, which is pretty good for a poor state.

But we still have the first, second or third,
depending on which numbers you look at, highest teen
pregnancy rate in America. We are in the top three in
out-of-wedlock teen pregnancies -- or, no, we are in the top
eight. We have more shotgun weddings in Arkansas still than
in some places.

What do you think we can do to reduce the teen
pregnancy rate in Arkansas, and can we do anything meaningful
in the schools? Any or any of you.

MR. KENDRICK: I am not sure, besides education,
which is already available, what else can be done. I don't
think this has been a big issue in Arkansas in the
school-based clinics, whether they should be able to
distribute birth control. I really don't think the school
should be able to try to distribute birth control, because I
feel like that's just saying, okay, it's okay. I don't think
that's going to help at all. I don't know, besides
education, what else can be done.
MS. ROBINSON: I think there should be some more extensive education done on it. I don't think that everyone is educated enough on it, and are really ignorant on it. They need to be taught.

MR. CULP: In my area, I think we just need something else to do. In Marianna, there's nothing to do. Maybe if a YMCA or YWCA or something of that nature was developed, something positive, we could have something else to do.

(Applause.)

GOVERNOR CLINTON: Governor Castle.

GOVERNOR CASTLE: I don't want to suggest this as something else to do, but I want to ask you about drugs for a moment. We had, yesterday at the committee meeting, we had four or five people who had used drugs for a number of years, had been criminals, convicts; explained to us how they got into it and how they finally got out of it. This morning we had a series of experts, including the Attorney General of the United States, you may have heard it, you may have been here, talk about drugs and some of the drug things that we are dealing with.

But generally drugs start to happen, from all I have been able to learn, in high school sometime or even earlier than that, as a matter of fact. I was just wondering -- if I have ever seen a group of kids that I would trust at
not using drugs, that's the four of you.

How much do you see of that? Not what you have heard, but of your friends, people you know, really see and observe. What, if anything, could we be doing to try to turn this around or to educate differently or to do something in the schools?

MR. KENDRICK: I mentioned earlier that our school system has a program called ALLSTARs. It's a positive peer pressure group to combat drugs and alcohol. If you started a program like that in sixth or seventh grade, because that is when these kids are turning -- they are teenagers, they are young. They haven't made up their mind necessarily about what direction they are going to go in, whether they are going to use drugs or be straight, do their best or just lay off, say who cares.

So I believe if you started a program similar to that at the sixth or seventh grade level, before they have made up their mind what direction they are going to go and you have to change their mind back to what it should be, that would be useful.

GOVERNOR CLINTON: Anybody else want to make a comment about that?

Let me ask you one final question, then we have to go on with the agenda. I know everybody has enjoyed it.

On Saturday, when you all left the airport at
Little Rock to fly up here, I came out to meet you, we had the press there, they took pictures, and some of the television stations interviewed you. I was very moved to see all of you had your parents there to see you off. They were so proud of you, and it was obviously a big deal. It tickled me to death to see everybody there.

The question I want to ask is, do you have -- do you know people, young people in your schools, who are doing as well as you are, both academically and emotionally, who don't have any parental support at all, who come from maybe a single parent household where the mother is working and gone all the time, or come from a very, very bad home situation and don't get any kind of support at all? Do you know kids who you think are doing about as well as you are, in spite of a bad family situation; and, if so, why do you think they are? I would like for all four of you to comment on that just very briefly.

MR. CULP: I know one young lady in my area who is probably doing better than I am, but she gets no support from her parents. She is relatively poor. She is real smart. How does she overcome it, is that the question? I don't know. She is a very positive person. I think she has had some positive role models in that she has looked beyond Marianna and she has looked at people such as Oprah Winfrey as one of her role models, as she wants to one day be
somebody.

MS. JACKSON: I have friends who don't get the same kind of parental support that I have. I don't know where they get it from, but the motivation seems to come from within. They want to do well and they want to see something become of themselves when they get older. That's all I can say is what keeps them going.

MR. KENDRICK: I know of one young man who I don't think -- I don't think he receives any support from his parents, but he is making it. He is making it really well. I feel like it's because he wanted it for himself. He has a great personality. He gets along with everyone well at school. He gets along with teachers. He is active in student government, ALLSTARS. He plays on the soccer team. He has compensated for the attention that he is not receiving from his parents through school activities and other organizations, which will give him that support.

MS. ROBINSON: I have a friend who comes from a single parent home. She doesn't have any support at all from her parents. She is just -- she is one of my best friends, and she is just the happiest, bubbliest person I know. It's just the mere fact that she wants something out of her life, wants to make something of herself. It comes from the inside.

GOVERNOR CLINTON: Thank you very much. Let's
give them a hand.

(Applause.)

GOVERNOR CLINTON: I would like to now, I think, turn it back over to Governor Baliles.

GOVERNOR BALILES: Thank you, Governor Clinton, for a wonderful program, one that I am sure has inspired everyone in this room. As we all know, this task force on children report is one of the components of our examination of the things that we need to do within our borders, if our country is to be competitive in the future.

If our children are going to have jobs tomorrow, we must find new markets for American products today. As the trade deficit persists, we must ask ourselves the basic questions. How can American firms compete effectively with foreign firms in the American marketplace? How can we sell ourselves our own products effectively and competitively, products that we produce in our own backyard?

Well, governor Blanchard is the chairman of our task force on domestic markets. That report is due in the spring. Governor Blanchard has firsthand experience with this vital issue. His long record in participation in GNA activities continues in this vital role. I would like him to at this time brief the governors on the status of that task force effort.

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

Let me again restate how refreshing the four panelists were. I don't think I have sat through a presentation on energizing our young or on education, for as long as we have, and not had money mentioned in the very first sentence. You have triggered ideas for me in Michigan. I know that's the case with the other governors. And we do want to repeat our sincere appreciation for you taking time to be here and your insights, well stated. Thank you.

Now I hope I can be as succinct here, because my report is really due in April, not today. The task force on domestic markets is charged with identifying ways that our states can work to recapture domestic markets, remain strong in existing markets, and achieve success in emerging markets.

Our charge does not entail protectionism. Our focus stems from the view, the strong view that the U.S. is still the largest and most lucrative market in the world. We have a great understanding of it, but we need to understand it even more and compete even more effectively. But the rewards are far bigger than all the efforts we have around the world to generate markets and business.

Our task force will focus on ways states can develop competitive enterprise systems and allow the firms in
our states to compete, and more than compete, win against foreign competition in our very sizable lucrative domestic market.

We believe the competition in the future will be based on increased technology, technological utilization, which will require, of course, higher education and skill levels. We believe, in order to survive, our firms will have to develop and deploy advanced technology and products and processes.

And effective utilization of advanced technology will, of course, require higher levels of work force skills. It will begin with connecting in the early years in preschool and in role models, in strong programs from preschool and infant health to adult literacy.

But these higher levels of work force and technology systems collectively, along with capital, substitute a new type of public infrastructure. That's one that firms competing in the market are not in the business of providing or really even increasing. They will require a public role, and, of course, the states will have to fill that role to a great extent. Our states already, all of you, have begun to focus on building capacity in these markets. A number of different ways.

We hope to have an inventory of that available to all of you, and I hope an exhaustive analysis of what we
think can be done as well as what is now working effectively
to strengthen our domestic economy in markets, our jobs, our
opportunities.

We have an outline that we are going over. We
will have a draft report to the member governors. I must say
that my commerce director has been working with
representatives of Governors Ashcroft, Schaefer and Tommy
Thompson on this matter. I hope to have a preliminary report
from them early in the spring so we can give you a good,
solid, helpful final report in April.

But let me thank our chairman for his leadership
and indicate today's program is not only exciting and
enlightening to me, but yesterday's as well. I thought
beyond our borders was a spectacular program, and I would
like to congratulate Governor Baliles for his leadership.

GOVERNOR BALILES: Thank you, Jim. Ladies and
gentlemen, as we know, within our borders theme, we are
saying that we must expand domestic markets if we are to be
competitive in an international economy. We must inv st in
our children. We must invest in infrastructure.

Governor Jim Thompson of Illinois knows more about
transportation infrastructure problems than anyone else in
this room. He is chairman of our infrastructure task force
which will be reporting on June. I would like him to brief
us on the status of that effort.
GOVERNOR THOMPSON: Thank you, Mr. Chairman. The task force, which consists of myself, Governor Goldschmidt, Governor Martinez and Governor Casey, agreed to hold regional hearings in each of the states that we represent as models for the nation, focusing on different infrastructure challenges in the flesh, the products, the good and the bad.

Then we will go to hearings in those individual states, focusing on these three topics. The relationship between public investment in infrastructure improvements; private economic development response, with an added focus on international investment, which is becoming increasingly a part of our economic development themes in each individual state.

Financing infrastructure improvements in innovative ways to do that under current law, considering the issue of whether financing would be improved if laws, particularly federal tax laws, are changed.

Infrastructure planning priorities. What is most important and how can infrastructure planning and instruction be integrated. And we then plan to release our report before the summer meeting in time for our fellow governors to be able to read it and be able to debate it in Chicago in August.

While we will hold regional hearings in the four states which have membership on the task force, we hope you
will join us, Mr. Chairman. We also invite the participation of any of our fellow governors, either through your Washington office, or to come sit with us in person as we go to Oregon, Florida, Pennsylvania and Illinois, and to contribute your unique -- this is an issue that impacts every governor.

This is an issue in which every governor is expert. No one is more expert than another. This is a theme which every governor sounds everyday. This is the backbone of our economy. That's the plan.

GOVERNOR BALILES: Thank you, Governor.

At this point Governor Mabus has asked for 30 seconds to make an announcement.

GOVERNOR MABUS: Thank you, Mr. Chairman. I want to commend you and the chairman of the task force on a good program today. One of the things, that when we are talking about care for our children, I think it's important to include parental training and input, like the HIPPY program that was mentioned, the family literacy aspect. In conjunction with that, we are hosting, in Jackson, Mississippi, the National Conference on State Literacy Initiatives, April 9 through 11. This conference is sponsored by the National Governors' Association, by ABC television and by PBS. It's a second one. Last year's was in Chicago.
We hope that you or some designated people from your staff will come. It’s very important. It’s going to stress literacy at all levels. There’s nothing more important facing not only our workers today but also our children.

Thank you.

GOVERNOR BALILES: Thank you, Governor Mabus.

Ladies and gentlemen, this session has underscored the fact that as we sharpen our vision abroad, we must also renew our commitment at home. We need to educate our people, train our workers and care for our children. We need to rebuild our infrastructures, our roads, bridges, ports and airports. We must invest in our future. We’ve made a beginning.

Thank you for joining us. Meeting adjourned.

(Whereupon, at 3:20 p.m., the meeting was adjourned.)
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.
GOVERNOR BALILES: I would like to call this meeting of the National Governors' Association to order. Please be seated.

Ladies and gentlemen, at this time I would like to call in Governor Branstad of Iowa, vice chairman of the association, for purposes of the motion.

GOVERNOR BRANSTAD: Mr. Chairman, I move the adoption of the NGA Standard Rules of Procedure.

GOVERNOR BALILES: Is there a second?

GOVERNOR CLINTON: I second.

GOVERNOR BALILES: A motion has been made and seconded that we adopt the standard NGA Rules of Procedure for this meeting. Is there any discussion?

All in favor, say aye.

(A chorus of ayes)

GOVERNOR BALILES: All opposed?

(No response)

GOVERNOR BALILES: Motion carried.

Next, I would like to announce the Nominating Committee for the 1989/90 Executive Committee.

Governor Kean of New Jersey will chair the Nominating Committee. Members are Governor
Clinton of Arkansas, Governor O'Neill of Connecticut,
Governor Jim Thompson of Illinois, Governor Mickelson
of South Dakota.

Now I would like to call on
Governor Jim Thompson of Illinois for a special word
of welcome.

GOVERNOR THOMPSON: Mr. Chairman, thank you.

It is my pleasure on behalf of the
11 and a half million people of this great American
state to welcome my fellow governors to Chicago and
to the State of Illinois for our 81st annual meeting.

The governors last met in this
great city in 1955. I think 34 years between
meetings is far too long.

This is only the second time that
the National Governors' Association has met in our
city's premier convention facilities, and I look
forward to your speedy return to Chicago.

Governor Baliles' staff and mine
and the staff of the NGA have worked hard over the
last two years to ensure that our business meetings
and our social gatherings are successful ones.

Chicago has gone all out by the
host committee chairmanship of Robert Mallot,
chairman and CEO of FMC Corporation.

We began our festivities last night at the State of Illinois Center with a reception and dinner and performance by Bobby Short.

Tonight, we move to the gallery district of Chicago. Two blocks of Superior Street have been closed off. Jazz and blues bands will be playing all evening. The best food from the Taste of Chicago will be there. And the galleries will be open for the governors' move to their governors' only dinner at the Art Institute of Chicago.

Tomorrow night will culminate our social setting in Navy Pier, conceived of by Manuel Bernman in the original Chicago plan just recently scheduled for major rehabilitation and development with the authority of the City of Chicago, the State of Illinois.

So Jayne and I welcome you here. We're proud of this great city, proud of what it has to offer to the group I consider to be the finest group of public servants in America, the American governors.

Welcome to Chicago and welcome to Illinois.
(A round of applause)

GOVERNOR BALILES: Thank you, Governor Thompson, for your hospitality and for your efforts in making this convention a success.

I think it's fitting that we meet in the competitive city of Chicago because 12 months ago the nation's governors embarked upon an ambitious program to examine the role of states in building a more competitive nation.

We established task forces to focus on international education, foreign markets, research and technology, each a key to our ability to compete beyond our borders.

Within our borders, we targeted issues vital to our communities here at home, children, domestic markets and infrastructure.

Our premise was straightforward. Americans have the capacity not only to change with the times, but to change the times in which they live.

What we hoped to accomplish, therefore, was the creation of a plan of action that would be objectively compelling. So we went to work.

For our ideas, we met with trade
xp rts, h ld hearings on transportation, conducted
conferences on new markets and international
education, and we took a delegation of governors to
Brussels to meet with the European community
leadership in order that we might better understand
the opportunities that Europe after 1992 will offer.

Hearings were held across the
country by Governor, Jim Thompson and others, focusing
on infrastructure, asking hard questions about our
highway, transit and airport programs.

New Brunswick, New Jersey was the
site for a major conference on international
education.

Governor Clinton and Governor
Casey hosted a 38-state teleconference on children's
programs with Bob Keshan, better known to some as
Captain Kangaroo.

The National Geographic Society in
cooperation with NGA produced a film called
"Connections" that illustrates the link between what
happens around the world and events taking place in
our own backyard.

We met on several occasions with
the Pr sid nt, his Cabin t and m mb ers of Congr ss.
We conv y d our d sir to work with the Pr sid nt and the Congress, but let them know we're moving ahead regardless.

The Executive Summary, which is in the package, sets out our fine accomplishments.

They set out the basic competing principles for success in the 21st century, and our recommendations are straightforward, find new markets and design new products those markets will buy; learn about the world around us; recognize the importance of foreign customs, cultures and languages; invest in technology and move our ideas out of the laboratory into the marketplace; train our workers, give them the skills they need to be competitive; build the roads, bridges and airports necessary to move our people and products across town and around the world; ensure that our children grow into healthy, well-educated adults with the capability to perform in the international marketplaces of the next decade.

So, ladies and gentlemen, the Executive Summary is intentionally succinct and to the point. Most of you helped write it. I hope the rest of you in the audience will read it.

I'm particularly grateful to my
colleagues who have served on task forces and taken a direct interest in this undertaking. They've made the project possible.

They've helped craft a document that draws the diverse and complex elements of our time into a single, compelling call to action.

Now all we need to do is to get on with the job, and that's the purpose of the meeting in Chicago. 

Thank you.

(A round of applause)

GOVERNOR BALILES: Now, ladies and gentlemen, I would like to call on Governor Kean of New Jersey for the purpose of an introduction of a special friend of this association.

GOVERNOR KEAN: Mr. Chairman, a number of years ago, there was a young athlete, but interest seemed to go way beyond the realm of athletics.

In his profile, author John McFee wrote, I have asked all sorts of people who know Bill Bradley or know about him what they think he'd be doing when he is 40. And a really startling number of them, including teachers, coaches, college lawyers and news journalists give the same answer, he will b
Well, things didn't exactly turn out that way, as all those John McFee and Bill Bradley imaginers admired a quarter of a century ago. And, Bill, all of us here have been very pleased at the turn your career has taken, most especially, I think, John Ashcroft.

As Senior Senator from the State of New Jersey, Bill Bradley has become a major player in shaping U.S. policy, both at home and abroad. He took a machete to the U.S. Tax Code and made it simpler and fairer. He sponsored the cradle to grave manifest system to track medical waste and cosponsored the legislation ending dumping of sludge, and he has worked to increase federal aid education and, in particular, worked to reduce the high school drop-out rate.

His influence is just as great in the international scene. In 1965, McFee titled his profile of Bradley "A sense of where you are."

Today, Bill Bradley's sense of where America stands has driven him to become an expert in U.S./Soviet relations and third world debt. His sense of where we should be
going includs a proposed packet coalition of specific nations, dispersed trade and economic development.

A lot of governors have taken a great interest in the national trade.

Bill Bradley is eminently qualified to give us a greater sense of where we stand as players and what we can do to improve our game plan overseas.

We are very honored in the State of New Jersey to have Bill Bradley as our United States Senator. I am greatly honored right now as New Jersey's Governor to present him to you, our Senior Senator from New Jersey, Bill Bradley.

(A round of applause)

SENATOR BRADLEY: Thank you very much, Governor Kean, Governor Baliles, members of the Governors' Conference, ladies and gentlemen.

I can't imagine a better relationship between governor and a senator of opposite parties than I've had with Governor Tom Kean over the last eight years.

I respect you, Tom, I will miss you, and I thank you deeply for that introduction.
When Governor Balil's call came to ask me to speak today, he said I should talk about the challenges for American leadership in the global economy of the 1990s. That's a nice specific topic.

So in thinking about what I was going to say, I thought well, I have a number of options.

I can put you all to sleep talking about third world debt. I could confuse you talking about the new multi-lateral trade round. I could challenge you talking about exchange rate volume at this time. I could provoke you talking about the new wave of technology that's sweeping the world today. I could say something you already know about the need to improve American productivity, or I could insult you by reiterating the need for good education, which most of you -- and I put Tom Kean right at the top of this list -- have been working on the front lines for longer than I've been senator in some cases.

Instead, I have decided today to talk with you a little bit about something that affects all of the above categories and issues as well as how we think of ourselves as Americans.

And the subject that I would lik
to talk about today is, frankly, what’s happening in the Soviet Union.

I went to the Soviet Union first in 1966, last time in the spring of 1989.

In traveling from Siberia to Central Asia to the South Caucasus to the Ukrain, I try to gather a feel. Yet it seems that every time I pick up a newspaper these days, I read a story about the Soviet Union that I never expected.

Just think of the headlines, the Soviets pull out of Afghanistan, Soviets unilaterally reduce conventional forces by 500,000 troops, Soviets propose reductions in weapons grade uranium.

The Kremlin asked for a price reform in its budget deficit four times greater than the U.S. budget deficit in relevant terms, tells workers they'll be paid only on the basis of their effort.

Gorbachev declares multi-candidat elections, encourages open debate, repeals decrees limiting religious expression, settles the coal miners' strike by accepting the striker's demands.

I mean let's face it, what is going on here?
Well, I believe that Mikhail Gorbachev took power back in 1985 and looked out at the Soviet Union and fundamental state of disintegration.

What do I mean by that? Well, he had a rise in infant/adult mortality rate. 13 percent of all deaths in Soviet Union were due to bad water; environmental catastrophe in the sea and rural and Ukrain regions where there are over 50 million people in the Soviet Union living in air that is polluted above Soviet Union standards; looked out and saw a society with massive needs for capital, for agriculture, for energy, particularly post-Chernobyl, with the environment, with transportation and for modernizing plants and equipment.

He looked out and he saw enormous hidden inflation, plummeting productivity and indeed a budget deficit four times greater than the U.S. in relative terms.

He looked out and he saw a society that was corrupt at its core, not only in the normal sense that we think about in criminality, which was rampant in the Soviet Union, some places, like Isb cstan (phon tic) it became mind-boggling,
colossal, but corruption in the sense of not being able to deliver or hope to deliver anything better for your children or your grandchildren.

I think he looked out at that society and decided to do something about it.

He decided that unless he did something about it, the Soviet Union would remain the fourth rated economic power in the 21st century and could very well become a second rate military power.

So he decided to take some very big risks, and he embarked on what could literally be called a reformation that we've come to know with the words perestroika, glasnost and democratization.

The question is will they work.

Well, a reformer friend of mine said that the way he'd know -- the Soviet reformer friend of mine said the way he'd know that perestroika had worked is the more people want to get into the Soviet Union than want to get out of the Soviet Union.

And yet in April, I stopped a 12-year-old kid on the streets of Alma-Ata (phonetic) at one of my chance encounters and asked him the same question I'd ask a lot of people throughout the
str ts, what's p r stroika m an to you? What do you think it means?

He looked up at me and said perestroika? Oh, perestroika, it means the beginning of a new life.

So the answer is somewhere out there. We don't know if it's going to work, but we sure ought to know what it is.

Perestroika basically means economic decentralization, taking power from the central bureaucracy and giving it to the enterprise managers, paying people based on effort, not based on the old glow -- and that used to be in the old factories, we pretend you do work and we pretend to pay.

And it ultimately means going to a price system which implies necessarily, in the current environment, higher prices.

Glasnost. Important to be clear it is not freedom of speech or worship as a right guaranteed under the law as we know it in this country.

It is, rather, permission to speak and to worship. But it's still there.
Synagogues were being built, Easter service at Donloff Monastery (phonetic) in Moscow I attended a few months ago, no militia harassing, all ages represented in the church.

No longer did the Soviet televisions put the most famous Soviet rock group on during 11:00 to 2:00 a.m., but instead the service was being broadcast.

In the press, wide open expression, criticism even of the General Secretary.

Glasnost and democratization basically means making the system more responsive to the people's needs by the creation of popularly elected legislatures in the national level, at the republic level and at the local level and making them accountable by putting their deliberations on television so all the people can see.

In fact, during the recent meeting of the Congress, they had to postpone the broadcast to 8:00 p.m. at night because nobody was working in the Soviet Union; they were all home watching the Congress in action.

Needless to say, that isn't th
case in the United States.

So perestroika, Glasnost, the democratization, they all fit together, I sense.

Some people say Gorbachov is to socialism what FDR was to capitalism. Again, that remains to be seen.

But the fact of the matter is there is a political strategy working, and I think the political strategy is recognition that the toughest challenge ahead is going to be to raise prices.

And in order to get the political support to raise prices, Glasnost fits in.

450 million believers in the Soviet Union give them what they want most in life, their right and ability to worship as they choose, and intellegencia needed to make a modern economy work.

Give them the right to express their ideas and interact, and you have a sizable base.

Add to that all those people who are fed up with the old party hacks who have been working in the vineyards a long time and believe
they're as good as anybody is but can't move upward unless they really address people's needs, give them a right for local elections, give them a right to express their views, to take some self-initiative that will be essential if perestroika works and people are regarded on the basis of effort and you add to your coalition.

And then, if you see what's happened in just the last couple of weeks with the coal miner's strike, absolutely extraordinary where you see Mikhail Gorbachov taking the pretense of coal strikes and moving up the local elections to the fall instead of the spring.

And at the time, people thought they wouldn't even take place in the spring, so that he can marshal public opinion to throw out those party officials who are blocking him in the republic's on perestroika.

So it is very important for us to understand what is the reformation.

Now, what does it imply for us? Well, if you talk to some of the economic performers, they say their words that if it succeeds, if it succeeds, then economic criteria will b come more
dominant than the allocation of resources.

Think about that. Economic criteria become more dominant than the allocation of resources.

If that's true, the Soviet Union doesn't need 600,000 troops in Eastern Europe. They don't need massive strategic arsenals. They certainly don't need costly third world adventures, and what they do need is a much lower defense budget.

I suggested over the last 18 months that at some point Gorbachov would put a mutual reduction proposal on the table.

Little did I expect last December he would come to the UN and offer a 500,000 unilateral troop cut prior to any discussions about mutual reductions.

But if economic criteria becomes more dominant than the allocation of resources, then we should expect -- if we applaud perestroika, but don't pay for it -- we should expect that the defense budget in the Soviet Union has got to come down.

And that means as they come to the table for mutual talks, we should be there to reduce conventional forces or strategic forces as long as
th r ductions ar in our interests, as I b li v it could be.

What about on the economic front?
Well, on the economic front, I believe that we should be rational capitalists and not romantic capitalists.

What do I mean by that? Rational capitalists maximize profit. We all know them. Many of us are them or have been them -- have been them.

And romantic capitalists, they don't maximize profit.

Who are they? Well, I think I have some good sense of who they might be.

I think that many romantic capitalists used to -- maybe still do -- on professional basketball teams, which means, you know, they would pay people very nice salaries, very generous salaries -- sometimes more than they could possibly hope to make back in the operation of the team.

They were not maximizing profit.

They were making investments for other reasons.

Maybe they wanted Kareem-Abdul Jabbar come have lunch with the kids or somebody

ls , Larry Bird, come to th country club on th
work. But they were not rational capitalists, they were romantic capitalists.

And I would argue that we need, in our dealings with the Soviet Union, to be rational, not romantic.

And I would hasten to suggest that there are probably innumerable American business people trotting around Moscow today who are romantic capitalists who think they're going to have a great deal if they can get their picture taken with Rhesa or if they think, you know, they can come back with the latest gossip.

I would argue that we should be rational capitalists and not romantic capitalists, that we should applaud perestroika but not pay for perestroika.

What do I mean by that? I draw distinction between trade and credit. On the trade side, if you trade with someone, they got to have something that somebody wants to buy.

Anybody want to buy a Soviet TV? Anybody want to buy a Soviet car? Their quality is so bad they couldn't possibly sell anything.
So if you say okay, trade, that
gives the hand to the reformers to force reforms
necessary that would improve quality, which
necessarily I believe means a quicker movement toward
a price mechanism and toward a kind of market
oriented economy.

So I would argue that it is very
important for us to go ahead with trade.

On credit, I would say let's slow
down. Why do I say let's slow down? Well, there's
only a limited amount of credit in the world, only a
limited amount of credit in the world.

Where do you want that credit to
flow? I would like to see that credit flow to the
United States for our own rebuilding, and outside the
United States, I would like to see it flow to
developing world.

I would not like to see it flow to
the Soviet Union. I would not like to see it flow in
the Soviet Union where people are not poor, just
poor, but where people are in bad straits because of
an incredibly, collossally bad system and a giant
defense budget.

I don't want to help th Sovi ts
avoid the choice between guns and butter.

So on the military front, be at the table to negotiate.

On the economic front, be rational capitalists, not romantic capitalists.

And then there's another front, and that is our ability to influence what goes on in the Soviet Union.

Probably most important way that we can influence is to recognize the power of the American example.

What do I mean by that? Well, right now in the Soviet Union we have a leadership that is actually invaluating fresh concepts.

They're actually thinking through popularly elected legislators and independent judiciary, financially accountable enterprises, a moderate banking and credit system.

I mean in April, I kind of snuck into the back room where some of the Moscow deputies were meeting in preparation for the party congress.

And with an interpreter in my ear, I listened to their debate and discussion. And they were saying such things as well, in this new
I gislature that will be created, we have to have immunity for prosecution for what we say on the floor. We have to have the powers of subpoena. We have to have access to all of the defense information which should be public openingly to everyone.

And they were constantly making references -- Well, in the United States Congress, they do it this way. In the United States Senate, the intelligence committee seems to have access to information. There is a congressional budget office. There is a Library of Congress that -- They were constantly making references to the United States and to the Congress.

And so I think an American example is enormously important as these countries -- as the Soviet Union opens itself up to begin to assess what it costs to be a part of an international economic system and what they would have to do.

I would suggest to you that governors can play and should play an enormously important role in this process.

This is particularly so as the republics, all fifteen of them, move towards a more open and independent relationship with the rest of
the world.

I think, frankly, governors can have an impact by entering into partnerships, relationships with various republics, between states and various republics, groups of states and various republics.

And in so doing, I believe that we'll have a chance to educate our management skills, we'll have a chance to advise on popularly elected legislatures, a chance to campaign on and express why the price mechanism is, the only way that they have a chance, the only way they have a chance.

And frankly, I think it would be an enourmously positive expression of interest on the part of some extremely important American governmental leaders to simply express the interest on the part of governors what's happening in the Soviet Union and the desire to learn more about it, maybe even interest a trip. Believe me, it's eye opening.

As I've thought about what's happening, it seems to me that there may be something more fundamental going on than I've even talked about hr today.
Thoughts occurred to me -- maybe it has to you -- as you read all those headlines over the last four, five years, what if the Soviet Union is really changing? What if the Soviet Union is really changing? What if there's a historic change formation going on?

Well, for fifty years, ever since FDR said the world was divided between human freedom and human slavery, we've known which side we were on. We were against Imperial Japan, the Nazis, communist China, communist Soviet Union. What if we Americans can no longer define ourselves in opposition to apparent evil?

Well, D. H. Lawrence once said it's never really freedom till you decide what you positively want to be.

It seems for the last fifty years we have been saying what we are not.

But if the Soviet Union is real -- if change is real, if the Soviet threat is diminishing, then the challenge for all of us will be for positive definition as to who we are and what we believe.

Now I know there is some popull
who are going to say no, no, uhn-uhn, we've got to have an enemy. If it's not the Soviet Union, maybe it'll be Iran or Japan or Nicaragua or somebody; we've got to have an enemy.

There are others -- I bet most of you are in this category; I put myself in this category -- that say it's an opportunity for us in a rapidly changing world to define who we are and what we believe and to offer the world a positive vision and then to deliver on that vision.

This last point was brought home to me in January of 1988.

I was in Georgia, Soviet Georgia, in Tbilisi, and the state department had asked me to go to an American information exhibit that was showing everything from laser technology to the Bill Cosby Show.

And I went in to the exhibit, Soviets standing outside for an hour to get through for a 20-minute walk.

And after being in there for a little bit and kind of being bored, talking to one or two, I said well, let's have a little experiment here. Let's do a town meeting.
I told them what a town meeting was. They shrunk back a little bit. I told them I was a senator, told them all about New Jersey, told them to call Governor Tom Kean.

And I said the way we do this, you ask me questions.

They asked me some questions. And I said and now, it's my turn to ask you some questions. I want to ask you two questions. Tell me three things that you like about the United States and three things that you don't like about the United States.

Yeah, well, I like the standard of living, pretty good standard of living.

What about you? Well, I like the freedom in the United States.

What about you? I like the fact that you can always stand up for human rights.

Okay. Those struck true chords with me.

What don't you like? Well, I don't like the homelessness.

Well, I don't like the jobless.
I don't like the crim.

My first reaction is hey, wait a minute. Don't bring that ideological garbage in here. I don't want to hear that.

Then I thought wait minute. There is homelessness, joblessness and crime.

And I thought about those kids who entered kindergarten last year, who one in four poor, one in five likely be to a parent, one in two with both parents working and inadequate -- in many cases -- child care.

And I thought about that group of young people who will be the first graduates in the 21st Century, and I thought about how that group as a percent of the total population is smaller than percent virtually any other group to move through this certainly post-war period.

And I thought about how important it is that this group not leave the educational systems of our country uneducated and unproductive because we can't afford that.

And I think that's why all of you in this room have been such innovators in the area of education because you know we can't afford that.
But I would organize that we need educated, productive citizens, not only to maximize our economic growth, but also so that we can live up to the ideals that all of us believe America was founded on.

So when I think about Gorbachov and the challenge that he has offered, it is not only the military challenge, which is there, clearly, it is not only the economic challenge, which requires clear-headed thinking about being rational capitalists, but it is also a challenge to our own ideals that we live up to those, that we end homelessness, joblessness and that we reduce crime significantly, not only so that we can look Gorbachev in the eye and say, no, we don't have those things anymore, but so that we can look ourselves in the mirror and say, yeah, America is a special society, always has been, always will be.

Our ability to do that depends not only on U.S. Congress, but increasingly it depends on the imagination and ingenuity and strength and vision of those of you around this table.

Thank you very much.

(A round of applause)
GOVERNOR BALILES: Thank you, Senator Bradley, for a very stimulating and thoughtful analysis of the Soviet Union and its emerging role in the international economy.

You might be interested to know when you mentioned exchanges that Governor Jim Thompson of Illinois has opened a state office in Moscow. Governor Branstad has traveled to the Soviet Union on several occasions in regard to his states and the sister state relationship with the Soviet republic. And a number of Soviet trade officials have traveled to Virginia to meet with southern governors and to talk about possible trade ideas.

So we're delighted with your presentation, your explanation and your willingness now to take questions.

I believe Governor Carruthers of New Mexico has the first question.

GOVERNOR CARRUTHERS: Senator, you spoke of -- Can you hear that?

GOVERNOR BALILES: I can hear you, although your microphone is not on; but I can hear you.

GOVERNOR CARRUTHERS: Senator, you spoke of rational vs. romantic capitalists.
I want to know from you if you believe that the federal government, our federal government, has been rational in allowing capitalists to deal with the Soviet Union.

And I point particularly to the case the other day where there's a debate in the administration as to whether the new p.c. computers can be allowed to be sold in the Soviet Union.

SENATOR BRADLEY: Well, I think that you can make a case that p.c.s are probably more subversive than they are dangerous. They're subversive to the Soviet Union. That's personally what I think.

I think you know the more you have informal computer systems around the Soviet Union you have a method of moving information fast.

That benefits by far those who are opponents to a region who have not been able to communicate with each other in the past.

So I have -- I'm not troubled by that decision taken by the administration. If you get big computers, well, obviously, you put limits on big computers that can have any kind of military significance whatsoever.

But in terms of your desk top
computer, I think it's a very subversive move, whoever is selling them to the Soviet Union.

GOVERNOR BALILES: Governor Clinton of Arkansas.

GOVERNOR CLINTON: Senator -- Maybe none of these work.

I want to ask you a question related to the remarks you made about the political strategy of Gorbachov.

The interesting thing to me about the Soviet Union is it's the only great nation that is really both a western and an eastern nation.

The eastern economic powers have basically followed now as commonly accepted a very different economic strategy.

China seems determined to do what South Korea, Taiwan and Singapore, which is to maintain political control while fostering economic markets and then let political liberalization follow.

Gorbachov's following a different strategy. The questions I want to ask are two.

One is, is he doing what he has to do or could have done it the way the other nations have?
soci ti s did it?

And, number two, since he's made
the decision to have political democracy before
economic prosperity and since you say we should be
careful about how much we try to give to them, how
much time does he have before he has to produce some
meaningful economic results?

Our impression is -- and a
dele-gation from my state just got back -- is it's
worse economically than it was a couple of years ago
when he took office.

GOVERNOR BALILES: The question was -- I'll
repeat the question.

The question was how Gorbachov is
doing compared to what, say, China did in comparison
to political and economic reform and, also, how long
does he have before he's got to produce something for
his people.

SENATOR BRADLEY: It's interesting, because
China and the Soviet Union are really taking totally
different tracks.

China, the decision was taken for
economic reform.

They decide the best way to begin
economic reform was to begin it in the countryside with agriculture.

Get 700,000 Chinese on your side first, direct standards of living go up and then tackle the central part of bureaucracy and then mayb at some future point get to political reform.

As the recent events in Tiananmen Square state, it's probably not likely that political reform will come likely in the future.

We'll admit that we deplore that.

That's fact.

On the Soviet Union, Soviets postponed the economic reform decision. They also did not go to the countryside, the agriculture sector first.

They instead went to the bureaucracies, the ministries, the intellegencia in Moscow first, and they naturally decided ahead in a way of political reform, Glasnost, express, et cetera.

And the result is, I believe, that Gorbachov has got -- has made a serious blunder, and basically many Soviet economists say this -- certainly many U.S. economists who watch th Soviet
Union say this: They should have gone for price reform two years ago when his popularity was absolutely at its peak.

We all have political capital spent even in the Soviet. He sent his capitalist in on his tough negotiation when his political capitalist was the highest chose not to do that.

Now, when you talk to reformers, they describe the situation as follows:

They say we know where we have to go to, a price reform, and we know the path we have to go to get there. But we have come upon a big swamp, they say, and now we have to move around that swamp to get back on the path.

First the question is raised well, will they ever get back on the path? And that path is very difficult.

He's got to dry up literally billions of rubels of pent up spending powers that are in people's mattresses, and society doesn't produce the goods that can be spent on. That's hidden inflation.

In addition, the budget deficit is gigantic. You have the thnic disputes around the
rim.

My view is and the view of many people that if Gorbachov doesn't produce something within the next two to three years, it's unlikely that things are going to continue.

Gorbachov, I believe, knows that. And he has demonstrated ingenious to take changing political events and turn them to his advantage.

The coal miner's strike is the latest example.

He took the unrest in the coal miner's strike and he said all those people out there who can't get food, who can't get soap, who can't get the necessities of life in the coal mines, the reason that's so is because your local government is not responsive to you.

So he moved up elections to this fall, thereby breathing new life into the political reform and building a broader constituency for the tough economic decisions that he's got to make in perestroika.

So no one knows how it's going to turn out.

GOVERNOR BALILES: Gov rnor McKernan of Maine.
GOVERNOR MCKERNAN: Mayb if w switch microphones that will help.

Senator, maybe speaking for the rational capitalists in our group, given all the changes that we've seen in the Soviet Union and the reverberations through all of eastern Europe, what do you see for the kinds of economic opportunities that some of the companies in our states might have as we try to enhance our relationship with either the republics in the Soviet Union or the other eastern countries?

SENATOR BRADLEY: Well, again, I am not a business consultant, so I'm bringing my prejudices and biases in answer to your question.

It seems to me that there's going to be very little way to make very much money in the Soviet Union for a long time to come.

Soviets themselves tell you this is 20, 30 year reform, if it works. It'll take that long.

And, you know, I have business people ask me, you know, do I want to prevent people from investing in the Soviet Union?

No, I don't want to prevent it.
You know, it's a free country, free flow of capital.

You want to take a wad of thousand dollars bills and walk out on Michigan Avenue and put a match to them, it's a free world; do it.

That's a little bit how I feel about investing in the Soviet Union.

If you want to do it, fine, go ahead and do it. But don't come to me -- meaning the U.S. Government -- saying bail me out of my mistake I made when I invested billions in the Soviet Union.

And then on another level, I don't want to wake up eight to ten years from now with the Soviet debt bomb that is as big as the Latin American debt bomb.

As I say, if there is a limited pool of capital, I would like that devoted to where people are really poor, not the flow to subsidize a society that is, as I said, collosally inept but also part of a problem of a gigantic military budget which is within their power to reduce.

So I wouldn't say -- You know, don't expect your main businessman to be making wells in investments in the Soviet Union unless they're willing to try at it as the ultimate wildcat.
GOVERNOR BALILES: Governor Romer of Colorado.

GOVERNOR ROMER: Senator Bradley, we face a massive reinvestment in our ability to modernize our nuclear weapon production facilities in many states. This new opportunity atmosphere in the Soviet Union, does it give us an opportunity to take the two challenges of military and economic and put them on the table at the same time?

I know there are multi-billion dollars on the table right now, decisions that need to be made within a year or 18 months as to what degree we're going to replace and reestablish our ability to have a modern capacity.

Can we take advantage of this atmosphere and reduce that commitment? Are the politics of that possible?

SENATOR BRADLEY: I take it you mean when is the defense dividend going to come home if we indeed find Gorbachov for real in reducing defense expenditures.

My best guess -- and sometimes you would be surprised at how -- often you'd be surprised as you've watched him operate over the last five years -- my best guess is it's not until the mid
'90s.

Why do I say that? Gorbachov has said he's going to remove 500,000 troops unilaterally from Europe. He committed that operation in April of last year. It's due to be finished at the end of 1991.

If he does that, and particularly if he removes them where they say they will remove them, then that's an indication.

If in the interim, you have developed a conventional force reduction agreement, mutual reduction agreement and you then move toward a strategic nuclear agreement, you can see the time when you might get some savings out of the defense budget that could be utilized for domestic expenditures.

But the phase in time for that plus the kind of retooling from defense to non-defense of major sectors of the U.S. economy will not happen overnight.

And my guess is that in the best of circumstances, you're looking at the mid 1990s before significant defense dividends will be there.

Now, will you be able to reduc
her and th r? Will you pick up a littl? Y ah.

But significant defense dividends, I think you're looking at '94, '95.

GOVERNOR BALILES: Final question, Governor Branstad of Iowa.

GOVERNOR BRANSTAD: Senator, I had the opportunity to go to the Soviet Union in '86 and to go back in '88 when we signed the sister state agreement with Cherkermhof of Stavropol (phonetics).

I was impressed with the Glasnost part of the changes that were taking place over there, the fact that the leader of the Stavropol district, which is now our sister state, was able to come without checking with Moscow to visit the State of Iowa.

We've had some contact and we sold a considerable amount of corn and soy beans, even going back to the '60s and '70s.

We are now selling paving equipment, and they're interested in purchasing food processing equipment from us.

We're running into the problems that you note in terms of trading and trying to pro -- find quality products that we can buy from
One thought I had.

We have a tremendous interest in our state in tourism. If you would like to travel to the Soviet Union and how can -- the problem is, as I understand it, those tourism dollars go to the central government, not to the local governments.

Is there a way that we can use that interest in America in traveling there as a way to somehow generate some hard currency for the trade that we want to have in terms of selling them food processing items and things that we produce in our state?

SENATOR BRADLEY: Well, it sounds to me like a governor's great idea about how to help governors of republics in the Soviet Union.

Yeah, there's certainly a way you can now do it. They now have a coop system.

They can establish a coop, can be a republic based coop. It has its own foreign exchange. It can purchase goods from the United States, and the benefits of that can flow to the specific area involved, the specific republic.

I m an th Sovi t agricultur
system, as you've seen firsthand, and your visit to Mr. Gorbachov was the General Secretary for all over a decade, Stavropol, where he comes from and where his parents still live, your observations, they can do enormous things.

One of the places, Central Asia, Azerbaidzhan 40 percent of all the fruit and vegetables, 40 percent, are lost through spoilage, through spoilage.

They grow them. They can't get them to market. Just modern things, like modern refrigeration, modern trucks, transportation, equipment, et cetera, would facilitate their agricultural problem and improve it dramatically.

Now, I'm sure not proposing that I will do that, but it does lend itself to kind of interesting regional and state interactions, out of which there might come some things that will help your states economically, although I don't think there's a possible bonanza there.

It could possibly help, and clearly I think just the discussions will move reform in the Soviet Union forward.

Thank you all very much.
(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.

The national interest in trade
with Canada is reflected in most of our states as well.

That's why the National Governors' Association took such an active interest in the Free Trade Agreement, adopting a resolution that encouraged congressional approval.

We're fortunate to have with us today a man uniquely qualified to discuss the U.S./Canadian relationship.

Derek H. Burney is Canada's ambassador to the United States.

Prior to taking his post with them, Ambassador Burney served as chief of staff to Prime Minister Mulroney (phonetic). The ambassador has also served as ambassador to Korea and served in Canada's embassy in Japan and New Zealand.

I am pleased to present to you, Canada's ambassador to the United States, his Excellency, Derek H. Burney.

(A round of applause)

AMBASSADOR BURNNEY: Thank you very much, Governor. I'm very honored to be among you today.

You know, among the various stories circulating in D.C. these days is one that
Pr sid nt Bush has discov r d a kind r, gentler America. It is called Canada.

It's in that spirit that I'm pleased to join you today in the great City of Chicago where, as you know, the Chicago Cubs are locked in a very tight penan trace with the Expos, Montreal.

Just think, if the Blue Jays catch fire, we might have the first Canadian world series in 1989. What a surprising dividend of free trade that might be.

I say that about baseball because I'm really here today as a pinch hitter of sorts, substituting for my prime minister who had hoped to join with you.

He asked me to give you the following message: In Canada, he said, we believe that good policies make good politics. That was why we launched the Free Trade Initiative.

The negotiations that followed were tough and the electoral campaign on the results were much tougher still.

In politics, there's nothing like the ballot box to focus the mind. But w will return
to office with a majority, the first time in many years that a Canadian government had won back-to-back majority victories.

So good policies do make good politics. But like a business contract, the agreement does not guarantee that either partner will prosper.

If this relationship is to succeed, both sides will have to work at it.

I give you my assurances that we, for our part, will work at ensuring its success, and I invite you to reciprocate.

That is my prime minister's message for you today and also my first commercial that I want to deliver.

As you can expect, I do want to focus on the Free Trade Agreement, but because of my position, I think you will understand it would be impossible for me in a platform like this to avoid mentioning our other primary bilateral concern with the United States, acid rain.

Let me be brief, but very explicit.

Win Canada ar mor ncourag d
than ever that this Congress will deal with our common surge of acid rain.

We are more determined than ever to press for your bilateral accord to reflect the transborder nature of this problem and to preserve and enhance our common environment.

As we move to the crunch and what has been for too long an anomaly in our otherwise solid partnership, we look to you, the governors, for continued support.

So ends my second commercial.

And now back to the main message, our six months under free trade and the lessons to be drawn from our experience so far.

What would a six-month report card say? Well, I believe that a fair report would say good start, shows real potential, continued effort, will bring good results.

There have been remarkably few start-up problems in bringing the agreement into force. However, a lot of hard work lies ahead if we are to make the agreement a dynamic instrument of North American growth.

It is a blueprint for a brighter
and more prosperous futures, but a blueprint is not enough by itself. It requires building materials, and it requires builders.

All of us at the federal, state and provincial levels must be involved in the construction phase that lies ahead. We need to be among the builders. We must provide the patient, dedicated political oversight to ensure that the blueprint is adhered to.

It is the actions of the private enterprise, of course, which will provide the agreement which will prove that the agreement is working because it's private enterprise that invests, that exports, that creates jobs and income on which we depend.

But as governments, we have to be ready too.

Our job is to provide a more positive environment for trade and investment, and the best way of doing this is to conform not only with the letter, but also with the spirit of the Free Trade Agreement.

Because if we as governments fulfill our obligations, if we move ahead with th
further negotiations to expand and improve this agreement and to resolve our disputes equitably and quickly, I believe will have the confidence to do its part.

At stake is the continued vitality and growth of the largest trading relationship between any two countries in the world.

In 1988, our two-way trade totaled $176 billion. That's U.S. dollars. And that's probably even larger than the latest junk bond transaction on Wall Street.

Canada and the United States, as the governor has already indicated, trade more with each other than France trades with West Germany and the United States trades with Japan and than the United States trades with Britain, France, West Germany and Italy combined.

Canada is the number one export market for almost all American firms. It is also the number one opportunity for further expansion of trade.

Remember this: Between 1981 and 1988, U.S. exports to Canada grew twice as fast as U.S. exports globally.
In Canada, U.S. trad is quality trade; that is, trade in job creating manufactured goods on a per capita basis.

Canadians imported more than $16 million of American manufactured goods in 1988. Other countries are playing catch-up, but they have a long way to go.

Compare Japan with $142 per capita imports of manufactured goods from the United States or the countries of the European community with $132 on a per capita basis.

Approval of the Free Trade Agreement generated a good deal of raw emotion in Canada, and raw emotion parked is a lot of half-baked criticism, I might add.

It required a major investment of political courage and commitment to see the initiative through to a successful conclusion.

Canadians were tested more than ever before on the fundamental fabric of relations with their American cousins. They chose to go for it, and now they expect results.

The challenge for governments and for the private sector is to respond positive.
What is evident so far?

Well, so far, from an economy in retreat, the facts show a Canadian economy which expanded at close to 1 percent in real terms in the first quarter of 1989, which added more than 110,000 jobs to national employment goals, with a June unemployment rate that is the lowest for Canada in more than eight years.

Bilateral trade continues to show solid growth, up over by 5 percent in the first four months of this year, over the same period in 1988.

In the first quarter, real investment in Canada was up by 2.8 percent, compared with the growth of 2.5 percent in the last three months of 1988.

Capital spending is expected to increase by 11 and a half percent in 1989, and manufacturing leads the way in investment plans projected to be up $22 and a half billion or 28 percent from 1988 levels with a 17.1 percent increase forecast for electric utilities and gas pipeline companies.

Obviously, free trade is helping.

The world economic forum in Geneva now ranks Canada
as the fourth most competitive country in the world, and that's up from 11th place in 1984.

Nothing stifles the professional pessimist better than results.

Stronger two-way growth, increased trade and growing employment will provide decisive proof that the agreement is indeed a win/win deal.

I don't have to explain to any of you the importance of trade to your economy nor about the significance of trade with Canada to the prosperity of your state.

What I can state is that under the Free Trade Agreement, there is the potential for increased trade both ways, for us to expand in areas where we already sell to one another and to establish new markets, new niches in one another's market.

There is so much to be positive about when U.S. business looks to Canada, so many natural advances to back up the opportunities created by the Free Trade Agreement you will forgive me if I only enumerate a few of Canada's attributes.

Number one, a business culture and a business structure that most closely parallel your own.
Number two, sophisticated cross-border transportation links to move your goods to market and get the inputs your industries need.

Third, a growing high tech manufacturing sector for new technology, for joint ventures, for profitable investment in integrated manufacturing operations.

Fourth, a resource base in minerals, timber, agriculture and fisheries to supply your needs.

And, fifth, energy resources in oil, gas, electricity, to furnish an important part of America's growing demand.

On the other side of the coin, what the U.S. market offers.

We are a good match as creative partners, and the agreement makes a better match.

That, of course, is my overriding commercial today.

The Free Trade Agreement gives us a better blueprint and better rules to ensure more stable, more predictable trade environment as well as better incentive to do even more business with one another.
But how do we make the promise of Free Trade Agreement a reality? The old-fashioned way, by working at it.

Let me focus on the role of the states in the provinces.

Some of the most important provisions of the agreement apply to areas in your jurisdiction. Investment, for example.

The agreement requires equal treatment for Canadian and American investors. If you discriminate against Canadian investors, you will breach the agreement. It is simple as that.

And it may strike you as odd to receive a Canadian message about equity on investment, but nonetheless, it is a timely one.

Another area is health and sanitary rules for food and agriculture products.

The agreement prohibits the unjustified use of these rules to block trade. It provides a means to reduce the barriers that do exist. And I would encourage the states to play a full role in this important work.

You know where the impediments are on your side. We know where they are on our side.
So let's help each other get rid of them.

But just making the agreement work is not enough. We need to expand it.

For example, on tariff elimination. Hundreds of businesses on both sides of the border want the tariff cuts accelerated. Negotiations are going to begin this fall to do just that.

Frankly, this is one of the most encouraging developments, I believe, in the agreement's first six months.

Two other areas for further work affecting state and provincial governments are subsidies and government procurement.

Do I not have to tell any of you that subsidy issues are deeply controversial? After all, one man's subsidy is another man's birth right, or so it is often argued.

Indeed, this agreement on subsidies almost sank the free trade negotiations.

The agreement mandates us to negotiate new subsidies rules in the next five to seven years, not an easy task, nor one where rapid progress can be expected.
For such negotiations to succeed, I sincerely hope that the — that only Canada's subsidy can be put out of its mystery once and for all. But that's an aside.

Government procurement is another area ripe for expansion. Combined government procurement at all levels in both countries exceeds some $700 billion annually; a huge market by any definition.

When the procurement negotiations begin, both sides will need the same vision and leadership of the federal and state provincial levels of government that produce the Free Trade Agreement.

Our goal should be a more competitive market for all government procurement in North America.

Beyond North America, the Free Trade Agreement positions Canada and the United States together to face the wider challenges of the global trading environment.

The best message we can send our European friends, for instance, is to make our own agreement a model of the benefits of trade liberalization and a sign of our readiness to respond
positively to their reduction of trade barriers by others.

As for their plans, we should, as a recent American leader said in quite different context, trust but verify.

In a world of increasing interdependence, the free trade equips us to deal with globalization. In an era of change, it equips us to manage the future.

I invite you to pick up the challenge right here in North America when you consider trade promotion, procurement or investment prospects for your state.

Beware the allure of the exotic, examine the pragmatic opportunities right next door, nurture the market.

That means, for most of you, today and tomorrow, Canada, where the dividends are real, is still your best outlet for -- if I might borrow a phrase -- rational capitalism at its best, because the strength we build here in North America will make a stronger global.

The Free Trade Agreement is the best available instrument to make our country's more
competitiv and mor productiv. It is good policy and good politics too.

Thank you very much.

(A round of applause)

GOVERNOR BALILES: Thank you, Mr. Ambassador.

Many of us in this room are familiar with market opportunities in Canada.

I believe we have time for several questions, the first one going to Governor Tommy Thompson of Wisconsin.

GOVERNOR TOMMY THOMPSON: First, Mr. Ambassador, let me just say thank you for coming today. We really appreciate that, and we appreciate your message.

All of us around this table have quite a bit to do with the Free Trade Agreement and urging Congress to adopt it.

The Canadian elections last November were a little feisty, to say the least, on this particular issue.

Has the attitude changed much since the elections as relates to their attitude towards the United States and towards the Free Trade Agreement?
AMBASSADOR BURNEY: I think the attitudes are changing.

I think that a lot of deeper fears that were generated during the election, particularly fears that were expressed about the vulnerability of Canadian social and health programs, I think that those concerns, if not having been put to rest, they've certainly abated considerably. So the pitch or the depth of the emotional fervor on the issue, I think, has diminished.

And I think that the agreement is now being looked at increasingly towards economic -- from its economic yardstick.

It's still fair to say that almost every economic development that takes place in Canada, whether it's related in fact to free trade or not, tends to be held up against the Free Trade Agreement. It's a very convenient mirror for people to look at decisions through.

But I think my own sense of it would be that, as I say, the raw emotion that was generated and fears that were generated with both the impact of this trade agreement on social and health programs has abated. But there's still a tendency...
about the agr m nt in th country.

GOVERNOR BALILES: Governor Gardner of Washington.

GOVERNOR GARDNER: I was going to ask you what we as governors might do to enhance the relationships with the province, but I thought you covered that.

Let me ask you kind of a bread-and-butter-type question.

About two weeks ago, Governor -- the Western Governors' Conference in which the theme was going global, where we talked about the initiatives the states are taking in the international area.

Out of that came the fact that many of us traded sensibly with Canada, and yet none of us have an office in Canada.

Out of that comes the question, would it be helpful to have a formal presence in Canada in contrast to the contribution we all have to make in terms of offices in Europe, East Asia and Pacific Rim; or is the proximity the common borders shared such that that wouldn't be necessary?

I would b interested in your
AMBASSADOR BURNEY: Well, I did try to touch on that a bit in my remarks when I said beware the exotic and consider the practical.

I would say that to the extent those kinds of offices can be helpful, I would assume that they would be even more helpful to you in the area where your biggest growth has been as opposed to some areas where there's been less growth.

But I know that people would argue it the other way. They would say that the reason that you have growth in Canada is because of the links that exist with other provinces.

But my own guess would be that I would see advantages for the States to have offices in parts of Canada.

I think that will continue to be your major growth market as far as any reasonable economist can see in the next decade.

I know that several Canadian provinces have offices in the United States, and I think as they expand their operations internationally they do it increasingly in the United States.

In part, it is a cost factor too.
I think if you look at the relative cost of running an office in Canada or Japan, it won't take you too long to figure out which one might pay back.

GOVERNOR BALILES: Governor Celeste of Ohio.

GOVERNOR CELESTE: Thank you very much, Mr. Ambassador.

I, along with several of my Great Lakes colleagues, visited Canada recently and were most impressed by the enthusiasm which characterizes the efforts to implement the Free Trade Agreement and are grateful for that.

I would like to pick up on your mention of one of the outstanding issues that we're going to have to confront over the next few years, and that is the subsidy issue.

Because I think that this is an issue that needs to be underscored for us as governors because we, as states, do have a part to play in that discussion.

I would be curious as to your thoughts about the appropriate way in which we as governors could begin to identify the proper role for us to participate in those discussions because,
clearly, what the State of Ohio does in terms of its economic incentive or the State of Indiana, State of Kentucky or others, it may not look like a subsidy from our perspective, but I suspect will clearly be a part of a discussion when we reach that point.

If you have thoughts as to how we as governors now or in the future begin to educate ourselves and find an appropriate forum for both listening and offering suggestions, I think it would be useful.

AMBASSADOR BURNEY: Reminds me of an anecdote that one of your -- not your predecessors, but a predecessor governor who was being interviewed by Canadian television several years ago said, and he was being asked about the implications of a subsidy that he had just introduced.

He said that's not a subsidy; that's for national security.

We find different labels to disguise what it is we're doing for different reasons.

I can only give you our own example, Governor, and that is that our provinces are very closely involved and consulted very thoroughly
throughout the course of the free trade negotiations by a good bureaucratic and political process.

The prime minister had more than -- I think more than a dozen meetings with the premiers and -- to report on the progress of the negotiations and to seek views from the provincial premiers in terms of what their particular priorities were.

At the level of officials, there was a similar dialogue that went on throughout the negotiations process.

As work is just getting underway again on the subsidies issue in Canada, once the chairman or whatever it's -- he's going to be called of that part of the negotiation is named publicly, I think he will be establishing -- he or she -- appropriate network with the provinces in order to make sure that we have the proper inventory of what each government at each level is doing that could be construed rightly or wrongly as trade distorting subsidy.

I would assume that while it's perhaps a much bigger undertaking on the part of the United States that something similar might be th
best and most immediate approach.

I would back up a bit on that and

say that I think we all should be looking very
carefully at one of the subjects that the Senator
didn't want to discuss, the multi-lateral trade
negotiation.

I think, obviously, whatever

progress is made in that round on subsidies or
whatever progress not made will help determine the
agenda between Canada and the United States.

I think there may be things that

we can do together more quickly.

That's a personal view, but I

think we'll have to take our first cue from the
manner in which the subsidy's aspect of the
multi-lateral trade negotiations evolved.

I know that in Canada the

provinces are actively preparing the kind -- doing
the kind of homework that will assist the Canadian
negotiator at the right, and I can only assume that
something similar would be helpful here.

GOVERNOR BALILES: Last two questions.

Governor Sinner of North Dakota.

Gov rnor.
GOVERNOR SINNEH: Mr. Ambassador, thank you for being here. We worked very closely with our neighboring provinces and in our working with them to hold a joint meeting with them, at least the western provinces.

A couple of issues that you touched on: On the issue of clean air. If the United States adopts more stringent restrictions on full fire generators, would Canada embark on an effort to restrict emissions from its stacks of full fire generators as well? That's the first question.

And the second one: The centralized marketing of air culture products by the Canadian government poses a real threat to our entrepreneurial marketing of agriculture products.

Is that -- Is there going to be progress on moving towards common ground in that area?

AMBASSADOR BURNEY: I like these subjective questions, Governor.

Well, on the first one, I think -- as you may well know -- we have a program already in place in Canada of reducing overall sulfur dioxide emissions by 50 percent by 1994.
We are doing that in a variety of ways, targeting in particular the huge mining shelters which, in Canada, are contributing about 70 to 80 percent of the problem.

We are spending both at the government and the private sector level upwards of $3 and a half billion now to get those smolders and to get some of the electric utilities, particularly in Ontario, within the framework of our 50 percent program.

We hope that by 1994 we will have achieved a 50 percent reduction across the board in the sulfur dioxide emissions with the program that is now in place.

We're reasonably encouraged that we will get there because we're better than 40 percent of the way there already.

So with what's being produced now in the United States, we see that as being comparable to what we are doing in overall target reduction terms, even though we recognize the source of the emissions of the United States are quite different than the source of the emissions in Canada.

On the question of centralized
agriculture, I guess I won't bat the promise, although $33 billion coming from support systems to American farmers translates to something other than the free market spirit, someone might say.

The agricultural portion -- the agriculture and the Free Trade Agreement -- Free Trade Agreement did not address many of the agricultural issues that there are between us.

And in a situation where you enjoy a surplus in the order of about $2 billion in agricultural trade with Canada, I would hope that there would be satisfaction with the situation the way it is.

I think we both see, again, the multi-lateral trade negotiations as the way of reducing subsidies to agriculture in both of our countries if we can get the Europeans to restrict or reduce some of the subsidies that they are using, not only in their own systems, but in terms of their exports to third countries that will go a long way to resolving some of the problems we each have had in third markets.

I don't think that there's really much of a threat in the American market as such to
the supply management system that is being run in Canada.

In fact, if you talk to Canadian farmers, they would give you the other side of the coin.

GOVERNOR BALILES: Final question, Governor Miller of Nevada.

GOVERNOR MILLER: Mr. Ambassador, as a follow-up to Governor Gardner's question relative to a trade office, in your estimation, would it be more advantageous when considering a trade office to go to a more proximate Canadian community, be it Vancouver or Calgary, go to the capital, go to Montreal, Toronto, or how would you assess where the best location might be?

AMBASSADOR BURNEY: Whatever answer I gave, I would be hanged in the morning from the other province.

In strictly practical terms, I would do it on the basis of where I see the market now and where I see the growth for the market. I wouldn't do it simply in terms of proximity at all.

I would look very carefully at what it is that my state exports, what it is that my
state will be exporting five years down the road; and I would then look at the most exploitable part of the Canadian economy, in that context, I would locate close to it.

So I didn't give you the direct answer.

GOVERNOR BALILES: Thank you, Mr. Ambassador, for your comments and observations.

(A round of applause)

GOVERNOR BALILES: Ladies and gentlemen,

Governor Mabus of Mississippi was our foreign markets task force chairman.

The report has gotten a great deal of attention, especially in Washington and the corporate board rooms of this country.

We'll ask Governor Mabus for a brief report.

GOVERNOR MABUS: Thank you, Jerry, and thank you for the opportunity to chair the task force on foreign markets.

The task force consists of Governor Gardner, Dukakis, Hunt, Orr and O'Neill, and I want to thank them and their staffs for the hard work that went into this report.
The last time I reported to you on the activities of the task force, the winter meeting, we had not yet released our task force report.

I'm happy to tell you that Governors Baliles, Gardner and I released the report in Washington on April 14.

This report, which was sent to all of you and which you have in front of you right now, challenges us to motivate our states and mobilize our resources to provide a coordinated, responsive trades support network.

The task force felt it was important to emphasize that we have to lead our states to thinking new ways about the world in which we live and the marketplace in which our businesses compete.

Just as we discovered a great interest in a relatively small Mississippi telecommunications company in Singapore and a Canadian company, Mr. Ambassador, how we found an opportunity in Farrell, Mississippi, we must all be innovative and bold.

We have to raise public awareness about the vital connection between our states'
conomies and international markets.

In conjunction with the release of the report, the NGA Center for Policy Research held a conference on forging new partnerships, states and the developing world.

The Brenton Woods committee, a bipartisan group organized to increase public understanding of the world bank, international monetary fund and the regional development institutions joined with us in this project.

Brenton Woods has plans to follow up the conference with regional symposia in the fall and early spring of next year. These meetings will focus on the roles of states and trade with the developing world.

Governors, state trade officials and small- to medium-sized businesses will be asked to participate.

In July, nine governors traveled to Brussels to meet with European community officials, including the President and the vice President of the EEC as well as U.S. and multinational business leaders and state office directors.
The governors discussed the European community's plans for internal integration and how those will affect U.S. trade.

Those nine governors, led by our Chairman Baliles and our Vice Chairman Branstad, gave firsthand knowledge about one of the most exciting trade opportunities of the next decade.

The trip's emission was three-fold.

The governors explore possible collaboration between U.S. and European businesses and gained an understanding of European community concept and their plans for transition.

They began developing a mutual understanding of the possibilities for cooperation with the European community, and they asked the European state office directors to work together or to join trade effort.

Finally, I want to say what a splendid job Rachel Clock-Dewitt, John and the rest of the NGA staff did in preparation of this report and coordinating our conference in April.

Now it's up to all of us to put these ideas and these concepts into action, as only states can do.
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 the 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: 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 invention, but who'd want to use it.
Will, obviously, he didn't have any teenage children, or he would have known the answer to that.

It would also appear though that he really had no sense of the tremendous potential of the device that was before him.

Well, having spent this past year studying the whole issue of research and technology in this country, I would say that President Hayes's shortsightedness is a trait that is shared by too many of today's leaders in both business and government.

United States, as Governor Baliles says, remains a world leader in the research and development of new technology. In this area, we truly are a match for any country in the world.

But our competitors have become far more adept at turning those new technologies into commercial products and at marketing them around the globe.

Consequently, we've lost tremendous ground.

In an effort to identify ways to turn that particular situation around, our task forc
focus d on how the Unit d States could b tt r
translate the latest advances in research and
technology into products for international markets.

The result was the issuance in May
of this report, in which we tried to analyze exactly
what steps to be taken.

It's important to realize,
especially as governors, that much of the
responsibility and the authority for effecting these
changes lies with the federal government and with
industry.

In our report, it calls for an
increase in federal commitment to commercial R and D.

It's also important though to
realize that we have to call upon government to do
some other things.

Federal government has to make
research in federal labs more readily accessible to
business, and we have to have changes in our tax
policies and in our antitrust laws and international
agreements that are going to foster greater
innovation.

The report does not, however,
ex mpt those of us who ar here today from our
This is an issue that requires action on a number of fronts, many of which fall under our domain as governors, a strengthened education system, which Senator Bradley mentioned earlier, better work and trading programs, support for R and D, and the establishment of trade ties around the world.

Our report identifies other areas as well that we can also have an impact.

We need to expand even further state support for R and D. We need to encourage and assist private industry in its efforts to convert ideas into products, and we need to support the efforts of manufacturers in their attempts to develop new markets for the international marketplace.

So you can see that there really is a great deal that we as governors can do at the state level to regain leadership in this critical area.

You know, I couldn't help but think a week or so ago when we were celebrating the 20th anniversary of the landing on the moon that this country of ours is capable of true miracles when...
focus our resources and our creativity.

But if we're going to remain an economic leader in the world and if we're going to continue to offer the opportunity that I think all of us want for our people, it's time for us to focus our attention again, and this time on our competitive situation.

Governor Baliles, I want to thank you for your leadership in this terribly important endeavor.

I also want to thank Governors Romer of Colorado, Branstad, Martin and Celeste and their staffs for all of their involvement and commitment to making our task force such an important undertaking.

Thank you very much.

(A round of applause)

GOVERNOR BALILES: Finally, trade success depends on trade markets; but if we could find the markets and can't communicate with them, if we don't understand their customs and cultures that dictate their market choices, we're simply not going to be competitive or successful in those trading opportunities.
Governor Kean of New Jersey was the chairman of our task force on international education. He produced a remarkable report citing some of the examples that are now being developed around the country in our own respective states.

I would like to call Governor Kean for an excellent report on an excellent task force project, which also included an international education conference in New Jersey.

Governor Kean.

GOVERNOR KEAN: Thank you, Governor Baliles, and thank you for your leadership as well.

I would like also to thank my fellow task force members, Governor Perpich of Minnesota, Governor Waihee of Hawaii, for all their support and all their hard work this past year.

It's been a very active year for the task force. I think I can say now, looking back, a most successful one. Most of that success is due to the people around this table.

Governors here have taught geography lessons, moving forward to implement our ambassador's program for exchange students. They have helped us produce a report on stat-sponsored
International education programs for businesses, small- and medium-sized businesses can learn to compete.

I want to thank you for all those efforts. I also thank you for sending your representatives to the conference that we had in New Jersey.

That conference held last April was one of the most important efforts of the task force. Some of the finest minds in all of academia came there and joined with the private sector to recommend ways to close the gap of the international understanding among our neighbors, friends and, of course, our children.

In front of you is a brief discussion, summarizing the presentations and discussions from the ten sessions. I'm pleased to release this report to you today.

As you read it, you will no doubt be impressed by all that has developed in the field of international education in recent years, conference participants who will present examples of well-designed and balanced materials, innovative model programs and, of course, stats which had
initiatives.

However, none of us should let these accomplishments lull us into any kind of complacency. Bear in mind that for all that has been done, so much more must be accomplished.

We found excellent national education programs to be the exception, not the norm, knowledge of international history, people, issues and languages we know has to be a part of every student's education where there are advocates for a national education focus on their information.

Based on this conference, let me offer three final thoughts.

First, states can provide institutional structures that will promote the meaningful development of partnerships and collaborative efforts between public schools, higher education, people in the private sector, government and cultural institutions.

The most successful international education programs, whether in St. Louis or Santa Claire, draw upon a reservoir of shared interest and support in bringing people together.

Secondly, international education
must be a component of comprehensive school reform efforts. International education cannot be considered unique. It's part of the preparation for democratic citizenship.

The schools of this country are our future, now seen emerging. We can never forget that.

Finally, economic competitiveness is a compelling reason and motivating force for international education, but it is not the only one and not even the most important.

International education fosters the imperativeness of democratic citizenship, the recognition of shared values and the preservation of time tested human rights.

This transcends corporate competitiveness because international education is good education.

Mr. Chairman, thank you and thank you again for your leadership.

(A round of applause)

GOVERNOR BALILES: Thank you, Governor Kean.

Ladies and gentlemen, before we shift to committee meetings this afternoon, I have
two important announcements to make, especially to staff and guest members in the audience.

The first announcement is I would like to announce that any governor wishing to suspend the rules to introduce a policy statement must do so in writing by the close of business tomorrow.

Anyone wishing to offer substantial announcements should also submit a copy by the end of the day tomorrow.

Please give those policy amendments to Jim Martin of our NGA staff by 5:00 o'clock tomorrow afternoon.

I would remind you that our normal rule with respect to policy resolutions is a two-thirds vote to pass after that resolution has gone through the normal procedure of committee approval. To suspend the rules requires three-fourths vote. And then for it to pass requires a three-fourths vote.

The second announcement: Special arrangements tomorrow have been made for an address by the President in this room at 10:00 a.m.

I'm advised by Secret Service and other officials that no one will be admitted into
this room after 10:00 a.m., governors included.

Due to security needs, I would remind especially staff and guests that you are urged to be here no later than 9:30. All briefcases and purses must be checked by security. If you leave behind all non-essential belongings, it will speed up the process.

Ladies and gentlemen, we are shifting from today's focus on competitive policies beyond our borders to tomorrow's focus on competitive programs that we can adopt within our borders.

This concludes the meeting. See you tomorrow.

(Whereupon which were all the proceedings had in this plenary session on this date)

* * * *
STATE OF ILLINOIS  )
       ) ss:
COUNTY OF COOK  )

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.

LISA CAUSLEY
Notary Public

"OFFICIAL SEAL"
LISA CAUSLEY
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 1/22/92
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.
GOVERNOR BALILES: Ladies and gentlemen, two years ago, Governor Jim Thompson made three predictions, the Cubs would win the World Series, the nation's governors would meet this month in Chicago, and the President of the United States would give the keynote address.

Well, Jim, Governor Schaefer of Baltimore would say two of three isn't bad.

The nation's governors have always had a special relationship with the White House.

Mr. President, when your predecessor, Theodore Roosevelt, called the governors to Washington the year was 1908. It was the first meeting of the National Governors' Association, and the last year the Chicago Cubs won the World Series.

A lot has happened since that initial meeting. America has fought two world wars, survived the depression, signed the Camp David accords and an arms control agreement with the Soviet Union.

A number of our predecessors and yours played major roles in those events.

Woodrow Wilson, a native of Virginia, governor of New Jersey and recipient of the
Nobel Peace Prize, laid the foundation for the League of Nations.

Franklin Roosevelt, who brought the nation's economy back from the brink of bankruptcy, borrowed a number of ideas for the New Deal from programs he put in place as governor of New York.

Your last two predecessors in the Oval Office were also alumni of this association.

But while our last two Presidents have been former governors, no President in recent memory has devoted more time and attention to working with the nation's governors.

Less than two weeks after the election, the President-elect traveled to Charlottesville, Virginia to confer with the executive committee of this association.

The President-elect begin that morning by appointing my NGA predecessor as chief of staff. The trappings of office hasn't changed John Sununu at all. He is the same easy going, soft-spoken, self-effacing statesman we knew as governor of New Hampshire, and we welcome you back.

(A round of applause)
GOVERNOR BALILES: We're also pleased that
Secretary Duwinski from the Veterans Affairs Office
has joined the Presidential party this morning.

Ladies and gentlemen, that

November day in Virginia, we talked about a two-part
agenda.

Within our borders, we focused on
education, welfare reform, day care and clean air.

In the last six months, the
President has put forth proposals on each of these
fronts. Throughout these negotiations, our position
has been clear, we weren't waiting on Washington, but
had been willing to work with Washington.

We do not agree on all aspects of
each program, but we have common goals, clean air,
better schools, more jobs.

Beyond our borders, we talked
about moving our products out of the laboratory and
into the marketplace, about more investments for
research and opening doors for emerging markets.

Today we have witnessed elections
in Poland and freer markets in hungry, the emergence
of a single market in Europe and the signing of a
free trade agreement with Canada.
Mr. President, our discussions in this project even exceeded our expectations.

Another one of your predecessors, Thomas Jefferson, also understood the need for foreign markets, the importance of foreign languages and the vital link between education and innovation.

He believed that America's opportunities would not expand beyond our borders unless we made the necessary investments within our borders. And we agreed.

Two centuries later, chief executives across this country are working with this President to achieve Jefferson's vision of a safer world for our people and a brighter future for our children.

With that mission in mind, it is my pleasure this morning to introduce the person who can help our nation realize its promise and our people reach their potential.

Ladies and gentlemen, I present to you the President of the United States.

(A round of applause)

PRESIDENT BUSH: Thank you very much. Thank you, Governor Baliles. I thank all of you.
Befor I mak my remarks, I want to comment on a very disturbing report that we've just heard.

There are unconfirmed reports that Colonel Higgins has indeed been executed. And I had planned to go on out to Nevada for another appearance today and then to go to Oklahoma tonight, but this matter is of such concern to me and to all of you and to the American people that I think it's appropriate that I go back to Washington.

Whether the report is true or not, I know I speak for all here when I try to express to the American people the sense of outrage that we all feel about this kind of brutality, of this uncalled-for terrorist.

This was a young American colonel serving an international force, and it is incumbent on all of us to try to rectify this situation, if at all possible.

I have no more to share with you on this, but -- We have not been able to confirm this horrible report, but I will go back to Washington and convene our top national security people and first establish to the best of our ability if the report is
true and figur out what might conc ivably be done.

So I'm sorry to bring to this meeting a message of that nature, the bad news, but I thought you would want to know about it.

Jerry, that's it. Thank you very much.

I want to commend you on your success as chairman of this group. I studied Latin for four years. Soon you will be chairman emeritus. E in Latin means out; meritus, damn well deserves to be. I want to commend you -- that having been said -- commend you on that. It's been a joy working with you.

I want to salute our host and my friend, Jim Thompson, a great governor, former NGA chairman, who has rocked the world of Illinois politics by announcing that he will not run for a fifth term.

We were just getting used to him out here, and now he's not going to run. But thank you for your hospitality.

I would like to rise to John Sununu's defense. He is not quiet and retiring. That's all I'll say about him.
But I think it is good to have a chief of staff who knows how the governors function and the importance of the governors in this whole federalist system.

I think he had mentioned Edgar Duwinski, a member of my cabinet, a good friend, long standing; and I want to salute him and also Secretary of Transportation, Illinois' own Sam Skinner, who is here with me today, both doing outstanding jobs, and Sam digging in now, working on a national transportation strategy.

Terry Branstad, the incoming president, I will say I look forward to working with you; and I hope we will have an era of real cooperation, just as we have with Governor Baliles.

Let's begin by saying what is the role of the governor in the American political life?

Well, the talk of a great observer of the 19th century observer once asked a country politician the same question. And the answer he got was this: The governor accounts for absolutely nothing and is paid only $1200.

Well, you still can't get rich off a public salary, but today, I don't think there's any
question in the minds of the American people that the
office of governor accounts for an awful lot,
accounts for a great deal.

In fact, leadership in America is
increasingly the sum of your efforts and of your
vision, and that's why I consider myself a
federalist.

I was there when President Reagan
issued the executive order on federalism, and I want
you to know that I stand by it.

We believe in federalism, and yet
we are a people, one nation, indivisible. Just as we
share our cherished Constitution, so we also share
common challenges and responsibilities.

To cure our nation's of illiteracy
and drug abuse and crime, we must act in tandem,
President with governor, governor with mayor, up and
down the line; and, in short, we've got to find our
collective link as a nation.

That's why I've come to Chicago to
meet with all of you fellow chief executives.

We share as executives a special
responsibility, and some describe it as a great
burden. But for us, if it is a great burden, if it
is a burden, it is one that is cheerfully accepted. To sit where the buck stops, to resolve disputes, to help those in need and to set a course for the future to know a special kind of satisfaction.

In fact, our missions as executives are so similar that many presidents have called on you for guidance.

Teddy Roosevelt, who called the nation's first conference of governors, the forerunner of this association, convened the governors of the White House. And he brought the nation as governors together to call for conservation for the end of the reckless denuding of our forest, and they started a tradition that we are carrying on today, working together as president and governors for a cleaner environment.

I thought you might be interested in a peripheral note here.

I've just gotten back from the economic summit in Europe, and the whole question of environment is on the minds of these western European leaders unlike any time that I've ever seen.

I think that's a good thing, and I think it is going to cause all of us to work together
internationally, just as my plea is here that we work together inside our great country.

We have proposed, as you know, the first major revision of the Clean Air Act in more than a decade.

I read a headline in one of the great newspapers of this country where some say it didn't go far enough and others said it went too far.

I figured well, maybe we're not doing too bad on it.

But it sets tough standards. It gives trades and industry the flexibility needed to reduce costs and break the long-standing legislative law jam.

The potential for consensus is there. The American people want clean air, and we can work together to see that they get clean air.

Then there was another Roosevelt, great President, Franklin D. Roosevelt, who called on the governors to help him stem the financial crisis of the great depression.

Today, we don't meet in a spirit of immediate crisis, plenty of problems out there, but the nation is fundamentally sound.
But the decline of our educational system and the threats of crime and drugs, the economic dependency of so many and, yes, that ever present federal deficit and the problems that come with it, these problems threaten to endanger the very leadership position of America in the next century.

And for America to remain competitive will require your best efforts and your executive know-how.

The ultimate challenge, as Governor Baliles put it, is to become again the Yankee traders that we once were, and he's not talking about George Steinbrenner. He is referring to the clever ships. Your creative response to our nation's competitive position is more than perceptive; it's overlooking, an attribute to the best kind of leadership.

At this economic summit that I mentioned, the competitive position of our nation was an underlying theme in the discussions of the great economic issues of trade and monetary policy and international debt, but no less important to America was the start of my journey, that part that took us to east rn Europe and c ntral Europe.
Poland and Hungary today are not the economic magnets that we find in western Europe or the Pacific Rim, but I saw tremendous potential in the awakening spirit of those lands.

It is absolutely amazing the changes that are taking place on the economic front there and on the political front as well. And the beauty of it is that we can boost reform without massive government-to-government programs.

We can do the most good as American leaders by simply facilitating trade and investment, by simply opening doors for opportunity and encouraging those governments to move as fast as they can towards privatization.

But to open these doors will require leadership at every level of government.

You've already established a great tradition of searching for those opportunities abroad, and now I ask you to include Poland and Hungary on your list.

While governors have no normal role in foreign policy, you are becoming our economic envoys and ambassadors of democracy. You are a new force in restoring American international
competitiveness and expanding world markets for American goods and services and, of course, your focus is, and I think must be, on the critical domestic issues.

As chief executives, we know firsthand how crucial our social health is to the future position of America, a nation in which half of our youth is ignorant of geography, in which drugs are rampant, in which a substantial proportion of the population knows little hope; and such a nation will not long remain competitive.

And in the final analysis, improving our schools, driving out drugs and bringing hope and opportunity to those who need it most, these are issues of our national well-being, even our national security.

First and foremost are our children and their education. Working together, we can raise the level of learning in the classrooms of America.

On April 5, I sent a package to the Congress, an educational reform package, based on four principles rooted in the practical experience of the states.
To have reform, excellent achievement must be recognized and rewarded.

To have reform, federal dollars should be targeted to those most in need.

To have reform, we need flexibility and choice, choice for parents, choice for schools in their selection of teachers and principles.

And finally, the essence of reform is accountability in education and reward for those schools that show progress.

If implemented, I believe that these measures will restore the quality of American education and redeem the future of millions of children, but there is more to be done.

On June 5, I asked the business community to study what the private sector can do, to energize and support educational reform. There are wonderful programs in effect now for business leaders to assign people from their companies to help in the local school districts. These have been pushed and fostered by many of you around this table.

I want to renew my pledge to assemble the governors in a summit, to share ideas...
and to explore options for educational progress.

Only twice before have the governors met with the President on an issue of vital national importance, and now there will be a third such conference and historic meeting on education.

And so I invite you to work with me at a governors' summit on education to be held on September 27 and September 28.

We have not yet selected a place, but we want to go forward and do that.

(A round of applause).

PRESIDENT BUSH: Together we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance.

As chief executives, we also see drugs and crimes as the most harrowing domestic threat to the future of America.

I proposed on May 15 a common sense approach to detour the criminals' use of weapons, to reform the criminal justice system, to enhance enforcement and prosecution and to expand prison capacity to ensure both the certainty and the severity of punishment.

I propose the hiring of 825 new
fed ral ag nts and staff, 1600 n w pros cutors and
staff and an additional $1 billion for federal prison
construction, and I proposed tough new laws,
including mandatory principles onto prison terms, no
deals without cooperation and the death penalty for
those who murder our police officers.

But I need your leadership to see
results.

Work with me. Toughen your laws
and put the worst offenders behind bars. If you do,
we will take back the streets.

Finally, America cannot continue
to lead the world if we lag in providing opportunity
at home.

Last year, as you know, Congress
and the administration enacted major welfare reform
legislation, the Family Support Act of 1988, and this
act grew out of a consensus that the well-being of
children depends on more than material needs.
Children need a family environment that encourages
self-sufficiency, in a word, character.

With this in mind, I reestablished
the low income opportunity board within the White
House, and I'v ask d that board to assist you in th
complex and time-consuming processes of obtaining the federal approvals for experiments in state welfare reform.

So many innovative policies have come from the states, so we want to work together to keep your administrations free to experiment, free to be creative.

In fact, I've asked our domestic policy council and the low income opportunity board to make flexible the guiding principle so that states will have greater freedom to experiment with welfare reform.

I'm pleased to announce that this week the DPC, domestic policy council, has committed itself to give you greater room to maneuver and to grant waiver requests as quickly as possible.

Many of our responsibilities overlap in education, law enforcement and welfare. At times, there's been friction, a lot of friction between the states and the feds. And perhaps what we need between the federal government and the states is friendly competition, well-known to Chicagoans.

Here, along the majestic lakefront skyline, there's been an ongoing competition among
Developers to retain the title of the world's tallest building. You talk about one-upmanship, this is it, a whole new meaning.

Yet this is the kind of one-upmanship that builds, not destroys, that lifts, not lowers, that takes us all a little closer, a little closer to the stars.

I have committed the powers of my office to lift America, starting in the classrooms, in the streets, working together. I am absolutely convinced that we can achieve a national consensus in spite of the overriding budgetary problems that the federal government faces.

Working together, we can make the next century an American century.

Thank you. Thank you all for what you do for this country, and I'm just delighted to have been with you.

Thank you very much.

(A round of applause)

GOVERNOR BALILES: Thank you, Mr. President.

The president has agreed to take a couple of questions.

I'll call on our vice chairman,
Governor Branstad of Iowa, for the first question.

GOVERNOR BRANSTAD: Mr. President, we're very honored that you have invited us in the third only presidential summit with the governors on the topic, and I am delighted that you've chosen education because that's going to be an area of focus of the governors for this coming year.

I just want to add my appreciation and say that we look forward to working with you in developing consensus goals, to improve the quality of education; and we want to involve all the people in this nation that are concerned about rebuilding and strengthening the quality of education.

Thank you for that commitment.

PRESIDENT BUSH: Thank you for your question. Thank you, Terry, and we look forward to working with you.

Bill.

GOVERNOR CLINTON: Mr. President, first of all, we appreciate your speech and your commitment both to fighting drugs and to improving education.

I wonder -- I support, as I think you know, your education position. I'm for accountability, choice, alternative certification.
On thing that concerns me in our state and I think is a concern around the table here that I would like to hear you comment on is the relative lack of competitiveness of our high school seniors with many of the other countries with which you've been negotiating new economic, environmental and defense arrangements.

What do you think the federal role ought to be in trying to increase the number of people who can afford to go on to college but need to so they can be internationally competitive? And do you believe that that ought to be a part of our education summit in September?

I'm very concerned about that, and that's something neither the states or the federal government has adequately addressed, in my judgment, in the last three or four years.

PRESIDENT BUSH: I think clearly the federal government has a role.

We have some programs. I know everybody would like to see them financed more fully, thinking of Pell grants and things of that nature.

I've been intrigued with some of the private sector approaches.
Pat Taylor of New Orleans has a program that I believe -- I don't know if Governor Roemer can comment on -- I don't know if he likes it or not, but whether or not it's a program that has applicability to what we're talking about here, it has happened in other states, but yes, I think it should be a key agenda item for the summit that we're talking about.

Again, every time we get to the worthy goals, I have to say how do we beat Graham-Rudman targets and all of that. But clearly, in terms of objective, it must be that.

But, Bill, I'd also say that what you've talked about -- and you've pioneered with others around this table -- I can single out Governors Baliles and Kean, both be unemployed here in a few weeks -- but this concept of encouraging excellence the way your states have done it, I think, has great applicability for how a high school senior goes forward and gets into college.

So anyway, but it should be an agenda item.

GOVERNOR BALILES: Governor Celeste of Ohio.

GOVERNOR CELESTE: Mr. President, you just
applaud d to th notion of worthy goals and budg t realities, and this morning the governors, around the breakfast table, talked at length about the problems we're facing now with Medicaid and the mandated costs that are building as a consequence of delegations that have been made in the Congress.

I think it's our feeling that we would like to, number one, share with our congressional delegations the realities we're now contending with as governors, to call on them and perhaps to seek the assistance of the administration as well to have a two-year moratorium on any additional mandates in terms of Medicaid with a commitment that all of us sit down together on a bipartisan basis, governors, the Congress, the administration to look at this whole issue of health care, how we assure coverage to those who need it, how we deal with this problem of sort of backing into a system which is virtually universal now for various pregnant women and small children and to do it in a cost efficient way.

I'm wondering whether you would be comfortable with the notion, for example, of a moratorium on additional mandates on this point and
whether there's a way we could work together at this point.

PRESIDENT BUSH: I would consider it. And certainly you're trying to hold the line on the spiraling costs.

We're in a battle now, and I think we can resolve it properly with some of our doctors in terms of the increased cost of physician's fees, but yes, I -- without getting into the specifics, I certainly think we can properly fulfill it.

May we take one more.

GOVERNOR THOMPSON: Mr. President, under our chairman's behest, I conducted in spring and summer, I conducted a hearing on transportation infrastructure.

Two key facts came out of those hearings, one, those nations which make an increased investment in their highways, their bridges, their harbors, their air and rail systems, their water systems are more competitive in the world economy than those nations who do less.

And, secondly, those nations who make such investments stimulate more private investments than those nations who do less.
I don't have a question. I have a suggestion, if I might be so bold.

Could you ask Director Darman (phonetic), Secretary Brady, Secretary Skinner and Secretary Mosbocker (phonetic) to form kind of a working group to make sure that our tax laws and our transportation policies are doing everything we can to encourage a renewal of America's transportation infrastructure?

I know that will be part of Secretary Skinner's national strategy as a plan, but I think there needs to be more focus in Washington on the benefits of infrastructure investment and a return to our economy, especially our competitive world economy.

I think those four good men could really help in that effort.

PRESIDENT BUSH: Well, let's try. I appreciate your suggestion.

For those out around here from Illinois, I must say I am very pleased to be working with Sam Skinner in this deal.

I know the frustrations around this table when you see this tremendous highway trust
fund and wondered why those funds aren't available
for -- immediately available for the purposes for
which they were earmarked, and the answer, obviously,
is budgetary.

But yes, I would be very happy to
ask the four of them to get together.

GOVERNOR BALILES: Maybe this should be the
last.

Governor Roemer.

GOVERNOR ROEMER: Nice to see you again, Mr.
President.

I just want to follow up on a
point that you had made and offer -- for whatever
it's worth -- my congratulations on the September 27
summit vis a vis education.

I would like to say that the
southern growth policy board, which Carol Campbell
has headed for this past year and which will head for
this next year, is concerned as the world grows
smaller, cheap is not enough. We must be flexible
and smarter.

And we've undertaken, Mr.
President, the goal to address an adult illiteracy in
our part of America, and I would encourage your t am
at the educational summit to address that question in context of the whole nation.

It seems to me that we're going to be making more products, one product, one person, one sale, rather than mass production; and it seems that the quality of our work force will be the key to us being competitive, not just the price of the work force, but the quality of the work force.

That's one of our assignments in the south, and we're hoping you can help us nationwide.

What I'm trying to say, Mr. President, is send money.

(Laughter)

GOVERNOR ROEMER: I said it poorly as you can --

PRESIDENT BUSH: Let me say that on this educational summit, I don't view this as something like today where we're coming here for two minutes and then take off.

I mean this is going to be a session where we will have an opportunity together, you and me, to take a considerable amount of time to discuss these kinds of issues.
I think it is important -- and maybe Governor Branstad would be the one to turn to -- to have a little group for the agenda on this, and our education secretary will be involved; but sure, we should take that up.

I want you to know I will be personally involved in learning from this kind of involvement.

But thank you all very much, very, much.

(A round of applause)

GOVERNOR BALILES: Thank you, Mr. President.

Governor Jim Thompson and I have two brief presentations to make to you.

Mr. President, the nation's governors deeply appreciate the special priority you have placed on the states of this nation.

You've been a regular participant in our meetings these last nine months, and I must say your presence has had a significant impact on our attendance.

In many respects, you've played a major part in our American transition project.

For that reason, we would like to
present to you the first complete set of our reports and recommendations on the international frontier that will be released tomorrow.

This set of six reports and the executive summary might be called an international six pack with a kick. We hope that you will enjoy it.

We thank you for joining us today, and we hope to see you again soon.

(A round of applause)

GOVERNOR THOMPSON: Mr. President, even if the applause that you've received from the governors here today did not convey it -- and it surely does -- I know you can feel in this room the warmth and affection for you by all the nation's governors, as our chief executive and as our friend.

Recently, a new painting was commissioned which depicts President Abraham Lincoln surrounded by the nation's governors at the most important point in this nation's history, when it was in the Civil War.

The painting is "President Lincoln meets informally in the White House for two hours to confer with the loyal governors of America."
We know that there will be many occasions during the next eight years when you, Mr. President, will confer with the loyal governors of America on the issues which are important to all our people.

You've got fifty loyal governors and the territories too.

Congratulations.

(A round of applause)

GOVERNOR BALILES: Ladies and gentlemen, please be seated.

Ladies and gentlemen, if I may have your attention, I would like to call on Governor Jim Thompson of Illinois for the purpose of an introduction.

GOVERNOR THOMPSON: Thank you, Mr. Chairman.

Our next guest was one of the nation's most successful computer salesmen when he decided that he wanted to be an assistant United States attorney and put crooks in jail.

So he left one world and came to another. He rose from the ranks to become the first assistant United States attorney and rose again to b...
north rn district of Illinois ver to come from th
ranks of young prosecutors.

After leaving that office, he
became a successful partner at Sidley & Austin in
Chicago and then left that office to serve the
President and this nation as Secretary of
Transportation.

This remarkable young man also
understands the challenges which confront governors,
for at my request here in Illinois while he was in
the private practice of law, he chaired the capital
development board.

That state agency was responsible
for the building of all vertical structures in this
state to be owned by the public.

He understands the importance of
infrastructure to this nation's economy.

He also served as the chairman of
the governors' council on welfare fraud and reform,
and so he understands in real terms the human servic
needs and challenges which confront governors.

But I guess the thing I'm proudest
of and any governor would be, the understanding that
we can't do it alone.
As Mik Dukakis said to me last night, if there are problems on my desk, it means that somebody is not working on them.

All of us are proud of having chosen wisely and well those men and women who carry out our policy directions and get the real job done. Nothing has made me prouder in the last year than to be able to recommend to our President the selection of Sam Skinner as Secretary of Transportation.

He has literally seized hold of that job, taken this nation and the administration by storm and confirmed the President's good judgment in selecting him.

We're all enormously grateful, and we all look forward to looking to the Secretary of Transportation, Sam Skinner.

(A round of applause)

SECRETARY SKINNER: Thank you, Governor.

I'm delighted to be here in Chicago, and I must say I'm -- this is the first time I've followed the President, but normally, as he is prone to say, it's after a result of one of the crises that we seem to face in transportation over the last several months.
And it's only appropriate, as I look across the table, I see my friend Governor Cowper from Alaska, he and I have spent more time together than almost any governor in this state as we have together governors and presidents and their leaders working on a very, very serious problem; that is, of course, the situation affecting the environment in Alaska.

So I am delighted to be here again and to give you a brief report on the status of our national transportation policy and to ask you for your help and for your help as we move forward.

Governor Thompson has indicated, as has the President, that my top priority as Secretary of Transportation is to develop something we do not have in government today, in transportation, and that's a strategic plan for the 21st century.

As you may be aware, as Governor Thompson mentioned, I spent my first nine years at the IBM Corporation in both marketing and sales, and there, planning was a way of life.

Every move and every step we took was a result of a long-range strategic plan. Yet
I aving Chicago and going to Washington, I was astounded to find that no such transportation strategy or strategic plan exists for this country. And so, therefore, we have embarked on what is a very ambitious, very challenging program, to developing in one year the national transportation plan for the 21st century for the United States.

It is an important objective. It is an objective that I know you as governors recognize and place a great deal of emphasis on.

I'm also encouraged as I've read the National Governors' Association task force report on transportation infrastructure.

It is an outstanding report; and, of course, that means that it's a subject of top priority to a lot of you in this room and to the governors in general.

I want to congratulate my friend Jim Thompson and his fellow governors for putting together a product that will be a great assistance to us as we move forward in the development of our national transportation policy.

Let me just quote from your report
because it's something I really like, and it's something I think the governor indicated a few minutes ago when he asked the President a question on transportation.

"America must devise a strategic plan for dealing with transportation infrastructure. All levels of government as well as the private sector should be involved."

And that's what this process that we're working on is all about. Infrastructure is not a household word, but it is as important to America as any topic we discuss.

And unfortunately, for most of you in this room, while you and I don't take it for granted, many Americans do.

Infrastructure is not exciting. It is something we rely on every day, yet it is something that very few Americans focus on and the importance of it in the 21st century.

One of the reasons we are as competitive as we are in the world is because of our domestic transportation system.

And as we begin to compete more vigorously in the world, there are very few things w
will do that will make us more effective and more competitive as we sell our products, not only in the Pacific Rim, but in a combined European market.

Your chairman, the Governor of Virginia, put it this way: How this nation moves its commerce, how quickly, efficiently and effectively our system transport goods and conveys people traumatically influence America's future competitiveness as a trading nation.

And Governor Baliles goes on to say unfortunately, when it comes to transportation, America is stuck in neutral.

Well, let me tell you, ladies and gentlemen, we are no longer stuck in neutral when it comes to transportation policy.

We are beginning throughout this country with your help and the help of public officials, private citizens, industry and government officials in Washington to focus on the importance of transportation infrastructure as to the future of this country in the 21st century.

Now, I don't have to tell you the importance of investment and the cost of disinvestment in transportation, but let me share a
coupl of statistics that I found astounding.

The United States transportation command has the responsibility for the commander in chief to marshal all of the resources of this country in case of war, to move our nation's military forces to Europe or the Pacific Rim if a major battle or war were to break out.

Recently, they modeled on a strategic basis the requirements and the mission, and the mission -- and they failed their mission shortly after its inception because they did not have sufficient sea-lift power to carry America to war.

This is just one example of the effect of a lack of investment in our nation's maritime industry.

It also affects aviation. It probably doesn't surprise you to know that it's been since 1974 when we last built a new airport in this country.

The airport we built, Dallas/Fort Worth, is already just fifteen years into its life, rebuilding and expanding the two runways and a whole new terminal in order to meet the capacity that they predict for the year 2000.
Many of you may remember the time when Congress would not allocate one more dollar for the Dallas airport.

Yet today, as the governor of Virginia can tell you, that is the fastest growing area in Virginia and one of the fastest growing areas in all of the northeast; and it's because history is repeating itself, transportation attracts business and economic development.

It first started with ports. It then began with -- next went to roads. We then moved to rail. And now, throughout this country, airports are a center of economic activity and economic growth.

And that's why the project in Denver is so important as the first new major airport that will be built since 1974.

It represents a significant effort by state, local and federal officials, Republicans and Democrats, to rebuild a facility and to expand the economic activity in the State of Colorado.

I suggest that that project, as
hard as it has been to bring to fruition and with many problems still facing it, will be the next airport in a series of major transportation facilities that will be built in this country -- country; and Colorado will lead in that part of the country because of that effort.

But our lack of investment does not just exist in airports and maritime.

Right now, in this country, we have a $78 billion bridge problem, and we literally are closing bridges every week in this country because of a lack of investment and a lack of rebuilding.

If we're going to take transportation out of neutral and move it forward, it's going to require a joint effort.

No one group can do it alone. President and I cannot do it alone. The Congress cannot do it alone. And the governors cannot do it alone.

I am comfortable that when we have the national transportation policy formed, we will have President Bush's support and leadership, but we will ask much more.
It is as important today as welfare reform was to this organization several years ago, and I can't think of a better project to refer to that shows the results of gubernatorial involvement at the national level than the welfare reform program that you were instrumental in pushing forward.

That is the kind of effort I hope the governors and the Department of Transportation will work on next year to move forward.

Many of you think of Dwight Eisenhower as a great military leader that led us to Victory in Europe, but most historians will record President Eisenhower's greatest contribution to be the interstate highway system.

It will have taken $122 billion and 36 years to finish the almost 43,000 miles of highway, but the job is essentially complete.

That is President Eisenhower's legacy to this country, and it is important that this President and the presidents that follow leave a similar legacy in transportation.

Much has changed, as you know very well, since Eisenhower signed the law authorizing th
highway syst m.

     The population of the United States in 1956 was 64 percent urban and 36 percent rural. By '87, it had gone to 77 percent urban and 23 percent rural. In '56, 67 million people were employed. In 1987, 112 million were employed. In 1956, we had 64 million automobiles and trucks. In 1987, we have 177 million.

     I could go on and on, but it's quite clear that we've become an urbanized, mobile society; and, therefore, our transportation infrastructure must keep up. And if we're going to stay successful and competitive, we must rebuild and expand like we've never done before.

     Our objective is a challenging one because what we want to do is revamp America's gridlocked transportation system into a 21st Century model of efficiency.

     To do that, we're going to have a strategic plan with the support of aviation, maritime, highway, trucking, mass transit as well as aviation, and it will be a coordinated national policy.

     At your chair, you hav th first
volum of our National Transportation Policy
Strategy. It is called "Moving America, New
Directions, New Opportunities." It is literally off
the press last night.

This is the beginning of our
process that will affect many of you and occur in
many of our states throughout the country.

The process involves outreach
throughout America, industry, consumers, scientists,
environmentalists, strategic planners and public
officials at all levels will participate.

They will assist us in defining
the problem, suggesting solutions that call for the
proper balance between the federal government and the
state and local cities and countries throughout this
country.

We have begun the dialogue. One
of the policy planning sessions is in Chicago today.
Six working groups will be involved all over the
country, will be 33 public hearings.

I'm not interested in finding out
that we've got gridlock. I'm looking for solutions.
And I ask the governors and the transportation chiefs
and th oth rs that ar involv d in infrastructur to
not only cooperate fully, but to participate and use this as an opportunity to educate America on the importance of transportation and the need to rebuild and expand the system we have to get ready for the 21st century.

There is no question that we have an outstanding national transportation system, but there's also no question that we're not keeping ahead, as we say in flying, of the power curve.

This study, along with your infrastructure report, will allow us to begin to focus on the needs and come up with the solutions, including the funding options.

Let me tell you that I am very fortunate to have the kind of relationship with the Department of Transportation and the governors that we do.

Last week, Governor Kay Orr of Nebraska was at our national kick-off session, and she indicated the problem, but she also indicated that the governors are willing to work with us, and she put it this way:

We don't have the resources to do very thing we want the right way, so like any family
on a budget, we must identify our needs and make opportunity investments, and that's what the strategy is all about.

When we begin to reauthorize the highway program, begin to reauthorize the aviation trust fund system and reauthorize mass transit, it is important that the resources that we raise are properly allocated.

Now, Governor Thompson indicated to me that there would be a couple of tough questions on a couple of issues of importance, so let me see if I can address one or two before I even get to questions.

When I met with the task force on infrastructure, I was asked a question on my position and the position I would take with the information regarding the trust funds.

My position has not changed from the day that I met with you.

As the President indicated here today, it is important that we begin to spend the balances of the trust funds as soon as possible on mass transit, highway, and aviation infrastructure.

We can no longer tolerate a system that uses transit...
funds and highway trust funds to balance the budget.

(A round of applause)

SECRETARY SKINNER: Many of you find it hard to understand how a trust fund can be used to balance a budget. I have the same problem.

Unfortunately, because it deals with the definition of appropriations and the issue of Graham-Rudman, it is in fact correct.

We've got to find a way, and we've got to do it together, to work with the Congress to make them understand that every time there is a problem with the budget deficit they cannot continue to take funds from the trust fund from aviation passengers or user fee from highway taxes and balance the budget.

That, I'm sure, will be an instrumental objective in the national transportation policy. That is something we're going to have to work on together.

Let me also indicate that there's another situation going on in Washington that is even of greater concern, and that deals with the possibility that user fees will be used to reduce the deficit with an on-time passing of a major user gas
tax to reduce the deficit.

There are over 200 members of Congress that have expressed opposition and almost 50 members of the Senate. Most, if not all, of the governors share that position.

But it is important that we make our position known and that every opportunity we can we lobby and articulate the importance of keeping those trust funds and those revenues available for infrastructure, not deficit reduction.

It is a project that we will work on together. It is a project that needs constant vigilance.

And as you meet with your members from your state who serve on the House Ways and Means Committee or the Senate Finance Committee or as you're meeting with the members of the Office of Management and Budget, please make sure they understand the importance you place on infrastructure in this country and what needs to be done in the future.

One problem I want to talk about -- because I'm going to need your coop ration -- is the problem of airport capacity.
I indicated to you that we have not built a new airport since 1974. Yet today, we have twice as many people flying on commercial airliners as we had ten years ago.

The economists and demographers indicate that by the year 2000 we will have four times as many people flying on commercial airliners as we had just 25 years before.

We have expanded demand. We have not expanded capacity. And just as we have capacity control at four airports in the United States, it is possible that we will begin to allocate aerospace in the future in landing spots in other airports until we can begin the new generation of airports and the construction which will go on not only through this century, but into the next.

All of this requires cooperation and understanding, and all of this requires a commitment by you to make sure that in your area you're analyzing the demand and you're working with the state and local officials who build airports to make sure they have the support from the state, from the legislature.

If you don't, in my opinion,
you're going to be left behind because there are
states all over the country that are beginning to
explore new and greater airports, whether it's in
Denver, whether it's the massive expansion in
Dallas/Fort Worth, whether it's the new alliance
airport for business and commercial use in the Fort
Worth area or other projects all over this country.

Let me also give you one alarming
statistic, which I think you should be aware of; and
it's something you can do a great deal about.

As you know, we began in 1987 to
allow states to raise their speed limits on rural
interstates from 55 miles an hour.

40 states have done so. But it
clearly appears from the statistics so far that
fatalities on rural interstate highways have
increased 14 percent since that occurred. And those
statistics and that increase cannot be attributed to
a growth in traffic.

The proper place for speed limit
law enforcement on the highways is with the states,
but I urge you as you return to your state to begin
to look at the statistics and make sure that your law
enforcement officials are enforcing the posted speed
limits.

We cannot afford to continue to have deaths increase at 14 percent a year on rural highways, especially when we have a mechanism that can work to enforce speed limits that will clearly help and assist in cutting down this increase in deaths.

Several of you have asked me for assistance in the area of mass transit. Many of you are building new mass transit systems. Most important, of course, is the massive effort that's ongoing in California and Los Angeles. Others of you are rebuilding your mass transit systems throughout this country.

Let me tell you that the philosophy in Washington is to move quietly and thoughtfully the role of mass transit from the federal government to the states.

The new policy on discretionary transit grants gives priority to projects where the state match is greater than 50 percent.

In fact, there will be very few discretionary transit grants this year that will be made at anywhr th match is l ss than 50 prc nt.
Just as in mass transit, consumers are going to be asked directly to foot the bill for the services they use. And, of course, I'm talking about user fees.

As Governor Thompson indicated -- and I accept responsibility -- I came to Springfield recently to lobby on increase in state gas tax for transportation improvement.

I quietly lobbied in California when I was there on the same subject, and I applaud the governor of California's legislature for moving forward and suggesting that a referendum be held on mass -- on gas tax increase for infrastructure.

And I can pledge to you, Governor, that we will do everything we can in that state and in all states to make sure that the consumers and the users of the mass transit and the highway system in that state and all states understand the importance of user fees in rebuilding the infrastructure.

But let me also suggest that there is a window of opportunity for many states that they have not taken advantage of, and I suggest that window of opportunity will be available for a short period of time, and I hope that you would tak
example of the governor of California, the governor of Illinois and the other governors in this room who have moved forward.

It is interesting to find that when you take the polls that we're all so familiar with that if you ask consumers and users of highway and mass transit will you approve an increase in the gas tax or user fee if it all goes towards transportation, the percentages of acceptance goes up to management in many cases over 50 percent.

That shows the importance of user fees. That shows the importance of transportation, trust funds. And that shows the importance of maintaining the credibility of trust funds as we move forward.

I can't predict with any degree of certainty the outcome of our national transportation policy, but I've given you some sign which I think the plan will address.

Let me suggest that this group more than any other group other than Congress and the office of the President itself can be the determining factor in whether we are successful in rebuilding our nation's infrastructure.
If I can go to Washington 50
strong or 50 plus strong with one message about
infrastructure and transportation and the importance
it has for the 21st century, we will win this battle.

We will be here next year and the
year after talking about the success that the
governors have played in rebuilding America's
infrastructure.

It is a legacy that each of you
can leave not only for your states, but for this
country. It is an opportunity that seldom comes in
one's political life. It is an opportunity that we
must seize and move forward quickly.

I know many of you because many of
you are not shy, on the phone or in person. I am
trying to do everything I can to make sure that the
relationship between the Department of Transportation
and the governors of this country is as good as it's
ever been.

We do have, I believe, a good
record in correspondence and communication, and we
will continue to do so. No governor has called for a
meeting with me on a matter of importance where that
meeting has not occurred. That do sn't mean all th
follow-up meetings occurred, but there have been communications established that I think are symbolic and indicate to me that we can have that kind of relationship.

Whether it's Governor Bayh from Indiana, Governor Orr from Nebraska, Governor Waihee from Hawaii -- who I must admit I have spoken to by phone only, unfortunately -- we have discussed problems and we have agreed to work together.

I look forward to working with you in the next six months and the next three years and -- some in Washington are prone to say -- the next eight years about the problems, but I'll settle right now for the next three and a half years, if I have your cooperation and your support as we move forward.

And we will have at our next session a report to the President and to the American people that we have made some of the most significant trades in transportation that have probably ever been made in the history of this country.

It will be exciting. It will be challenging. It will be expensive. It might be a little fun. But one thing it will be
rwarding, and it will help us remain the most competitive and the best nation in the world as we move into the 21st century.

Thank you very much.

GOVERNOR BALILES: Thank you, Mr. Secretary.

We'll see whether you anticipated all of those questions.

I have indications from Governor Kay Orr of Nebraska, from Governor Wilkinson of Kentucky and Governor Thompson of Illinois.

Let's start first with Governor Orr from Nebraska.

GOVERNOR ORR: Thank you, Mr. Secretary.

I'm delighted that you're with us once again, and I want to use this opportunity to publicly applaud and commend you for undertaking such a difficult but yet very important task.

Being from a rural state, Nebraska, like many other states, is concerned about rural development; and transportation is very important too.

Governor Terry Branstad and I have been working very hard to develop setting some --

determining priorities and needs in rural America.
It would be very important and very beneficial for us to hear from you in your opinion what has been the most effective arguments that have been used by those that are advocates for rural transportation as you hear this debate on future legislation in the area of transportation.

SECRETARY SKINNER: Governor Orr, thank you.

I think the most effective argument I hear is that there is a significant amount of statistical support for the position that by building infrastructure you will attract business, and by attracting business and making it easy, those businesses will be able to compete as would compete throughout the world.

There is an awful lot of statistics that show return on investment in infrastructure, but most people don't understand it because it's highly technical in nature. Yet it's ironic that Eisenhower saw it when he was in Europe with the Autobahn system and took it to this country, and there is probably no one transportation investment that has been more help to our productivity and has enhanced our competitiveness than the interstate highway system.
W got that from Europe. That's going on in Europe right now. That's going on in Japan. The Japanese are spending, for instance, hundreds of millions of dollars on supersonic transportation. The French and the Germans are talking about high speed rail.

Those are developments in infrastructure that we're not making in this country. That's because they recognize in order to remain competitive that transportation component of the product cost has got to be held to a minimum.

I think that's the kind. It isn't just in the urban areas that is impacted. As you know, there are a great number of businesses in what we now define as rural areas that are very, very competitive and they want to be. Those businesses want to be there if they can have that transportation infrastructure.

It does attract business. All we have to do is point to the airport at Dallas, which is a transportation infrastructure investment. The property has gone sky high.

There's businesses that are surrounding the Dallas airport, and now Dallas
airport 20 years ago, with 1 phantom, is talking about making an $800 million investment into that facility.

And the tollway that you could ride with -- and never see a car is now talking about expanding beyond the airport to feed into the airport and feed those revenues into infrastructure.

There is a perfect example that you can show not only statistically but, you know, factually what's happens.

That's the argument you've got to make to the taxpayers if you're going to keep those jobs and keep the economic race. The people that do it will be successful.

GOVERNOR BALILES: Governor Wilkinson of Kentucky.

GOVERNOR WILKINSON: Mr. Secretary, I enjoyed very much your talk this morning.

One comment and, I guess, one quick question or two.

I notice -- can't help but notice with interest that the report, the new report from the task force of transportation on infrastructure, r comm nds acc ssing for ign capital markets for
ad quat capital to innovativ ways to financ infrastructure in our states.

I just want to say that we, I think, have been the first state to successfully complete summary or bond issue on the Tokyo markets with protection from fluctuating currencies values to accomplish exactly this infrastructure requirement. We have this information available. We would like to see that.

Secondly -- Two quick questions.

What is the future of the Appalachian development highway program, one in which I am interested. And, secondly, what do you envision the future to be for the alternative fuels tax exemptions that have hit hard on our taxes, both state and federal?

SECRETARY SKINNER: First of all, there is no question that there are a number of investors throughout the world that want to invest in America and want to help finance America's infrastructure. They are able to do it on a very cost effective basis.

I applaud your effort because that obviously gets more use out of the mountain. The Appalachian Region Commission, as you know, and th
entire project is basically at an end, absent significant new funding.

You have a very strong proponent of the program, as you know, in Senator Bird who comes from West Virginia and has spoken to me on a number of occasions. But the fact of life is that the interstate highway system basically spent out with the additional revenues that have coming to go to that project.

As we move forward in the reauthorization of the trust fund, most of those monies have been authorized. So, therefore, there are no new funding available for expansion in the area you're talking about, and only as part of the national transportation policy and a reinvestment in America is that going to happen.

I think that's a good reason.

GOVERNOR WILKINSON: Can we maintain it; do you think?

SECRETARY SKINNER: The serious question is we don't know until the end of the year what it's going to cost to maintain.

As you know, there's a big effort not only to maybe fund it, but to expand and complet
it. We're not going to be able to maintain without some additional resources.

We're clearly not going to be able to expand it unless -- that's the kind of project that if we quit pulling against each other and start pulling with each other and join together there will be projects like that all over the country.

I do think that that does enjoy, will enjoy some real attention.

GOVERNOR BALILES: Governor Bayh of Indiana.

GOVERNOR BAYH: Thank you very much.

SECRETARY SKINNER: You got the lottery for infrastructure.

GOVERNOR BAYH: 85 percent of it.

SECRETARY SKINNER: Let me say that the governor came into my office right after he was elected, and here's an example of what I consider some very innovative and priority placement.

He talked about the lottery in Indiana, the fact that he wanted to take the lottery proceeds in Indiana and put them towards transportation and other infrastructure problems within Indiana.

I've referred to that all over the th
country. I want to congratulate you on the effort there. That's the type of creative financing that states are going to have to look for as we move forward in the 21st century. That's what I've proposed today.

GOVERNOR BAYH: That's just the way we wrote it.

I want to thank you for your hospitality in meeting with both me and members of my staff on transportation on issues that are important. I am happy to say the lottery should result in as much as $250 to 300 million annually going into infrastructure in the State of Indiana.

My question is twofold, Mr. Secretary.

First, in the 1991 reauthorization, Federal Highway Act, is there hope for having a new connector routes included in that authorization and, in particular, something that Governor Wilkinson and I are connected in being an example of one such projects? That's number one.

And, number two, on the subject of airports, since we're located in the great City of Chicago, I couldn't resist the question as to whether …
termination has been made as to whether a third regional airport will be necessary for this metropolis; and, if so, I would like to propose for that Gary, Indiana.

SECRETARY SKINNER: Well, let me take the first question.

It's a little early to tell what the reauthorization is going to look like on the highway reauthorization.

The importance of moving forward on our strategic plan is so that it's in place and so that when we begin to make those decisions on reauthorization we've got the proper priorities in place and we can put the mechanism in place through the reauthorization and possibly other expanded programs to deal with that problem.

And I have asked -- As an aside, I've asked Governor Thompson and Governor Baliles to work with me and serve as -- to interface with the national transportation policy task force on making some of these concerns known as we move forward.

So I would suggest on things like that, please have your transportation chiefs and transportation department attend these
sessions, submit those ideas, but also, please, submit through Jerry and through Governor Jim Thompson your thoughts. They'll serve as the conduit as we move forward.

I want to make sure that every single idea that a governor has is considered seriously in the next six months before we adopt that policy.

These are the two people I've asked to help; and if you want to find one of those two, ask my friend Governor Orr. She can find me real quick.

GOVERNOR BALILES: Governor Gregg of New Hampshire.

GOVERNOR GREGG: Thank you. Parochial side, the Congress about three years ago changed the formula for distribution, reducing essentially distribution to 41 states, increasing distribution to 9 states.

I was wondering if there was any thought process going on in this plan that you're developing of going back to the prior form.

Second question, of course when President Eisenhower developed his interstate plan,
there were a lot of agencies that didn't exist; and laying out roads was a much easier project, it appeared, I suspect. The EPA wasn't in existence, the corps of engineers wasn't as aggressive as it was.

Now, most of the road problems we have in New Hampshire aren't due to money; they are due to the fact that we get tied up in litigation and confrontation with other agencies that are not -- that are other federal agencies.

And I'm just wondering if you're planning to try to develop some coordinating functions, some streamlining function for determination of road layouts.

SECRETARY SKINNER: Let me say -- I forgot one of your questions. I'll get back to it. You think I'm ducking it; I'm not.

Number one, we will look at the balance between what I consider the nonmetropolitan highway systems and the heavy density systems.

That, obviously, will come under great discussion when the highway bill is reauthorized. Whatever our national transportation policy, that balance goes through on a regular
basis, but it is -- w' r going to look at it as far as balance, and we do think it's important.

On the environmental issue, there is a real problem because we require states when they're building projects sometimes to go through two and three environmental studies, and the state will do one, and then another one has to be done. We duplicate the efforts.

One of the things we want to look at is let's find one standard for environmental studies; and when you go through it, you don't have to go through it two and three times. That is a waste of resources and a waste of time. That will be dealt with.

About the environmentalists and -- many of the lawsuits you're talking about that are dealt with are private lawsuits. We've got to find a way to let the environmentalists make their claims but not to lay projects for an extended period of time when there's really no basis for the claim.

We're trying to do that, and it's complicated because we have all these environmental studies that are quid, so, therefore you have to litig on, then you litig another, and then you
litigate another. We're trying to simplify that process.

The airport. We do need, in my opinion, a new airport in the midwest part of this country. No decision has been made until the study is done exactly where that airport should be located.

And I would suggest -- even though Governor Thompson is not here, I will -- you'll make sure and tell him that the state that puts together an organization in an area where the airport is acceptable and moves forward much the way the people in Colorado have moved forward is going to have a leg ahead of any other areas or states that do that.

So in order to build an airport in this country, you've got to have an organization and authority that's willing to put their neck out on the line.

That is what the State of Colorado is doing, and they're going to get some assistance from the federal government.

The state that does this is going to have a leg up. And so far, in my opinion, neither state has moved forward with a vigorous plan.

And while at the same time we will
continu to study that and accelerat that proc ss, we do need a third airport. We've got to do something about it. It will be down south of Midway somewhere, and it will have to fit into the airport skies currently managed.

GOVERNOR BALILES: Secretary, speaking of time constraints, I will take the last two questions of Governor Martin of North Carolina and Governor Kunin.

GOVERNOR MARTIN: After being in North Carolina, you would think we didn't have any more problems. We have doubled our highway budget in the state to build an intrastate network of 3,000 miles of continuous interconnected four-line, divided limited access highways and urban loops; and we did it without creative financing.

We had two major tax increases on fuel and vehicles, and we're not asking for federal matching on it.

My concern is with rail service. While we're making these commitments, we see our railroad system deteriorating. Passenger service was lost three years ago, and every year lots of track and right-of-way is being abandoned.

W int nd to r store int rcity
passenger service. We're moving to require not the nature trails, but for railroad service for freight, for excursion runs that can be tourist attraction for areas. We have got to figure out how to rebuild it.

And my question is what plans do you have and what can you do to help us and guide us not necessarily with your money but with ideas and advice and money, if you have some?

SECRETARY SKINNER: That's a very good question because if you go to Europe, as I've been on several occasions in the last six months, you'll notice that the Europeans as they move towards a unified community are very, very enthusiastic in doing a great deal with high speed rail.

They are protecting their right-of-ways. They are rebuilding their right-of-ways and they're moving passengers on high speed rail. And that, of course, allows them also to move freight on those same rail lines, in some cases on high speed rail.

There's no question we have made a decision to move most of our traffic in this country by highway and by aviation and by air.

There are a great number of people
in this country that bring that passenger traffic high speed rail corridors can make sense, and I think you'll see the national transportation policy address that.

And if we can believe what's going on in Europe, that that technology will work in this country, I think it offers a great deal of alternative support for the system that will in fact supplement air and highway.

On the issue of rail as it relates to freight, primarily the policy I'm sure will call for the industry and the users that use that system to maintain those right-of-ways except as they're used for passenger traffic.

But we will continue to support programs that will make them safe, but I don't think you can expect major investment.

I do suggest, however, that many states have right-of-ways that are available, and they are giving them back to the private sector.

Be very cautious if you give your rail right-of-way, abandon right-of-way away. It is very expensive to retain or recover once it's developed; and in some cases, that makes th
difference.

So if you have a rail right-of-way, and it's being abandoned, give serious thought to finding ways to protect it because I suggest in the 21st century those right-of-ways will be of value, whether it be for freight or whether it be for some kind of light rail or even some heavy rail high speed passenger travel.

I encourage you to do so.

GOVERNOR BALILES: Final question, Governor Kunin.

GOVERNOR KUNIN: Thank you, Mr. Secretary.

I would like to follow up on the answer that you just gave to Governor Martin's question.

This afternoon, we're going to be releasing a report on global warming that the NGA was a cosponsor with; and, obviously, public transportation and global warming are very much interconnected.

And my question is in addition to high speed rail, what other forms of public transportation do you envision not only for urban areas but also for rural areas? And is there any
accounting going on within the administration of th
more roads we build, the more cars on the highway,
the more we aggravate the already existing pollution
problem and the threat in terms of climate change and
what is being done in your relationship to the
Environmental Protection Agency.

SECRETARY SKINNER: That's a very good
question. That reminds me that I didn't answer a
question on an alternative fuel taxing. Let me just
answer that, and I'll get to your question.

The alternative fuel bill's
component of the Clean Air Act will cause a revenue
loss, as the law currently stands, of about a billion
dollars a year in the trust fund. Now, that has to be addressed.

It isn't addressed in the Clean
Air Act, so it's going to have to be addressed as
part of the budgetary process and some revenue
pressures by the office of management budget and the
Department of Transportation.

So that's an issue you should have
on your agenda because those trust funds will be
deflated by about a billion dollars a year if the
current law stands as it relates to exceptions.
There are two other things going on that are important as we look at the issue of global warming and the role transportation plays.

Number one, Jim Watkins, the secretary of energy, is working, as you know, on a national energy policy. That national energy policy will have to interface very significantly with the Environmental Protection Agency and the Department of Transportation.

Bill Riley and I have a very good working relationship, and the Department of Energy and the Department of Transportation and the Environmental Protection Agency and the Clean Air Act are to work together, consult with each other as we move forward on the implementation of the very, very significant measures that are contained in the Clean Air Act.

One of the things we'll be looking at, not only from environmental reasons but pure efficiency reasons is how we can move more people and -- with less use of energy in a clearer environment and on a more cost effective basis.

I have lived in Illinois -- I've lived in Illinois all my life until moving to...
Virginia. Let me suggest that one of the things I've learned in Virginia, they have what we know as HOV lanes on Highway 66 and 395. Those HOV lanes are very effective in getting more people in fewer cars.

There are many states, including Illinois, that don't have them. I think that's an example of what we will be doing in the area of automobiles to see about encouraging -- and what the federal government can do in supporting programs, involving HOV lanes.

The other is light rail. There is -- The other is the issue of mass transit. Mass transit has to stay competitive as the workforce moves to the suburbs, but it does have a significant role.

There is no better state than California to demonstrate that, where they are now after years of disinvestment in mass transit are making a multibillion dollar investment in mass transit. And one of the reasons they're doing that is not only gridlock and congestion, but the problems that the automobile creates for the environment.

So all of these will be addressed as part of our national strategy.
I think next year when we return to this session, hopefully we will have the answer for many of those questions. It will then become encumbant upon us to implement some of those policies.

That, as I say, again, will require an effort between governors, mayors, local officials, legislatures and the administration as well as a full support of industry working together.

It's a big challenge. It is something I see coming together. I have never seen such enthusiasm for a governmental project in 20 years as I have in Washington among transportation interest groups on a national transportation policy.

I think that shows the void. I think that shows the need. I think I see them now talking about working with each other rather than against each other. We've got to keep that energy working.

Thank you very much.

GOVERNOR BALILES: Thank you, Mr. Secretary.

(A round of applause)

GOVERNOR BALILES: Thank you, Mr. Secretary, for your appearance today, for your remarks and
for your response to our question. It was an impressive performance. We look forward to working with you in the future.

I would like now to call on Governor Harris of Georgia for the purpose of an introduction.

GOVERNOR HARRIS: Mr. Chairman, I appreciate the opportunity to present our next program participant.

I think it's very appropriate that our next speaker is here today to speak on the role of the cities in international economy.

He was elected mayor of the City of Atlanta almost eight years ago when Atlanta was one of the largest cities in the southeast, and today it's one of the top international cities in the world.

He has drawn on the lessons that he has learned, which is over 35 years of public service, to help Georgia and to help Atlanta become a real player in the international arena.

Together, we see Georgia the past eight years double the number of foreign companies it will have almost 1300 and almost 85,000 G orgians
employed in the international arena.

He has been a player, and he's been a leader, and we've been very grateful for that. He also uses abilities in working with us in landing the national democratic convention through our state last year.

He is serving presently as the chairman of the board of the Atlanta invitational committee for the '96 Olympics that, as you know, Atlanta has been chosen as the city to participate in the selection process internationally for that event of 1996, and we feel that Georgia is certainly going to be a very viable player in that arena.

Of course, he has not only been a leader in state government, but you could call him -- city government, but you can call him reverend or pastor because he has a very deep religious conviction and a very deep faith and has served churches in Georgia.

You could call him congressman because he has served as a member of Congress from the State of Georgia for a number of years.

You could call him ambassador because he was our ambassador to the United Nations.
for a number of years during the Carter administration. But personally, I like to call him my own special personal friend because of the working relationship that we've had as he has served as mayor of our largest city in the south and, of course, the City of Atlanta and served as my friend during the time I've been governor.

So join me in extending a welcome to Mayor Andy Young, Mayor of the City of Atlanta, Georgia.

(A round of applause)

MAYOR YOUNG: Thank you very much, Governor Harris and Governor Baliles for inviting me to this occasion.

It really gives me an opportunity to say to you how much we appreciate the groundwork that has been laid by the governors of our nation, particularly southern governors since we needed the help most in the globalization of our economy.

One of the things that I learned between my term on the banking committee of Congress and my term at the United Nations was that money knows no borders, money really knows no nationality anymor and that we rally are succeeding in the
world insofar as we are able to globalize our economies.

That's pretty hard for us to realize sometimes. It's been relatively easy for us in Atlanta because of Coca-cola, which is truly a global company, and -- that plus the work that the southern governors have done in promoting trade and investment gives a kind of a successful cover for a mayor who has an international interest.

If you think it's hard for governors to be involved in international trade and international business, you ought to think about it as mayor.

We have absolutely no business doing this as far as our constituents are concerned. Our job is to pick up the garbage and fill the potholes and to stay at home and mind the store. And that's true. We have to do all of that.

But about the time I was thinking about running for mayor, I read a book, "Cities and the Wealth of Nations," by Dr. Jane Jacobs, and it was very influential in helping me to -- well, it played to my prejudices and convictions. That is, that governments don't really generate growth and
economic wealth, that you cannot plan economic growth from the top down.

If you could, the Soviet Union and China would be doing much better than they are, that essentially growth comes out of problems and problems of people.

When people experience difficulties, entrepreneurs create solutions for those difficulties.

Then, as those difficulties succeed, as you succeed in solving those difficulties at a local level, other local levels call upon you to come and share your experience.

So you have innovation leading the trade in export, and that's the basis of the generation of wealth in the world today, according to Dr. Jacobs.

Looking at Atlanta and looking at cities that I see, clearly, everybody in the world wants what we have as the American way of life.

And one of the reasons why so many companies are coming to this country is because we have generated one of the most successful economies.

We don't mind spending money.
enjoy life. In order for a business to succeed anywhere in the world, it has to succeed in these United States.

And so we've been very successful in attracting business. We've been successful in bringing business from all over the world. And, as Governor Harris has said, more than 1300 companies from other countries in Georgia, but the figures of new investment in the state -- well, in the metropolitan Atlanta area are somewhere in the neighborhood of $75 billion worth of new investment in the last eight years, but that grows out of just what the Secretary of Transportation was talking about.

We have great infrastructure. We didn't build a new airport since 1974, but we put about $500 million in the old one. And we relocated our terminal and we built additional international runways so that we are -- our new airport has been along with the expanded interstate system a mechanism that allows us to attract all kinds of business to our region.

But the challenge, I think, has been more than infrastructure. For I see th
success in our state not just a result of the big cities, but the result of the personal partnership between the government and the private sector.

Hawkinsville, Georgia is not on any main interstate. Nobody has ever heard of it anywhere outside of Georgia, and yet the county commission chairman and the banker have formed a partnership that have been attracting as much business per capita to Hawkinsville as we have to Atlanta.

They've got a direct personal relationship with Finland. They attracted a plant from Ireland. They have had a plant from England and that public/private partnership and the personal concern of the mayor and the leaders of the -- I mean the county commission chairman, the leader of the political unit and the leader of the economic unit, seems to us in Georgia to be the kind of thing that really does work.

People don't do business just because of tax breaks and just because of industrial parks and just because of infrastructure.

Ultimately, business grows out of some personal trust and conviction. And people want
to know that if they're going to move, there are people with whom they can like and with whom they can work and with whom they can enjoy life.

So you see success, not only in the Atlanta, but in Cordele and Douglasville and Dublin, Georgia and Waynesville, Georgia and Hawkinsville Georgia.

I say that about Georgia in the first place because nobody would ever expect those cities to have an international outreach. But at the same time, you can see an Indianapolis, you can see Henrisnarow (phonetic) and San Antonio -- You can see almost anywhere there has been a mayor working together with the private sector building a partnership, going out and recruiting business that they've met with significant success.

Of course, you governors make that possible, for you have created the industry and trade divisions of your states that by and large as a result of your effort make the state known. But it still takes somebody to sort of ride a bird on it.

I make it a habit whenever Governor Harris sends somebody by my office or when v r som body comes into th stat, I giv th m a
privat number that they can call if they ever have any difficulties, and I assign a person in my administration to be their contact person to walk them through all of the bureaucracy and regulations and everything else they will have to deal with in order to do business.

And I think when they feel like they have that personal concern and when they feel like you want them to be a part of your economy as a full participant, then I think that it's with a new level of confidence that people are willing to come and invest in our cities and in our states.

But I've been more concerned here lately because I really didn't think that our problem was bringing business into the United States.

I have felt since my days on the banking committee and particularly in international trade that it was just unconscionable for America to run a trade deficit. For everybody wants everything we've got, and we've just not made a sufficient effort to sell it.

So I was hoping by being mayor of Atlanta that I could get Atlanta business to go out into the world and trade. That's the one thing wher
I've had really limited, if any, success and only just recently any success.

The reason I think is our economy is so big and it's so comfortable that we almost have to give our businesses some more security and some more incentive and some more protection to go outside the borders and run the risks that are a part of doing business in a global economy.

But the money is there. Just two weeks ago, the Atlanta Business League, a predominantly black organization, asked me if I would take them to the Caribbean. Well, that's a good way to catch flak, even in the summertime. The only reason you go to the Caribbean is to play tennis and swim and lay in the sun.

Nobody still believes we did any business there, but in the course of a one-week trade mission, 44 businesses, about 35 of them black, and therefore small in our state, signed $134 million worth of preliminary agreements.

I would say from the kind of agreements that they signed, at least $100 million of those will be secured.

That was one week's effort, but it
was importing flow rs into Atlanta from th Caribb an
marketplace, it was processing fish and developing an
interchange with tourism, it was a young junk dealer
who decided that he -- there was a market in the
results of hurricane -- I mean the devastation in
Hurricane Gilbert in Jamaica.

You put all this together and you
add then -- this is all stuff that we were trying to
bring in from the Caribbean. But then our peanut
farmers and our soy bean farmers and our chicken
exporters and our engineers were able to go along
with this, and we had a kind of two-way exchange.

Also as a result of that, we got a
commitment from Air Jamaica and a beginning
commitment from British West Indian Airways to fly
more direct flights into Atlanta because they see a
business connection.

That's been one of the things that
I think has been our blessing, that every time we
have started a new air route somewhere, we've just
about been able to quadruple the amount of business
between us and wherever that place is.

Now, finally, I think that another
book that I sort of ran across was -- titl of it was
"Th Third Century." It is written by a team of economists out in California that essentially are saying that America has two centuries, our first two centuries, and has been basically looking toward Europe and almost all of our economic activity has been Eurocentric.

With 1992 and the consolidation of a European community, the United States is going to have to be much more of a partner with Asia and the Pacific Rim and also the developing world.

There are figures that indicate that by the year 2000, 79 percent of the global market population-wise is going to be in what we now consider the developing world that is not in Europe and not in Japan, but in the rest of the world that needs and wants everything that we have generated as the American way of life.

And somehow, I think finding a way to direct our mayors in the direction of that market has, I think, tremendous potential.

The mayor of Decatur, Georgia happened to be in the Peace Corps in West Africa, and so Decatur has a sister city relationship with Brachi Nafaso (phonetic), and that's on plac in Africa
v n I hav nev r b en.

But there is a regular exchange, an exchange that involves students from the University of Georgia, that involves a partnership with a -- the health facilities of the Center for Disease Control and that ultimately when they begin to develop whatever they're going to develop because none of these countries are poor, these countries are simply undeveloped and underdeveloped, there's tremendous wealth, tremendous role material, tremendous natural resource that the skills and technology of the United States of America's economy can participate in developing.

And so I think the future is there for us. I don't despair, but I think that governors ought to seek out partnership with the mayors and give them a little more personal state.

One final thing. Governors can budget for international travel; mayors can't. And yet I think there's a good thing about that.

We have no money in our Atlanta budget for international travel. If somebody wants to go someplace, there has to be enough business people who are willing to pay their own way to get
th airlins to giv me a tick t to take th m, and that is basically self-sufficient.

It does require time, but I think it's something that we're going to have to do as the world becomes smaller and smaller and as our constituents need more and more leadership from the local level in order to keep our economy growing and expanding and meeting the global challenge.

Thank you very much.

GOVERNOR BALILES: Thank you, Mr. Mayor.

(A round of applause)

GOVERNOR BALILES: Thank you, Mr. Mayor, very much for your comments and observations.

I want to direct the first question to come from Governor Ashcroft of Missouri.

GOVERNOR ASHCROFT: Mayor Young, thank you for sharing with us the internationalization of the marketplace. I think it places us in competition with other industrial nations, not just in terms of bridges and airports, but maybe even, more importantly, with human resources.

In the light of our literacy deficit as compared to our industrial nations, can you shar with us som of the -- what I consid r to
b -- exciting things that have happened in the
Atlanta area regarding literacy and helping people
gain the competitive advantage or necessity of
literacy as a part of the human resource package we
offer?

MAYOR YOUNG: Well, let me say that we've done
a lot, but -- In fact, one of the things we've done
was decide that we could pay overtime to city
employees to go in to a computer training program,
and we found that about 16 percent of our city
employees even have difficulty -- well, see, cannot
read in the fifth grade language -- fifth grade
level. So it pays us to pay them overtime to improve
their reading skills.

And because IBM has a big regional
operation there in Atlanta, we've used their program.

We have a series of computers, and
there's no stigma incoming to computer training after
work; but we also give them overtime for those hours
because we found that people -- it was costing us so
much money -- people who have brains that do have
skills who've moved up in decision-making positions,
particularly in public works and water and pollution
control where the best work gets to be the best
and -- nobody ever realized that he couldn't even read.

So that's one of the things we've been doing.

I laugh because -- I smile because I really don't necessarily -- I mean I agree that we've got to do everything on education and literacy, but the competitiveness in science is one thing, the competitiveness in entrepreneurship is another thing.

The people who are making a lot of money and who are most courageous in Atlanta weren't necessarily good students. And so while I want to have good students, I don't want us to figure that we can't compete until we get good students.

I doubt that Ted Turner made a whole lot of A's, and yet he has globalized the media.

And just on -- I mean that American tenacity that says I'm going to do it my way and it doesn't matter what the rules are and what the world says, so we -- that kind of entrepreneurial spirit is what I think we can identify at the local level, and push -- well, push trade.

GOVERNOR BALILES: Next question from Governor
Sinn r of North Dakota.

GOVERNOR SINNER: Mayor, thank you for being here. That was a very estute observation you just made. I think we all need to remember that.

We've got a terrible industry going on in the collection of sales tax by out-of-state direct sellers. It puts our main street merchants at such an incredible disadvantage, and getting that problem corrected in Congress is going to be a very difficult task because there's a lot of money being spent to preserve the advantage.

We need every ounce of energy we can get from the -- from mayors, and I -- I guess my question to you is can you help us generate a very active role in the mayors because we absolutely have to have that help.

MAYOR YOUNG: I would really appreciate doing that. I actually tried to do that.

A lot of the things that came out of Ways and Means on tax exempt bonds and things like that really crippled our potential as mayors.

The problem was the Congress was after the investment bankers and the bond lawyers, and they tended to respond to them.
I think we do have to get more mayors and more governors involved, particularly with the Ways and Means Committee on tax questions.

GOVERNOR BALILES: Any other questions?

Governor Celeste of Ohio. Final question.

GOVERNOR CELESTE: Mr. Chairman, Mayor Young, you alluded to the difficulty sometimes of a mayor explaining to constituents about the importance of being involved and the development of international business both ways.

Tomorrow we're going to have an opportunity to talk about the press's role in our relationships beyond our borders.

I wonder if you've done anything specifically with the media in the Atlanta area to really underscore with them, to educate them about the importance of your role as governor, as mayor -- governors' role in this arena so that they don't see as us introducing something that is simply Washington's province.

How do we convey -- How do we educate the press?

MAYOR YOUNG: Well, one of the things that
I've tried to do before each trade mission, explain to them what I'm going to do and invite them to send somebody along.

And once they come along and realize that it's not a picnic and, you know, and when they get back, they're wiped out and they took the week off and you go on back to work the next morning, and finally they begin to see that this is not a vacation; that this is probably a very important part of the role of an elected official in today's economy.

(A round of applause)

GOVERNOR BALILES: Thank you, Mr. Mayor.

Mayor, we are grateful to you for your presence here and for your remarks, for your contributions to the strengthening of international trade at all levels of government.

Ladies and gentlemen, as you know, one-half of our task force reports focused on projects and programs of policies within our borders that can strengthen our international competitive abilities.

I'm going to ask for brief reports on those three project areas focusing on within our
First, Governor Jim Thompson of Illinois's presentation for the transportation infrastructure report.

GOVERNOR THOMPSON: Thank you, Mr. Chairman.

Mr. Chairman, I've been presenting things to this association now for 13 years, and I've never felt more that I was preaching to the choir than this morning.

I think the most effective preaching will be short. If you all take a look at Page 8 of the task force report, quotation by David Ashower (phonetic), who is a senior economist in the Chicago Federal Reserve Bank -- he testified at our first hearing in Chicago -- it says it all.

A root cause of the decline in the competitive position of the United States in the international economy may be found in the low rate at which our country has chosen to add to its stock of highways, port facilities, airports and other facilities which aid in the production and distribution of goods and services.

Not only must our education be competitive as we reach for the next century, but our
transportation facilities must be competitive and in first-rate condition as well with no sector neglected, no parts of our states left behind.

We ought to take that quotation and send it to every member of Congress to make them understand, every member of the general assembly of your states to make them understand, every mayor to make them understand, every county official to make them understand nothing is more important than being able to move people and goods efficiently in today's competitive economy.

If you will just take the time, Governors, over the next several days to read the forward, it tells you what we found out and what we really need to do together.

First, there has to be a much greater emphasis on combining your transportation and your economic development efforts within your states and your regions.

Transportation departments and economic development departments can't go off in different directions.

A number of states have already been doing that. Build Illinois loan hops that and,
for example, Iowa's Rise Program and I'm sure each state here has one example that they can point to or more.

We need a renewed call from the governors' offices to your transportation planning and economic development departments to say, hey, new infrastructure must serve both purposes.

There needs to be a demonstrated economic return for capital investment. We need to do much more in planning for our infrastructure because it's gotten enormously expensive and gets pinched up against other needs.

I suggest we need to do much more regional planning between states because many of us have bi-state economics and the key to the success of those bi-state economics is regional transportation planning as well as regional transportation investment and infrastructure.

We need to explore every conceivable financing option because, as Mayor Young has said, the Congress has cut back a little bit on our ability, especially on our ability to do projects which have both a public and private purpose.

We need to go back to Congress on
that issue.

There are all sorts of things that we can be doing in the meantime to find new resources to strengthen our infrastructure, including looking at an expanding role for private sector investment in what were considered to be entirely public purposes, especially at a neighborhood level.

We need, as Secretary Skinner suggested, to get about the task as being as infrastructure as our European and Pacific Rim competitors in transportation.

Compared to some European efforts, some Japanese efforts, we're still horse and buggy in the United States, and we can't afford that horse and buggy any longer.

All of us must do a greater job in getting our public to understand they get what they pay for in transportation. In fact, currently, they're getting in most states a great deal more than they're paying for. And that's a tough proposition for all of us.

But if we need to educate our public on one fact, it's how important the transportation is to our job and our economy. It is
just not th road that single person tak s to and from work, nice smooth pavement in front of his house. It is a critical lifeblood of our transportation systems and our state economic development policies.

I would like to express my thanks to the hard working members of my task force, Governor Martinez, Branstad, Goldschmidt, Governor Casey, and our, chairman elect, express my thanks to you for entrusting me with this task.

You will be sure that I will be available to follow up with the administration, with the secretary and with the Congress.

Thank you very much.

GOVERNOR BALILES: Thank you. I'm convinced that this report --

(A round of applause)

GOVERNOR BALILES: I'm convinced that this report will be the flight plan, the road map of transportation improvements in this country for years to come.

Next report, Governor Blanchard for a report on domestic markets.

GOVERNOR BLANCHARD: Thank you, Mr. Chairman.
With all the focus on international trade, reverse investment, it is wise for us to remember that the world's largest market is indeed our domestic market.

And, in fact, today, every American dollar spent is spent about twenty-seven cents on imports, and that sum has almost doubled in the last ten years.

States cannot afford to stand on the sideline while businesses and jobs, millions in some cases, are lost. Whole industries have been wiped out by the inability to compete; and, obviously, this is a direct threat to our survival. And any intelligent state economic development policy has to focus on domestic markets.

Now, we at this task force issued our report on June 29. We made three broad conclusions about any successful effort to regain our economic leadership domestically and about the role of government in that effort.

First conclusion was that international economy, U.S. industries which have a comparative advantage are key to achieving a rise in the standard of living.
There will be no way we can cut wages and costs continually to compete with certain areas of the world only, obviously by using the latest, the latest technologies and skilled workers, skilled workers, a theme that runs from everything we're doing to create new products or new services or by improving a quality of the goods or services we provide can we reclaim old markets or build new ones.

The United States must again become a high tech, high skilled producer if we're able to create the areas of comparative advantage that can fuel a rising standard of living.

Secondly, the conclusion is that our businesses require a competitive enterprise system if they are to succeed against foreign competition.

That involves everything from the traditional items of infrastructure to helping with new technologies, productive capabilities of the local work force to competitively priced capital, to adequate human investments systems.

The third broad conclusion is that the role of government in business development has been altered as states have moved to ensure th
exist nc of an enterpris syst m that allows
companies and people to use the new technologies and
skills to compete.

If I would leave you with
anything, it is the overwhelming conclusion that the
great debate in Washington over whether governments
presume a laissez faire policy with regard to
economic development or some sort of highly intricate
industrial policy is totally relevant.

In practice at the state level,
states are already a very active catalyst, and the
examples have nothing to do with laissez fairism or
industrial policy. They are very practical, highly
coordinated systems of economic development working
with the private sector.

In fact, state governments have
shown the leadership to be a broker and a catalyst in
almost every area of economic endeavor.

Instead of ignoring the lack of
technology and research capacity, we're trying to
remedy the problem exclusively with massive infusions
in public funds.

States are trying to promote new
relationships betw n busin sses and univ rsiti s.
Almost very single government has initiatives involving universities, research centers, businesses, transfer of technologies and other practical ways of trying to bring about new processes, new technologies and new systems to the marketplace faster so we can win the global competition.

Instead of disregarding growing skill gaps -- and we do have a skill gap in America, absolutely, clear-cut, obvious -- instead of disregarding the growing skill gap that threatens the capability of local industries and businesses to introduce new technologies, we're trying to remedy that problem with huge business subsidies.

States are encouraging again partnerships between community colleges, the public school system, training centers and businesses to upgrade the skills, to modify the curriculum, to change teaching techniques, to better prepare the current and our future workers.

And bear in mind, again, this is a threat to Buddy Roemer's comments earlier or Alan Greenspan yesterday or Alan Young today or the President, the reality is brain power, not brawn power is the key to economic success both in America
and around the world.

Indeed, 80 percent of our current -- 80 percent of the work force in the year 2000 is already out there. So retraining the existing work force is critical.

When I say work force, I mean managers, executives, scientists, not just workers in some traditional industry.

And also, instead of accepting a lack of innovation capital, again, states have moved to remedy the problem by finding new public agency to provide capital for venture capital, risk capital, all sorts of ways to treat with new financial institutions.

Now in this report -- I would just refer you to Page 20. It is not an exhaustive index of state programs, but it does summarize many of the very, very successful and effective initiatives by governors, by states, in concert with the private sector to upgrade our skills, provide greater access to capital, to provide a greater regulatory framework and to helping accelerate the move toward new technologies and essentially to a quality, a quality efforts of work rs and products and services to
regain domestic markets.

So I commend those last two pages to either look at what's going on -- feel free to borrow them. You've all helped create initiatives. You ought to be ready to borrow them and implement them.

I can say that it is clear that the states have been laboratories for democracy in the area of economic development and domestic markets and you should be proud of that.

I would also like to thank Governor Ashcroft, Governor Schaefer and Governor Tommy Thompson for their cooperation and assistance and certainly their staffs and NGA staff.

We appreciate your effort, your support; and we would like to congratulate all of you for aggressive efforts in your state. We hope you keep it up and we continue to borrow from each other.

Thank you.

GOVERNOR BALILES: Thank you, Jim.

(A round of applause)

GOVERNOR BALILES: Ladies and gentlemen, I would suggest that this report produced by Governor
Blanchard's task force is reported because it does more than suggest a strategy for recapturing lost markets here at home; it also outlines a series of steps that can be pursued and should be pursued within our states.

Finally, I would -- task force on children, our report for us for the future.

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

I will be brief because you were kind enough to give this task force a major portion of the plenary back in February, and our report was the first one released in Little Rock in early February.

I would like to thank Governor Castle, Governor DiPrete and Governor Kunin for serving.

I would like to especially thank Governor Casey for sponsoring a teleconference with me in April in Pennsylvania entitled Caring For Children, which was participated in by 37 states.

The only points I want to make and remark in view of the report, which is before you on our desks, that our country is deficient in th
development of our human resources in two major respects.

The first relates to, in large measure, to education; and that is that our high school graduates are not really competitive in any of the critically important academic areas as their counterparts in other countries. Eventually, that will make us poorer.

In the 1980s, you can see that because college high school graduates and high school dropouts in the work force in the 1980s actually had a decline in earnings.

Second big problem we've got and one which we addressed most of our concern in this report is that a lot of our kids never even get to the point where they're taking and losing those competitive exams in high school because we have a dropout rate and a child rearing failure rate that is twice as great or more than any of the countries with which we are in competition for the future leadership.

The key items in this report are those recommending high priority for prevention, better use of existing resources by breaking down the
barriers between various governmental departments and agencies, more prenatal care, more well child care, more child care that is affordable and tied more to education programs for preschoolers and a special emphasis on the needs of young teenagers, both in terms of health care and health education and in terms of constructive community involvement.

In that connection, I would strongly recommend to all the governors reading the very important and recently issued commission report on adolescents.

Governor Kean and I were privileged to serve on that commission, but the work was done by a group of very creative and committed staff people and other commission members to whom I give all the credit; but I hope you will all do that.

And, finally, let me urge all the governors to participate and make the grade project this fall which will focus on town summits being set up across the country to address youth issues.

I hope that the President's announcement of the education summit today will also keep these related issues high on the agenda of very
stat in the country and that the task force on children will make the contribution to America's transition that you hope.

Chairman Baliles, thank you very much.

(A round of applause)

GOVERNOR BALILES: Thank you, Governor Clinton.

As you know, the report of Governor Clinton's task force has already received a great deal of national attention.

The suggestions that are outlined in that report consist of recommendations from governors all over this nation representing our hopes of the future.

I'm very grateful to him and to the other task force chairmen and committee members.

Ladies and gentlemen, there are committee meetings this afternoon on transportation, commerce and communications, on economic development and technological innovation, on energy and the environment and special session on education.

Some of those meetings will begin immediately upon adjournment.
If there is no other business, I declare this meeting adjourned.

(Whereupon, which were all the proceedings had in the plenary session on this date)

* * *
STATE OF ILLINOIS  )
COUNTY OF C O O K  ) ss:

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
ture, 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 34th day

Notary Public