NATIONAL GOVERNORS' ASSOCIATION

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WINTER MEETINGS

FIRST PLENARY SESSION

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Yorktown Room
Washington, D.C.

Sunday, February 26, 1989
1:15 p.m.
PROCEEDINGS

GOVERNOR BALILES: Ladies and gentlemen, I would like to call this plenary session to order. I would first like to welcome our new governors. Governor Stephens of Montana, Governor Bayh of Indiana and Governor Caperton of West Virginia. We are delighted to have you here today as members of this organization.

Next I would like to ask for a motion and a second to adopt our usual rules of procedure for this plenary session. Is there a motion?

(Motion made, seconded and approved.)

GOVERNOR BALILES: Thank you very much. Next I would like to welcome a delegation from the Liberal Democratic Party of Japan, who I believe is in the audience. Would you please stand. Thank you very much.

(Applause.)

GOVERNOR BALILES: Ladies and gentlemen, I also would like to have the pleasure of reading two paragraphs from President Bush's letter, a copy of which has been placed before you. The President's letter says in part, "It's a pleasure for me to extend greetings to all of you at your winter meeting. When I met with your executive committee last November, things were rather chaotic, matters uncertain. Now matters are a bit more clear.

"For one thing you have lost your Granite State..."
colleague and I have gained a pit bull. I regret that I
can’t be with you in person this time but I did want to offer
my best wishes for a productive session as you address the
many issues important to the future of our country. I know
your meetings will be spirited, as they should be. But I
hope that spirit includes a healthy dose of bipartisanship.

"We need such cooperation to tackle the challenges
facing our nation. Such operation must extend as well
between the White House and the Executive Mansions. I intend
to turn to you often to draw on your expertise for the
experience in state leadership, and I want you to know that
you have a ready listener in Washington."

The letter is signed George Bush.

Ladies and gentlemen, let me set the tone for this
extraordinary plenary session. America is in transition.
There is a new Congress, a new administration and a new
decade, all within sight of a new century. We face an
international frontier. Fiber optics span the continents.
Billions move in seconds from Tokyo to New York. Goods move
around the world in a single day. As we mentioned at the
executive committee a moment ago, a century ago the sun never
set on the British Empire. Today, the sun never sets on the
world stock markets. What does it mean and what are we
prepared to do about it?

As we gather today, we see that in general terms
the American states and territories have reached the end of this decade in mixed condition. Some states are economically strong. Some have difficulties. Some are growing fast, some too fast. Some not fast enough. Yet the states have this in common: Without regard to party label, there is broad recognition that in the present circumstances no state can afford to mark time. Whether one describes the current attitude of state government, as activist, progressive, or simply problem-solving, the occupants of America's state capitals are convinced that we must either take charge of the future or the future will take charge of us.

Since the latter is unacceptable, the former has become compelling. The agenda adopted during last summer's NGA meeting in Cincinnati testifies to that fact. It is called America in Transition, the International Frontier. It is an agenda for action, composed of six task forces designed to advance on two fronts. Within our borders, and beyond our borders.

This agenda acknowledges a fact of life for every governor in this room that change is constant, that the world is interdependent, that the states are vulnerable to economic events that once were very remote. Writing in the current issue of Foreign Affairs, financial advisor Felix Roatin says that the term "domestic policy" is an outmoded expression and an obsolete concept. He says, "It is obvious that government..."
policies, with respect to education, taxes, infrastructure and entitlement, affect mostly our own citizens."

But he asserts, "Those policies can only be formulated within the framework of an economic policy that is global in nature and in concept." That is the position. We know that for our businesses and communities, to successfully reach beyond our borders and engage the world economy, we must plan, prepare and invest to strengthen within state borders. Clear headed, self examination and hardheaded pursuit of solutions, that is the order of the day for governors across this country.

When we see American firms losing market share in their own domestic economy, when we see productivity lag and natural advantages squandered, we should act. Competitiveness must begin at home. When urban water systems deteriorate and transportation systems stall, then we should act. If we are going to cross the oceans and sell our products, we will first have to get our cars across town.

When infant mortality rates remain a disgrace, when inadequate child care undercuts the work force, when future parents, workers and taxpayers are being short changed before they reach adolescence, then we should act. So strengthening within our borders, it means competing in our own markets, moving our people and products and preparing our children. If we can make progress on these issues, we will
be in a far better position to take on the challenges of an international economy. But that too is a challenge, in and of its own, the challenge of competing beyond our borders.

We should cultivate an export program, develop programs that identify markets, encourage producers and suppliers to look for customers anywhere they can find them, even on the other side of the world. We should do in the laboratories of the next century what the Edisons, Morries and Firestones did in the last one. We should be the inventors, the innovators, the technical revolutionaries. We have got to get there first and do it better.

Ignorance is a self inflicted wound, no matter what the circumstances. But ignorance of geography, languages and foreign cultures is a mortal wound in the international economy. It's time for our students to learn the language of the international customers, to know where they live, how they live, and what they want.

So, ladies and gentlemen, that is our agenda. It is as ambitious as it is justified. Within our borders we intend to encourage expansion of domestic markets and investments in our and infrastructure and children. Beyond our borders, we intend to find new foreign markets, advance international education and invest in research technology.

Even as we gather here today, President Bush is meeting with Far Eastern leaders in Japan, China and Korea.
He knows, as we know, that the accelerating pace of change in the world, social, political and economic, does not grant us the luxury of quiet contemplation. So we should engage in the community of nations and agree on a plan of action for ourselves.

Throughout this country's history, throughout all of our cultural, political and economic development, we have confronted uncertainty, difficulty and adversity. This challenge is different, to be sure. All new challenges in a changing world are different. And yet, in a certain sense, our present challenge is like all the rest. Whether we succeed or fail will be determined by our willingness to act with foresight, intelligence and resolve. This agenda of the National Governors Association, and the task force reports that will be released between now and July, will give force and support behind those that see the need to act and are ready to do so. Thank you.

(Applause.)

GOVERNOR BALILES: Now let me introduce a very special guest.

As we look beyond our borders, it is difficult to determine if our leaders shaped the world in which they live or if they are shaped by it. Would we have had lend-lease without Roosevelt and Churchill. A missile crisis without Castro, arms control treaties without John Kennedy or Ronald
Reagan.

One thing is certain, the 20th century would not have been the same without Henry Kissinger. Dr. Kissinger has helped define the meets and bounds of foreign policy for more than a generation. From shuttle diplomacy in the Middle East to detente with the Soviet Union he has defined the playing field, the players and often dictated the score. He helped open the door in China and closed the door to Vietnam. Dr. Kissinger has helped us make the connections between the U.S. and the Persian Gulf, between the U.S.A. and the problems and the potential in the Third World, between the American states and the international frontier. He has helped us understand that our national security is tied not only to the weapons of war, but the world marketplace.

Secretary of State, National Security Advisor, the Medal of Freedom, the Medal of Liberty and the Nobel Peace Prize. I can think of only one item missing from this list of accomplishment, an address to the National Governors Association.

It is my great pleasure to introduce to you Dr. Henry Kissinger.

(Applause.)

DR. KISSINGER: Governor Balilies, ladies and gentlemen. This introduction leaves me in the position in which I found myself at a reception once, where a lady walked...
up to me and said, "I understand you are a fascinating man."
She said, "Fascinate me."

It turned into one of the less successful conversations that I have had.

Now, your chairman suggests that I keep my remarks to 15 or 20 minutes. Forgetting that my native language is German and that it isn't easy to place a verb in 20 minutes in German, at any rate, should I accede to that suggestion, you can all say you were present at a historic occasion.

We, I thought, in my remarks, I would talk to you about some philosophical or conceptual problems of American foreign policy as I see them, illustrating them, perhaps, briefly, with some comments on East-West relations. Then you can ask me on any subject that interests you.

There's a great deal of talk about bipartisanship in foreign policy, and we hear a lot about it. I have talked about it myself, probably where I heard it, and I believe in it. But we have to define what it is that we should be bipartisan about. It is almost impossible to be bipartisan on the day-to-day tactics of foreign policy. If there is not some basic agreement on where we are trying to go and what the fundamental premises of foreign policy are supposed to be.

If these premises are absent, then the quest for bipartisanship can easily degenerate into the lowest common
denominator which does no justice to any point of view. I would like to suggest to you ladies and gentlemen that the fundamental problem of American foreign policy, especially with respect to bipartisanship, is that we have not agreed on the fundamental premises, and we have not agreed on the fundamental premises because America has not had to conduct foreign policy the way other nations have had to conduct foreign policy, until the last one or two decades.

Through the greater part of American history, we were removed from world affairs. When we emerged internationally, at the end of World War II, we were in an extremely unusual position. We had an atomic monopoly and we had such a huge preponderance of economic resources, that for us the fundamental problem was to identify an issue and then overwhelm it with resources. We did not face the dilemma that all other nations have had to face, and that we are facing now, which is that when your scope for action is greatest, your knowledge is at a minimum; when your knowledge is greatest, your scope for creative action has usually disappeared.

If you do not have the overwhelming resources that we possessed at the end of World War II, everything depends on an assessment you cannot prove true when you make it. You must therefore act on the basis of some moral or political or philosophical conviction about the kind of world that you ar
trying to bring about, the kind of world in which you will find yourself.

This has been lacking. I would argue that the American domestic debate has been polarized between those who considered foreign policy a subdivision of psychiatry and others who treat foreign policy as a subdivision of theology. The psychiatric approach treats relations between nations like relations between people, and it emphasizes personal goodwill, atmosphere, creating a climate out of which, then, almost automatically, reconciliation will emerge.

The theological approach sees foreign policies as a struggle between good and evil, and is convinced that the walls of Jericho will crumble if the trumpet is blown hard enough. And at the margin, the theological and psychiatric approach meet each other, because both of them tend to believe that international quarrels are akin to personal quarrels, that they therefore can be ended by single individuals and that foreign policy can be a bit -- can be akin to conversion. The nostalgia of American foreign policy, in most administrations, since the postwar period.

I must say, Richard Nixon, probably, the only major exception, the nostalgia of American foreign policy has been that some day, some Soviet leader would come along, who is just like a regular guy. There is the belief that Soviet
leaders are really misunderstood or potential middle
Americans. I have a friend who is of the view that there is
no such thing as an English accent, that the English put this
on to intimidate Americans. If you catch an Englishman
unawares, like waking him up at 4 in the morning, he will
talk like any other normal human being.

That has been the American approach, I would
argue, to the Soviet Union, in the entire post-war period.
Richard Nixon, being an exception, since he was not fully
convinced of the permanent goodwill of all Americans, he was
not about to trust any Russian.

(Applause.)

DR. KISSINGER: So that has been, that seems to m
to be the fundamental challenge to the American approach to
foreign policy. When I was a professor, I was fascinated by
the problem of the construction of peaceful international
orders. The question of war and peace has to preoccupy
anyone concerned with international affairs.

I studied peace settlements, historic peace
settlements, those that lasted and those that proved
ephemeral, and tried to understand what the reasons were for
those settlements.

I would like to advance one or two propositions
and then apply them to the contemporary period. Any
international settlement involving many different nations of
complicatedly different histories and vastly different domestic experience must represent a balance on the one hand between various notions of justice or legitimacy. What is a just international order?

Of course, no settlement can ever perfectly satisfy everybody. If somebody were perfectly satisfied, the odds are that somebody else would be perfectly dissatisfied. So the problem is to find a relative balance between the conflicting notions of what is just. And perhaps one could express it in this way, that the inevitable dissatisfactions should not be so great as to lead any major nation to try to upset the international structure rather than live within it.

The Congress of Vienna achieved this and brought peace for 100 years. The Treaty of Versailles did not achieve it and produced another war in 20 years. The second problem is that precisely because there will always be some dissatisfaction, there exists a balance of power which discourages those who would want to express their dissatisfaction by recourse to force. Those seem to me to be the two essential elements. The American tradition, from Wilson to Reagan, tends to reject both of these propositions. We look for perfect satisfaction and we reject the notion of balance of power.

If you read American statesmen, from Wilson
through Reagan, you will see that we are trying to create
something in which there is universal bliss and in which the
concept of balance of power is considered a contributing
cause to international tension instead if one means not of
removing it, but of containing it. Obviously, if there are
huge dissatisfactions, which is another way of saying if
there are huge ideological conflicts, the emphasis on power
has to be all the greater. If there are reduced ideological
tensions, it is possible to have a greater relaxation with
respect to the balance of power. It can never be absent. It
can never be ignored, and it is ignored only at great risk.

Let me apply this to the current state of
East-West relations and then make a few general
observations.

The West is swept at this moment by an obsession
with the personality of one Soviet leader. I have met
Gorbachev as well four or five times, recently three weeks
ago. There's no question that he is the most interesting,
the most thoughtful Soviet leader that any Western leader has
encountered and that has existed.

At the same time, I do not suffer from the belief
that the Soviet Politburo elects its leaders for the
entertainment of Western visitors. If one looks at the
history of the Soviet Union, it is not the office of General
Secretary of the Communist Party, it's not an office that
choir boys are likely to reach. No Soviet leader has ever retired with honor. In fact, no Soviet leader has ever retired. No Soviet leader has ever survived his own death. Every Soviet leader has been assaulted by his successor.

It is, therefore, logical to assume that only a tremendous desire to exercise power could induce a man to enter so precarious a career.

But I am willing to grant Gorbachev most of what he says. I would like to raise a more fundamental proposition. It is not in the interest of those who are concerned with peace to argue that only one Soviet leader can bring about peace. It is not in our interest to conduct foreign policy on the basis that we have to help one particular Soviet leader given the fact that we have no control over who stays in office. That in any event, political life is short compared to history. It is in our interest to create a situation in which it is in the interest of any Soviet leader to pursue more moderate policies, and where any Soviet leader would come to more or less the same conclusions.

Now, I think in fact we are at a place where this is in the capacity of Western leaders provided they are willing to be serious about the problem of peace.

The code word, in the sense of an ideologic conflict, is ending. It is ending because the great
advantage that Communism had through most of its history of possessing in each country an identifiable group of individuals, who preferred to assist the homeland of Communism, over its own national aspirations, that that asset is dissipated. The ideological alarm of Communism is dissipating inside the Soviet Union and certainly outside the Soviet Union.

Nobody looks at the Soviet Union anymore, or at Communist ideology, as a model either for political organization or for economic organization.

On the other hand, certain realities remain. The Soviet Union is militarily an extraordinarily powerful country. Secondly, if you look at Soviet history and at Russian history, the Russian Empire, under czars and commissars, has been expanding inexorably for 400 years. It has often been invaded, but at the end of the process, Russian borders, in every century, under any ruler, have expanded by hundreds of thousands or by thousands of square miles.

The fundamental problem of peace, therefore, with the Soviet Union, has been one ideology. But, secondly, is it possible for the first time in history to live in equilibrium with a state that when it wasn't invaded, expanded. Is it possible for it to accept a rational concept of security, that is to say security within its national
borders, without attempting to disintegrate all the countries on its borders.

Throughout history, the Russian solution, under czar and commissar, has been to weaken and to disintegrate any significantly strong country anywhere within its region. They have sought absolute security, but absolute security for one country means absolute insecurity for every other country.

So in negotiations that will now be entrained with the Soviet Union, that has been to be the fundamental problem.

Now, we have many answers. One is it has to be said, that the Soviet Union is the only country in the world entirely surrounded by hostile Communist countries. The satellite orbit in Eastern Europe, China. It has learned, it has experienced that in planting Communist regimes creates as many security problems for it as it solves. Secondly, all of its neighbors, Communist or not, are growing faster, by far, than the Soviet Union. Japan, China, even India, Western Europe and the United States.

Gorbachev has put himself in this dilemma. To achieve his objective of disintegrating or weakening NATO, he has to appear peaceful. But even if he is insincere, if he gives up the appearance of it, he will again unify all the countries around his periphery against it.
So what started as a tactic could be turned into a necessity. This is one asset we have.

The second asset is that it is absolutely impossible to undertake the restructuring of Communist Russia that needs to be undertaken if it is to be prevented from becoming a third rate or the leading undeveloped country. If that is to be prevented, the Soviet leaders will be absorbed with domestic affairs for a long period of time.

As far as the West is concerned, this requires that we have some precise notion of what we understand by a peaceful order, wallowing in the good personal relationship between American leaders and Soviet leaders is not an answer. If there are tensions, they must have causes, and if the causes can be identified, let me give one example. All the negotiations have concerned arms control. The issues of arms control have become so esoteric and so obtuse that one can apply to them what was said about some 19th century foreign policy issue about which Lord Palmers, the British Foreign Secretary said, "Only three people have ever understood this. One is dead. The second is in the lunatic asylum." And he was the third, and he had forgotten it.

It is interesting that every arms control agreement system justified domestically on the grounds it doesn't make any difference, that it leaves our military capacity unimpaired. Then why make it? There was one I was
against, but for different reasons. But as we get into conventional disarmament we will not be able to avoid the future of Europe, a conventional disarmament that is significant enough to reduce Soviet offensive capabilities in Europe and has guarantees against Soviet reentry and pushes the Soviet army far enough back into the Soviet Union so it cannot return easily.

All of these conditions must be met or we just have a paper agreement that will affect the future of Eastern Europe. The future of Eastern Europe is in any case being affected by the trends within the Soviet Union. So, actually, I believe, there is an opportunity to attempt to negotiate a restoration of historic Europe, including the East European countries and to an arms control into a discussion of how normal security concerns of the Soviet Union could be met by military dispositions within Europe without giving them the right or acquiescing in the continued maintenance of regimes resented by the entire population.

In other words, we have to find a political basis for the next round of negotiations. One could go around the world and make similar analyses. The president is today in Asia. In Asia, actually, we are dealing with countries unlikely to be seduced by personalities, countries with a long history of nationalism and a very cold-blooded approach to the conduct of their own policies, as anybody who has ever
competed with them has ever experienced.

In Asia we have a problem of a new emerging balance of power in which the United States could play the role of a balance.

In the Middle East, other opportunities exist, each of which needs to be analyzed individually. I want to mention one area very briefly that concerns me deeply, which is the Western Hemisphere. When we look at a new international structure, we have to keep in mind that in Mexico a new government has come into being. Brazil and Argentina will have elections this year. In all of these countries there have been advances towards democracy. All of these countries have undergone nearly a decade of austerity.

It is not possible to maintain the democratic regimes in these countries unless a process of growth is restored. Unless that is done in some cooperation with the United States. In the emerging world in which economic blocks are developing, in Europe, de facto in Asia, it would be a tragedy if all of American attention were focused on how to deal with the predictable upheavals in the Western Hemisphere if we cannot act in time, and which means particularly that some constructive solution of the debt problem is required, and we should not pretend that we have any choice about it. Because if we do not take the initiative, it will be imposed upon us.
Now, I have already talked more than 20 minutes, and therefore let me conclude with just one observation.

I have a Chinese friend who claims that there exists the following Chinese proverb, I say claims, because I doubt that there exists as many Chinese proverbs as they lay upon us. But his argument is, is the problem allegedly goes like this: "When there is turmoil under the heavens, little problems are dealt with as though they were big problems, and big problems are not dealt with at all. When there is order under the heavens, big problems are reduced to little problems, and little problems need not obsess us."

My argument is that when we look around the world, we have an unusual opportunity to shape a more peaceful and more constructive international order, not in the traditional sense of universal reconciliation where at a moment in time everybody can say "peace" or "pray God," but in the sense that in each decade there will be a greater consciousness of a sense of security and of the possibility of progress. Indeed, the United States is the only nation that can say that the ability to reduce big problems to small problems is importantly in its own hands. Thank you very much.

(Applause.)

GOVERNOR BALILES: Thank you, Dr. Kissinger, for your thoughtful and formative views. We have several questions, the first of which will come from Governor
GOVERNOR BRANSTAD: Dr. Kissinger, in light of the comments you made about the enamoration that the West has had with General Secretary Gorbachev and the uncertainty about the future leadership in the Soviet Union, is it wise for individual states to pursue long-term trade relationships with the Soviet Union? Many of us are interested in trying to establish greater trade opportunities and have looked at the Soviet Union as a potential substantial trade. Do you think it's wise for us to pursue long-term trade opportunities with the USSR?

DR. KISSINGER: I think only if you understand what is the likely economic evolution in the Soviet Union. In my view, the major part of economic reform has not even started yet. Gorbachev has been primarily occupied with achieving the political position that will enable him to overcome the dilemma of any Communist state that you cannot run an economy by central planning but you may not be able to run it without central planning because that's where the Communist body has its power base. He is in the process of elaborating an office of the president.

Up to now the president of the Soviet Union, the primary function of the president, was to greet visiting firemen at the airport. When Gromyko was president, I visited him once and I asked him to tell me what the job
entailed. He was not able really to do it. Now he is moving executive powers into the office of the presidency. He has given himself a fixed term of office, which will be elected by the so-called Supreme Soviet, which he will keep in permanent session, so that theoretically at least he cannot be removed by the central committee of the Communist Party anymore since his power does not derive from it.

Until he achieves that, which will be the end of this year, if everything goes as plans, he will not have undertaken major economic reforms.

Once he turns to major economic reforms, I find it very difficult to see how that, in fact, is going to work. It is in a country which has very little entrepreneurial tradition. In China you have a homogeneous society, homogeneous culture, anyway. You have overseas Chineses, Taiwan, Singapore. The Communist party has only been in power about half the time that it has been in the Soviet Union.

In you Russia, people come up against vastly entrenched interests, traditional Potemkin villages. I think the possibilities of that turning into a total mess is at least as great a likelihood as that it will succeed.

On that basis, if one recognizes the risks, I don't think it's going to stimulate the economy of your state in your term of office very greatly.
GOVERNOR BRANSTAD: Let me just say that we are a state that sells a lot of corn and soybeans already to the Soviet Union. We see this as is potential for additional agriculture market but we are also selling them paving equipment and other things in terms of helping them make some of the infrastructure changes they need.

DR. KISSINGER: They need a lot of things. Any one thing they can choose to pay for they can undoubtedly find the resources for.

As a general proposition, I used to be bothered by the large European loans, because I thought it was kind of a moral abdication by the Europeans to do this without having some progress towards the political settlement. I am coming to the view unless the Soviets change their infrastructure substantially, that money will be down the drain. This does not mean that an agricultural state is already exporting to them, that there cannot be some counter trade and that any one thing that they want, they need urgently, they can pay for because they have gold and they export some commodities, but I do not see a huge expansion of trade within, say, five years.

GOVERNOR BALILES: Dr. Kissinger, I think we have time for two questions. Governor Thompson of Illinois, Governor Celeste of Ohio have indicated an interest. Governor Thompson first.
GOVERNOR THOMPSON: Dr. Kissinger, going back to your earlier remarks on the 400 year history of the Soviet Union expanding its borders and the growth of its empire, do you think now that the Glasnost is out of the bag and unlikely to be put back in even under a separate leader, that the weakness and disarray of the Soviet economy, which Russians now openly see and discuss, and are becoming increasingly impatient with, so we are given to understand by the popular press, makes it more likely that the Soviet Union will be unable to sustain the military share of the budget that they have had in the past and thus lead to a more balance of power approach rather than a dominating approach?

DR. KISSINGER: Russia has always been a state different from other European states and different from any state that I have studied. I read what European diplomats were saying at various periods when czars died and new czars came in, to see what the perception of Russia was at the time. The interesting thing is they often said exactly the same thing that we say when a Communist leader dies saying well, this other guy was a pretty awful fellow but this new one is going to be a modernizer.

Russia has had this peculiarity, I don’t know whether most people know that John Paul Jones wound up as the commander of the Russian Navy. That all of their top leaders, until well into the 19th century, were foreigners.
All of their foreign ministers, most of them were Germans, at one point they had a Greek. They hired foreigners to run their country. They look always weak except they had this tremendous patriotism and this tremendous courage of their people. Even by periods with respect by rational European-type calculations, one would have expected them to stay within their borders. They usually conducted a fairly active and aggressive foreign policy.

Now, since the army is the most efficient instrument, it is not self-evident to me that what you say is logically true, that they should be preoccupied with domestic reform, except they never have in their history. So there are no easy models that they could follow.

Secondly, I feel very much that what could happen that if nobody pays attention, nobody talks to them about what is likely to occur, the disintegration of Eastern Europe could proceed so rapidly that they will do something dramatic to show where they -- whose got the power.

So I think as long as their control of Eastern Europe is weakening anyway, one should negotiate the process in such a way that their political withdrawal can continue without this upheaval by putting it within the context of security negotiations. Logically, you would have to assume that if Perestroika and Glasnost go beyond a certain point, that their capacity to act internationally will be
diminished. But the record of disintegrating empires, the tendency of them -- when the Ottoman Empire started disintegrating in the 19th century it led to great tension and frequent wars. Surely they will be preoccupied with domestic problems.

GOVERNOR BALILES: Final question, Governor Celeste.

GOVERNOR CELESTE: Thank you. Secretary Kissinger, I heard you described two exciting changes that are challenging us now, one is a change from preoccupation or at least ought to be a change with preoccupation with not only Soviet leadership but the Soviet Union itself towards a recognition that events in our own hemisphere might have equal import for our country.

Secondly, a recognition that we ought to develop in thinking about a more peaceful world, we need to think not only in terms of military weapon systems, but clearly we have to think in economic terms, that the debt problem may be more of a threat in this hemisphere than any of the configuration of military challenges. That may be putting too much into what you said.

I guess my question is what do you feel we need to do differently in this country to deal with changes on this order of magnitude, especially recognizing that we are still trying to achieve balances of power that work, but where
power is equally economic as well as military, so on.

DR. KISSINGER: Well, I didn't want to imply that military security has become less important. I believe military security is indeed an area where rationally bipartisan consensus ought to be achievable. There are not that many options that one has. We have been going on, in much of the post-war period, on an excessively technological approach to military security, and we have not achieved a national consensus in an area in which really it ought to be easier than in some others.

The relationship between nuclear and conventional weapons, the kind of military establishment we want, the relationship between forces in being and forces we need to create and options we need to create in the future, all of this tends to get done on an ad hoc basis as part of the budgetary process, in which, if there is no clear-cut concept imposed, in periods of budgetary plenty, as many categories as possible are being established and in periods of budgetary shortage the things are cut that are the most painful in order to get a military backlash, that's no way to get to a concept of defense that we can sustain. Without it, we cannot do anything else.

So I do not want to imply that military security has become less important. But certainly other elements have become extremely important as well. In the Western
Hemisphere, as I have pointed out, I believe that the problem of Latin American debt is the problem of this year. We don't have all that much time. The new Mexican president, who is actually free market oriented, for foreign investment, from every point of view, highly acceptable to us; from a philosophical point of view, cannot continue a six-year program of austerity that has reduced the real wage of the Mexican worker by 40 percent, no democratic leader can survive this.

Therefore, we have to survey some method of relief. There are technical solutions, once we makeup our mind, that has got to happen. Brazil has an election in November, Argentina has an election in May. If those elections go badly, if they all unite in challenging the United States, we will not be able to create, in the Western Hemisphere, a structure in which the nations feel that America is relevant to their future, and what we will gain in debt repayment we will lose in exports. It's even in our own national interest. We are asking our manufacturers to pay the banks. That's really what it amounts to.

This, seems to me, to be a fundamental problem, independent of what we do in the security field.

In Europe, we have -- the Soviets have put forward the proposition of a European home from the Urals to the Atlantic. It's an absolutely preposterous idea. What
happens to the 2/3 of the Soviet Union beyond the Urals. It makes us a visitor in the place where we have our forces. Some European foreign ministers have said that America can have a room in that European home. Awfully nice of them. It's totally unacceptable to us.

We should have a notion of an European home in which the home starts at the Soviet frontier and Eastern Europe and Western Europe get politically united in some fashion, in which then the Soviet Union has to behave like a normal state to its neighbors and some security guarantees and within which we then make the arrangements between NATO and other military blocks, but that requires some political initiative, and it's in that sense that we have to seize the high ground of debate.

I want to stress I do not believe that military security has become less important. What we have lacked for a considerable period of time, I think -- I supported the buildup of the Reagan Administration when all of that money was being generated. There should have been an insistence on coming up with a doctrine for which it would be used because then we would have better criteria today to deal with it. I think that the Bush Administration should have that, and I am sure will have that, from what I read, as one of its top priorities.

(Applause.)
GOVERNOR BALILES: Thank you, Dr. Kissinger. We are honored by your presence here this afternoon. We are grateful for your views and observations about the world beyond our borders. We appreciate very much your participation.

Ladies and gentlemen, we are in for another special event this afternoon. The National Geographic Society is renowned for its pictures showing us the wonders and opportunities that exist in the world beyond our borders. The National Geographic's Chairman and President Gil Grovesnor has commissioned a multimedia show especially for this meeting. The show is a powerful statement which I believe will impress you and make you think. The show's title appropriately enough is "Connections," a copy of which is in front of each governor on the desk.

Last year I taught an elementary school geography class. I talked about the geography of the chocolate bar, where the ingredients come from and how they get here. We then went to the candy factory where many of those children's parents work, and in a way they will never forget the children saw the connections between their own lives and the rest of their world. This show in 11 and a half minutes sends the same message.

Before we begin, I will like to thank National Geographic President and Chairman Gil Grovesnor; Todd
Gibstien, who wrote the show; Dean Conger, the show's executive producer; Susan Monroe, the manager of the Society's education program, and all the other people who work so hard to make this production possible. If someone would lower the lights we will show the film.

(The film, "Connections," was shown.)

(Applause.)

GOVERNOR BALILES: Ladies and gentlemen, I think that show sets the stage nicely for our next speaker. Governor Tom Kean of New Jersey is chairing our task force on international education. He has undertaken the assignment with his usual energy and gusto. Before asking Tom to review the task force report for us and to introduce our next speaker, I would like to congratulate him on accepting the presidency of Drew University when his term ends. I think we are all grateful to him that he will continue his commitment to education. Governor Kean.

(Applause.)

GOVERNOR KEAN: Governor Baliles, thank you very much. My fellow governors. When you listen to our next speaker, when you listened to Dr. Kissinger, at least I sensed a sense not only of the future but also history. I was a history major in a state that's fiercely proud of its history. Each year we create Washington's crossing of the Delaware. Each year we celebrate the exciting victors at
10 open. "Leave it by the driveway," he yelled to his wife.
11 "We won't need that thing anymore anyway."

Now, had such an event taken place, I can predict a reaction of almost every governor in this room. We would have called our scheduling offices and we would try to find out just how fast we could book the first available flight to Mars. What an opportunity for exports, talk about foreign trade. But what challenges would be involved. How would we trade with aliens from another planet. We wouldn't know their habits, customers, wants, taboos, we couldn't speech Martian. How would we negotiate. We would want to be their friends but we would want to make sure that something we said was taken as a compliment not but as an insult. The kicker is that we couldn't afford to ignore them because Russia wouldn't or Korea wouldn't. In short, our economic well being would depend on how quickly we could learn the language.
and customs of these alien creatures.

Now, with that background I suggest you read our report on international education that we have released yesterday. What you find there will bring you right back to earth. Our report doesn't mention Venus, but how about Venezuela. Half the adults in America can't name one single country in South America. It doesn't mention Mars, but it does refer to Mexico and the fact that 1 out of 4 Dallas high schoolers can't name the country just south of our borders.

These countries are not on other planets; from what our study told us, they might as well be. The sad truth is that Americans know about as much about the Netherlands as they do about Neptune and that, of course, is almost nothing. Our ignorance of the languages and customs of visitors of other planets would be understandable. But our ignorance on the language and customs of other peoples in our own planets is deplorable and total unsell unacceptable.

More than that it's a handicap to peace and a handicap to the prosperity we need.

Reversing this nation's trade deficit depends on our doing a better job of selling our wears abroad. Every governor knows that. Every billion dollars of export creates 25,000 new jobs here in the United States of America. The bad news is that the rest of the world has moved well ahead of us in geography, in languages and so many other things...
that are important to international trade. But the good news is there are some educational islands of excellence in an otherwise barren sea. We highlight these in our report and we suggest ways to expand the somewhat isolated programs into a network.

There's one recommendation I would like to stress. We governors need to use our bully pulpits to spread the word on the importance of international education. We might even follow the example of the religious reformer John Wesley, you know on preaching one day, Wesley noticed that some of his congregation were fast asleep. Wesley cried out, "Fire, fire!" Of course the sleepers awoke with a tremendous start and actually looked around and said, "Where is the fire? Where? Where? Where?" "In Hell," said Wesley, "for those who sleep during my sermons."

Part of our job as governors is going to be to light that fire under Americans. There have already been a number of prophets who have been warning about this but too many of them have been ignored. All of our recommendations from retraining our teachers to joining schools and businesses for the benefit of both, these recommendations are basic, realistic and, above all, we believe they are practical. They deal more with follow through than they do with philosophy. We hope this report serves to move forward the national debate on international education, and I have
every expectation that it will.

Already, Governor Balilies and I along with Governors Casey, Orr, Perpich, Martinez, Hunt and Castle have taught a geography class, at least one of them in our state. Our efforts aren't going to end with yesterday's reports or today's session, just as the challenges that confront us in this country aren't going to go away. We have no intention of disbanding or disappearing.

For example, today, we are issuing two additional documents on international education. The first lists organizations with resources that could be useful to teachers and principals interested in offering international education programs. The second describes activities states have undertaken to make international education available to the business community. Our goal in issuing these is to really spread the word from coast to coast. We are doing more than merely making suggestions. For instance, three governors have agreed to join me in the Governors Geographic Ambassadors Program. New Jersey, Virginia, Minnesota and Florida will each designate a group of exchange students, both international students here on exchange and American students who come from an exchange abroad to be special ambassadors to go into the schools.

Their goal is somehow to excite elementary and junior high students about other people, other places, and
bring the textbooks, bring it alive. Finally, I would like
to announce in April, I will be hosting a national conference
in New Jersey to further explore in-depth strategies to
expand international education. I am hoping all governors
will send at least two representatives from their states to
attend. I promise you this won't be a junket but they will
be working very, very hard. I started out by talking to you
about other visitors from other planets.

Let me close with a story about former astronaut
Neil Armstrong. The famous photographer Yisha Kosh and his
wife were having lunch with Neil Armstrong. After
photographic session Neil Armstrong questioned the couple
about the very many countries they had visited. "But
Mr. Armstrong," protested Mrs. Kosh, "you have walked on the
moon and we want to hear about your travels." The astronaut
replied, apologetically, "You know, the moon is the only
place I have ever been." I think, somehow, that
embarrassment is a symbol of the challenge Americans face
today. We are capable of amazing things. Nothing short of
launching into space to learn about other planets. Yet we
have neglected the more mundane but essential task of
learning more about our fellow beings here on the planet
Earth. We are alone, having set foot on the face of the
moon. But we are not alone here on this planet. This is
where we have to make our way economically, politically
stategically. We must educate ourselves about the world and certainly the people within it. Thank you very much.

(Appplause.)

GOVERNOR KEAN: It is now my pleasure to introduce to you a man I have long admired. David Halberstam's thorough investigations and insightful, work in Vietnam earned him a Pulitzer Prize before he reached the age of 30. Then he wrote in greater depth and right now, if you and I, or for that matter, any of our children, want to learn about how this nation got involved in Vietnam, there is only one book that is required reading, and that is the brightest and the best. We all know, certainly in our business we know, the tremendous importance of communications, the newspapers, the rise of television. If you want to learn best how this occurred, what its effect has been on us, then you simply have to read. "The Powers That Be" is the best work on the subject.

His book "The Reckoning" is a metaphor of our time, and I happen to believe the one required book, the one required piece of reading for every policy planner and government official in America. Let me tell you just one further thing, if you get to know David personally, you find him to be as decent and as thoughtful a person as he is brilliant in print. Ladies and gentlemen, David Halberstam. (Applause.)
MR. HALBERSTAM: Thank you very much, Governor Kean. I had never met Secretary Kissinger before. He was very generous about "The Best and The Brightest." He congratulated me on how perceptive it was and thanked me for doing it and then thanked me for not having written about him in his administration.

I liked the National Geographic film. In it somehow is what I would call the American baby. An American baby is someone who votes against school bond referenda, doesn't monitor the amount of homework his or her children are doing, and then thrills to ads in a political campaign that showed the Koreans or Japanese doing something unfair to us. The world is unfair to us. It isn't. It is the world that we live there. With no disrespect to Secretary Kissinger, I believe some of the wrong people are talking about national security these days. I think it should be more people from this room. I think you know more about it. I think you know whether this country works or not or is working. The strength of America today began with the investments and the covenants and the bonds that most of us got when we grew up in the '40s.

What we do today trajeicts the future for the next generation, whether our educational system is working adequately at the core. Most of you who are governors in the major industrial states know, and have the constant dilemma
of whether changing jobs, changing industrial base and
whether the people who graduate from high school, who don't
even make it through, are qualified to take jobs. A
projection in the most basic sense. Our future, our
strengths. Finally, yes, national security.

If you were locating a factory today, would you
choose a country that had 99 percent literacy and the kind of
quality of people who can almost all handle a basic
mathematical textbook, or would you take an area,
unfortunately there are far too many of them here in this
country, where the education is erratic, basic mathematical
background weak. National security is not just a missile
count. It is an index of broad national health, covenants
that hold the society that is harmonious.

Recently I lectured at Hiram College, a wonderful
small college in Ohio. I sat there talking about the
importance of education in this new competitive world where
so many new nations are surging into the middle class. I was
with eight or nine very bright young students. I asked them,
we were talking about the heartland of America. We weren't
even talking about inner cities. I asked them for th
consensus of how many hours their high school classmates had
spent doing homework at night. The consensus was half an
hour.

When I grew up in a small mill town in the '40s in
the northwest quadrant of Connecticut, we thought that we
competed athletically, for jobs, for girls, with the gr at
metropolis of Torrington, 9 miles away. How do you tell
today's children that they are competing with the children of
Osaka, Seoul, Taiwan, Singapore, perhaps one day Djakarta,
perhaps one day Beijing. Hungry, driven young people who
have a sense of optimism about their life, it's going to get
better, who in their energy and their commitment to education
are more like our grandparents than they are like us. That
is a very tough equation. It is out there.

The people who are shooting off our toes in this
country, not the Russians, they are us. What you see driving
down the street are not Moscow cars, they are Hondas,
Toyotas, Mazdas. It is us who have to change and adapt to a
world that is enormously different. It is on this
generation. We are not just the custodians of a the
political society, the political system. We are the
custodians of an economic system as well.

When CBS so casually and blithely sells CBS
records to Sony for immediacy of profit, for all the future
value-added jobs that that means, something really is wrong.

I am going to cut through some of these things a
little quickly, Dr. Kissinger did use 20 minutes of my time.
I told him I might still write about him.

The danger is not that American hegemony is over.
It is over. It is not the worst thing in the world. We are an enormously rich, blessed society, great resourcefulness. The danger is that it's over and we do not accept the new reality, the new limitations. We are almost -- it's almost as if we, seeing it change, seeing other nations, doing things that we used to do better than anyone else, these new nations doing them better, are paralyzed. We don't seem to understand how to change our resource, can't even tax ourselves properly, probably, on gasoline.

The danger is in, therefore, looking for scapegoats. Japan and Korea may be difficult competitors. There may be protectionism there. The reason they've been so successful is they have had primacy of education and primacy of manufacturing. The great secret headline that isn't at the Wall Street Journal or the New York Times, is in the last two years or so, Japan has absorbed what is virtually a quantum shock, quantum change in the evaluation of the yen dollar and kept coming, kept coming, something everybody thought would knock them flat. Because they are process driven, they have kept coming. The Japanese challenge is the first. On their heals are the Koreans and many others.

Let me quickly define, if I can, one age, an age that is over, and perhaps a new age in which we have already entered. The age that is over is the one that was brought to us by World War II. We were brought kicking and screaming to
the zenith of our power when we, protected by oceans in an age when weaponry could not cross an ocean, came through unscathed and all our potential competitors, allies and adversaries were in different ways ravaged, broken by that war. France and England were victors, but they were exhausted, bled white, about to lose our colonies.

In the case of France, to fight two colonial wars. Germany defeated, 25 million people lost, cut in half. Soviet Union a victor, again, 25 million people lost, with an economic system that demonstrably does not work. Japan defeated. Not just defeated, but a vision of Japanese greatness collapsed in front of them. We mistook -- we were rich in a world that was poor.

We mistook an historical accident and believed that it was a permanent condition. That period appeared where we were enormously powerful on the basis of cheap oil, domestic, Middle East, American century or oil century, that era is over. It ended the day we had to put a car barrier up against the Japanese. It is also an age when richness in a society, economic richness, was measured really by soil, mineral and size. Size was better, temperate climate, oil, other mineral things underneath, that's terrific.

What is important about the Japanese challenge, is they are the pioneers in a new age when economic power comes from the maximization of the human brain.
That is going to be the norm, and we are here to meet that challenge or fail.

We will have no one else to blame. The richness of our upper educational system. When I talked about Governor Deukmejian of California, I talked about "The Nation of California" with that great upper educational system. How we could be lacking at this moment is shameful but we are. It is a new era. Secretary Shultz in his peroration at the Iran-Contra hearing talked about the past when you were rich in communications if you had copper under the soil. It doesn't matter anymore because we live in an age of fiber optics. Lee Iacocca, when he is complaining about the Japanese, likes to talk about a level playing field and in some minor ways he is right. The Japanese are often difficult and protectionist.

For a time the yen was very softly valued, but in a larger sense, the playing field is a first time even. It took 30 or 40 years after World War II for other nations to catch up with us, to have systems, banking systems, educational systems, norms, factory systems that were good. No longer do we automatically set the pace. No longer are American things the best. We can go on into this new era if we accept it for what it is. I think we have already -- people always like to wait to the year 2000 and do the new century. I think we have already entered a new century, a
century post-hegemony for us and for the Soviet Union. Let me give you a couple of benchmarks of it.

The American experience in Vietnam, which sets a limit on us in certain political ways. A limit of power poorly used.

The end of the American economic hegemony is manifested by the challenge of the Japanese.

The rise of Secretary Gorbachev. I would like to make a footnote here. I don’t give a damn whether he is a good guy, charming, where he gets his suit, where Mrs. Gorbachev gets her suit, whether she is better looking than Mrs. Reagan or not. I think it is a profound historic change. Barbara Tuckman, the week before she died, probably our greatest recent historian, referred to it as the most important thing she had seen in her lifetime, 77 years, the Soviet withdrawal from Afghanistan. I think symbolically of the Gorbachev errand, we don’t have to like him or do things for him. Let him play his hand out. An admission by the Soviets that it doesn’t work, that their economic system doesn’t work.

Obviously, it’s going to be very hard if you have a society where the man who has the rain coat factory 50 miles from Moscow makes very bad raincoats that fit only one size and you tell him to have free market raincoats of different sizes and colors, it’s going to be hard to get him
to change.

But it is an enormously important thing.

In addition, the coming of a great shared middle class with countries like Japan and Korea coming, surging in, confident and feeling the assent of their societies, where the covenants truly work, the changing nature of work, so much of it based upon education. It is critical. It is critical in this country so long as the average high school in America, the average male child of 15 who gets good marks is considered a nerd unless he is William Bradley of Missouri -- then New Jersey, then we are in trouble because the driving engine of East Asia is education. You see how the new Asians move in, suddenly the grade scores go up. It is critical to change.

The future for this country, there is no reason why it can't be bright. We can do a lot of technical things. We can raise trade to national security, we can have greater incentives in our tax reform for people who are truly productive other than these young hip people on Wall Street who lever and and manipulate and move paper around. We can have greater scientific grants. We can change our capital formation to encourage true long-range planning and industry. We are a blessed country. We have dramatically the best agriculture in the world, exceptional mineral resource means less. Vibrant venture capital system.
Diverse and really varied economy. The best higher educational system in the world filled, I am afraid, in the scientific component, with too many foreign students, not enough American, diverse and potentially talented people. This is a report card for us for forty years from now. Our weaknesses, declining secondary school system and expectations based on 40 years of affluence that life is easier than it's really going to be from now on. Something that can be dealt with, we are still privileged.

The question really is can we adjust our expectation, and above all can we realize, in an average American home, that a family's dignity, a child's ability to compete, have a job, have value and dignity, is absolutely tied to his or her performance in early years and in high school. Can we get average Americans to know if they do not do that, they are breaking the legs and the arms of their own children. Thank you very much for having me here.

(Applause.)

GOVERNOR KEAN: David, thank you very, very much. Insightful and to the point. The two members besides myself on the task force whose report, the report that you got yesterday, say it was helpful and perceptive. I would like to call on them each, if I could, for a question for David Halberstam. First Governor Waihee.

GOVERNOR WAIHEE: David, one of the interesting
things from your analysis and also from your book is the idea that Americans have expectations built on affluence, to a large extent that appears to be true. We are a country that probably despite our difficulties or our challenges internationally, in my mind, have the higher standard of living, et cetera, et cetera. Yet we compete against people like Japan who culturally have a different set of values than we do. A classic example would be the high rate of savings that is achieved by the individual for the public sector in Japan, versus the rate of savings done by the American public.

Partially, the reason for that is that in Japan the average family doesn’t think about owning a home or a car, which is something that we in this country take as an American right.

I would like to hear your opinion on how much we may need to change culturally if we are, in fact, going to be competitive internationally against some of the challenges our country now faces.

MR. HALBERSTAM: I think we need to be more disciplined. I think one of the key things of going into an age of more crowded middle class where more nations are sharing the middle class. For example, in the old days, in the de facto monopoly years of post-World War II, ’45 to ’75, I think quite symbolically, General Motors set the norm.
Whatever they priced the car at, Ford would come in, Chrysler behind them, very soon Studebaker, Packard could not compete on the scale that they did and, therefore, folded. So the big three picked up a lot of bad habits. There was no competition until came the Japanese. It's a symbolic thing, and now the Koreans, a shared middle class. General Motors no longer automatically sets the price, in fact if anybody does possibly Toyota does.

I think the Japanese system, which would not necessarily work here is a great distillation system, less goes in at one end and more comes out on the other than anything I have ever seen. If I were making a cultural judgement, I would call it the culture adversely compared to ours of affluence. We have had 40 to 50 years of middle class affluence in this country, a wonderful thing. You pick up bad habits. I don't think we have to change our standard of living dramatically as we have to be more careful. Save more and waste less. Common sense would tell you that about the world you are living in. You are suddenly going to share it more.

GOVERNOR KEAN: Next, the other member of the task force, one of the great education governors, Governor Perpich.

GOVERNOR PERPICH: If you were a governor today, elected this year, how would you motivate citizens of your

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state to really raise the level of learning and motivate those young people?

MR. HALBERSTAM: I think it begins with the bully pulpit. You have the derivative bully pulpit. You have the Allies, they have a pageant in Japan so they decided to cover Japan, generally they have done a disastrous job of it because it doesn't provide pictures. It doesn't have -- Lee Iacocca doesn't go in and punch Suitro Honda in the nose so that which happens at the core of our economy doesn't make the evening news. Circulatory part of America, which is network job, does a very poor job of this most important thing.

How do you do it? It seems to me you have to tie education to jobs. You have to define what the jobs are and let these people know, that their children are going to make it, that it's got to begin in the home. That's where it begins with the Japanese. It begins with the home. The Confucian culture, education and authority has been nicely mutated into the modern century. We have got to, in some way, in a country so rich that we could afford cowboy economics and cowboy attitudes, we have got to let the people know the people they are wounding in their own homes are their children, they are not going to be able to compete for jobs.

I guess you have to keep hitting, going to jobs,
combining jobs with schools and letting them know, on the nature, the changing nature of work. The new jobs that give middle class by and large take technical skills. You must have been to a junior college or have some mathematical skills to get a job at Nissan plants in Tennessee. You have to have been in the Air Force a couple of years or junior college, it takes a mathematical skill. I think if people are warned and warned and don't do anything, God save them.

GOVERNOR KEAN: I am sorry that we don't have time for more questions. This is fascinating and also valuable material that we could be talking about. It's been a wonderful session. I want to thank David Halberstam for taking his time to come and share his thoughts with us.

(Applause.)

GOVERNOR BALILES: This afternoon, we have focused on the world beyond our borders, specifically international education. We also had two other task force reports under way to be released between now and our summer meetings. I would like to call on Governor Mabus, the chairman of the task force on foreign markets to give his report.

GOVERNOR MABUS: Thank you, Mr. Chairman. I would like to say how much I enjoyed that David Halberstam who, early in his reporting career, was a reporter for the W st Point, Mississippi "Leader Call." And I would like to think that some of the ideas he got, he got in Clay County,
Mississippi.

The foreign task force has done work on its job it was given, to expand strategies to expand our foreign markets and to increase the American share of world trade. It's critical how well we as states respond to this challenge. Our response, as you have heard, will go a long way in determining our standard of living into the next century. We have tried to take a realistic view of the international marketplace, the dramatic increase in competitors and competition, the change in the American position, the fact that survival of virtually every sector of our economy mandates being a player in the world export market in the next decades we have tried to come up with innovative ways for states to deal with this complicated, changing, unpredictable and interdependent environment. We have looked at ways such as pooling resources with other states, developing a comprehensive state plan for trade, looking for new nontraditional markets to further the customers of the future and encourage our existing businesses to expand their markets and their horizons to adapt their products and to diversify their trade relationships.

With these thoughts in mind, the task force will release its report here in Washington on Friday, April 14. In concert with the report's release, National Governors Association will cohost a conference with the Agency for
International Development and the Breton Woods committee. The conference will focus on what states can do to increase trade with developing markets. I invite and encourage you all to join Governor Balilies, Gardner, myself and others, on April 14.

One of the outgrowths of the task force work will be a possible trip to Europe from the 5th to 7th of July led by Jerry Balilies. The group will meet with high ranking officials in the European Economic Community. There are a limited number of spaces for this trip, so if you are interested in going, please let the NGA staff know immediately.

States today will, to a great extent, will determine what America's role in global economy will be. It is an obligation and an opportunity which cannot be overstated and must not be overlooked. We hope you can join us on the 14th of April here in Washington. Thank you very much.

GOVERNOR BALILES: Thank you, Governor.

(Applause.)

GOVERNOR BALILES: Our other task force chairman, John McKernan, is not with us today. He will be arriving sometime later in the evening. He has asked me to give his report, the task force report on research and technology.

State governments can be more involved in the
commercial application of the science and research projects
that are going on in the country. We know that we are
significant leaders for the development of new technologies.
We are not so good at the commercial application.

Translating that progress and science and
technology into products and processes that will help us
regain our competitive edge in world markets is the focus of
Governor McKernan's task force, examining the state role in
moving new technologies more quickly from the laboratories to
the production line. That task force report will be released
in May as a part of a major conference on technology
development programs in state governments. Governor
McKernan's letter is before you.

I might add that this task force has generated a
great deal of interest across the country. The national
council on competitiveness invited governor McKernan and me
to meet with them last year. There will be additional
meetings throughout the year.

The seven governors of this association attended a
conference at Cape Kennedy for a comprehensive briefing on
America's space program. We are very much impressed with
NASA's commitment to research and technology development. It
was an informative conference, it was impressive, especially
for those of us who were able to see the launch of the
Shuttle Atlantis.
Tomorrow, we will focus on one of our task force reports within our boards. As you know our focus, looking at within our borders, is how to regain domestic markets, how to invest for an infrastructure, especially transportation, and then how to invest in our children, the work force of tomorrow. Governor Clinton's task force report in that area, in the program, I think, we will find challenging and informative and stimulating.

Before we close, I have to review some important administrative information. The rules of our association require that governors who intend to offer proposed policies that were not included in the 15-day advance mailing provide a copy of their proposal to NGA by the close of business on the day prior to the vote. If you have such proposal, please give it to Jim Martin of the NGA staff no later than 5:00 p.m. tomorrow.

The events for tonight's entertainment, I think, you will find of great interest. But they are not located close together. The reception at the Japanese embassy is in one area of town. Dinner with the Vice President at the Blair House is at the other end of town. In each case, you need to arrive promptly for each event. So, please allow sufficient time for your travel.

Finally, the committee on international trade and foreign relations will be meeting in this room immediately
upon adjournment. The staff and the hotel needs to make some
minor changes to our room arrangement. So I would like to
ask everyone to leave promptly. The meeting is adjourned.

(Whereupon, at 3:07 p.m., the meeting was
adjourned.)
TRANSCRIPT
OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

WINTER MEETING

CLOSING PLENARY SESSION

Washington, D. C.

Tuesday, February 28, 1989

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* * *

WINTER MEETING

* * *

CLOSING PLENARY SESSION

Hyatt Regency Capitol Hill
400 North Capitol Street, N.W.
Washington, D. C.

Tuesday, February 28, 1989
9:50 a.m.
GOVERNOR BALILES: Ladies and gentlemen, this morning we have a full agenda with two outstanding guest speakers and 25 policy resolutions to consider, so I think we should get started. During the past two days, we have looked back beyond our borders and within our borders, from the budget deficit to the trade deficit. We have looked at how to target federal money, expand our markets, make investments that will make a difference for our children and for the people in this country. Our two concluding speakers today helped build a bridge between what we need to do at home and what we need to know to succeed abroad. This new chapter of international competition begins with commitment. And there is only one of our colleagues who would attend an NGA meeting on his honeymoon, and that's commitment.

It is my pleasure to introduce Jock McKernan, governor of Maine, for purposes of an introduction.

(Applause.)

GOVERNOR MCKERNAN: Thank you, Gerry. It really is a pleasure for me to perform this duty because George Mitchell is a source of considerable pride in our state. Senator Mitchell came to Washington nine years ago, appointed to fill the seat of Senator Muskie, who was appointed Secretary of State. He gave up a lifetime appointment as a federal judge to accept his appointment to the United States

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 Senate. His first day in the Senate, the Senate stayed in session all night. As he was lying on a cot, as he related to people in Maine that weekend when he came home, he was laying on a cot in the Senate cloak room at 3:00 in the morning, he began to wonder whether or not he had made a wise decision in accepting this appointment to the United States Senate. Then he rolled over and he looked and on the cot next to him was John Warner, who was married at the time. Senator Mitchell thought for a minute and thought what am I complaining about, John Warner could be home sleeping with Elizabeth Taylor.

Well, you know, the people of our state are pleased that he decided to stay in the United States Senate, and I think that this country is a better place because of it. Our state is a large one geographically, but in many ways it is a small town, where people know each other and people are measured not by their wealth or their social status. They are measured by their common sense, their concern for others, their hard work and their sense of humor. Based on those standards, George Mitchell is a local hero. He has followed in the footsteps of Margaret Chase Smith and Ed Muskie to the United States Senate but he clearly does not stand in their shadows. Last November the Democrats in the United States Senate realized what many people in Maine had already realized when they elected him as
the Senate majority leader, and that is that his quiet
dedication and strength and his deep concern for the common
good clearly are rare and extremely valuable attributes.
It's really my pleasure to introduce to you today a friend
and a former tennis partner in what used to be the best
doubles team on Capitol Hill, the new Senate majority leader,
George Mitchell.

(Applause.)

SENATOR MITCHELL: Thank you very much, Jock, for
your very kind introduction. Thank you, ladies and
gentlemen, for your warm reception. I am very pleased to be
here to spend a few minutes with you this morning talking
about the issues that confront your states and our nation. I
had breakfast with the president this morning, and I took
note of the news reports suggesting that he has had a
relatively short honeymoon. I told him he had nothing to
complain about because Jock McKernan only had two days. And
by that standard, he has done very well. I know that many of
you here have commented on that, but I want to extend my
congratulations publicly to Jock and Olympia, again. They
are both outstanding public servants and are, themselves, a
source of great pride in our state.

I begin by commending all of the governors, and
the Governors' Association. I think it clear that governors
have led the way in this country, in this decade, in
important policy areas. Most recently, and most notably in welfare reform, where it was your initiative that was eventually translated into law. I don’t think there’s a person in the Congress who could disagree with the assertion that but for the efforts undertaken by the governors to stimulate policy discussion and initiatives and welfare reform, we would not have had the landmark welfare reform legislation of last year. And I mean that sincerely, and there are many other areas in which I know you are acting individually and as an association. I will be shortly hosting a meeting, for example, to discuss national wetlands policy, which I know Governor Kean and others of you have been actively involved in, you have established a standard which the president has adopted and which I hope very much that the Congress will also adopt.

So we look forward in the Congress to working with you and with the president and the new administration and to deal with any serious challenges facing the nation.

Governor Baliles, in inviting me, asked me to ask to speak for just a few minutes, and then to leave what time remains for questions and comments from the governors here. And so I will speak very briefly on some of the issue areas where we hope to act in the Senate this year, and we hope, with cooperation from the administration and the house, to have these initiatives enacted in the law.
W obviously must deal,وارquired to by law, and we must, in terms of the national interest, deal with the very serious problem of the federal budget deficit. We hope to achieve a budget proposal, which is responsible, in that it meets the deficit requirements of the law, and that is fair, in that it asks all Americans, in an equitable manner, to contribute to the sacrifice necessary to achieve that objective.

We are going to act in the area of environmental protection. We welcomed the president's statements. W now look forward to specific proposals following through on those statements. We are going to have a reauthorized and improved Clean Air act in this Congress. We are going to do it in a way that I hope accomplishes the necessary objective of protecting the health of the millions of Americans whose health is now threatened by air pollution, but also in a way that takes into account the legitimate concerns of governors, Senators and House members whose states will be adversely affected economically if we don’t undertake a means of mitigating that adverse effect. We are going to listen to everybody. And I sincerely believe that for the first time in over a decade, we will take meaningful action in that regard.

You have stressed child care in one of your policy statements, as has the president, as has the Congress, and we
are going to have a child care program this year. As you know, there have been different suggestions. The Congressional bill sponsored by Senators Dodd and Hatch, calls for direct spending to increase the number of facilities. The president has proposed a credit. It is likely that the final result will include elements of both.

And finally, in these brief remarks, I want to say that your words correctly emphasizing the relationship between education and economic growth will be heated in the Congress this year. It is essential that we as a nation be able to compete in the international economic arena, not only in the coming decade, but in the coming century.

In order to do that, we must establish those national priorities which permit us to invest in the greatest resource we have in the future, our children, and that means improvements in education.

Finally, we are going to act in the area of health care. I know that some of you have already taken steps in that regard, but there is a clear need for national legislation to deal with the growing gaps in the provision of health care in our society. And I want to say that in that area, in education and in the environment, it is not just a case of spending more money. Resources are essential to achieve the objective. But in many policy areas, we can achieve more effective utilization of our resources. We can
actually deliver better health care, more suited to
dividual needs, at less cost than we are now providing it.
If we will only rationalize and harmonize our health policy,
something we simply have not done. Millions of health care
decisions in our society today are based primarily on
reimbursement policies by state and federal governments, as
opposed to what is best for the individual patient and what
is least expensive for the individual patient. We are
unnecessarily spending $550 billion a year in health care and
we could, as a society, be spending less and be delivering
care more efficiently, and we are going to try to do that by
harmonizing and removing government reimbursement as the
driving force in medical decisionmaking in our society.

Well, I just want to conclude my remarks by saying
that it's a pleasure to be here, I repeat what I said at the
outset. You have been the cockpit of innovation in
government policy in this decade. We look forward to that
continuing and to working with you.

I will be glad to take questions. I would like to
tell one story before I do. The story that Jock McKernan
told that I tell is actually much better if you hear it in
the original than in repeated form.

You all are public officials, and you all speak
and answer questions many times a day. Whenever I get to
this point, the question and answer period, when I have b en
in Maine the past decade, I always used to say to the
audience that if anyone here would like to make a speech,
please feel free to do so, and don’t feel the need to
disguise it in the form of a question. I am used to members
of the audience getting up and speaking for 17 minutes, then
raising their voice at the last word to suggest they are
asking a question.

But I don’t say that anymore, and I particularly
wouldn’t say it to this audience. Because last fall, just
prior to the election, I was addressing an assembly of high
school students in Maine. All the kids were in the bleachers
in the gym and I and the principal were out in the middle of
the gym with just a microphone and two chairs and I said what
I just said, inviting a speech.

To my amazement a student got up out of the
bleachers and walked across the gym toward me. Ominously, he
had a briefcase in his hand. And when he got up to the
microphone he opened up his briefcase and took out a huge
pile of papers and said, thank you very much, Senator, I do
have a speech I’d like to give. And he proceeded to
read out what turned out to be a 25-minute speech consuming
the whole period.

I didn’t know what to do at first. It never
happened to me before, so I stood there awkwardly. When I
finally, looking over his shoulder, saw this kid was really
going to read the speech I sat down with the principal. He was very angry. He leaned over and said, Senator, we called this assembly so the students could hear you. We can hear that kid every day, in fact we do. He said you are a person of authority, go up there and reclaim the mike away from that kid.

Well, as you all know, we are daily called upon to make snap decisions on limited information. I looked at the kid. I had never seen him before but my sixth sense told me this kid has got a lot of relatives of voting age.

So I said to the principal, look, I said, you are paid a big salary, that got him even angrier, I said your most important function is to maintain discipline. You go up there and reclaim the mike for me. We ended up arguing the whole time. The bell rang, I left without having had a chance to say a word. And I haven’t taken that risk since, and especially to this audience I don’t invite speeches. Questions or comments, I’ll be happy to take.

GOVERNOR BALILES: Senator Branstad of Iowa has the first question.

GOVERNOR BRANSTAD: Senator Mitchell, the National Governors’ Association has been a leader in pushing for action on a number of fronts, education, and you mentioned welfare reform. One of the areas that we have identified where there is really a need for action is a national rural
development policy. A number of the governors met yesterday
with Senator Leahy, Governor Kunin, Governor Sinner, Governor
Mickelson and I. I had the opportunity to chair a task force
on rural development last year. Senator Leahy has indicated
his interest in working in a bipartisan way to pass a
comprehensive rural development policy. I know they worked
on this last year, and I wanted to know if a national rural
development policy will be on the Senate's priority list for
this year.

SENATOR MITCHELL: Yes, it will be. Senator Leahy
was a very busy fellow yesterday because he met with me on
the same subject, and we are going to establish a rural
development caucus bipartisan in nature. And we are going to
promote a multi-committee caucus because there is
jurisdiction in at least five Senate committees in this
area.

GOVERNOR BRANSTAD: We talked about that
yesterday, health care, transportation, economic development,
education. They are all part of that. I am very pleased to
hear that.

GOVERNOR BRANSTAD: Yes, we are, my interest goes
beyond that of the national interest. As you know, Governor
McKernan and I both represent a state that is largely rural,
and we are very much concerned about that, and we are going
to do that.
GOVERNOR BALILES: Are there other questions?

Governor Celeste of Ohio.

GOVERNOR CELESTE: Senator Mitchell, one of the items that you listed as a priority when you were chosen as majority leader is the area of youth services. And I know the president has a proposal on youth services. A number of Senators have introduced legislation in this arena.

I wonder, number one, whether you have a sense of a time line for consideration of youth service legislation. And number two, what your thoughts are about the way in which any federal initiative should relate to states activities in this arena.

SENATOR MITCHELL: It has become traditional for the majority leader to reserve, for those for those bills which are in issue areas he or she deems of significance, the lowest numbers. And I deliberately reserved one of the lowest numbers for the national service legislation as a way of emphasizing my commitment to enactment of legislation embodying that concept in this Congress. As you know, Governor, there are a number of different proposals and there are sharp differences of opinion on the best and most feasible approach, centering primarily on whether or not such a program should supplant or supplement existing federal programs to provide assistance for education.
It is my belief that any such program should be a cooperative effort with the states, with maximum responsibility for implementation at the state level, and I intend to pursue vigorously the enactment of such legislation in this Congress.

I am unable to predict to you with any degree of certainty the time frame within which it will occur, because there are such a variety of proposals. I am not certain how and when that will shake out. But I am confident that the broad support by the president, by the governors, by members of the Congress, for the concept will enable us to work out whatever differences in specifics exist and that we will have legislation in this Congress.

GOVERNOR BALILES: Next question is of Governor Thompson of Illinois, then Senator Hayden of Kansas.

GOVERNOR THOMPSON: Senator, I met recently in my office in Chicago with representatives of the coal miners and representatives of the coal industry in Illinois to discuss our posture towards efforts on the Hill and within the administration to draft acid rain legislation. We are seeking a united position, labor, industry, state. And I have been discussing with some of my fellow coal state governors how we may best participate in drawing legislation that will alleviate acid rain concerns and yet protect our economies, as you mentioned, in the balance.
From the standpoint of states with so-called Illinois basin coal, our main concern is with provisions that would promote fuel switching, because we believe that fuel switching policies, by definition, hurt our states, and that there is no recompense available. Do you believe it possible to put together agreed acid rain legislation that would mitigate against fuel switching policies?

SENATOR MITCHELL: I introduced the first legislation to control the emissions of the precursors of acid rain in 1981. I have now been at it eight years. So in addition to my belief that enactment of such legislation is in the national interest, I have a keen personal interest in getting it passed, because I don't want to spend the rest of my life working on it. I figure 10 years is long enough on any issue.

So I am committed to getting legislation this year. As you know, Governor, last year I spent literally hundreds of hours in negotiated compromise which was essentially with some segments of the high-sulfur coal industry, of the character that you describe as Illinois basin coal, which sought to bridge the gap between high and low-sulfur coal interest by accommodating each in a sequential reduction. It met with considerable criticism from environmental groups who thought that it was not tough enough from low-sulfur coal interests, who thought it didn't
go far enough in fuel switching; and, of course, from the utility industry.

What has happened as a practical matter is that for the first seven years, it didn't appear that there was any prospect of getting the bill passed. So literally, I had difficulty getting any of the opponents to even talk to me. And the common opposition to legislation tended to mask the different economic interests of the various opponents. The electric utility industry, and the coal industry, for one; and then within the coal industry, high and low-sulfur coal for another.

The major success we have had is in reversing that impression and creating the impression that we are now going to get a bill.

And as a consequence, I now have people calling up, trying to see me who I have been trying to get to see for seven years. I believe it can be done. It may not be in a way that achieves universal praise. Indeed, I think we can confidently predict that. But I think it can be done in a way which sufficiently accommodates both concerns. I do not believe it is feasible, nor do I think you should expect, nor do I think the national interest warrants legislation which precludes any switching of any kind.

On the other hand, it seems to me that you and governors representing high-sulfur coal states have a genuine
legitimate concern over the severe economic impact that would result from a policy of total switching. The first bill I introduced would have permitted that. And I had modified my views based upon what I think is practically necessary to get a bill passed. The first bill I introduced had no national contribution. And I modified that view out of practical necessity because I know that the states involved, the heavy emitters, cannot absorb the full cost.

And so it's both a matter of equity and a matter of practicality. But I honestly believe that it can be done. I will say this to you. I think the more troublesome area will be in ozone and carbon monoxide nonattainment. Because there you have a whole separate set of economic interests. And I think we are going to have a very difficult time achieving compromise there, but we are going to pursue that as well. It will take good faith on everyone's part, but I believe it can be done, and I have now been involved in it so long that I have a pretty good sense of people's interests and concerns and what I think will be the bottom line and I hope we will be able to do it.

GOVERNOR BALILES: Governor Hayden of Kansas.

GOVERNOR HAYDEN: Senator Mitchell, thank you for being with us this morning at a very busy time, and we appreciate that.

You spoke about health care, and what you said is
absolutely true that it is really the reimbursement policies
of the state and federal government that drive our system,
ot the care of our patients. We have worked very hard as
governors to find less expensive and more effective health
care delivery systems. We have tried to pursue, for example,
alternatives to nursing home care. We have tried to pursue
less expensive alternatives such as outpatient care versus
hospitalization. What can we do in working with you to
change these reimbursement policies so that one, people's
health care really becomes the primary consideration; and
two, that actually could help us reduce the cost because
there are less costly alternatives out there that are today
not eligible for reimbursement. But if the guidelines were
changed, could be, and the patient would benefit the states
and the federal government would benefit.

SENATOR MITCHELL: As chairman of the Senate
Health Subcommittee last year I introduced the first
long-term care legislation, and I will pursue it again this
year; and no area of health care provides a better example of
the point you have just made than that.

At this moment, in every state in this country,
there are elderly persons in acute care beds in hospitals who
could and should be in nursing homes, a much less expensive
form of care. But they can't get into nursing homes in many
places, and the reason they can't get in is the nursing homes
are full of people who could and should be at home, a much less expensive form of care, but they are not at home because many aspects of home care are not reimbursible, whereas nursing home care is under Medicaid once a person meets the asset and income limitation.

So we have an enormous ripple effect involving literally hundreds of thousands of citizens receiving a level of care much more expensive than they need, and in almost every case more than they want.

Now, the first premise of my bill, therefore, is to drain reimbursement from the system as the mechanism for providing, for making decisions, to provide the broad range of reimbursible care administered by states or local agencies, so that when a care giver makes a decision, if a person wants to be home, and is better served at home at less cost, they can stay home and still receive reimbursement. There are numerous other areas where that is so. I have been deeply involved in the Medicare program. I didn’t participate in the budget summit discussions of 1987. In that summit agreement, the administration and the Congress agreed to cut Medicare $5.5 billion. But when the agreement was reached they came out and said to me, as chairman of the health subcommittee, "well you go do it now." We did it, at great pain. Nonetheless we did it. In the process, I became totally convinced that there are innumerable areas in which
through government policy, we have encouraged expenditures
that would not otherwise have occurred; not with malice, not
with profligacy, but as a natural consequence of events over
which there was no control, take the most elemental fact
which has contributed to the escalation of health care costs
in our society.

In the immediate postwar period, for very valid
reasons, we separated the receipt of medical care from the
payment for those services.

We have an entire industry, the credit card
industry, based on the principle that if people just defer
paying for something they will buy more of it. If people
believe they don't ever have to pay for it, they will
obviously buy more of it. That was for good reason. Th re
were many unmet medical needs in our society. We met those.
But in the process we created a system of old utilization;
and, since the Medicare program was for most of its life,
until recently, based upon reimbursement for fee, there was
an overwhelming economic incentive upon the providers of care
to provide the maximum amount of care.

Everybody here ought to remember this one fact.
The delivery of health care is a business. It is first,
foremost and fundamentally a business, a for-profit business,
that is not to challenge the integrity or motives of any
participant in the system, but that's what it is.
When we froze reimbursement of positions under Medicare, in the next year, the volume of services rose to precisely the amount of total payment that would have occurred had not a freeze been imposed. No individual doctor, of course, made a decision based upon that. But this is a highly subjective area. By magic, if you want to hear the phrase magic of the market, this is a classic example. By magic, the total reimbursement was the same as if we had never frozen the fees. That occurs all the time. You have to recognize that, and you have to create economic incentives to save rather than economic incentives to spend. That's really what we have got to do.

GOVERNOR BALILES: Last two questions, Governor Castle of Delaware, Governor Andrus of Idaho.

GOVERNOR CASTLE: First of all, I would like to thank you for your open and conciliatory approach on many of these issues. I think that is what it's going to take to overcome a lot of the problems that you have. I guess I am going to ask you the question I have asked everybody over the last three days. As you have indicated in your earlier comments, we were very involved in welfare reform and we were very concerned about where it's going to go. The original resolution of it last fall called for $800 million expenditure in the next year and President Reagan called for $350 million in his budget and President Bush's budget isi
sound as to that particular subject. So we are open for
negotiations. We are concerned about protecting some
expenditures. I might add the key part of that money is for
the reform part of it. Part of that involves job training,
education, and those things which we in the states think can
make a difference. We are interested in seeing that as fully
funded as possible. And in light of the fact that we
understand you are dealing with deficit and some other
competing concerns.

SENATOR MITCHELL: At the confirmation meeting of
Dr. Louis Sullivan to be Secretary of Health and Human
Services last week, Senator Bentsen and I conveyed, in very
clear, in my case, and very emphatic, in Senator Bentsen's
case, terms to Dr. Sullivan. Our view on the appropriate
level of funding for that jobs program. It ought to be the
800 million. That was, itself, a compromise with the
administration. We were deeply distressed to receive
President Reagan's budget, which, in my view, clearly
contradicts Congressional intent on the nature of that
program, and the level of funding. I believe Dr. Sullivan is
sympathetic. I hope very much that the president and the
Office of Management and Budget will be, as well, from our
standpoint. We will make a maximum effort to achieve the
level of funding contemplated and that the program be
construed as intended by Congress and the governors.
SENATOR MITCHELL: Last question, Governor Andrus of Idaho.

GOVERNOR ANDRUS: Senator, the questions that have been asked around the table this morning are all very, very important, and each one of them is important to the individual governors and states. But the overriding question that impacts all of us is the fiscal insanity that presently prevails in this city. We recognize there is a large gap between rhetoric and results in the budget. Does the Congress have the will this year to return us to some form of fiscal sanity?

SENATOR MITCHELL: I believe it does, and I hope we will do so, in cooperation with the administration.

Under our system, nothing becomes law until the President signs it. Overriding the President on the budget is extremely unlikely.

I seek not to absolve the Congress of responsibilities in making that statement, because we share a heavy burden of that responsibility, Senate and House Democrats and Republicans, but merely to make the point that it cannot be done alone by the Congress.

A budget is, of course, a statement of our nation's priorities. It represents, in our democracy, the mechanism by which we decide where our resources ought to be spent. It is not surprising to you or anyone else that there
is broad diversity in our country about that. The American
people in the aggregate as individuals are capable of holding
contradictory notions in their head at the same time. You
have got a number of policy statements here, Governor, that
call for increased federal spending in a large number of
areas. And you have another one which calls for meaningful
deficit reduction. We confront that all the time.

Each of us defines the public interest through the
prism of our private views.

I believe, however, that the situation has reached
a stage that is so critical, the events of recent weeks and
increases of interest rates threaten us with being consumed
with interest payments on the debt, that we have got to
summon the resolve to do it. I am going to try very hard to
do that in cooperation with my colleagues and with the
President who, as you know, has strongly held views in many
areas, and we are going to try to work with them, both
President and I reaffirmed this morning our commitment to a
cooperative effort on the budget and in other areas, and I
hope we will be able to do it. I intend to try very, very
hard. Thank you all very much for having me here.

(Applause.)

GOVERNOR BALILES: Thank you, Senator Mitchell,
for your remarks, for your observations. I want you to know
that the governors are pleased you have sought our views. We
pledge to work with you any way possible on this year's mutual interests, especially health care, welfare reform and other matters related to the budget.

Ladies and gentlemen, should anyone doubt the power of the written word, they should consider the reaction to our next speaker's brilliant exposition of historical forces and the fate of nations.

Paul Kennedy has written 10 works, but it is his most recent work, "The Rise and Fall of the Great Powers" that has inspired exceptional commentary and reaction throughout the world. Nowhere has the reaction been more dramatic than in America. Last year Mr. Kennedy's book climbed to the number one position on the Washington Post reader's list and stayed there for eight weeks. Professor Kennedy has said that "interpreting the larger tendencies and broader patterns of world history is by its very nature an intellectually risky business."

If that is so, Mr. Kennedy's willingness to undertake that risk has led to a healthy debate in the country. He has made us come to grips with the relationship between the external military and diplomatic policies versus internal economic policies. In other words, he says that, "as we seek to preserve our national interest, and adjust to a changing global order, we must carefully consider our conditions within our borders, as we make our commitments.
Ladies and gentlemen, Professor Paul Kennedy of Yale University.

MR. KENNEDY: Ladies and gentlemen, governors, I am very honored to be speaking before you this morning. As you can guess, I am also very apprehensive about speaking before you this morning. You are busy practitioners; you are dealing with real issues each day, fiscal constraints, Medicare, Medicaid, and I am a cloistered academic. I am hidden from those pressures. I am trying in my hideout to look at broader global changes.

I am also apprehensive this morning because the executive of the NGA asked me to talk in the space of less than 20 minutes on what is happening on terms of global economic change and technological change and what the implications are for the United States.

I think, given that time constraint, probably the best thing I could do is to offer a number of points, a number of suggested areas in which we might have discussion and question into, all of them relating to broad global developments. These are distinct points but, of course, many of them are also interrelated.

My first one would be the overall global economy, driven by new technology, by new products, by rising demand...
in certain parts of the globe, is growing faster, probably, than ever before in world history. It's also growing in a more differentiated regional way than before. In other words, it's not like the 1930s, where all of the world was in depression. It's not like the 1950s and 1960s where almost every region in the world was growing. Today, what we have is Japan, China, most of the Asian Pacific economies, expanding at 5 percent, 10 percent, some 12 percent each year. We now have quite nice, steady expansion in Western Europe, but we have stagnation and absolute decline in many parts of Africa, Latin America, Soviet Union, Eastern Europe. Then we have the United States in a somewhat middle position, certainly growing but not growing as past as some other economies.

Secondly, I am sure Dr. Kissinger referred to this a little earlier in the conference, there is a detectable easing of great power tensions, not just the USA and USSR, but also between Moscow and Beijing, between Russians and Germans. There's also promising developments in the world outside in the settling of regional struggles in Namibia, Afghanistan, possibly Cambodia. I think we all know this is chiefly to do with the new regime in Moscow concentrating upon its internal restructuring and a sort of external all-around detente policy with Russia's many suspicious and watchful neighbors.
But I would argue to you that it's also to do with the fact that all of the major powers, China, Russia, Europe and America, are now concentrating more of their efforts on economic security and less on strictly military security.

This isn't going to bring to an end some regional quarrels in Central America, the Middle East or Africa, because they all have their local roots of tribal, territorial, ideological differences.

But I think the peace of the growing detente amongst the great powers is likely to lead to further arms reductions proposals. We will see more and more of them over the next few years. I think the implication of that is that the competition and the priorities in policies for the United States can also be more at the level of economic and technological and educational priorities, economic, technological and educational competition rather than military competition.

Thirdly, I say there are enormous changes under way in global demographic trends as well as national demographic trends with the aging of all of the advanced democracies. In the 1950s, the advanced Western democracies had about 22 percent of the total population of the globe.

Right now, it's down to about 14 or 15 percent. By the turn of the century, if the figures continue as they are going, about 7 or 8 percent, and it's worth pondering
what the implications are of how the advance Western
democracy share world population, so low, ever before in the
history of democracy. There are other demographic trends
that will affect countries even more significantly than this
one.

Within a few years in the Soviet Union, the
non-Russian population will be in the majority over the
Russians for the first time since the founding of the Soviet
Union.

In the Third World, I think the implication of
these enormous demographic increases are that it will be
holding down per capita income, and how that holding down a
per capita income under the as yet not fully traced impact of
AIDS will impact upon poorer countries of Africa is very,
very difficult to guess. It will affect the world economy
and I think our relationships in the world over the next few
years.

Fourthly, it's becoming clear in listening to
governors this morning, I know this is clear in your mind, we
are in some way, though we cannot exactly measure it, we are
threatened by widespread ecological changes, and by a steady
warming of global temperatures, due to a variety of causes.
I know the scientific expertise seems not unanimous on this,
but I would argue that if you took, say, the middle range
guesstimates of the likely temperature increase of this
continent and of the planet over the next couple of decades, the middle range guesstimates of, say, four or five degrees Celsius or centigrade, rather than 9, 10 or 11 degrees, the implications of that rise in global temperatures, from Bangladesh to the New Jersey shore line, from Nebraska to the Ukraine, are very working indeed.

Fifthly, almost as worrying, I think, are some of the implications of the productivity revolution which is beginning to occur in agriculture, livestock, fisheries, that is coming out of biogenetic breeding, biogenetic implants, better fertilizers and other new scientific techniques. I have seen some estimates now that suggest that we may be looking in the future, that possible increases of something like 20 percent per annum in agricultural output year upon year, because of the consequences of biogenetic implanting and breeding.

If you think about it, what we have seen over the past 10 or 15 years has been on average, despite last year's heat wave, on average global agricultural production has been rising about 2 percent per year. That has been enough to create all sorts of surpluses, all sorts of tension with the European community, all sorts of tensions with other countries, Australia, for example, increases in the level of 20 percent a year in global food output over the next decade or so just strikes me as being perhaps one of the greatest
things we are going to have to grapple with. To have in 10 or 20 years time all of today's food output, produced by only, say, 1/3 of today's farmers, affects agricultural communities everywhere, from India, to Bavaria, to Wisconsin, to Kansas, to California.

Sixthly, I think we are on the brink of a revolution in robotics and automation, coming chiefly out of Japan, which is going to affect manufacturing production and manufacturing employment faster than anything since the earlier industrial revolution. In Japan, as some of you who visit it note, there are already factories where sophisticated robots are assembling fellow robots, where there are only four or five people, manager/controllers, in charge of the entire factories, where when the manager/controllers close the doors at the end day and switch off the lights, because the Japanese are energy-saving, behind them can be heard "thunk click thunk click" of the robots going 24 hours through the night assembling fellow robots.

There are factories in Japan which just last year had on a work bench eight assembly workers. This year, have only one, because they have automated at such a pace they are putting more into automation, into capital investment in this past 15 months than ever before. The Japanese, symbolically, in the factory I was told about did not remove the seven sets
of the workers who had been transferred elsewhere in
consequence of the robotics revolution. They left the seats
along here like a row of governors' seats and filled them
with life-size inflatable figures as a visual symbol of what
you can do in terms of manpower, productivity and
revolution.

Many of these companies are talking confidently
about manufacturing productivity increases in the rate of 20,
25, 35 percent each year and be able to compete in world
markets and even extend world market shares if the dollar is
down to a ratio of 1 to 100 yen. Who can compete with that
apart from the South Koreans, I am not sure.

There is also under way, as you know, a
communications revolution in the field of banking, currency
flows, shifting billions of dollars of hot money in and out
of dollars every half hour, going on itself almost 24 hours a
day. This is many times a volume of merchandise trade
flows. There are gigantic corporations, Toyota, Ford,
Mitsubishi, media conglomerates, which are globalizing
themselves. I think both of those increasingly cause the
average citizen, the township, the small firm, the state
governor, to feel less in control of their own economic
future than ever before. It does offer dozens of
opportunities, if you can persuade these to come and invest
in your state. But other parts of these trends give you less
of a sense of control.

Finally, I would say there is, lest we forget it, an enormous and looming international debt crisis, especially in regard to a place of critical importance to the United States. That is Latin America. There is, if anything, a growing North/South divide, because I think you could argue that Japan and East Asia, if you like have joined the North, and also it’s not a good occasion in history for the United States to have turned itself in recent years into the world’s great debtor nation. You have the exchange value of the dollars so dependent upon purchases by the Bank of Japan to keep it propped up.

Now, it’s in this changed world order, ladies and gentlemen, this changed world economy, that the United States exists. Its position is obviously different today than in Eisenhower’s day. It’s share of world GNP, of manufacturing output, of high technology, of gold reserves, has declined.

We all know one reason why it’s declined is a perfectly natural and positive reason. It’s because the United States has successfully restored the economies of Japan, Europe and East Asia. Since their wartime demise and therefore there was bound to be a relative decline in America’s global shares.

But the second reason is more worrying and, if you like negative. It’s that the United States itself has been
losing in some areas some of its competitive edge. This isn’t a tail of gloom and doom story. I have been described as a doom and gloomster just about every day in the Wall Street Journal. I don’t think that’s the way it really is.

What I say is if you looked at the Japanese economy today, you would note an impressive array of strengths.

If you looked at the Soviet economy today, you would see a long, long list of weaknesses.

But if you look at the American economy today, what you see is a bewildering array of strengths and weaknesses, of potential and problems. So the picture is much more mixed. It possesses enormous natural resources, first class research universities, got an open market and some tremendous companies like IBM and Hewlett Packard. But on the other hand it has very low savings ratios, proportionately smaller investment in commercial R&D than its leading competitors, has worrying federal and merchandis trade deficits. It produces every year quite insufficient number of native American engineers on the one hand, massively too many, if you will pardon me for saying this, lawyers, MBAs, lobbyists, dentists and real estate agents on the other hand. It has a shrinking share of new patents and it has an inefficient public school system.

Therefore, it’s a mixture of strengths and
weaknesses. It has some strong cards and some weak cards. Poker players, among you, would confer it’s best to go to the table with more strong cards and fewer weak cards, especially if the table is a new world order of the 21st century.

In sum, I would say, we are entering a more complicated and pluralistic world where the challenges will be more settled than the challenges of the cold war, where the old order internationally is in some way dissolving but the shapes of the new order are still shrouded in the mist, where trying to make exact guesses as to the consequences of these various trends is probably impossible. I think you know why it’s impossible. It’s because these various trends I have listed are demographic trends, ecological trends, high-tech trends, biogenetic trends. They are moving at different speeds. They are going to bump into each other and interact with each other. In any case some of them are contradictory. For example, will the shrinkage of our grain production, due to the greenhouse effect, be canceled out by the increased productivity of biogenetic farming. If so, which areas are going to lose, which sector of the country is going to gain. So I would argue that since exact guessing is hopeless, perhaps the most useful way forward is to pose the really big question. What sorts of societies, which peoples, which nations, are going to be best equipped to respond to changes of this order, to be in a position to retool
themselves, to be able to understand these developments in broad terms. That’s an understanding of broad terms, not just to blame them upon the politicians, when changes occur.

I think, ladies and gentlemen, we can all guess what the general answer to that question has got to be. It’s likely to be those societies which make fantastic commitments to education, whose citizens have very high levels of skills in numeracy, literacy, computing, the natural sciences. Not just in those technical skills, but also in a wide knowledge of foreign languages and cultures, of geography and history.

And in all those areas, there are grounds for deep concern about the present American educational levels. It’s not putting yourself in a strong position to have your average 17-year old regularly tested by means of international comparisons, coming in bottom of the list in knowledge of mathematics, foreign languages, natural sciences. It’s not equipping our citizens for the 21st century when, on average, their geographical skills suggested 3/4 of them don’t know where the Persian Gulf is, although by Gallup polls last year, 85 percent of them were in favor of sending war ships into the Persian Gulf, wherever the Persian Gulf was. It’s not equipping them well when they don’t understand history, especially the history of foreign societies, foreign cultures, foreign religions and ideologies.
Governor Kean’s panel on the first day of your annual conference provided a sobering analysis of this lack of real educational competitiveness compared with certain other advanced societies.

As one of your final plenary speakers, I can only endorse that message. We are heading into a more complicated, challenging, diffuse global environment than ever before in the history of the United States. There’s a desperate need to prepare Americans, especially educationally, for the transformations which are bearing down upon us.

Thanks very much for your attention, governors.

(Applause.)

GOVERNOR BALILES: Thank you very much. Mr. Kennedy, I don’t know how you could have more succinctly captured the essence of the National Governors’ Association agenda for this year. America is in transition, it is an international frontier. I think you captured, not only the topics of our association’s concern, but you have done it eloquently. At this time I would like to take the first question, I believe, from Governor Clinton, of Arkansas.

GOVERNOR CLINTON: Thank you very much. Professor Kennedy, first of all, let me thank you for coming today and say that as you alluded in your opening remarks, your book
has been used by more people for more purposes than any one
that has been written lately, including a recent article I
read in Foreign Affairs by Professor Huntington, who said you
represented the fifth wave of declinist arguments since
Sputnik in the last 30 years. I think I may be at fault
too. I have been using your book for last year and a half in
speeches I have been giving.

But I do believe that you have fairly, first of
all, made clear your position, which is not that the United
States is in an inevitable period of decline, but that we are
faced with several very severe problems which could cause us
to decline as a country.

Second thing you have done, and this will lead me
to my question, is to point out that there was no way for us
to maintain the percentage of world GNP we enjoyed after
World War II that we shouldn’t be particularly concerned
about the fact that we have gone from if you feel 40 to
roughly 25 percent of world GNP. That really isn’t the
issue. We shouldn’t stop and shouldn’t want to stop other
people from reviving or from growing for the first time.

On the other hand, we can’t continue to be a great
country without some level of economic prosperity that is
greater than that that we do look forward to if we don’t deal
with some of the problems.

Here is my question. I read your book, I read th
causes, your Imperial Over-Stretch theory and what caused other countries to decline in the past. Has any country in our economic position ever had to face the prospect of renewing itself with so diverse a population base, racially, economically, socially. What can you tell -- you tell us what to do, we agree with you what to do. We just don't know how to get it done. Thing that really frustrates me is what Mr. Bill Woodside said yesterday, the chairman of Sky Chefs, he said, "we have now reached the point where the rhetoric is right in America." The rhetoric of the President, the rhetoric of the governors, it's all right. But there's a bigger gap between politicians rhetoric and reality in this country than perhaps any other in the world, at least any other countries we are competing with.

To what extent is that caused by the fact that those of us in politics tend to be people who are doing well and our friends and neighbors will probably continue to do so for some time. We have this incredibly diverse country underneath us that is coming apart at the seams. In your study of these countries is there any historical precedent for the kind of renewal we need and the diverse mak up we have? To what extent do you think that's a big problem in getting us where we need to go?

MR. KENNEDY: Governor, thanks for your comments on the book. I ought to say when historians make analogies,
it is never with the sense that one country today is exactly
like any country at another time in a past. Of course it
isn't. They are all different in time and space, but we use
it just to give us a measure of comparison so we can turn
inwards and to look again at the challenges facing the United
States. I would say that there had been a number of
countries in the past with a whole diversity of ethnic,
regional or other disparities. They've tended to be imperial
conglomerates, if you like, like the Hapsburg Empires; so the
analogy only takes you so far. Then you realize how
deficient it is. You could, of course, switch your eyes and
look at the Soviet Union today. You either think of it like
the Hapsburg Empire or you see it as a unitary state. But it
has many, many more ethnic diversities and regional
disparities than the United States. It's facing altogether
larger challenges. So that there's no exact parallel, no
exact example in history to look for. I think if we found
one 100 years ago, we could borrow a little from it but not
enough because we are now in the late 20th century, not 19th
century or 18th century.

What I would say though is that those societies
that recognize the transformation that have occurred in the
global and internal environment, since the time when the
nation rose effortlessly to the top, those societies which
are honest enough to say yes we are in a changed world now,
I have been much impressed by the rhetoric that we used to hear, and I am sure that other people have been too. I am sure that the United States, which is the largest and most powerful country in the world, is under a lot of pressure to do something, and that the other countries in the world, whether it's from health care or whether it's from research and development, or savings and taxation policy.

Therefore, I agree with you the rhetoric seems to me now altogether better placed to meet the reality of the challenges which the United States finds itself in in the late 20th century. It is not a rhetoric which is so blinkered by ethnocentric ways of looking at the world that it doesn't see that the world is looking at America in a somewhat different way. It's a more realistic world. I welcome it. I also think whichever presidential candidate got in or would have got in last year, the rhetoric was coming closer to reality, closer to the center. Let's hope it stays there.

I would, just as a final remark say that in respect of the international environment, the United States, I think, is being offered a breathing space. I think there are much more acute problems of Mr. Gorbachev, the Politburo, and the Soviet system which is manifestly under strain, much more acute problems which are turning the Soviet energies for internal reconstruction, are likely to continue so long as Gorbachev is in the saddle; and that that gives the United
States also a breathing space to think through its own policy
priorities and whether we have got the balance right as we go
into if 1990s.

GOVERNOR BALILES: Governor Kunin of Vermont.

GOVERNOR KUNIN: Thank you. Professor Kennedy,
your global and historic view help put some of our agenda,
obviously, into a different kind of context.

As you noted, one can either get very pessimistic
about that or else kind of just ignore it and say, well,
there's too much uncertainty and this is too far off and it
really isn't relevant to our immediate problems. But I think
we all recognize that there has to be a relationship b tween
what we do in the short term and what the over-arching
historic and global trends are.

How do we make that match politically? Let me be
specific. Like a problem like acid rain, global warming,
where the facts have been coming in for a long period of
time. Where today there seems to be more consensus, as we
just heard from Senator Mitchell and from yesterday from EPA
administrator.

And yet trying to get a realistic way of dealing
with something without looking at it, and if it's impossible
to deal with it, and really getting people to act on these
issues that at once seem overwhelming, that scientists have
disputes about. The easiest thing to do is still to walk
away from them and say I want to wait until I have more
evidence, or whatever I do isn't sufficient anyway. So let
fate take its course. How do we get appropriate political
action that is in tune with some of these observable trends
that you point out?

MR. KENNEDY: Well, Governor, your question comes
back to my initial nervousness at standing here before you.
I am a historian of broader, comparative global trends. You
are practitioners who have constituents who want certain
things done and are very concerned about certain things. All
I can say is that first of all, I think in respect of acid
rain, there's a sufficient consensus as to the damage caused
by it and various steps which could be done to at least
reduce the level of damage. That is true for a number of
certain other tendencies in ecology and also biogenetic
farming. You begin to get a sense of where that is heading.
It's time for policy consideration and legislation.

Secondly, I think that this probably is going to
be better done from the governors out than from the White
House out, because you have, I think, given your positions, a
better sense that the challenges coming down the pike ar
very much educational security and environmental security,
infrastructure build up and other issues, like the President
spends a lot of time dealing on the world scene and world
leaders and will take up your issues of acid rain only on

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occasions where he can talk with the Canadian prime minister. He knows it's on the Canadian agenda.

But in answer to you, I know it's a cop-out because I am not a short-term policy advisor, my large answer to you is in respect of all of these challenges, over the medium to longer term, we would be in a better position to meet them if we were assured that the knowledge levels and understanding and skills of the entire American nation were higher than they are now, so that I would argue therefore that they are -- most of these specific areas, some short- to medium-term policies which could be implemented. But that behind and beyond them there is another larger agenda, which is getting the entire nation ready for complexity of those challenges, getting them to understand that acid rain is one on a list of changes which are coming to us.

I am sorry I am no good on the short-term policy answers.

GOVERNOR BALILES: Two more questions, Governor Sinner of North Dakota, Governor Kean of New Jersey.

GOVERNOR SINNER: Mr. Kennedy, periodically we read pieces that suggest that the world the rushing pell-mell into a very threatening situation where smaller and smaller and smaller number of its people are capable of producing the things that everyday life needs, food, energy, water, and that if there is any disruption, whether by a natural
phenomenon of drought and shortage of food, or by manmade
disasters such as war, that we are rushing into a period so
vulnerable and so fragile that it boggles the mind to think
what would happen. Dr. Brown, Dr. Lester brown has spoken
what might happen in food, even in developed countries if we
become short of food.

How do you respond to that? Are we ignoring
history and are we so preoccupied with the magic of the
future that we have forgotten history?

MR. KENNEDY: I think one of the problems of any
commentators on global trend has nowadays, especially if you
are trying to relate it to historical parallels or looking
back as you look forward, is that the changes which occurred
to environments, to societies, impact of a plague, Black
Death, shift in trade routes or decline in this industry and
rise in another, tended in previous decades and centuries to
proceed at a lower pace than they are now.

Our problem and your problem as Governor and
President's problem is that the pace of technological and
scientific change and economic transformation is occurring
faster than ever before in world history. Not just faster,
but much much faster. If you are talking about a People's
Republic of China, which is doubling its GNP every seven
years. If you are talking about a Japan which has now a
fantastically higher GNP than the Soviet Union. You are
talking about changes in global trading partners,
consumption, production, demand for foodstuffs, which are
significantly larger than and occurring much faster than,
say, things which happened in the '50s, or the '20s or the
1890s. What we really don't have is a lesson, if you like,
from history is a way of measuring how we deal with these
impacts when they are coming down towards us four or five or
10 times faster than, say, the impacts of the earlier
industrial revolution came upon the societies of that time.

I said in my remarks I don't think we can
anticipate all of this, because some of them are conflicting
and some of them are occurring at faster or slower levels.

I would worry a great deal about an excessiv
reliance upon, for example, new biogenetic farming and
agricultural productivity breakthroughs there which would
have the entire world dependent only upon a quarter or 1/7 of
the farmers which we have at the moment. I think that puts
too much of our precious agricultural productivity in the
hands of too small and probably a few very successful farmers
in each state or each country.

But as again I have this difficulty of coming into
the specifics with you governors, since I don't think the
ground is clear for specifics in so many of these areas.
What I am worried about is a population which is not educated
enough to realize that these are massive global trends
occurring faster in world history and that what we need to be
doing is to prepare, by training and education, a flexible
work force to move in a variety of directions when we see
that this trend is happening faster than another trend.

I think that’s more in my agenda than guessing at
the outcomes of some of these specific tendencies,
technological or agricultural.

GOVERNOR BALILES: Governor Kean of New Jersey.

GOVERNOR KEAN: Dr. Kennedy, first of all I will
like to say that I think you have shown us with your book the
written word is still immensely important in this democracy
and can in fact change policy and history and all of that.

In that I find it immensely encouraging.

Secondly that one of the difficulties we have, of
course, as democracy, as compared to the nations and empires
in which you talk of, I don’t think any of them, I don’t
think, have to put together the consensus in order to mov
that this democracy requires. That sometimes can be very
difficult. My question basically, and you answered part of
it a minute ago, you mentioned then, a word you used, was the
failure of our schools or whatever expression what you said,
was obviously our schools are not doing well enough to keep
up with the kind of world we have to move in. Not that they
are doing any worse than they have done in their past. They
are not doing well enough to compete with this new world.
What I want to ask is if you could think of ways in which, as all governors are involved here trying to approve schools, trying to convince people who run schools and in the education business, about those simple facts. First of all, that we have to do better. Secondly, that money is not the only answer to that process; and, third, that they have to be involved in a very important way in really reinventing the school in the country so it's much more successful than it is today.

MR. KENNEDY: Thanks for your nice comments, governor. I would say as last here has gone on I have spent more time talking about education, less time about collapsed empires, et cetera. I think that's all to the good, because it strikes me that at the end of the day these successful societies, especially in this century and next century are ones which will have the highest commitment to education, but that doesn't, as you say, simply mean a monetary commitment. You could throw a lot of cash towards education and it might -- still might not work. I often wonder whether one of the biggest obstacles to thinking through reforms at various levels and various aspects of our society is the fact that we are insulated to a very considerable extent. We are not like the European states which look over the border and the French will see why are we not producing as many talented engineers as the Germans. We better go have a look at what the Germans
are doing, and come back and reassess ourselves. I wonder whether the time hasn't come, in the light of all of these statistics of the international comparative rankings of our average public schoolchildren in mathematics and science, we have compared the results, we now know that more than 50 percent of South Korean 17-year-olds have a higher level of mathematics than the top 1 or 2 percent sophomores in our colleges. We know what the comparative figures are. I am not sure yet, perhaps you can correct me on this, if we are then further in this international comparison and said, well, what are they doing in their school structures, maybe educational structures, which we are not. Obviously there's a number of things. I am sure governors who have been visiting to other countries and school systems know it. We have by far the shortest school year in the entire western world.

One of the reasons, possibly, why the Japanese may know somewhat more mathematics than the average American is that the average American public schoolchild goes to school for about 180 days a year. The average European goes for about 215 and the average Japanese goes for 240. There's quite a bit you can do in 60 extra days of teaching.

But apart from that, when I said that in educational audiences, I have usually been defenestrated. Apart from that, I believe I am right in saying this is the
only country which does not have -- I know this is a touchy
subject amongst governors and people who like control of
local education, but it's the only country which does not
have nationally set standards, subject by subject, for all
people in all public schools across the country. That in
geography, in mathematics, and in physics, these are
nationally set at the center, and that you are going, your
children are going to sit at the age of 16, 18, they are
going to sit these national tests on physics knowledge, on
mathematics knowledge. I think because of that we enjoyed
the benefits of the decentralization but we may be suffering
from some of the disadvantages of decentralization. I wonder
whether in that and in a number of other areas we couldn't
look more carefully at how foreign countries are doing it.

I suppose one final remark, in defense of teacher,
since they often are in the firing final line here, a school
teacher in Japan is an inordinately highly respected person,
right at the top in terms of terms of respect. In a way the
Japanese are saying and South Koreans are saying that
education is fantastically important. If you go to West
Germany the school teacher is highly respected and other
people in that society are highly respected. In West
Germany, I would say the most respected professional
individual is the engineer, not the lawyer, not the banker,
not the politician, not the stockbroker, but the engineer.
Because they put engineering at the top, or, if you like, a certain social ranking, as the Japanese put school teachers in a much higher position in their society, they get very favorable spin-offs from that. That's cultural choice, it's not just financial choice.

(Applause.)

GOVERNOR BALILES: Thank you, Dr. Kennedy. Thank you, Dr. Kennedy, for the message and for being the messenger. I think you confirmed for each of us the wisdom of our engaging in some strategic planning for the future in the time of enormous global change. We are very grateful to you not only for your book but for your observations this morning.

Ladies and gentlemen, we now come to the time when we consider our proposed policy statements. Before we do that, I would like to ask Governor Thompson of Illinois to make a commercial plug for the summer meeting in his home state. Governor Thompson.

GOVERNOR THOMPSON: Mr. Chairman, oftentimes as I sit in my office in the state capital in Springfield on a lonely evening I felt Abraham Lincoln's presence, and because that has been such a stimulating experience, I wanted to share it with my brother and sister governors this morning. I have brought with me to the midwinter meeting the first permanent resident of the city of Chicago, Jean Baptist
DuSable, who I am sure has voted by absentee ballot in the mayoral primary going on in the city today, so that he could be with us. I note this is the first time that President Lincoln has been able to be with us at a midwinter meeting and of course we are all great fans of his regardless of party. Now that I have your attention, I would like to renew an invitation that we have made several times, and that is most heartfelt, not only for your attendance at the 81st annual meeting in the city of Chicago, but for your early arrival as well. This is the first time that the governors will have met in that most American of cities, Chicago, in over 35 years. We are very proud to host the annual meeting. We have been in training now for almost two years and have learned much from the extraordinary efforts of my fellow governors who have been hosts at our annual meetings in those last two years, Governor Celeste and Governor Blanchard. We hope to acquit ourselves accordingly.

There are a couple of unique differences with this meeting. First, the host committee is national in character. That is, those who are helping us finance this conference come from the ranks of business and labor from all over our country, not just from Illinois or from the region. So you will quite likely find some of your people from your states on our host committee and present in Chicago.

For the governors and spouses host committee and
host dinner on Saturday night at the new State of Illinois
Center, in our atrium state building in the city.

Concurrently, for the first time, we have
scheduled a dinner for our chiefs of staff and their chiefs
of staff in the hope that we could achieve better
coordination and better communication with the captains of
industry and labor in America, something we need to do on a
regular basis, I think, if we all knew each other better,
aside from CEO to CEO. We hope that is successful. To make
that successful, we invite all governors to arrive in Chicago
on Saturday in sufficient time to attend the Saturday evening
dinner.

On Sunday, for the first time, the art gallery
district of the city of Chicago, just north of the river,
extraordinarily busy and booming place, is going to open on
Sunday night. The streets are going to be blocked off, we
will have an old-fashioned block party, all the galleries,
restaurants open, everyone will be invited, every conference
attendee will be invited to attend that. Then the governors
will go to their governors-only dinner at the Board of Trade
Room at the Art Institute to be followed by a tour of the
Impressionist collection at the Art Institute. Monday, our
final dinner will be at the Navy pier, an all conference gala
featuring a performance by the Chicago symphony orchestra.

We encourage governors to come as early as you
want, even before Saturday, and to stay as long as you want.
We will make whatever arrangements you want to entertain your
family and your friends while you are our guests, from the
Chicago Cubs, to salmon fish on Lake Michigan with Chicago’s
beautiful skyline in the background, introductions to our
ethnic neighborhoods. You name it, we will provide it. We
look forward to seeing you in Chicago. Thank you,
Mr. Chairman.

GOVERNOR BALILES: Thank you, Governor Thompson.
Governor Perpich has asked for a moment to make a
statement.

GOVERNOR PERPICH: I would like to discuss the
community service that is currently going on in this nation,
as the current chair of the Education Commission of the
States I made ECS community service project known as Partners
of Learning a major priority. Partners in Learning is
focused on establishing mentoring or tutoring relationship
between college students and students in the fourth to ninth
grade age level who are at risk of dropping out of school.
Program rose out of ECS organization known as a Campus
Compact made up of 150 university and college presidents
interested in promoting community services ECS on their
college campuses. The goal of Partners in Learning is to
create or identify 1 million mentors in the next three to
five years. Much of the work in the first year has been
devoted to establishing infrastructure for mentoring and
setting up 10 pilot projects on campuses across the country.
As we hoped, these focus schools have come up with
distinctive and innovative ways of implementing the mentoring
relationship between their students and we have programs
which are very successful in Connecticut, Boston University,
Xavier University, Pennsylvania, Governor Casey, they are
doing a fantastic job there.

All these approaches can be effective in
preventing our young people from dropping out of school. In
fact I became interested in mentoring as a preferred form of
community service after chairing an NGA task force on
drop-outs. The studies have convinced us that mentoring
generates self-confidence and a greater preference for
learning social skills among both the mentor and students
being mentored. As we have expected we also found that
college students have high credibility for role models
because they are older than they appear but not perceived as
much as an authority figure as a teacher would be.

In addition to focus schools, we have seen
post-secondary institutions use the national Campus Compact
ideal at the state level to form state contacts on behalf of
community service. Michigan, California, Pennsylvania, all
officially have these compacts. At ECS we would also expand
original partners in learning concept to include the youth
mentoring by older high school students, by senior citizens and adults outside the academic setting. Although Campus Partners in Learning remains the strongest component of that project.

We are hoping now that the governors will get more involved and both President Bush and democratic leadership counsel have proposed strong leadership programs at federal level. Of course, we would be happy to provide information and contacts to any governor who was interested in implementing a community service program at the state level either through K-12 or post-secondary. You might also be interested to know that I wrote all the Campus Compact member institutions in your state, saying that they will be hearing from you in the future. If you need a list of these schools, we will get these to you.

Let me close, Mr. Chairman, by saying that Dr. Martin Luther King, Jr. said that "everybody can be great because everybody can serve."

GOVERNOR BALILES: Thank you, Governor.

One final request has been made. Governor Goldschmidt for a moment for a statement.

GOVERNOR GOLDSCHMIDT: Fellow members, the government of Greece is currently holding in jail on an immigration charge one Mohammad Rasheed, who on the basis of very strong evidence is wanted here in the United States for
the 1982 bombing of a Pan Am jetliner in the Pacific. He has also been linked to a May 15 terrorist group responsibility for the 1986 bombing of the TWA jetliner over the Mediterranean. Supreme Court of Greece is due any day to rule on his extradition. There is some possibility that he will be set free. This fear is based on the experience that last December Greece released to Libya a gentleman suspected of membership in the Abu Nidal group and this is a man who was wanted for assault on a Rome synagogue in which a two-year old boy was murdered. The Greek minister of justice released El Zomar because he was deemed a justifiable political struggle for his homeland. There is no resolution in front of you nor will there be but there is a letter sent to each of your offices and an offer sent to you to join me in signing a letter to the President merely urging the Greeks to adhere to current treaty agreements, which I think it's possible they will do and just to encourage them to handle this extradition properly. I think all of us understand the terrorism issue. It's an opportunity for us to express our views on it directly. Thank you, very much, Mr. Chairman.

GOVERNOR BALILES: Thank you. First, as governors look within our borders, no one is more important to our success than our spouses. They have had a separate set of highly productive discussions over the last three days. From all I have heard they will leave our conference with a lot of
good ideas. From children, child care, literacy and elderly,
they are making a difference in our communities, in our
country. On behalf of all of the governors, I would like to
thank each of them for their work and for their participation
at our conference.

I would also like to thank a group that has made
this meeting possible. We all know that governors are only
as good as the people who work with them, both in our state
capitals and here in Washington. In particular I would lik
to thank Ray Scheppach and the staff of the National
Governors' Association. Their energy and their efforts have
made this conference a major success.

We will now consider as a final item of business
revised and new policy considerations that were sent to you
on February 10. You have before you these committee policy
positions plus any amendments made by the executive committee
and standing committees at our meeting. There are several
resolutions but please note resolutions can only recognize
persons, places, or events or support existing policies of
this association. No new policy is adopted by means of
resolutions. These policies and resolutions will require a
2/3 vote of those present and voting.

We will take the policies in alphabetical order by
committee. The executive committee coming last. To expedite
matters we will vote en bloc on the proposal of each
committee except where a request is made to consider a policy proposal individually.

I would like to ask the committee Chairs to please move the adoption of their policy positions and resolutions.

First, I will call on Governor Sinner, Chair of the Committee on Agriculture and Rural Development.

GOVERNOR SINNER: Thank you, Mr. Chairman. The Agriculture Committee Report is the gray one in your packet. It has two new policy changes, it has two resolutions to support existing policies. I will answer questions if you wish. But in lieu of questions that I know of, I will simply move the adoption of these policies and resolution.

(Second.)

GOVERNOR BALILES: Is there a second --

GOVERNOR SINNER: Mr. Chairman, I did forget one thing. We had a long meeting with Chairman Leahy yesterday as mentioned by Governor Branstad. He is very supportive of our efforts in rural development and is intending to move ahead with some legislation on a coordinated basis in the Congress.

GOVERNOR BALILES: All right. All in favor of the motion to adopt the policies and the resolutions proposed by the Committee of Agricultural on Rural Development say aye.

(Chorus of ayes.)

GOVERNOR BALILES: Opposed?
Carried. Governor DiPrete, chairman of the Committee on Economic Development and Technological Innovation, is unable to be here at this point. I call on Governor Romer to present the policy resolution.

GOVERNOR ROMER: The committee considered two separate amendments to the comprehensive policy on housing, both of them were adopted unanimously. The first conforms to section of policy dealing with homelessness, on the new policy, on homelessness adopted by the Human Resource Committee yesterday. The change gives greater flexibilities to governors in targeting slots for homeless individuals and families within federally subsidized housing programs. The second amendment pertains to the national partnership section, amendment removes language that provides -- removes specific language in order to provide more working room for negotiations while at the same time strengthens the language supporting its state role in a national housing policy. I move adoption of both of the amendments.

GOVERNOR BALILES: Is there a second?

(Second.)

GOVERNOR BALILES: Is there any discussion? All in favor of the motion say aye.

(Chorus of ayes.)

GOVERNOR BALILES: Opposed?

No. Ayes have it, motion is carried.
Next it is Governor Kunin, chair of the Committee on Energy in the Environment.

GOVERNOR KUNIN: Thank you, Mr. Chairman. The committee on energy and environment proposes three policies and three resolutions. Policy change and resolution in one area is in the Clean Air Act reflecting what we strongly believe is an urgent need to reauthorize and strengthening that law. I think it has become clear in various discussions at this conference that the nation's air pollution problems are getting worse rather than better, including acid rain, urban smog, carbon monoxide and air toxics, and that EPA data shows some 112 million Americans are breathing air that basically violates federal health and protective standards.

In addition, the committee was very pleased to hear EPA administrator William Riley indicating his intention of the administration, we just heard Senator Mitchell, having a legislative package on air pollution issues. The National Governors' Association intends to be very active in these negotiations to make sure that we get such legislation.

Most significantly, and I think of interest to all the governors is that the committee reports a comprehensive national energy policy statement.

We consider this a major achievement, that the governors of this nation did reach agreement on energy issues which have divided us for a long time. It is our hope that
this kind of consensus will be the foundation for the prompt
development of a national energy policy, and that this
consensus will kind of follow the pattern of our unanimity in
terms of welfare reform and will give the impetus to the
Congress and to the President to act. All of us recognized
that the energy-producing and the energy-consuming states
really have interdefined interests and this policy strongly
reflects that, focusing also to a greater extent than ever
before on the interconnection between energy decisions and
environmental consequences and global warming changes. In
fact, the committee and the NGA will be cohosting a
conference that begins this evening in New York City,
Governor Kean, Governor Cuomo and I and the total NGA will be
cooperating on a conference that starts tonight on global
warming.

The committee also reports a resolution asking for
funding for construction of municipal sewage treatment
facilities. This is an area where we have a commitment, we
have promises to keep, we need the financial wherewithal in
order to keep our promises.

A second resolution deals with accretion of a
trust fund to succeed the land of water conservation fund, to
meet all of our local needs for public lands and
conservation.

Finally, the committee recommends the approval of
a new NGA policy on wetlands conservation and management. Basically, the bottom line is no net loss, that is the goal and is a goal that the new President has enunciated. It is one that we have worked very hard to reach agreement on.

I would like to recognize the very strong participation and leadership of Governors Kean, Campbell and Gardner in this issue, as well as on some of the other issues. I believe Governor Kean would like to give you a few more details of the wetlands issue.

GOVERNOR BALILES: Governor Kean.

GOVERNOR KEAN: Mr. Chairman. Over the past two years I have had the opportunity to chair the wetlands policy forum, with Governors Carol Campbell and Governor Gardner, tremendous assistance from them in this effort. We had representatives of a most diverse group, representatives of the farmers, appointed by a large farm organizations, people from the timber industry, oil industry, environmentalists, builders, developers, and we all got together into a report and everybody signed recommending the no net loss goal. It was formed, obviously, recognizing that this country could no longer tolerate a situation under which we had lost 50 percent of its wetlands already. The status quo is just unacceptable. The final report reached in November contains over 100 recommendations. Perhaps the most important recommendation is that no net loss, one that has now been
endorsed by the President, Senator Mitchell mentioned it, we hope it will move ahead. The policy before us reflects many of the findings and recommendations of the forum. It includes the no net loss goal, strong bias, particularly towards giving states new power and new flexibility and new resources to manage and protect their wetlands. It recognizes that we as governors will balance many concerns, including, of course, the needs for farmers, need to provide adequate infrastructure for growth. It also recognizes the urgency of stemming the loss of these national resources. As national debate on wetlands begins, it is very important that the governors have a voice and that gives us a voice so I would think you for consideration of this policy.

GOVERNOR BALILES: Thank you, governor. Is there a notion to adopt the policy recommendations of the Committee on Energy and Environment.

Moved and seconded.

GOVERNOR BALILES: Any discussion? Governor Sinner.

GOVERNOR SINNER: Mr. Chairman, I want to make a statement that it seems to me to be extremely difficult for this organization to deal with the statement of this length and complexity either in the committee, certainly by noncommittee members, or here on the floor. I think our state was the first state to take the lead and pass a no net
loss bill.

In addition to that, we have worked out a one-of-a-kind agreement with fish and wildlife service for the management of our wetlands.

If you look at the past in this country, the urbanization of America has caused the filling in of thousands and thousands of wetlands for airports, city and industrial developments. People want nice lawns; they want sound foundation for their buildings, their roads, their highways, a lot of wetlands have been filled in for food production in the irrigated parts of this country. But there have been some losses too, in groundwater, habitat, ecological balance and the sheer beauty of this country.

Involved in all of this are incredibly difficult human factors. They must be primary. I thought it was curious they aren't even mentioned hardly in the policy, the human consideration. The human considerations are very difficult; they are extremely contentious and, most of all, they are real.

I passed out a small copy of a map which shows you the Fish and Wildlife fee and easement holdings in the state of North Dakota. You can see it a little bit better on the large map here behind me.

What happens in these cases? An individual landowner signs an agreement with Fish and Wildlife service
for an easement.

In so doing, he forever gives away the state's right of eminent domain. Now, that has caused more contentiousness than I can describe to you. So I began, when I became governor, an effort to get the parties to sit down and workout some understandings, because it is extremely difficult for local jurisdictions to clean out historic drains, to maintain their local tax structure, to dispute resolution, and negotiate with landowner. We finally negotiated a CRP for wetlands. We must find out better ways for temporary easements to keep the state's land intact and not forever lose it to a federal agency. We must find clearly defined and limited easements.

There's something troubling about our process here that gets us where we are today. We have before us a long detailed policy statement prepared by a committee, and frankly not accessible to the rest of us. We commented on it about a month ago, after we asked for some time for a copy of the draft. But we can't amend it here on the floor, n ith r could we amend it in committee. The only alternative for us is to move here on the floor complex amendments or to vote no. Neither alternative is any good. Somehow, we all recognize we have to manage our waters better, we must manage our wetlands better. But many of the stated and implied specifics in this policy are, at best, inadequately thought
out, discussed, or maybe even worse, ill-conceived. I am going to vote for the policy, but I hope that in the future we can find a way to, number one, state general goals and policy in a more concise and general way and, number two, where specific recommendations are implied that they be equally stated concisely and hopefully with a better opportunity for the rest of us to have input and a chance to review and comment.

Mr. Chairman, I want to compliment the committee for undertaking this difficult area. But, believe me, what is going on in many parts of the country, as you can see, not just the loss of the land, but the loss of state's right of eminent domain. Believe me, it is a very serious issue.

Thank you very much.

GOVERNOR BALILES: Any other comments? Governor Ashcroft.

GOVERNOR ASHCROFT: I would just like to second what George has said. I think we have not entirely focused on the wetlands policy but on a number of these policies. It's difficult to have the kind of opportunity to assess and to contribute. I intend to vote for the policy, but I want just to express my sense that he has struck a responsive cord with me.

GOVERNOR BALILES: Any other comments. Governor Goldschmidt.
GOVERNOR GOLDSCHMIDT: If I may, I would like to be a little more specific about what troubles me about this resolution. This is a classic. Nobody wants to vote in favor of screwing up the wetlands. I can’t vote against it, nobody can. But let me make a couple of points.

The United States government is not managing this program well now. I don’t see really any indication here of anybody hitting them upside the head. Governor, you may tell me I am missing it in here.

But if we turn to 51.6, where the 404 program is described, nobody is taking the federal government up on their offer to run this program, because it isn’t even money in our case. We wouldn’t take the program today because every time we try to make a decision they second-guess it anyway. We are at gridlock between the Corps of Engineers, EPA, Fish and Wildlife and all the rest of the folks. What this policy basically says is we think a no net loss strategy for the country makes sense. Then you go on to say that’s going to be tough to do at the state level because we don’t have the money to buy the lands and do the mitigation involved. The effect is paralysis is on its way. So to Governor Kean and Governor Kunin who I think have really labored artfully over this, my concern as usual is all of this will be taken by a federal administrator. They will read the headline and say but you have endorsed our policy.
Basically you are endorsing the current federal strategy of either make a decision that says no or make no decision, which is quite directly the case or transfer the dollar responsibility back to you. If you want to mitigate here, it'll take a few million dollars to solve the problem. Our people did get a chance to participate. I want to be very clear, our staff got all the information, I got detailed comments about each section. The frustration I have got is this, to me, if this administration manages it the way we have seen the last eight years, we won't get a wetlands decision in our state.

Thank you.

GOVERNOR BALILES: Any other comments, Governor Kean.

GOVERNOR KEAN: Just a couple of points. This policy is based on a report which all the governors were sent some time ago which details and answers, frankly, a lot of the points have been made in the fuller reports. This policy as it has got a little longer because five or six governors wanted to add to. Of course we added what was requested.

The forum them got together and the policy here is because we are not happy with existing policy. Nobody is. The army Corps of Engineers was involved in the forum, they are not happy, both EPA administrators, past and this one said this doesn't work anymore. Home builders are
frustrated. They say we are wasting money and wasting time.

Everybody is frustrated, timber industry, oil industry. This forum and this resolution was borne out of fact we have to change to address many of the kinds of things which governors have just mentioned.

We tried to, wherever I got, certainly Governor Gardner, Campbell got a request, we tried to meet with people and workout whatever the problems were, not met with Governor Sinner. Perhaps I should have. I didn’t realize he had these kinds of objections. But this is an attempt to change. It isn’t an attempt to have a new policy. People interested in the wetlands all over this country feel that it is time for something new. That’s why we need to get into Congress and make those changes.

GOVERNOR BALILES: Thank you, Governor.

Are we ready to vote? All in favor of the motion say aye.

(Chorus of ayes.)

GOVERNOR BALILES: All opposed say no.

Ayes have it, motion carries.

Next it is Governor Celeste, Chair of the Committee on Human Resources.

GOVERNOR CELESTE: Thank you very much,

Mr. Chairman. I would like to make three brief points before moving the full report of the Committee on Human Resources.
We heard from Secretary Dole yesterday and she outlined for the committee her agenda for the Department of Labor. I would like to just highlight this for you. Her focus included targeting additional resources towards disadvantaged youth, providing a more comprehensive set of services for dislocated workers and coordinating the provision of enhanced services for welfare clients, working, Governor Castle, to see we move forward with the welfare reform under way. Secretary urged us to play key leadership in an efficient and coordinated fashion. She said she will be submitting a new youth strategies proposal to the cabinet council and asked for our comments and our help in implementing this new program. She also said that the department would work actively pursuing initiatives in the areas of health and safety in the workplace, pension policy, work and family issues and labor management relations. So I simply underscore those for my colleagues.

Secondly, I would like to share with you that we are forming a governors' council on the American work force, recognizing that the quality of the American work force and its abilities to adapt to rapidly changing demands of the economy, is the key to maintaining a competitive position in the world marketplace, and underscored very eloquently, I thought, by Paul Kennedy's observations this morning.
Further recognizing that the states are in the best position to effect changes in policy that will shape the work force of tomorrow and possess the tools to deal with the work force of today.

I am pleased to announce the formation of this governors' council on the American work force composed of four governors, four CEOs, and four labor leaders, to provide input into the ways for states to effectively manage work force quality issues as we move into the 1990s.

Governors Booth Gardner of Washington, Jim Thompson of Illinois and Ed DiPrete of Rhode Island have agreed to serve on a council which I will chair. Counsel proposes to report to the NGA annual meeting a year from this summer. It's going to focus on ways to achieve better educated and trained workers, more and more flexible, workplace, as well as more flexible work force. Th kinds of state policies and programs, many of them already exist, to assist workers and business workers to achieve these goals.

The third point I would like to make is you have before you a packet which contains a letter from me and a package. I hope all of you can identify these are materials relating to the earned income credit campaign. The earned income credit was established in 1975 and greatly expanded by President Reagan and the Congress in 1986. To reward and encourage work and help offset the growing burden of payroll
taxes placed on low income working families. The credit is pro family and pro worker. You must work and support children living at home to quality. It's targeted to low income families.

However, we understand that several million low income families with children may fail to receive as much as $874 to which they are entitled under the federal tax credit if they fail to file a federal income tax return this year. The tax is refundable so that working poor families can benefit even if they owe no federal income tax. But they must file a federal income tax return to receive the credit.

The packet before you, which I explained in my cover letter, contains materials that you can use in your own states or adopt for use in your own state. To get this word out, to low income working families, good news that we as governors can convey to our constituents, we really need to help get this message to them so that we can join in a national campaign to help our working families take full advantage of this public policy.

Now, Mr. Chairman, rather than to highlight what was a long agenda for the Committee on Human Resources, very consistent with the emphasis we have been talking about this session, I would like to move en bloc the 11 policy positions that were voted by the committee on human resources yesterday.
GOVERNOR BALILES: Is there a second?

(Second.)

GOVERNOR BALILES: Any discussion? All in favor of the motion say aye.

(Chorus of ayes.)

GOVERNOR BALILES: All opposed?

No. The ayes have it. The motion is carried.

Governor Orr, Chair of the Committee on Transportation, Commerce and Communication.

GOVERNOR ORR: Thank you. The Committee on Transportation Commerce and Communications met in Chicago.

My goal for the meeting is to develop a comprehensive overview policy for this committee that better reflects our committee's potential. On the current immediate horizon is the surface transportation act that expires in 1991. I believe we need to feel the nation's pulse to develop plans to build a consensus and to propose an agenda for action. The if NGA plays a key role in the negotiations of future surface transportation program. Our association is essential to the success of the 2020 project and its steering committee for transportation alternatives group is already working. The transportation committee has developed a resolution and that just reemphasizes existing NGA policy on surface transportation. Its resolution entitled transportation 2020. I call your attention to it. It's in the gold packet
before you. I move its adoption by the whole association.

GOVERNOR BALILES: Thank you. Is there a second?

(Second.)

GOVERNOR BALILES: Any discussion? All in favor of the motion say aye.

(Chorus of ayes.)

GOVERNOR BALILES: All opposed?

Ayes have it. The motion is carried. I would like to call on Governor Blanchard to discuss three resolutions proposed by the executive committee.

GOVERNOR BLANCHARD: Thank you, Mr. Chairman. The executive committee has three resolutions, A-10, A-28, A-29 listed in your book. I believe all three are very brief. The first deals with political self-determination for Puerto Rico, next uniform poll closings, and the final one, voter registration and participation. They are general in nature and any of my colleagues would like to discuss them, I would urge you to read them. They are not lengthy at all, and perhaps speak for themselves better than my --

GOVERNOR BALILES: Is there a motion?

GOVERNOR BLANCHARD: I would move the adoption en block of those three.


GOVERNOR ADA: I am very happy to stand in support
of self-determination for the people of Puerto Rico. It fills the heart of every Territorial American with joy to see the human rights of other Americans recognized. Because it fills us with hope that one day human rights in the territories will be recognized.

The people of Puerto Rico deserve the right to determine for themselves the future course of the relationship with America, the destiny of Puerto Rico. So too do the people of Guam deserve the right to determine their future and the people of the Virgin Islands and the people of American Samoa.

I believe that when President Bush declared the support or his support for Puerto Rico's self-determination, that support universally extended to the rest of us, who live in the territories. We found the benefit of constitutional protection the only Americans remaining without full recognition of our human rights, for America is indeed a great nation, but it must, it will ensure that justice is done, even for its forgotten patriots in the territories.

Thank you.

GOVERNOR BALILES: Thank you, Governor. Is there any other discussion? All in favor of the motion say aye.

(Chorus of ayes.)

GOVERNOR BALILES: All opposed?

Ayes have it, the motion is carried.
That concludes our program. I would like to thank my colleagues and their staffs for attendance and participation. There is a closing press conference for governors 15 minutes after adjournment in the press conference room in the lobby level. There's no other business, I will declare this meeting adjourned.

(Whereupon, at 11:50 a.m., the meeting was adjourned.)