

1
2 ACHIEVING
3 EDUCATIONAL EXCELLENCE
4 AND
5 ENVIRONMENTAL QUALITY

6 National Governors' Association
7 82nd Annual Meeting
8 Mobile, Alabama
9 July 29-31, 1990
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16 PROCEEDINGS of the Opening Plenary Session of the
17 National Governors' Association 82nd Annual Meeting,
18 held at the Mobile Civic Center, Mobile, Alabama,
19 on the 29th day of July, 1990, commencing at
20 approximately 12:45 o'clock, p.m.
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1 GOVERNOR BRANSTAD: Governors and ladies and
2 gentlemen, I'm very pleased this afternoon to call to
3 order the 82nd Annual Meeting of the National
4 Governors' Association. This is the first time this
5 association has met in the State of Alabama. May I
6 have a motion and a second for the adoption of the
7 Rules of Procedure.

8 (Motion made and seconded.)

9 GOVERNOR BRANSTAD: We have a motion and a
10 second to adopt the Rules of Procedure. All those in
11 favor, signify by saying aye.

12 (Response.)

13 GOVERNOR BRANSTAD: Opposed?

14 (No response.)

15 GOVERNOR BRANSTAD: The Rules of Procedure are
16 adopted.

17 I would like to announce at this time that
18 any governor who is intending to offer a motion of
19 suspension of the rules for the purpose of introducing
20 a policy statement for consideration at Tuesday's
21 plenary session must do so in writing by the close of
22 business tomorrow. If governors have substantial
23 amendments it would be appreciate if they were also

1 made in writing. Please give copies of all suspensions
2 and amendments to Jim Martin of the NGA staff by 5:00
3 p.m. tomorrow.

4 I would also mention the reason for the
5 lateness of the beginning of our session is there's
6 been a considerable amount of work going on behind the
7 scenes in the Education Task Force. And the Education
8 Task Force, which was scheduled to meet this morning,
9 will instead meet in conjunction with the Executive
10 Committee of NGA. And that meeting is scheduled to be
11 immediately after this first plenary session.

12 At this time I would like to announce the
13 members of the Nominating Committee for next year's
14 Executive Committee. The chair of the Nominating
15 Committee will be Governor Miller. Other members of
16 the committee include Governor Campbell, Governor
17 Celeste, Governor Wilkinson, and Governor Jim Thompson.

18 At this time, as Chairman of the National
19 Governors' Association, I'm very pleased to introduce
20 our host state governor, who has done an outstanding
21 job of planning a governors' conference for the first
22 time in the history of the State of Alabama. He is a
23 good governor who is well liked and respected by his

1 constituents.

2 I had the honor of going with him to visit
3 the U.S.S. Alabama battleship yesterday, and I
4 understand we're all going to be together there
5 tonight. And I'm very pleased to honor now our good
6 friend and colleague, Governor Guy Hunt, from the State
7 of Alabama, to give us an official welcome for this
8 82nd Annual Meeting of the National Governors'
9 Association. Governor Hunt.

10 GOVERNOR HUNT: Well, thank you, Governor
11 Branstad. It's certainly a pleasure for all of us in
12 Alabama to welcome you, especially on behalf of what we
13 call LA, which is lower Alabama, and the people of
14 Mobile and Baldwin Counties and the people who have
15 played such a vital role in the welcoming here. And I
16 want to pay a special tribute to a man who has been
17 very valuable to us in putting this together and has
18 done everything we asked him, and that is the mayor of
19 Mobile, Mayor Mike Dow. Mayor, would you stand up?
20 We'd like to give you --

21 (Applause.)

22 GOVERNOR HUNT: Thank you very much. We hope
23 that you are enjoying yourself. I understand some

1 fresh Alabama peaches have gone to your room. Those of
2 you who haven't seen them yet, please don't leave the
3 meeting. They will keep until you get back. We also
4 expect the best of Alabama's seafood this evening at
5 the Battleship U.S.S. Alabama. We hope you'll all join
6 us there, as tomorrow evening for the Alabama group as
7 they perform for us at a local farm.

8 But it's a delight to have you here. I think
9 -- we're most pleased. I have here today the
10 presidents of so many of our major universities in our
11 state, together with other education leaders. And
12 Governor Branstad, we want to thank you for setting as
13 a part of your agenda to bring focus upon education in
14 our country and for what the Governors' Association has
15 done and now also the environment.

16 We thank you. We welcome you to our state.
17 And if there is anything we can do to make your stay
18 better while you're here, well, please call on us.
19 Thank you very much.

20 (Applause.)

21 GOVERNOR BRANSTAD: Governor Hunt, thank you
22 very much. This year our focus has been on building a
23 consensus for change in two of the most critical nation

1 -- two of the most critical issues facing our nation,
2 that is, the issue of education and the environment.

3 A recent article in a national news magazine
4 pointed out that the earth is practically
5 indestructible, but the environment that sustains human
6 life is quite fragile. If we are to have a quality of
7 life on earth, then we must find ways to protect our
8 environment, the environment that sustains life.

9 In recent years, public concern for the
10 environment has grown as we have witnessed disastrous
11 oil spills, medical waste that has washed up on our
12 beaches, and landfills that are overflowing. We've
13 been subjected to severe droughts and devastating
14 floods throughout this nation. Some of these problems
15 go beyond our nation. They are international in scope.
16 They span both political and economic sectors of the
17 world.

18 Indeed, in seeking solutions to these grave
19 environmental problems facing the world, we have to be
20 concerned as well about the economy, because it is
21 income that is generated by a healthy economy that must
22 be used to provide the resources we need to mold a
23 healthy environment. Clearly, these were our

1 challenges when we began this process of building a
2 consensus for change a year ago when the governors
3 agreed to address the two critical issues in the
4 environment, and those issues were identified as global
5 climate change and solid waste management.

6 I want to congratulate you as governors for
7 what you have done. Indeed, you have responded to our
8 challenge to build a consensus and to create a quality
9 environment in this decade of the '90s. The task forces
10 were ably led by Governors Thompson and Kunin and Casey
11 and Martinez. Those task forces brought together
12 scientists, environmentalists, and business people from
13 throughout the nation. And they held meetings
14 throughout the nation and, as a result, have developed
15 a consensus for an action plan to improve these
16 critical environmental issues.

17 The reports provide us with a blueprint of
18 options for addressing the issues of global climate
19 change and waste management in our individual states.
20 They spell out far-reaching goals. They also give us
21 solid, manageable recommendations for achieving those
22 goals. It is the consensus of the Task Force on Global
23 Climate Change that we must take up this issue of

1 utmost seriousness.

2 The task force has recommended realistic
3 goals and strategies that provide for a reasonable
4 return on investment to improve energy efficiency and
5 to build a firm foundation of knowledge on which we can
6 base future decision. They include such things as the
7 total elimination of chlorofluorocarbons and the
8 recycling of those that are presently in existence.

9 The Waste Management Task Force has
10 established ambitious but reachable goals that call for
11 cutting in half the amount of waste going to landfills
12 or incinerators by the year 2000. Source reduction and
13 recycling are two of the key strategies to achieve this
14 goal. Governors are in a unique position to take on
15 these issues and immobilize the talent and resources
16 necessary to resolve these critical issues.

17 It is essential that we act for the sake of
18 the health and well being of the human species. These
19 task force reports establish a strong foundation on
20 which we can build a consensus for positive change to
21 preserve and protect our precious environment. During
22 this session, we will have the opportunity to review
23 the task force goals and recommendations and we'll also

1 hear from some well-known experts on environmental
2 issues.

3 At this point I'm pleased to introduce
4 Governors Casey and Martinez, who will give us a
5 summary of the Task Force Report on Solid Waste
6 Management. One of the major needs for a consensus for
7 change is how America is going to manage solid waste.
8 This is a big challenge because our nation,
9 unfortunately, does not stack up very well vis-a-vis
10 other nations in the world in management -- in managing
11 waste. This has been the focus of our Task Force on
12 Solid Waste Management. Governor Casey is the chair,
13 Governor Martinez is the vice-chair of this task force.
14 They will present a brief summary of the report.
15 Governor Casey.

16 GOVERNOR CASEY: Thank you, Governor
17 Branstad. I'm happy to report on behalf of the Task
18 Force on Solid Waste Management and to give a brief
19 overview of the results of that effort. The report is
20 entitled appropriately Curbing Waste in a Throw-Away
21 World.

22 This report is the result of a year's work in
23 intensive meetings and field visits with some of the

1 nation's foremost experts on managing solid waste. All
2 of our states are coping with the reality that we have
3 less and less space to accommodate the growing volume
4 of trash that families and business firms and
5 institutions are throwing away.

6 This report offers strong and realistic
7 guidelines on ways to reduce the amount of trash now
8 headed to landfills and to incinerators. It favors a
9 comprehensive set of solutions that includes reducing
10 the sources of waste as well as recycling waste
11 materials for reuse. We believe that this work will
12 serve as a timely and valuable source of
13 recommendations for the Congress during current
14 deliberations to update the Federal Government's solid
15 waste policies and laws.

16 Briefly, the report makes the following
17 points and recommendations. First, Americans already
18 produce more waste than any other industrial society
19 and at a rate that's still growing. The task force
20 recommends lowering the amount of waste each person
21 generates back to 1985 levels. To do this, we need
22 action now by every sector of our society.

23 Industry must streamline packaging materials

1 to reduce the volume, weight, and toxicity of these
2 materials. Companies and families must change
3 purchasing and disposal habits. And government at
4 every level must educate consumers and create
5 inscentives for waste reduction.

6 Second, we currently recycle as a nation only
7 thirteen percent of our waste stream. The task force
8 believes that we must do better; forty percent by the
9 year 2000 with an ultimate target, over the long term,
10 of at least fifty percent. To achieve this goal, state
11 and local governments must establish comprehensive
12 recycling programs that not only promote the collection
13 of recyclable materials but also encourage the
14 development of markets for recycled goods.

15 We need a cooperative effort between
16 government, industry, and citizen groups to develop
17 voluntary recycle content standards, and we must insist
18 on the use of recycled materials in more and more of
19 our products. Through this combination of more
20 universal recycling and more aggressive source
21 reduction effort, we believe it's possible to cut the
22 amount of waste sent to incinerators or landfills in
23 half by the year 2000.

1 Finally, we simply must stop sending great
2 quantities of unwanted trash across state lines. Each
3 state must take responsibility for its own waste by
4 exercising a leading role in waste management. At the
5 same time, receiving states must be given greater
6 authority to control importation of trash from other
7 states.

8 In this country we don't believe in building
9 walls between ourselves. Indeed, our Federal
10 Constitution prohibits it. But we do support fair and
11 reasonable efforts to hold down excessive interstate
12 transportation of trash. The Solid Waste Management
13 Report is a result of dedicated efforts of the task
14 force governors, their staffs, the NGA, and all of the
15 groups that came to the assistance and aid of us in
16 this work, an advisory counsel made up of
17 environmentalists and leaders of industry and local
18 officials.

19 On behalf of the task force, I want to thank
20 all of them for their contributions. In Pennsylvania
21 where recycling will be the law this September, our
22 public awareness campaign asks people to stop throwing
23 out trash like there's no tomorrow, because tomorrow

1 belongs to our children. And it's our obligation to
2 ensure that the nation and the world will leave them
3 with clean air, pure water, and untainted land.

4 If we want to fulfill that obligation to our
5 children, we must take strong action now to deal with
6 our solid waste crisis. This report provides a strong
7 framework of recommendations and solutions for the
8 states, the Federal Government, and the private sector
9 in our collective effort to meet the challenge
10 presented by solid waste disposal in this country.

11 I would now like to call upon the
12 distinguished vice chairman of the task force, Governor
13 Martinez of Florida.

14 GOVERNOR MARTINEZ: Thank you, Governor.
15 Earlier this month I was in Washington to present the
16 report formally to the EPA Administrator William
17 Reilly. I believe we had a very good conversation on
18 half of NGA and the director of the EPA. I think he
19 was very appreciative of the initiative that the
20 governors have taken to develop this report, for the
21 initiative that the governors have taken in their
22 respective states to deal with a very serious problem
23 on solid waste.

1 The report also calls for good cooperation
2 with the EPA, but again allowing the states to carry
3 out their duty and responsibility, and only asked in
4 one area or so that we gain some authority from the
5 federal system. One is on the ability to have a
6 surcharge for waste transported between states. The
7 other is that ash studies on how to dispose of ash from
8 incineration could well be a good EPA project that
9 would save all states a lot of efforts if, in fact, we
10 can come up with a standard.

11 I think, like Governor Casey has indicated,
12 many of us have gone in various routes to try to meet
13 this whole issue of solid waste. In our case in
14 Florida, we passed our law in 1988 and we came back
15 this year with Preservation 2004. In Florida our big
16 issue is -- obviously is our water resources, which is
17 groundwater, which can be put at risk through leachates
18 in the very shallow system of water that we've got.
19 And for that reason and other reasons we came up with
20 Preservation 2000 that sets about buying three billion
21 dollars' worth of environmental land over ten years.
22 And a lot of that land historically would be used for
23 landfills since it's lowlying and not necessarily

1 marketable.

2 So I think that each of us have to engage in
3 an effort not only to reduce the nation's waste stream
4 and engage in increase in recycling, but as a
5 by-product of that you end up protecting other
6 environmental resources. And I think that the
7 ambitious program that we've outlined in this report is
8 do-able. I think the education element -- and
9 certainly a good part of this comes through education,
10 particularly of our young, in order to recycle properly
11 and to reuse.

12 And I hope that this report will simply be
13 one of those that we each can take home and be sure
14 that we update our own laws that requires updating, and
15 if we don't have them in place yet to certainly put
16 them into law. And I think that by doing that that we
17 can assure a major reduction in the waste stream, and
18 obviously a major reduction in incineration and
19 landfilling.

20 Thank you very much, Mister Chairman.

21 GOVERNOR BRANSTAD: Governor Casey and
22 Governor Martinez, I thank you for your excellent
23 leadership in your individual states on this issue and

1 also for the very quality report that you have put
2 together.

3 We're also very pleased to have Mr. Bill
4 Ruckelshaus with us today. Bill Ruckelshaus and his
5 wife, Jill, reside in Houston, Texas, where he is
6 presently the chairman and chief executive officer of
7 Browning-Ferris Industries, Incorporated. BFI is one
8 of the world's largest waste disposal companies.

9 Mr. Ruckelshaus has a very interesting
10 background and career. He served as the majority
11 leader in the Indiana House of Representatives and was
12 both the first and the fifth administrator of the
13 Federal EPA. He also served as a Deputy Attorney
14 General for the United States and is today a member of
15 the board of Princeton University and the Conservation
16 Foundation.

17 We're very proud to have Bill Ruckelshaus,
18 certainly a distinguished career, with present
19 expertise in this very important issue that we're
20 facing in protecting our environment. Bill
21 Ruckelshaus.

22 MR. RUCKELSHAUS: Governor Branstad, thank
23 you for that kind introduction. Many of you may wonder

1 why the person described in that introduction is
2 currently chief executive officer of the one of the
3 nation's largest garbage companies; or as my brother
4 said to me when twenty-one months ago it was announced
5 that I had this job, "My boy, you have finally arisen
6 to the top of the heap."

7 The introduction suggests that this very fine
8 report which Governors Casey and Martinez have just
9 outlined for you is a -- is a good reason for a former
10 EPA administrator to appear before this group. I think
11 that's true. I know many of you have a warm spot in
12 your heart for the Environmental Protection Agency in
13 Washington. I used to feel that warmth when I had that
14 job.

15 If any of you in a subsequent career have any
16 desire to be the EPA administrator, I only have one
17 piece of advice. And that is, don't take it unless
18 it's offered by a Republican president. I've now
19 discovered for the second time that if you're EPA
20 administrator in a Republican administration and you
21 leave before you're indicted, everybody tells you what
22 a good job you did.

23 (Laughter.)

1 I've been asked by the leaders of this session
2 from your association to discuss a little bit about the
3 trends in the environment as they might affect both
4 people in this country and around the world in the next
5 couple of decades. I won't try to steal any of my good
6 friend's Barber Conable's thunder where he is going to
7 talk about global warming here in a few minutes. But I
8 think it might help provide some background in a few
9 comments I will have about the solid waste report to
10 relate an experience I had after I left the government
11 the last time.

12 In 1985 I was asked to serve on an
13 organization called the World Commission on Environment
14 and Development. It was a very modest-sounding
15 organization, but it was a commission created by a UN
16 Charter. And our agenda was even less modest than the
17 title of the commission. We were given the assignment
18 of looking at the problems of pollution, population,
19 resource depletion, energy, and food supply worldwide
20 for the next thirty years. Not daunted by that, we
21 picked up during the course of our deliberations the
22 issues of third world debt and nuclear disarmament just
23 to round out our agenda.

1 The commission was made up of twenty-three
2 members. The chairman was the then Prime Minister of
3 Norway, a remarkable woman named Gro Harlem Brundtland.
4 There were representatives from fourteen developing
5 nations. Several of the developed nations also had
6 representatives. There was a Soviet Mainland China
7 representative. We spent three weeks every quarter for
8 three years meeting in one region of the world or
9 another. We spent three weeks -- and this went on from
10 1985 to 1988.

11 We met in Indonesia, spent a week in Borneo
12 looking at the rain forests. We spent three weeks in
13 Sao Paulo and a week on the Amazon. We were in
14 Zimbabwe in Southern Africa for three weeks, in Delhi;
15 and then in the northern hemisphere in Ottawa, Oslo,
16 Geneva, Berlin, Tokyo. We even spent three weeks in
17 Moscow in December of 1987. That's showing little we
18 new about the environment.

19 We held hearings in all of these parts of the
20 world. We asked people to come in and tell us what
21 they thought the problems of development and the
22 environment were. We saw firsthand the problems of
23 pollution in the eighty percent of the world which

1 falls outside the developed world, how terrible those
2 problems were, how, in fact, they tend to make ours
3 pale into insignificance.

4 After all of this deliberation, the report
5 called Our Common Future was released in 1988. It has
6 received a good deal of attention around the world, not
7 too much focus here in the United States, for a variety
8 of reasons. But fundamentally the recommendation of
9 the commission was that environment -- environmental
10 protection and economic development are not necessarily
11 antagonistic to one another.

12 Quite the contrary. The report called for
13 sustainable development throughout the world as the
14 answer to environmental problems. One of the things
15 that certainly was made clear to all of us on the
16 commission, that unless you are willing to discuss with
17 the developing world protection of the environment in
18 the context of economic development, you're wasting
19 your breath.

20 People who are -- peoples who are
21 inadequately fed, clothed, and sheltered, are not going
22 to be concerned about tropical rain forests, global
23 warming, depletion of the ozone and certainly are not

1 going to be concerned about making serious economic
2 investments in such speculative, in some cases, not so
3 speculative in others, problems in the years ahead
4 unless this can be coupled somehow with development.

5 The commission found square on that it was
6 not necessarily to abdomen the legitimate aspirations
7 of people in the world for adequate food, clothing, and
8 shelter and at the time that development was being
9 promised, and therefore came up with this conclusion,
10 that sustainable development was the answer,
11 sustainable in the sense that economically the
12 development would not be undercut by not enough
13 attention being paid to the environment, and by the
14 same token, the environment itself must be seen as a
15 sustainable resource if development was going to be
16 wise, economic development was going to be wise for
17 these nations.

18 This all, of course, should be very good news
19 to the developed world, particularly the United States.
20 We have shown how to do both. We have shown how to
21 create development that is not sustainable, but we've
22 also shown that we have the people, the know-how, the
23 technical xpertise, the technology, and the dollars to

1 provide development that is sustainable both in an
2 economic as well as environmental sense.

3 Unfortunately, in this country our own
4 struggle over how to preserve the environment has
5 arisen in the context of pollution abatement. Cleaning
6 up the unwanted side effects of industrialization with
7 the predictable resistance by industry to
8 after-the-fact standards has been conflict. Conflict
9 has been the hallmark of our environmental struggle.
10 We still in this country tend to see the environment as
11 an issue of divested interest versus the people.

12 I firmly believe that if we are to show the
13 rest of the world how sustainable development is
14 possible, we need to change the public policy focus to
15 prevention rather than after-the-fact cure. The World
16 Commission on Environment and Development report on --
17 in its recommendations on sustainable development
18 provide an intellectual construct to do this.

19 We can have both. We can, here in America,
20 lead by the best possible way of leading, namely by
21 example. It will take a different form of political
22 rhetoric and policy focus if we are to change th way
23 we think about environmental problems in this country.

1 I recognize that's easy to say and hard to do. I think
2 it is going to be necessary in the future, if we're
3 going to succeed in dealing with issues like waste
4 management.

5 Now let me talk about this a little bit.
6 Your report on what to do about trash is really quite
7 good. As I mentioned at the outset, both Governor
8 Casey, Governor Martinez, their fellow members of the
9 committee and the staff, are to be commended. The
10 report deals with the need for integrated waste
11 management planning. It certainly calls for the
12 reduction of waste at its source, for a lot more
13 recycling.

14 Recycling, for instance, for our company,
15 which now operates in forty-seven states and eleven
16 foreign countries, is the fastest-growing part of our
17 business. When I arrived in this job twenty-one months
18 ago in October of 1988, we had forty-seven thousand
19 curbside recycling customers, people whose trash we
20 picked up at the curb, either separated ourselves or
21 set out in separate bins and already separated by the
22 homeowner. Forty-seven thousand twenty-one months ago.

23 Today we have a million five hundred thousand

1 curbside recycling customers, all as a result of public
2 demand, political response. In fact, Governor Hunt and
3 I dedicated just such a recycling effort in Huntsvill ,
4 Alabama, where they very carefully went through an
5 integrated waste management plan. It took them four
6 years. They have waste reduction, they have recycling,
7 they have some incineration and landfilling of what's
8 left.

9 It is a first-rate effort on the part of the
10 city to do precisely -- that city to do precisely what
11 is recommended in your report and I think can serve as
12 a model for efforts of that kind around the country.

13 But let me mention one issue of importance to
14 many members of this association, to many of your
15 states, and of importance to companies like ours which
16 operate in virtually every state. And that is the
17 question of waste importation, the interstate shipment
18 of waste from one state to another.

19 Ten years ago it was probably unheard of that
20 trash picked up would be disposed of further away than
21 about five miles from where it was collected. We now
22 know this to be a -- something of the past. Many of
23 the disposal sites for waste collected in states are

1 several hundred miles away. It was only a few years
2 ago that that waste barge that wandered all over the
3 world looking for a place to stop was very visible
4 evidence of this kind of problem.

5 The problem is probably the most severe in
6 the northeastern part of the country and in the middle
7 west. We operate in all of those areas. New Jersey
8 and New York tend to be exporting states.
9 Pennsylvania, Ohio, Indiana, some of the states just
10 south of those states, tend to be importing states.
11 The capacity shortage in the two states of New York and
12 New Jersey force that waste out of the state as of this
13 point.

14 So the question becomes, what can we do about
15 it? The importing states are resisting. The exporting
16 states simply have a need for putting whatever remains
17 after their recycling and reduction efforts someplace.
18 It affects us in the importing states. We are being
19 pressured by the state regulatory officials, even
20 sometimes state governors, to cut back on the amount of
21 waste that we receive at sites located in those states.

22 I personally am sympathetic with the people
23 in those states, the people who have provided some

1 capacity for their own needs in the future, about being
2 -- having seen that capacity reduced as a result of
3 states importing in there. We have voluntarily cut
4 back at many of these sites in the amount of waste we
5 will receive from out of states, in at least one site
6 by seventy-five percent. This was at the urging of the
7 state regulatory officials which we pay a lot of
8 attention to.

9 It is difficult in the exporting states, as
10 it is in many of your states, to find ways of siting
11 adequate capacity. We're trying to help in doing that.
12 We have efforts in New Jersey and New York to try to
13 see if it isn't possible to site additional capacity.
14 For instance, just last week in New York, where we have
15 been trying for several years now to locate new
16 landfill capacities, we announced a program that might
17 fit some of your states, it might not. In fact, some
18 of them it won't. But we feel it's an innovative
19 approach.

20 We sent to twelve hundred local officials an
21 invitation to become a partnership with our company to
22 locate a recycling composting landfill facility to meet
23 the needs of either the region in which that community

1 is situated or for a larger area within the State of
2 New York if they so desired. We told them that we
3 thought there were two elements necessary to site a
4 needed facility of this kind. One was it had to be
5 their choice. We do not start with a site. We have no
6 sites currently in New York either under option or
7 ownership for this kind of program and we would choose
8 the site with the community itself.

9 Our Governor Gardner from the State of
10 Washington is familiar with this process as it was used
11 there in a company I was involved with before coming
12 here for locating a hazardous waste facility. After
13 about three years, the community and the surviving
14 company - I'm no longer associated with it - is now
15 going to the state asking them for permission to locate
16 a hazardous waste facility in a town called Lind,
17 Washington. It is a very carefully chosen site,
18 geologically secure, and the community supports it.

19 It is precisely this kind of program,
20 providing the community the choice, that we're trying
21 to start in New York. We've also promised them that
22 benefit sharing will be part of this effort. Whatever
23 benefits accrue from the operation and ownership of the

1 site will be shared with the community on some
2 negotiated process. Well, we're trying.

3 We want the governors of Ohio, Indiana,
4 Pennsylvania to know that we're doing our best to try
5 to ensure, every way we know how, that adequate
6 capacity is sited in states that are now exporting. I
7 guess my own -- my own guess is that over time those
8 states are going to have to sit down and try to work
9 out some process, some integrated waste management plan
10 among themselves if this problem is to ever finally be
11 decided.

12 Well, what else did industry do? Let me just
13 quickly tell you what we are doing. It's easy to
14 suggest what should be done politically to deal with
15 these kinds of problems. It's difficult politically to
16 do it. It's easy technically. Frankly, I don't think
17 the solid waste crisis is anywhere near as difficult
18 technically as it is politically.

19 The problem of people not wanting facilities
20 for disposal in their neighborhood is intense. The
21 additional power that people now have to stop unwanted
22 facilities that stems from a long line of crises at the
23 national level, I think, makes this problem

1 particularly troublesome politically.

2 I think there is a role that industry must
3 play, and let me run down very quickly just what we're
4 doing. We don't have any choice in this industry that
5 I'm now part of, the waste management industry, to do
6 anything other than come into compliance. The industry
7 was essentially unregulated twenty years ago. It is
8 now among the most regulated in the country.

9 We have to develop, as we have been in our
10 company, what we call an obsession with compliance.
11 Our company recognizes that a corporation such as ours
12 only stays in business if we play within the rules as
13 they are written and as they are perceived by the
14 public. It's up to us to learn these rules and be in
15 full compliance a hundred percent of the time. That is
16 our corporate objective. We're not there yet. Nobody
17 is there a hundred percent. In fact, these rules
18 change so often, as new laws are enacted, as new
19 regulations come out, it's very difficult to keep up
20 with them. But that is -- that is our goal and that is
21 precisely where we will be.

22 In order to do that, we have ensured that
23 several -- in order to ensure that that happens, we've

1 taken several steps. We have extensive training
2 programs. We work on the attitudes of our people
3 constantly. We've created a vice-president for
4 environmental audit who reports directly to me. He has
5 not only the power but the responsibility to shut down
6 any facility in the country that isn't in a hundred
7 percent compliance. He has the power -- by the way,
8 that is precisely the same authority, responsibility,
9 power, that the operators of our sites now have.

10 We've created an environmental policy
11 committee which again reports to me, the chairman, to
12 ensure that we're abreast of all environmental concerns
13 and changes as they happen. We've instituted policies
14 to get to know, understand, the perspective of the
15 state regulators and federal regulators better. We sit
16 down with them periodically and go over our own
17 problems, listen to what the world looks like from
18 their perspective, in the hopes that we can have a
19 better understanding and better foundation and mutual
20 trust.

21 Finally, and probably most significantly, our
22 people who are not in compliance around our sites
23 receive no incentive pay. In fact, they don't get paid

1 at all if they are out of compliance for longer than
2 any designated period of time. They have gotten that
3 message and gotten it very clearly. Now, I don't say
4 all of this -- that we're doing all this out of a sense
5 of public spiritedness, although that would be the
6 right thing to do and sufficient. I think if we don't
7 do these things we won't be in business.

8 If we exceed the environmental requirements
9 the public has put on us, we won't be in the yellow
10 pages. We'll be dead. And as Mark Twain has taught
11 us, death is nature's way of telling you that interest
12 rates were in the your most important problem.

13 Let me make one last point. It's an
14 important point, I think, for every elected public
15 official in this country to know. And that is that we
16 have made substantial progress in this country over the
17 last twenty years against our environmental problems.
18 That progress is visible all over the place if we only
19 open up our eyes and look at it. It is important to
20 say this from time to time, because that tends to be
21 the best kept secret in the country, that we're getting
22 anywhere with the billions of dollars that we've spent,
23 with the mountains of laws and regulations that we've

1 passed. All of this has not been in vain.

2 We have made substantial progress. I think
3 this particularly is apparent if you think of a similar
4 change that occurred toward the end of the last
5 century. We decided -- it was decided first in
6 England, and then came over here, that in the pursuit
7 of our economic goals worldwide it was no longer
8 permissible to exploit the worker.

9 It took us about fifty years to translate
10 that attitudinal change on the part of the public into
11 rules, laws, norms, customs that embodied that
12 attitudinal evolution. Sweat shop laws, child labor
13 laws, the right to organize, all of those kinds of
14 things took place over the course of about fifty years.

15 There was a similar sea change in public
16 attitude in this country in the 1960s. Simply stated,
17 it was that in the pursuit of our economic goals the
18 public decided it was no longer permissible to exploit
19 nature. And we've been at it about twenty years now
20 trying to translate that public attitudinal change into
21 progress that embodies, in everything we do, what the
22 public is demanding of us.

23 We had rivers -- river basins cleaned up on

1 both coasts in this country and throughout the middle
2 part of it. We have lake, Lake Erie, we declared dead
3 about twenty-five years ago that now supports a six
4 hundred million dollar fishery. We have made
5 substantial progress in air sheds around the country.
6 It does not mean that the problem is over. The
7 environment is not the kind of problem like painting a
8 house or putting in a highway where it simply is going
9 to go away, you can walk away from it, brush it off,
10 and say now that problem is over.

11 The environment is a problem we have to stay
12 everlastingly at or it begins to slide on us. But in
13 doing that, I think it's important to acknowledge and
14 for us to say and for people to finally understand that
15 we have and are making progress at it, and that if we
16 stay at it, if they will give us their support, their
17 money, their moral encouragement, we can continue to
18 make progress in the future.

19 Thank you very much for inviting me.

20 (Applause.)

21 GOVERNOR BRANSTAD: A number of the governors
22 have questions. The first governor I would call on
23 would be Governor Florio from New Jersey.

1 GOVERNOR FLORIO: Thank you. Mr. President,
2 Bill, I think I speak for most here in saying that we
3 appreciate your very uncharacteristically thoughtful
4 and balanced presentation. I guess the question I have
5 is that I trust as a nation we've moved in dealing with
6 solid waste, garbage, beyond the point of thinking that
7 it's exclusively a local problem anymore, that it truly
8 is a national problem with environmental and economic
9 ramifications that are very substantial.

10 The existing federal law, which is largely
11 unenforced, does charge the states with formulating
12 solid waste management plans. And that's fine. I
13 guess the sense is on the part of a lot of people that
14 that's not going to be able to be done until we have
15 some degree of national uniformity at some minimum
16 levels, standards, definitions, things like common ash
17 testing standards and protocols, what is recycling and
18 what is not recycling that just goes under that name,
19 fundamental things like landfills.

20 I've been to landfills in different areas
21 where in one state it is a facility with a double
22 composite liner and leachate collection systems and
23 groundwater monitoring wells, and another one that has

1 a hole in the ground with a piece of plastic on top of
2 an aquifer.

3 What I would like is your unique perspective
4 on how it is that we as governors can induce some
5 action to achieve some national participation in giving
6 us those basic fundamental assumptions and definitions
7 that we can all work off of in doing our state planning
8 so as not to have counterproductive lowest common
9 denominator rivalries take place between the states
10 because we're not working off of a level playing field.

11 MR. RUCKELSHAUS: You and I used to have this
12 same discussion when I was at the EPA, Governor, and
13 you were in Congress. This is a -- I think the three
14 areas you mentioned are clearly areas where EPA has a
15 responsibility, even under current law, to move
16 forward.

17 One is the establishment of standards for
18 landfills. The socalled subtitle D part -- or
19 regulations under RCRA, the Resource Conservation
20 Recovery Act, do provide for a responsibility on the
21 part of the agency to come out with standards. They
22 are now in the proposal stage. They were supposed to
23 have been out last December. The latest that I have

1 heard indicates they won't be out until next January.

2 I do think that it's important that those
3 regulations come out, that they provide a minimum
4 standards -- a minimum set of standards for the
5 operator -- the construction and operation of landfills
6 in the country. Many states have gone beyond where
7 those standards are already in terms of what they have
8 required, New York being an example.

9 Likewise, in terms of recycling, what exactly
10 does recycling mean? You and I both are on this
11 Recycling Advisory Council in which we are wrestling
12 with those same issues. And I think that defining the
13 terms of recycling, make sure we have a common
14 understanding of what we mean by it, is a very
15 important thing to do.

16 I likewise believe that for -- that EPA ought
17 to, under existing authority, come out with standards
18 for the disposal of ash from incinerators that would
19 make it -- again, make it a floor under which everybody
20 could operate, that at least this minimum set of
21 standards was necessary in order to protect public
22 health and the environment.

23 And I think the governors simply continuing

1 to do what you have already done in terms of producing
2 this plan, going and talking to Mr. Reilly about it and
3 talking to people in the White House as well,
4 encouraging them to move these regulations forward,
5 would go a long way to achieving those three ends.

6 GOVERNOR BRANSTAD: I think Governor
7 Bangerter had a question.

8 GOVERNOR BANGERTER: Yes. Thank you, Mr.
9 Ruckelshaus. I was -- had the privilege of testifying
10 before Congress with Governor Florio on this issue.
11 And it must really be a good national issue, because
12 there were real senators at this hearing. And as most
13 of you know, that rarely happens. And those
14 particularly represented were those from the states who
15 are shipping garbage or trash to other states. And it
16 is a major challenge.

17 And the national governors, I think, in their
18 preliminary report, have taken the position that states
19 ought to have primacy in this area. Now, out in Utah
20 we have a lot of land and we're not being put upon by
21 others at this point to take this material from other
22 states in large amounts.

23 The question I hav is whether or not you

1 believe we're on the right track in maintaining primacy
2 on a state basis. And I accept the fact that we ought
3 to cooperate with our sister states in helping them
4 revolve their problems. And we haven't taken the
5 position so hard that we won't do that or that we
6 outlaw doing that. But would you agree that this is
7 something that the states ought to have a pretty heavy
8 say in standards?

9 We were a little bit -- and we've really
10 tightened up in Utah by passing a law saying that no
11 more waste disposal sites can be located, either in
12 hazardous waste or solid waste, in our state without
13 now the approval of the governor and the legislature.
14 We've taken it out of our regulators' hands, and we
15 have the capacity within those that we have authorized
16 to take much more from outside the state than we will
17 generate in the state.

18 But would you think we're on the right track
19 essentially in trying to focus on states ought to be
20 responsible to deal with that issue and to make their
21 agreements with other states as we deal with this very
22 critical issue?

23 MR. RUCKELSHAUS: Yeah, I think that is the

1 proper approach. I think that -- in fact, that's the
2 way these waste importation issues are going to
3 ultimately be decided. I think it has to be an
4 agreement between the states involved if there is going
5 to be an agreement. Because I don't -- my own -- my
6 guess is that it's unlikely that the Federal Government
7 will step in. If enough of -- if what is currently a
8 chronic problem becomes acute, then it may be necessary
9 at some point for the Federal Government to step in.

10 I don't think it needs to get to that stage,
11 and that really this ought to be a state
12 responsibility. And many states have in turn -- I
13 would agree with Governor Florio, there is a role here
14 for the Federal Government. But many states have, in
15 turn, delegated the responsibility under certain --
16 within a certain framework of laws down to local
17 government.

18 And there are some states which have --
19 Wisconsin being an example, I think, which have adopted
20 kind of innovative siting laws that are quite effective
21 in insuring that the state has -- the state itself has
22 adequate capacity. Then if the state wants to receive
23 material from another state, that can be between them

1 and the other state.

2 GOVERNOR BRANSTAD: Governor Martinez has a
3 question. Governor Martinez.

4 GOVERNOR MARTINEZ: In a different area, what
5 do you think are some of the strategies that states and
6 the Federal Government can engage in to provide in the
7 marketplace the incentive to reduce waste, eliminate
8 certain types of substance or waste, and to encourage
9 the actual recycling, not only by the consumer of the
10 end product, but also by those who manufacture it? Do
11 you get the marketplace involved? Normally they tend
12 to push not only educational, but also finding the
13 resources by which you encourage the process.

14 And do you have any thoughts on what it is we
15 might be able to do to accelerate it?

16 MR. RUCKELSHAUS: There is no question that
17 in terms of reduction the biggest incentive that
18 currently exists is economic. To the extent that the
19 generator of the waste sees very large disposal costs,
20 very large potential liabilities out into the
21 foreseeable future, that's a tremendously strong
22 incentive for them to reduce the waste. And we are
23 seeing, particularly on the hazardous waste side, in

1 many major manufacturing sectors of the country,
2 significant amounts of waste reduction going on.

3 The same thing would be true, I think, in a
4 residential area. There's a program in the City of
5 Seattle where I recently, before moving to Houston,
6 lived, and in which there is a differentiation between
7 the cost of garbage service depending on how much you
8 generate, how much you actually put out. That has the
9 same kind of economic incentive for the homeowner not
10 to generate as much waste.

11 In terms of recycling, I think that what
12 we're seeing is a -- is a public demand for recycling
13 with a lot more steam behind it than occurred fifteen
14 years ago when the first wave of recycling hit the
15 country, primarily because of the lack of disposal
16 capacity, or at least perceived lack of disposal
17 capacity in many parts of the country.

18 And the race is whether the public demand for
19 more recycling capacity, more recycling to go on, will
20 sustain itself long enough for the infrastructure to be
21 put in place so that recycling can be put in a reality.
22 We need a change in habits of people both in commercial
23 establishments as well as people in their own homes.

1 We need collection systems like the one I was just
2 mentioning from forty-seven thousand to a million five,
3 more of those kinds of systems in place and functioning
4 so that people are used to it, their habits have
5 changed, and we need processing facilities to take that
6 waste, make sure that it's properly baled and sent to
7 the end user, and then we need end user markets. We
8 need markets in place for that waste once it's
9 generated.

10 All that is currently happening. It's going
11 on like things like this usually occur, in a very
12 uneven, somewhat chaotic way, but it is occurring. And
13 if we get that whole infrastructure in place from
14 changed habits to collection to processing to markets,
15 then I think even when the public loses interest, as
16 almost inevitably they will, in this kind of problem,
17 then it will sustain itself. The process will be in
18 place.

19 And in countries in the world where that's
20 happened, Switzerland being a very good example, it's
21 part of their life. It's unlikely that we'll see more,
22 probably less, generation of waste in a country like
23 that where the infrastructure is in place and the

1 habits have changed.

2 GOVERNOR BRANSTAD: Governor Sinner has a
3 question. Governor Sinner.

4 GOVERNOR SINNER: Bill, thanks for being
5 here. As I understand it, the Interstate Commerce Act
6 prohibits a state from imposing standards on
7 neighboring states' waste coming in that would not
8 apply in the same way on instate waste; is that
9 correct?

10 MR. RUCKELSHAUS: Well, you have to show an
11 interest of the state that goes beyond just the
12 prohibition of waste in commerce coming across the
13 state -- state lines. And it's -- the whole area of
14 law is evolving very rapidly. But the way you state it
15 is the most recent expression by the courts.

16 GOVERNOR SINNER: If that's true, if we're
17 going to change that, we're going to have to change the
18 law. What would you think of changing the law so that
19 it would read interstate transfer of waste shall be
20 permitted only under terms agreed to by the exporting
21 state and the importing state? Which would implement
22 the kind of idea that Governor Bangerter suggested and
23 that you alluded to of the needs for agreement between

1 states on this kind of -- I'm faced with one right now
2 that's getting very, very difficult for me and for the
3 people. The people generally are very opposed to a
4 large landfill that's being developed by an
5 out-of-state company to bring in out-of-state waste.

6 Now, I don't want to -- all kinds of cute
7 things are being suggested, that we impose all sorts of
8 devious regulations to prohibit this from happening. I
9 don't want to get in that game. But I see the problem.
10 I -- I see why people are irritated. If industry is
11 the one who generate the waste to deposit in our state,
12 why don't they come here and do business? That's
13 generally what's being said.

14 And maybe the solution to this is to
15 amendment the Interstate Commerce Act to say that waste
16 transfers shall be allowed only under terms established
17 by agreement from -- with the exporting state and the
18 state, what -- is that a possible --

19 MR. RUCKELSHAUS: Well, assuming -- and I'm
20 not enough of a constitutional expert on this subject
21 to know whether this would pass - the commerce clause -
22 muster in the constitution itself. Assuming it would,
23 that is at least one solution to this. I think there

1 should be allowed some time period to pass for those
2 states which really are -- would be in severe
3 difficulty if they were suddenly cut off if the law
4 were to, for instance, take -- take effect upon
5 passage, it would have a very difficult impact on
6 states like New Jersey and New York.

7 But if you allowed enough time for them to
8 develop their own plans and for negotiation to go on
9 between the importing and exporting state, that might
10 be a very good way to do it.

11 GOVERNOR BRANSTAD: Governor Miller.

12 GOVERNOR MILLER: What do you think are the
13 most significant recent technological advances that
14 work toward the reduction and what impact they can have
15 on the reduction of waste for disposal?

16 MR. RUCKELSHAUS: I'm not sure I understand
17 the ecological advances that you are referring to.

18 GOVERNOR MILLER: Technological.

19 MR. RUCKELSHAUS: Oh, technological. Well, I
20 think they are -- probably rather than any sort of
21 magic bullet or great breakthrough, there hundreds of
22 things. And chemical firms, for instance, which have
23 committed, as has Monsanto, to a ninety percent

1 reduction in the waste stream they generate, primarily
2 as a result of the Right-to-Know Laws which forced all
3 of these companies to come out and indicate the amount
4 of waste that they were generating and that was getting
5 into the environment, even though they believe that
6 does not provide any environmental threat or public
7 health threat, they have committed to a ninety percent
8 reduction.

9 And they are doing this through literally
10 tens of different ways of going back and looking at the
11 processes whereby they manufacture chemicals, the
12 processes involved in their manufacturing facilities
13 all over the world, and seeing precisely what
14 substitutes are available or what they can do to cut
15 back or reuse the waste that they -- they heretofore
16 put either in the air or the water.

17 So I don't think there's any single
18 technological breakthrough. But the fact that the laws
19 and public pressure really have focused the attention
20 of these managers back on this kind of problem has
21 resulted in significant reductions in waste over the
22 last two to three years.

23 So the laws have, in that sense, really

1 worked. They have -- and they all stem from the same
2 place. They all come from public opinion. That's
3 where our company came from. There was no such thing
4 as a waste industry, as we currently know it, twenty
5 years ago. It came from public opinion. It is a very
6 large industry in this country today.

7 And if we don't respond, just as all of you
8 don't respond to public demands, we don't stay in
9 business. And that is exactly what is happening with
10 chemical companies and other manufacturing concerns
11 around the country.

12 GOVERNOR BRANSTAD: Governor Blanchard. And
13 I think this will be the final question.

14 GOVERNOR BLANCHARD: Thank you, Governor, and
15 thank you, Bill, for your years of service to our
16 country and to environmental protection. I have one
17 question. You have been kind of answering it, but you
18 heard the report by Governor Casey and Governor
19 Martinez in the goal of reducing waste to incinerators
20 or landfills by the year 2000 by a half. Is that -- as
21 I heard it. Is that it, Bob? Try to reduce by half
22 the amount of waste to incinerators and landfills by
23 the year 2000. How realistic a goal do you feel that

1 is?

2 MR. RUCKELSHAUS: I have no idea. I do
3 believe that it is possible to reduce and recycle a lot
4 more than I would have believed two years ago. And I
5 think that part of the reason is that people have begun
6 to focus hard on what can we do to reduce and recycle
7 materials that we heretofore threw away. And that by
8 causing that to happen, being urged by the public, by
9 laws, by regulation, we have discovered that a lot more
10 material can be taken out of the waste stream for the
11 normal kinds of disposal activities than we believed in
12 the beginning.

13 EPA issued a report three years ago where
14 they said twenty-five percent, and they thought that
15 was quite ambitious at the time. I think if you went
16 back and asked the same group that prepared that report
17 today, they might not be at fifty percent but they
18 would be here than twenty-five percent.

19 So setting the goal -- whether or not it can
20 be achieved, I honestly don't know -- is probably a
21 worthy goal to pursue. There is some point at which
22 the economics of it just simply take over. The truth
23 is, you can recycle just about anything if you want to

1 spend enough money. But when we get up to certain
2 levels we're talking about a lot of money.

3 And when you look at the alternative and what
4 can be done to safely insure that it can be disposed
5 of, that amount of money doesn't make any sense. I
6 don't think we yet know where that curve breaks, and
7 fifty percent may turn out to be not too ambitious.

8 GOVERNOR BRANSTAD: Bill Ruckelshaus, thank
9 you very much. We appreciate your comments and
10 response to the questions.

11 (Applause.)

12 GOVERNOR BRANSTAD: We have one other
13 distinguished guest that's going to speak to us this
14 afternoon. Last year the National Governors'
15 Association focused on America in Transition, the
16 International Frontier. The issues we identified then
17 continue to be important to us today as we focus on
18 worldwide environmental change.

19 The Honorable Barber Conable has been the
20 president of the International Bank for Reconstruction
21 and Development, which we commonly called the World
22 Bank, since 1986. Prior to that, he served twenty
23 years in the United States House of Representatives.

1 Many of those years he was the ranking Republican on
2 the Ways and Means Committee.

3 He's also a distinguished professor and was
4 the editor of the Cornell Law Quarterly. Mr. Conable
5 has been asked to share his thoughts with us from his
6 perspective as president of the World Bank. I'm very
7 pleased to introduce the Honorable Barber Conable.

8 (Applause.)

9 MR. CONABLE: Thank you, Governor Branstad.
10 Good afternoon, friends. I'm very honored to be here.
11 And I'm delighted to see so many old friends from
12 earlier political incarnations before I got in this
13 international trouble. Indeed, it looks to me as if
14 the House of Representatives really is a weigh station,
15 an interesting weigh station to be sure, on the way to
16 something more glorious. I don't know where I went
17 wrong. I like seeing so many friends here, though.

18 I asked Governor Branstad how long I should
19 talk about a subject as broad as human experience. He
20 said he'd much prefer a short prayer to a long sermon.
21 I think prayer is the appropriate modality, given the
22 extent to which our world environment has already
23 degraded.

1 In the temperate forests of the pacific
2 northwest and in the tropical forests of the Amazon
3 Basin, we all face a similar delicate balance between
4 the need for preservation and the need for wood. In
5 the smog that envelopes some of our great cities, our
6 developing country urban conglomerations like Mexico
7 City or Calcutta, India, we all face similar trade-offs
8 between energy consumption and transport, clean air and
9 better health.

10 In the plight of possibly threatened species
11 here or the gorillas of Central Africa, we all face
12 similar apparently conflicting claims of land and
13 resource for human use and the more only recently
14 realized incalculable value of biodiversity.

15 Now, Bill Ruckelshaus has already referred to
16 the relationship between development and the
17 environment. But, in fact, the World Bank is primarily
18 a development institution. Our target is global
19 poverty. We try to reduce global poverty by
20 encouraging economic growth and by programs and
21 projects which target poverty specifically.

22 The question is then what are we doing in the
23 environment to the degree we're in it. A nation's

1 economy exists within a natural ecosystem. It's the
2 origin of our raw materials. It's already apparent,
3 from what's been said this afternoon, that it's the
4 destination of our waste.

5 We must all hold as a common principle,
6 whatever our political convictions, that a healthy
7 economy cannot exist within a sick biosphere. If
8 tomorrow is to be better than today, scarce resources
9 have to be husbanded in a way which meets present needs
10 without compromising the environment's capacity to meet
11 future needs.

12 In fact, then, as Bill Ruckelshaus said,
13 development and environment overlap very significantly.
14 First, on the issue of sustainability, you can't
15 sustain development if it is environmentally unsound.
16 Second, if there is change resulting from environmental
17 degredation, it is the poor who lack the capacity to
18 accommodate to it. The affluent always have ways of
19 protecting themselves.

20 Indeed, poverty is itself a toxic force, as
21 anyone knows who's visited the compounds of Indonesia
22 or the favelas of Brazil or the barrios of the rest of
23 Latin America. These people live in a perfectly

1 terrible environment, constantly eroding further and
2 affecting the humanity of their condition.

3 The World Bank has identified five global
4 environmental problems which we think deserve special
5 attention. First, the destruction of natural habitats.
6 Each year some twenty-four thousand square miles of
7 tropical forests are destroyed. That's an area the
8 size of West Virginia, that's the most conservative
9 estimate I've seen. So the destruction of natural
10 habitats comes first.

11 This is inevitably the result of a growing
12 population. Between now and the year 2000 there will
13 be a billion more people in the world, and nine hundred
14 million of them will live in the developing world.
15 There is no way you are going to feed these people
16 without having some destruction of natural habitat.

17 Of, course what must be done is soil must be
18 tested, there must be setasides sides for biodiversity.
19 There must be a plan to be sure that agricultural
20 development, indeed, will result and not just
21 repetitive slashing and burning of increasing amounts
22 of forest.

23 Second, the degredation of land is one of the

1 issues we want to address. About eighty percent of
2 Africa's range lands and crop dry lands suffer from
3 soil degradation now with a result of advancing
4 desertification, with a result of serious soil erosion
5 and, indeed, hunger. Many of you here come from states
6 where the dust bowl of the 1930s is still a vivid
7 memory, so you know about the degradation of land.

8 The degradation and depletion of water is the
9 third area. A good example of this is the Vistula
10 River in Poland. Along three quarters of its length
11 through Poland, it's unsuitable for human consumption
12 or even industrial use.

13 The number and variety of fresh water fish in
14 the U.S. has fallen markedly over the past ten years,
15 and so we know that we are subject to the problems of
16 water degradation also. But clearly, large parts of
17 the world need to worry about this. We've recently
18 entered a partnership with a European Investment Bank
19 to look at the Mediterranean, which has not only a
20 general problem of pollution but, in fact, three
21 ecosystems, all of which are polluted, the area west of
22 Sicily, the area east of Sicily, and the Adriatic, all
23 showing signs of eutrophication.

1 The Baltic is being considered now by us as a
2 possible area for review of ways to reduce the general
3 pollution. And even the greater oceans will be subject
4 to this problem if we don't look out. So the third
5 area, then, is the degradation and depletion of water.

6 Urban industrial and agricultural pollution
7 is number four. The notorious gray cloud which hangs
8 over Mexico City contains an estimated five million
9 tons of ozone carbon monoxide, hydrocarbons, nitrous
10 oxides, heavy particles and so forth. We already know
11 about the problems of toxic wastes in this country but,
12 indeed, some of these tremendous cities of the third
13 world have problems that are becoming life threatening
14 for the people who live there.

15 And last, the degradation of the global
16 commons such as the atmosphere of the oceans. Over the
17 last hundred years, the concentration of carbon dioxide
18 in the atmosphere has increased by a quarter, arousing
19 concern about global warming, the so-called greenhouse
20 effect. Now, I'm not going to get into that argument.
21 But I think it's clear that the things we would need to
22 do to address the so-called greenhouse effect are also
23 things that have value in and of themselves. And so I

1 think the argument is silly. We must do many of these
2 things.

3 The World Bank, therefore, looking at these
4 five areas of concern, is very heavily in environment,
5 and it's not easy. As a development institution, we
6 deal with governments. Even though the World Bank is
7 the largest source of development money, we lend to
8 governments something over twenty billion dollars a
9 year, governments in the third world, something over
10 twenty billion dollars a year, these governments don't
11 have to borrow from us for environmentally sensitive
12 projects. They have other sources if they need them.

13 So the amount of conditionality we can impose
14 on a specific project is somewhat limited. They
15 clearly resist conditionality because most of them have
16 emerged from the colonial period concerned about
17 dictation from outside.

18 They also -- particularly the middle income
19 countries that have to borrow from us and pay interest
20 on what they borrow, we are not a grant organization,
21 and with respect to the IBRD borrowers who get about
22 fifteen of the twenty billion dollars, that money is
23 largely borrowed money that we borrow in the world

1 market and then lend to them at a half percentage point
2 above what it costs us.

3 These countries simply resist the idea of
4 borrowing and having to pay debt service on something
5 with as long a turnaround as most environmental
6 projects. Few of them have got to the point where they
7 are aware of the economic losses involved and the
8 nonsustainability of their projects, even though we as
9 a development institution have to worry about it. So
10 we're heavily in environment and it's tough.

11 Let us now look at what the World Bank has
12 been doing to try to accommodate to this. First of
13 all, we've been institutionalizing our inputs into the
14 environment. We've always had environmentally
15 sensitive people at the World Bank, but frankly they
16 thought it wasn't their business to push the
17 environment specifically, until we saw the issues of
18 sustainability and the issues of global change facing
19 the poor people of the world.

20 And so we've been putting together a policy
21 department. We've been putting environmental people
22 with specific responsibilities in our operational
23 department. We'll have, over the next year, forty --

1 over the next three years some forty-five free standing
2 national environmental programs. Half our lending
3 programs for the past year had significant
4 environmental inputs. And starting from a base of
5 twenty billion dollars for development lending, that --
6 you can see that we're spending a significant amount on
7 the environment.

8 The question occurs, how do you go about
9 this? And there are lots of ways of doing it. For
10 instance, within the right policy framework, government
11 and society can reap a double benefit. Introducing or
12 raising charges for water, for instance, should
13 conserve supplies while increasing revenue. You say,
14 what about poor people? We'll, I'll tell you, most of
15 the subsidy of water that goes on does not benefit poor
16 people. Most subsidies give a crumb to the poor and a
17 loaf to the better off.

18 Similarly, higher fuel prices tend to
19 conserve energy while raising income. If prices are
20 increased through taxation, governments also have the
21 choice of either a wider tax base or substituting green
22 taxes for income and capital taxes which introduce
23 their own distortions. Shifting more to green taxes

1 would make the fiscal system more equitable and
2 efficient. Polluter pays principal is a potent
3 principle.

4 By contrast, especially in developing
5 countries, regulation through administration, rather
6 than prices, may be more costly, harder to implement,
7 create anomalies, and have less chance of reaching
8 small actors so vital to this drama. There's a serious
9 question of institutional capacity in many of the
10 poorer countries of the world and, therefore, trying to
11 regulate directly becomes very difficult. You simply
12 can't fence off the Amazon jungle. You can make its
13 reckless exploitation financially unattractive. Too
14 often, regulation is piecemeal and doesn't address the
15 way society works in the developing world.

16 Now, we're also concerned to the point where
17 we're trying to put together right now a global
18 environmental fund. This would be additional and
19 concessional. We're asking the big donor countries to
20 try to come up with not specific amounts of money, but
21 a fairly broad base of support for something that would
22 deal with environmental problems that transcend
23 national boundaries.

1 Again, it's very difficult to get them to
2 borrow for such a purpose, a regional purpose or a
3 global purpose, unless that is viewed as additional and
4 concessional money. And -- but something of this sort
5 has been requested by Britain and by France and
6 Germany, and we're hoping the United States will go
7 along with it, it -- if we had such a fund it would not
8 have been necessary to set up a separate -- a separate
9 mechanism for dealing with the Montreal protocol and
10 the CFC problem, which the World Bank incidentally is
11 going to be implementing in cooperation with the
12 various agencies of the U.N.

13 So the global environmental fund is something
14 I call to your attention. Ultimately a political
15 decision will have to be made about the extent to which
16 the United States participates in this. We're very
17 anxious, of course, to handle this on a pilot project
18 basis without formal burden sharing among the various
19 donor countries, because we realize it will be very
20 difficult -- until we demonstrate the need for such a
21 global fund through three years of experiment and
22 demonstration, it will be very difficult to impose some
23 kind of formal burden sharing on our countries.

1 Now, another thing that should be mentioned,
2 the NGOs in this world, the nongovernmental
3 organizations, we used to have to deal with in places
4 like New York City, Washington, Toronto, London, and so
5 forth. One of the most encouraging things that's been
6 happening lately, working toward a greater consensus
7 about environmental matters, is the replication of
8 these nongovernmental organizations in the third world.

9 Everywhere we turn now we find sophisticated
10 environmentalists concerned about what their government
11 is doing. This means that we have some democratic
12 pressures, least local pressures, within these third
13 world countries allied with us so that we don't have to
14 come in as an outside force and impose conditionality.
15 It is a very, very encouraging trend and part of the
16 empowerment of peoples which we have seen so
17 dramatically in the past year in eastern Europe and
18 indeed in -- all over the world. For instance, it is
19 fascinating to find that Latin America is virtually
20 entirely democratic at this point, despite the very
21 severe economic problems they have got.

22 People everywhere are getting together and
23 saying we're concerned about the quality of our lives

1 and let's do something about it. They do something
2 about it individually, they do something about it
3 politically, with their local institutions, and they do
4 something about it through nongovernmental
5 organizations that didn't used to be there in the third
6 world.

7 Now, one last point I would like to make
8 before we go to questions is the issue of the
9 credibility of the industrialized countries in
10 lecturing the rest of the world about environmental
11 issues. Everywhere I turn in my work, I find people
12 saying, yes, we're concerned, yes, we want to do
13 something about it, no, we don't have a lot of money.
14 Indeed, the poverty of the rest of the world is
15 something that very few people in the industrialized
16 world really understand.

17 Over a billion people in the third world live
18 on less than a dollar a day. And obviously they don't
19 have significant amounts of money to spend on long-term
20 investment. But they do notice that the great
21 pollution that goes on in the world still is emanating
22 from the industrialized world.

23 I don't want to pick on the United States in

1 particular, because as Bill Ruckelshaus has said,
2 considerable progress has been made. But we still
3 account for nearly a third of all the CFCs that are
4 escaping into the atmosphere. We use twice as much
5 energy per unit of national output as Germany and
6 Japan. We produce five tons of carbon dioxide for
7 every man, woman, and child in the country when the
8 world average is less than one ton.

9 And you'll find the developing world knows
10 this and you'll find, for instance, that when someone
11 from California comes and says, you and Brazil must
12 conserve your energy, that they will be able to quote
13 the statistic which is that California uses about the
14 same amount of energy as Brazil, the whole country.

15 So I too believe we need to worry a little
16 about the credibility of the developed world as it
17 seeks these partnerships with the developing world to
18 try to bring about some reduction of the pollution of
19 our global commons. It is encouraging that there is so
20 much notice of it. It is encouraging that official
21 institutions like the Governors' Council are willing to
22 take strong and united positions against the problems
23 of the future which have been dragging on now for some

1 time and need attention.

2 I would caution in closing that the -- that
3 you temper your idealism with reality. It is a very
4 tough subject. I think it was Bill Buckley who said
5 that idealism is directly proportional to the distance
6 from the subject. He also said that as you come closer
7 to the ideal, you're always surprised at how the price
8 has gone up.

9 This is a reality in environment. It is easy
10 for people to get terribly excited about the Amazonian
11 rain forest, forgetting the temperate forests of North
12 America, forgetting the excessive use of energy that we
13 have in this country, and also understanding the gr at
14 political difficulty of doing -- taking the steps
15 necessary to reduce the consumption of fossil fuels in
16 this country.

17 I want to assure you that good people
18 everywhere are going to be struggling with this
19 problem. The World Bank will do its part. It will not
20 only continue to institutionalize the inputs, but will
21 seek to find ways of measuring the outputs and to
22 improve the quality of life not just for our generation
23 but for generations to come, who because of burgeoning

1 populations will find this problem a much more severe
2 one than that which faces us.

3 May we go to questions?

4 GOVERNOR BRANSTAD: I think Governor Kunin
5 has the first question.

6 GOVERNOR KUNIN: Thank you very much. First,
7 let me commend you very much, Mr. Conable, for your
8 insightful and thoughtful overview. And I think it's
9 an interesting commentary about how the environmental
10 movement as such has evolved, when we realize our key
11 speakers today are you yourself and Mr. Ruckelshaus;
12 and that really it is industry and the financial
13 community, the economic community, that I think are
14 going to be the major players as we try to manage our
15 environmental problems in a way that integrates
16 economic development with environmental consciousness.

17 So it's very reassuring, frankly, to hear
18 your perspective and to see how the World Bank has
19 evolved. As you know, it's history that sometimes has
20 put it on the other side as being an environmental
21 culprit that --

22 MR. CONABLE: We still suffer from that,
23 Governor Kunin, I can tell you. Most of our projects

1 that are now coming to fruition were planned seven or
2 eight years ago. We have been having these
3 environmental inputs now for three or four years.

4 GOVERNOR KUNIN: Well, I want to cheer you on
5 in that direction. And in that light, I'd like to just
6 elaborate a little bit on this very attractive concept
7 that we are aware of as governors as well, and people
8 are becoming increasingly aware of it on a global
9 scale, that Mr. Ruckelshaus discussed that came out of
10 the United Nations Commission of sustainable economic
11 development.

12 I think we all seize upon it because it can
13 get us off this polarized debate of do you invest in
14 the economy or do you invest in the environment and
15 what are the trade-offs and how do you balance the two,
16 and can get a much more integrated approach from the
17 start instead of seeing management of the environment
18 as a footnote to environmental -- as a footnote to
19 economic growth.

20 But it appears that if we are able to really
21 make this work we need a lot of concrete examples of
22 how it really works. We can see some, for example, in
23 the Clean Air Act at home and as we discuss global

1 warming. We know that investing in energy conservation
2 is one way that you can get both economic benefits and
3 environmental benefits without any sacrifice; in fact,
4 with an economic gain rather than an economic loss, a
5 truly win-win situation.

6 We're going to see with the rain forests that
7 when they are managed successfully as rain forests you
8 don't have to cut them down and leave devastation but
9 you may, in fact, have sustainable economic and
10 environmental benefits when they are managed. It seems
11 to me that some of the -- your convincing on the global
12 scale will be successful if you can present such
13 sustainable proposals.

14 And certainly we domestically can do that
15 more effectively if we can continue to generate -- as
16 you say, moving from theory to the reality. And the
17 reality need not be more expensive. The reality and
18 the practical applications may, in fact, be very
19 attractive.

20 Is the World Bank working on some kind of
21 practical applications that they can really flesh out
22 this concept so we get off of the standoff and really,
23 really make sustainable economic development a fact of

1 life in and a trend and a real choice?

2 MR. CONABLE: My impression, after years in
3 government, has been that one of the major roles of
4 government is to find the right balance between the
5 long term and the short term, to strike a balance that
6 will permit survival in the short term but will permit
7 growth in the long term of the values that we believe
8 government should be advancing.

9 And I suggested that perhaps the economic
10 approach may be a little more effective than the
11 regulatory approach in much of the developing world,
12 and that we must try to find ways of providing
13 adjustment lending in -- to reflect a proper balance
14 between the long and the short term.

15 We'll continue to do the very best we can on
16 this. Obviously, the world is changing very fast. It
17 will result in different degrees of environmental input
18 in different parts of the world. One thing I've
19 learned is how tremendously diverse the peoples in the
20 world are.

21 For instance, in eastern Europe we are now
22 not going able to wait to try to balance economic
23 growth and environmental inputs because the environment

1 is so bad there that actually the people are threatened
2 to a degree that their economic activity cannot be
3 profitable or helpful unless they have very specific
4 correctives applied early on relative to the
5 environment.

6 Much of the rest of the -- of the programs in
7 other places will involve trying to strike a balance as
8 you go along, trying to institutionalize in the -- in
9 the developing societies, through the creation of
10 environmental offices and environmental regulatory
11 agencies, a partnership between the long and the short
12 term.

13 We'll -- we'll do the very best we can on
14 that, Governor Kunin.

15 GOVERNOR BRANSTAD: Governor Martin from
16 North Carolina.

17 GOVERNOR MARTIN: Thank you, Mister Chairman.
18 I can speak for his six former colleagues who are here
19 to say that we're delighted to welcome Honorable
20 Conable and to share him with our new colleagues today,
21 and also Bill Stanton, our former colleague, who is
22 here as his counsel.

23 Barber, your final point about us as a nation

1 needing to become a better example for the rest of th
2 world is a typical Conable ingenuity, because it does
3 tend to head off the questions in some directions. But
4 we're going to try, anyway.

5 You addressed this problem of global warming,
6 which is mainly attributable, at least theoretically,
7 to carbon dioxide levels. And you talked about the
8 factors that are believed to have a part in it, the
9 depletion of major forests which impairs the earth's
10 natural system for removing excess carbon dioxide, and
11 also at the end, the excessive reliance on fossil
12 fuels, I think especially for electricity generation.
13 You talked about the issue of loss of forests and the
14 difficulty of the World Bank in imposing conditions.

15 But can we go the other direction to
16 encourage or promote good practice? What can the World
17 Bank do or what can we do, since we don't generally
18 meet to figure out what somebody else should do, but
19 what we as governors should do, what could be done to
20 encourage and promote reforestation, for example, or
21 energy conservation, as Governor Kunin has mentioned,
22 maybe even nuclear power generation of electricity for
23 another.

1 And so I wondered what you could suggest that
2 we might be able to do to become better examples.

3 MR. CONABLE: First of all, we can put a lot
4 more money into forestry than we are. Since I came to
5 the World Bank, we've decided to triple the amount of
6 money we're putting in forestry.

7 As a matter of fact, we've been having some
8 problems with our China loans, as you can imagine,
9 following Tianenmen Square. Even though we are not
10 supposed to take a political position, we recently
11 decided we would advance, instead of some other loans,
12 a loan which will build -- which will plant, over the
13 next five years, three billion trees in China. The
14 Chinese cut their trees two thousand years ago, and
15 it's about time they got some more.

16 So we're working on that from that point of
17 view. But, you know, planting trees isn't enough. In
18 much of the developing world, nobody takes care of them
19 when they come up. If people are so poor that they
20 have to rely on fuel wood as their only source of
21 energy, then obviously they are going to cut the trees.

22 If they need to rely on grazing, their goats
23 and their cattle will eat the trees when they get to

1 fodder size. And so you have to worry about how to
2 sustain any forestry effort.

3 One of the most important aspects of this,
4 interestingly, is land reform. If you can get title
5 and tenure for people who own land instead of having it
6 simply in tribal holdings or in the holdings of great
7 landowners who are not in a position to enforce any
8 particular use of the land, then nobody owns the trees
9 and nobody protects them, nobody sees their long-term
10 benefit, and the result is they get cut or eaten or
11 otherwise damaged very early on.

12 So land reform, which used to be viewed
13 primarily as an issue of equity as among landowners,
14 becomes one of the major mechanisms for trying to
15 encourage sustaining forestry, because people have
16 ownership. Now, that's only one example.

17 There are many things that can be done to
18 encourage forestry. Social forestry is something we're
19 pressing now. In areas that are more backward, we try
20 to encourage a village to take the responsibility for a
21 specific village asset of newly planted trees. Of
22 course, a lot is being done -- our consultantative
23 group for international agricultural research, which

1 U.S.A.I.D. and the World Bank are the major
2 contributors, but others contribute also, has recently
3 included a forestry agency that will be doing research
4 in forestry.

5 Indeed, we've planted twenty thousand
6 hectares in China of a tree found in the outback in
7 China that grows more than six feet a year. So we're
8 experimenting with different types of trees. All these
9 things will help, but they are only part of the
10 solution.

11 The -- it is not enough simply to plant trees
12 and let them grow, because ultimately mature forests
13 use up quite a bit of carbon dioxide, also, while
14 growing forests do not. And you have to have an
15 adequate maintenance of forests in order to maximize
16 the photosynthetic potential for the generation -- the
17 use of carbon dioxide and to reduce the amount of
18 methane, which is another one of the greenhouse gases
19 resulting from the oxidization of wood and so forth.

20 It's a complex problem. And I want to tell
21 you that the whole chain of cause and effect in the
22 environmental area has only just begun to be studied
23 seriously by humankind. We -- we live in a very

1 complicated ecosystem and we need to do a great deal
2 more research. But in the meantime, we need to act to
3 the extent we can on what we know.

4 (Applause.)

5 GOVERNOR BRANSTAD: Mr. Conable, thank you.
6 I think we're all impressed to hear the extent to which
7 the World Bank is dealing with the environmental issues
8 as you deal with the important issues of trying to
9 assist the developing world in fighting poverty and
10 helping them, but also in dealing with this very
11 critical issue of the environment.

12 We have a special privilege this afternoon of
13 presenting the 1990 NGA Awards for Distinguished
14 Service to State Government and to the Arts. These
15 awards recognize outstanding contributions on the part
16 of state government officials, private citizens, and
17 the arts. The NGA awards program is the first
18 nationwide effort to recognize distinguished service in
19 state government both by state officials and private
20 citizens.

21 I would like to personally thank those
22 governors who participated in the nominating process.
23 I also want to thank Ms. Susan Neely, who chaired the

1 selection committee. And I want to express my
2 appreciation to Mrs. Jean Gardner, the first lady of
3 the State of Washington, who chaired the arts review
4 panel. We thank Susan and Jean and all the governors
5 that have participated in the nominating process for a
6 job well done.

7 Our winners this year have demonstrated
8 dedication, vitality, and innovative spirit that is
9 characteristic of state governments today. And they
10 have truly made outstanding contributions to their
11 state and nation. These citizens have contributed
12 their time, energy, and they have promoted public good
13 in their states.

14 As nominees are announced, will they and
15 their respective governor please come up to the podium
16 to receive the plaque and recognition.

17 Our first award winner in the state official
18 category is from the state of Arkansas. Dr. Bettye M.
19 Caldwell is the Donaghey Distinguished Professor of
20 Education at the University of Arkansas in Little Rock.
21 A pioneer the early childhood education, Dr. Caldwell
22 established innovative early childhood and infancy
23 programs in the 1960s. Her research provided the

1 building blocks for today's out-of-home child care
2 services. Arkansas Governor Bill Clinton described Dr.
3 Caldwell as "tireless and realistic in trying to work
4 within the current systems of values and programs to
5 promote patterns of services that better meet the needs
6 of children." Congratulations.

7 (Applause.)

8 GOVERNOR BRANSTAD: Our next award is to Ms.
9 Barbara -- to Ms. Barbara Matula, Director of the North
10 Carolina Division of Medical Assistance. Governor
11 Martin says that she is "a person of vision and
12 compassion who manages to maintain the crucial balance
13 between fiscal responsibility and responsiveness to
14 human needs with creativity and sensitivity." For
15 twenty years Ms. Matula -- Ms. Matula has nurtured
16 North Carolina's medical assistance program to provide
17 better care for those in need. She is now head of two
18 national Medicaid associations. Barbara Matula.

19 (Applause.)

20 GOVERNOR BRANSTAD: Next, from North Dakota,
21 Major Richard K. Bjornson, field operations manager of
22 the North Dakota Highway Patrol. North Dakota Governor
23 George Sinner called Bjornson a truly exceptional

1 employee who has served the state with unselfish and
2 personal dedication for over thirty years. Major
3 Bjornson worked day and night and commuted long
4 distances daily to make the North Dakota Highway Patrol
5 the first nationally recognized accredited law
6 enforcement agency in that state.

7 (Applause.)

8 GOVERNOR BRANSTAD: From Oklahoma is the
9 Honorable Hannah Diggs Atkins, the Oklahoma Secretary
10 of State and Cabinet Secretary of Human Resources.
11 "Ms. Atkins has been a unique leader and role model by
12 participating in government for over thirty years,"
13 said Oklahoma Governor Henry Bellmon.

14 First elected to the Oklahoma General
15 Assembly in 1968, she was re-elected and served six
16 terms. She's the first woman in history of Oklahoma to
17 chair a house committee. She was appointed by
18 President Jimmy Carter as U.S. Delegate to the United
19 Nations.

20 "A lifelong public servant, Ms. Atkins has
21 raised our collective conscience and has been a strong
22 role model in creating the future we want the in our
23 state and our nation," said Governor Bellmon.

1 (Applause.)

2 GOVERNOR BRANSTAD: Finally, in the state
3 official category, from the State of Pennsylvania is
4 Mr. Arthur A. Davis, Secretary of the Pennsylvania
5 Department of Environmental Resources. Mr. Davis has
6 steered Pennsylvania through passage of several
7 important pieces of environmental legislation,
8 including the cleanup of federal Superfund sites, a
9 comprehensive recycling program, and tough new
10 regulations for the siting and operation of waste
11 facilities.

12 "Under Art Davis' leadership, the
13 Commonwealth has made great strides towards improving
14 programs to ensure the health and safety of our
15 citizens and our environment," says Pennsylvania
16 Governor Robert Casey.

17 (Applause.)

18 GOVERNOR BRANSTAD: The National Governors'
19 Association is also very proud to honor private
20 citizens who give of their special talents with unique
21 dedication and long hours to serve the public in their
22 states. Almost always their contribution is voluntary
23 and without pay. The first of our five distinguished

1 citizens is from Arkansas.

2 Reverend Hezekiah David Stewart, Executive
3 Director of Watershed, Incorporated, his motto is, "You
4 can write on a lot of things, but when you write on the
5 hearts of people it stays forever." He started a
6 self-help community services program in his home town
7 of College Station, Arkansas.

8 Reverend Stewart turned his words into
9 action. Bringing residents together with a local
10 utility company, they made improvements in area
11 housing, provided food, clothing, and shelter and run a
12 community health center. Arkansas Governor Bill
13 Clinton called Stewart "an inspiration and mentor for
14 many individuals who have worked their way out of
15 poverty." Congratulations, sir.

16 (Applause.)

17 GOVERNOR BRANSTAD: Next from Ohio is Father
18 Samuel R. Ciccolini, founder of Interval Brotherhood
19 Home for Alcohol and Rehabilitation Center. "At a time
20 when it is often easy to despair because of the
21 magnitude of the problem caused by the abuse of alcohol
22 and drugs," Ohio Governor Richard Celeste said, "Father
23 Ciccolini stands as a beacon of hope by giving eloquent

1 testimony to the difference that one man or woman can
2 make in the lives of others."

3 For twenty years, Father Ciccolini has made
4 the long road to alcohol recovery easier to tread for
5 thousands of Ohioans. A visionary, healer, and
6 advocate, Ciccolini continues to fight battles for
7 Ohio's drug-dependent citizens.

8 (Applause.)

9 GOVERNOR BRANSTAD: We are sorry that three
10 of our public citizen winners could not be with us in
11 attendance this afternoon. But I'm going to read who
12 they are.

13 Mr. DeRoy C Thomas. Mr. Thomas is the
14 President and Chief Executive Officer of the ITT
15 Corporation. He was chairman of the Governors'
16 Commission to Reorganize Higher Education in
17 Connecticut. And Governor William O'Neill said, "Mr.
18 Thomas brought order out of chaos by restructuring the
19 state's higher education system and forging a vital
20 link between the public and private sectors."

21 From North Carolina, Mr. William States Lee,
22 Chairman and President of the Duke Power Company. Mr.
23 Lee initiated a company-wide tutoring program for area

1 children in his own facility. He has and his wife
2 personally tutored a child a week. He expanded the
3 program to include scholarships and private-public
4 education partnership to service schools state wide.

5 And finally the last winner the private
6 citizen category is from Illinois. Mr. Irving Harris
7 is the director of the Pittway Corporation. Mr. Harris
8 has put his business talent and private philanthropy to
9 work for early intervention services for troubled
10 youth, prenatal care, and parent education programs to
11 serve thousands of Illinois' neediest citizens.

12 Governor Jim Thompson credits this Chicago
13 resident with helping to guide Illinois efforts to
14 support children and families.

15 Each year in the last ten years the National
16 Governors' Association also gives two awards for
17 distinguished service in the field of the arts. One is
18 for artistic production, the other is for support of
19 the arts.

20 From Illinois, for artistic production, Mr.
21 Richard Hunt, sculptor. Illinois Governor James R.
22 Thompson said that this Chicagoan's "contributions to
23 the arts have enriched the lives of those of us in

1 Illinois and the nation as a whole." In his
2 thirty-year career, Mr. Hunt has completed fifty-five
3 public works, thirty-four of which are in the State of
4 Illinois. He currently serves on the Board of
5 Governors of the Illinois School of the Art Institute.
6 I'm very proud to present this award to Mr. Richard
7 Hunt.

8 (Applause.)

9 GOVERNOR BRANSTAD: And finally, for support
10 of the arts, the award goes to the North Carolina
11 School of the Arts. Chancellor Alex Ewing will accept
12 this award on behalf of the North Carolina School of
13 the Arts. The North Carolina School for the Arts was
14 established in 1963 with two goals, "to challenge and
15 develop a student's talent to be the best he or she can
16 become, and to provide a cultural outreach to the
17 people of North Carolina," said North Carolina Governor
18 James Martin.

19 The school has one hundred internationally
20 recognized faculty, seven hundred and fifty students,
21 and reaches over a hundred and forty thousand people
22 annually with two hundred and fifty performances in
23 North Carolina and two hundred performances by an

1 active touring group. Congratulations to North
2 Carolina.

3 (Applause.)

4 GOVERNOR BRANSTAD: I would like to ask you
5 all now to let's give a standing ovation to these
6 outstanding winners who have made such great
7 contributions in our individual states to the arts, as
8 well as in public service.

9 (Applause.)

10 GOVERNOR BRANSTAD: We will be adjourning.
11 And just before -- I want to announce a meeting --

12 GOVERNOR KUNIN: Mister Chairman?

13 GOVERNOR BRANSTAD: Yes, Governor Kunin.

14 GOVERNOR KUNIN: Mr. Chairman, I hate to
15 interrupt this, and I know you --

16 GOVERNOR BRANSTAD: We have the Executive
17 Committee meeting. We also have -- the meeting of the
18 Task Force on Education, which was unable to meet this
19 morning, is going to meet immediately after adjournment
20 before the Executive Committee. We've got to squeeze
21 both of those in before the evening festivities.

22 GOVERNOR KUNIN: I fully appreciate that. I
23 would just like to make a comment briefly on part -- on

1 a subject that is not on the official agenda but I
2 think concerns many of the governors. And that is the
3 S&L situation which we know will exact a major price
4 tag, some estimated five hundred billion dollars, over
5 the next thirty years. Some of us --

6 GOVERNOR BRANSTAD: Can you --

7 GOVERNOR KUNIN: -- have circulated a letter,
8 have cooperated in a letter which we would be pleased
9 to circulate amongst the governors, Governor Wilder,
10 Governor Celeste, and myself. And we'd also like to
11 ask you if it's possible to find an opportunity to
12 discuss this issue at some point at your convenience
13 and everyone's convenience during this Governors'
14 Association meeting.

15 GOVERNOR BRANSTAD: I am certainly interested
16 in this subject. I happen to be from the State of Iowa
17 where a member of my congressional delegation, Jim
18 Leach, has been very active on the banking committee
19 warning of the dangers of the some of the decisions
20 that have been made over the last decade in this area.

21 And, of course, frankly, as a farm state
22 governor, I'm mad as hell about being asked to pay for
23 this where th infrastructures have been built in other

1 states, we didn't get a particular great degree of
2 cooperation or help during the farm crisis, and now
3 we're being asked to pay what I have been told is
4 hundreds of billions of dollars and to pay for it
5 twice; basically pay for it as taxpayers, while at the
6 same time the infrastructures have been built in other
7 places.

8 I recognize it's a sensitive issue. There
9 are strong feelings on all sides of it. But I think if
10 it's possible to work out some kind of a resolution
11 that can be done during this conference, I'm certainly
12 willing to work with you and with others to try to
13 reach some kind of a consensus on dealing with this
14 issue.

15 I think we all recognize that the problem and
16 the extent of it does vary from state to state. Some
17 of us had much bigger financial problems during the
18 farm crisis than we have with the savings and loans
19 today. But we also recognize, as taxpayers and
20 citizens of this country, we're all affected
21 dramatically by this.

22 GOVERNOR SINNER: Governor, I will offer a
23 resolution at the executive session on that issue.

1 The other thing I wanted to say is, I commend
2 you and NGA for recognizing public employees and public
3 servants. Somehow or other the public doesn't realize
4 that states run really not because of governors but
5 because of the ongoing service of their elected -- or
6 not their elected but their appointed officials.

7 Governors come and go and politicians come
8 and go, and yet the state's activities go on
9 uninterrupted. And I am -- I'm just delighted to see
10 these outstanding people from our states who are here
11 and being honored, and somehow hope that the public
12 understands that they are extremely qualified people
13 who give professional service of integrity and
14 dedication year in and year out and get very little
15 recognition.

16 GOVERNOR BRANSTAD: Thank you for your point
17 on this, Governor Sinner. I know that in past years
18 when I have had citizens from my state, both citizens
19 and officials that have been recognized, this has been
20 a great highlight. And I know how much it's
21 appreciated. And we as governors, I think, are
22 especially sensitive to the tremendous contribution
23 that these people make. And I think it's great that at

1 least on this one occasion we're able to -- of all of
2 the thousands of people like this in the country, we're
3 able to single out and recognize a few real outstanding
4 people that have received these awards from the
5 National Governors' Association.

6 And before we adjourn this first plenary
7 session of the National Governors' Association, I want
8 to thank all of you for your cooperation and help
9 during this past year as we've worked on this agenda of
10 building a consensus for change. I've got to say I was
11 very proud last February when the national education
12 goals were approved unanimously.

13 I know that a lot of hours and a lot of
14 discussions are still ahead in the next several days as
15 we truly work to achieve national consensus on some of
16 the most difficult and controversial issues facing
17 America, that is, education and the environment.

18 But I want to thank all of you for the work
19 and effort you've already put in and that I know you
20 will put in in the next several days.

21 Immediately upon adjournment, we will proceed
22 to the meeting of the Executive Committee. And at that
23 meeting we are asking all members of the education task

1 force to be present. The leadership of the NGA and the
2 leadership of the Education Task Force have been
3 working very hard discussing with some governors that
4 had concerns, and I believe that we have a proposal, a
5 consensus proposal to resolve some of the sticky issues
6 involved with the national oversight panel to achieve
7 this very important assessment tools and accountability
8 that's so essential to meet those goals by the year
9 2000.

10 So I would ask all members of the Executive
11 Committee and of the task force on education to join us
12 immediately upon adjournment for that meeting. And I
13 believe that meeting is to be held in the theatre. So
14 I would ask you to proceed directly to there.

15 And with that, I declare adjourned the first
16 plenary session of the National Governors' Association
17 meeting here in Mobile.

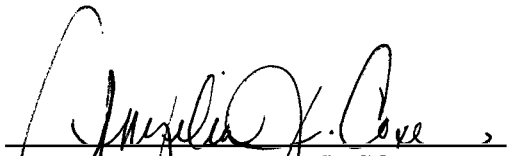
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C E R T I F I C A T E

STATE OF ALABAMA)

COUNTY OF MOBILE)

I do hereby certify that the above and foregoing transcript of proceedings in the matter aforementioned was taken down by me in machine shorthand, that the proceedings were reduced to writing under my personal supervision, and that the foregoing represents a true and correct transcript of the said proceedings.


ANGELIA JONES COXE
COURT REPORTER

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2
3 ACHIEVING
4 EDUCATIONAL EXCELLENCE
5 AND
6 ENVIRONMENTAL QUALITY

7 National Governors' Association
8 82nd Annual Meeting
9 Mobile, Alabama
10 July 29-31, 1990
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17 PROCEEDINGS of the Closing Plenary Session of the
18 National Governors' Association 82nd Annual Me ting,
19 held at the Mobile Civic Center, Mobile, Alabama,
20 on the 31st day of July, 1990, commencing at
21 approximately 9:45 o'clock, a.m.
22
23

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1 GOVERNOR BRANSTAD: I would ask the governors
2 to take their seats so we can begin this final plenary
3 session of the National Governors' Association Annual
4 Meeting. We have a very tight agenda this morning. We
5 have a number of distinguished guest speakers that are
6 on the program and we have a lot of business to be
7 conducted. And so I would ask the governors to take
8 their seats immediately and others to take their seats
9 so we can begin this important plenary session.

10 This morning we will receive an NGA report on
11 strategies for educational goals. We will hear from
12 some distinguished American educators and other
13 nationally recognized leaders who are committed to
14 improving the quality of American education. We will
15 also consider policy statements coming from the
16 standing committees of this association as well as from
17 the Executive Committee. And finally, this morning we
18 will elect the new NGA leadership and the Executive
19 Committee for 1990-'91.

20 During this decade of the '80s the governors
21 of the United States of America have taken the lead in
22 making a commitment to education reform in this our
23 nation. Today we ren w that commitment as we address

1 the strategies to implement the national education
2 goals. This plenary session caps off a year-long
3 process of developing a consensus for change.

4 I'm very proud of the work that the governors
5 and many others have put in during this year-long
6 effort. Building a consensus for change is not just a
7 catch phrase. It is a critical strategy on which many
8 of us have devoted countless hours. Consensus is
9 essential if we are to achieve the ambitious goals that
10 we began to work on with President Bush at the time of
11 the Education Summit in Charlottesville which,
12 incidentally, were approved unanimously at the winter
13 meeting of the nation's governors in Washington, D.C.

14 Consensus building is essential for states to
15 address the critical issues of equity and funding for
16 local school districts. It is critical that we offer
17 parents and their children more say in their education
18 system. We must see that children who are at risk
19 don't fall through the cracks of society, that they can
20 get the quality education that will give them an
21 opportunity to be successful in life.

22 We must develop new ways to fairly measure
23 student achievement. Indeed, we cannot forget the

1 value of the process that we've been through; not only
2 us as governors, but for every student, parent,
3 teacher, school board member, administrator, and
4 business in America. Consensus building has helped us
5 back in the State of Iowa to build pride in our public
6 schools. And it's also helped us to develop an
7 ambitious agenda for major reforms in education in my
8 home state.

9 I am pleased to say that many of you, my
10 colleagues, have embraced this process of consensus
11 building both in the National Governors' Association
12 and in your home states as you have conducted forums
13 and developed ambitious state by state strategies and
14 goals that are an important component of today's
15 report. It is indeed a tribute to you, the governors
16 of America, that we have come together, that we have
17 reached a consensus, as well as involving the critical
18 stakeholders in education in building this consensus.

19 I want to thank you especially. I want to
20 thank the governors that have led this effort.
21 Governors Campbell and Clinton have provided
22 outstanding leadership for our Education Task Force and
23 have made it possible for us to overcome major barriers

1 and opposition and sometimes outright contempt from
2 some of the people in other levels.

3 The education strategies that we will address
4 today in this session have come together through a
5 thoughtful process that began with the Education Summit
6 in Charlottesville. Many of us worked late into the
7 night and throughout that next day to find a consensus
8 for a joint statement, a statement of significance. We
9 held discussion with America's education leaders and we
10 forged a strong relationship with the National Business
11 Round Table and the major companies of our nation.

12 We agreed that we need dramatic and
13 fundamental changes in the way we design and structure
14 education if we are going to compete in a global
15 economy, and we must compete in the global economy to
16 achieve economic success as a nation. We developed a
17 set of six far-reaching goals that will help us guide
18 education reform to help reach our singular purpose of
19 having a world class education system in the United
20 States of America.

21 Our year's work concludes with the
22 development of strategies to implement our goals, but
23 our journey has just begun. What we've started has the

1 potential to last far longer than any of our terms and
2 to touch the lives of future generations of American
3 children. And that's what makes it so worthwhile.

4 We've opened up broad avenues for education
5 reform in our nation. And as governors, I think we can
6 be proud that we've charted a course for a bright and
7 competitive future in our nation.

8 At this time I'm very pleased to introduce
9 Governor Carroll Campbell from South Carolina who has
10 been the co-chair of our Education Task Force and has
11 been a real education leader among the governors.
12 Governor Campbell.

13 GOVERNOR CAMPBELL: Thank you very much,
14 Terry. And thank you very much for the job that you
15 have done in getting us on this path.

16 First I'd like to take the liberty of drawing
17 to the governors' attention a packet before you from
18 South Carolina Educational Television explaining how
19 telecommunications is moving us forward towards
20 achieving the national goals. ETV is doing a great job
21 for us, and I hope that you will take a look at the
22 material and the tape.

23 A year ago, Terry Branstad appointed this

1 Education Task Force and gave us an ambitious charge,
2 find a national consensus on education goals. Then
3 last September, the president called the governors
4 together for the Education Summit, thus raising
5 dramatically the visibility and the stakes of our work.
6 Important commitments were made in Charlottesville to
7 produce national education goals, to seek greater
8 flexibility in the use of education resources, to
9 undertake to restructure school systems in our states,
10 and to devise a reporting process for holding ourselves
11 and others accountable for progress in meeting the
12 national goal.

13 The goals are now in place and we're
14 continuing to work on achieving greater flexibility in
15 restructuring. At this meeting we have released
16 Educating America, State Strategies for Achieving the
17 Goals. This is a plan of action on steps that states
18 can take to achieve these goals. Now it's time for us
19 to set in place the process by which we will be held
20 accountable; arguably the most important part of the
21 job, because it is the decisions on how and what to
22 measure that will drive real change in our systems of
23 education.

1 It is imperative that governors continue to
2 be centrally involved in this process. Throughout our
3 work this year, we've tried to keep in mind a few basic
4 principles. We've tried to focus first on achieving
5 excellence in our educational system, excellence at all
6 levels.

7 We have recognized that a driving force
8 behind the momentum for educational improvement is our
9 ability to compete in the global economy. Yet we have
10 also tried to focus on individual students and quality
11 of life issues through our emphasis on education as a
12 community enterprise and a lifelong effort. We've
13 tried to set broad priorities while avoiding being too
14 prescriptive in our work.

15 As each governor considers his or her state's
16 response to the national goals, as each principal and
17 school board member, teacher, and student look at them,
18 we wanted to make sure there was ample room to r spond
19 in differing circumstances. We've tried to remember
20 that in the final analysis the measure by which we
21 judge our success or failure will be the competence and
22 the abilities of the Americans who come through this
23 system. And that's the bottom line, ladies and

1 gentlemen.

2 I want to take this opportunity to thank the
3 members of the Education Task Force who have worked
4 diligently through some thorny issues over the last
5 year; my co-chair, Bill Clinton, whose dedication to
6 educational excellence is absolute, the NGA vice-chair
7 and incoming chair, Booth Gardner, who gave time and
8 talent so unselfishly to working all the way through
9 this; and Governor Branstad, I particularly want to
10 thank you for convening an important national
11 discussion for the nation and for giving me the
12 opportunity to be part of it.

13 Your initiative, consensus for change, will
14 not end here. This is a beginning. And you may be
15 proud of the fact that you were the one that helped to
16 get us started.

17 GOVERNOR BRANSTAD: Governor Campbell, thank
18 you very much. I think Governor Clinton is going to be
19 making a comment later. But since he's not here, we're
20 going to go directly to a very distinguished panel of
21 education experts that we've assembled this morning.
22 I know that we've begun process to build a consensus
23 for change in education. The governors have played an

1 important role in this.

2 And this distinguished panel will give us
3 brief comments on how they think we can best achieve
4 the educational goals that have been set out. The
5 entire panel will be asked to speak briefly
6 individually and then we will open it for questions
7 from the governors. Because we got a late start this
8 morning, our time schedule is very tight and I would
9 ask each panel member to sincerely try to limit their
10 comments to about five minutes.

11 And I'm going to introduce the entire panel
12 as a block and then they will speak in the order in
13 which I give their introductions. But I'm going to
14 give one introduction for the whole panel then we will
15 go individually panel member by panel member. And
16 because of the time frame we have and the important
17 business this morning, I -- and I know that's a
18 difficult request, but I sincerely ask it.

19 And the first panel member is someone that
20 has a great deal of admiration and respect among the
21 governors and somebody that certainly has had a great
22 influence on me, and that is Lamar Alexander, two-term
23 governor of the State of Tennessee who chaired the

1 National Governors' Association at the time that we
2 really brought education to the forefront and produced
3 an outstanding report called A Time For Results in
4 Education. And that was adopted unanimously by the
5 governors.

6 Governor Alexander, after completing his term
7 as governor, took six months off and went to Australia.
8 He came back and is now the president of the University
9 of Tennessee.

10 Next to him we have another distinguished
11 gentleman from Tennessee, former -- first of all, the
12 Honorable Bill Brock. And he's a former U. S. Trade
13 Representative, Secretary of Labor, Congressman, and
14 Senator from Tennessee. He serves on many national
15 education panels and is the founder of The Brock Group,
16 an international consulting firm.

17 Also, we have Mr. Albert Shanker who for
18 twenty-seven years has been involved in education. He
19 has worked in the American Federation of Teachers,
20 first in New York City, and since 1974 has been the
21 president of the AFT. He's the vice-president of the
22 AFL-CIO and serves on the National Academy of Education
23 and the National Board of Professional Teaching

1 Standards which I have the honor of serving on as well.
2 Mr. Shanker began his career as an elementary math
3 teacher.

4 We also have with us Mr. Keith Geiger,
5 president of the National Education Association. He
6 began his education career in the tiny one-room
7 schoolhouse in Pigeon, Michigan. He went on to become
8 a math and science teacher upon graduation. He spent
9 his entire life in the field of education seeking to
10 achieve the highest goals and inspire students to do
11 their best. He now is president of the two million
12 member National Association -- National Education
13 Association. We're very pleased to have Keith Geiger
14 with us.

15 Also we have Mr. Richard Morrow. He has been
16 with the Amoco Company since 1948 and he now serves as
17 the chairman and chief executive officer. He has
18 devoted countless hours to public service endeavors as
19 a member of the National Business Round Table education
20 Task Force he's very involved in education. I served
21 on a panel with him at Wye, Maryland, when the National
22 Governors' Association and the Business Round Table got
23 together. And he continues to play a very key role in

1 education in Chicago's public school reform efforts, as
2 well as through the National Business Round Table.

3 And finally, we have Dr. Joseph Fernandez, a
4 New York City native who is the new chancellor of the
5 New York City Public School System. Before that, he
6 was the superintendent of Dade County, Florida,
7 schools, the fourth largest school district in America.
8 Dr. Fernandez also began his education career as a math
9 teacher twenty-eight years ago.

10 And with the concern and interest especially
11 in math and science, we have some people that have some
12 good backgrounds in those fields, we are very proud to
13 have such a distinguished education panel. And at this
14 time I would ask Governor Lamar Alexander to begin the
15 discussions. And we're proud to invite you back,
16 Lamar.

17 MR. ALEXANDER: Thank you, Terry. Governor
18 Branstad, Governor Campbell and Clinton, distinguished
19 governors and old friends. I'm surprised to see how
20 many of you are still -- still here. Especially to
21 Governor McWherter, my friend, it seems like I've been
22 working for him forever. He was Speaker of the House
23 when I was governor, and now he's chairman of the board

1 on which I serve. And nothing that happened in
2 Tennessee in the '80s that amounted to anything would
3 have happened if he hadn't pushed it and supported it
4 and helped to make it happen.

5 I learned in Australia the difference between
6 what you are and what I was. The Australians say
7 rooster today, feather duster tomorrow. And in case
8 any of you are feeling too cocky about that, you'll be
9 a feather duster, too, one of these days.

10 In five minutes, three things. One is an
11 observation and then I have something to show you that
12 I think there are a couple of lessons in. The
13 observation, which could take the whole day to talk
14 about, but which I will just make as an observation, is
15 I've about come to the conclusion that on all the goals
16 that you and the president have set, that it won't be
17 possible to do as much as needs to be done in
18 kindergarten through the twelfth grade in the same
19 schools we've got. I don't mean just restructuring.

20 The problem for me is, I don't see how you
21 can repair the airplane while the airplane is still
22 flying. And somehow we have to figure out a way to
23 hav a brand new American school and at the same --

1 which will take a long time to develop, and at the same
2 time continue to educate those who are in the school.
3 I believe the prize will go to who figures that out.

4 Now, that was brief. I only have two other
5 things to say. I'd like to show you this. This is the
6 Saturn car headlight. That car rolled off the line in
7 Spring Hill, Tennessee, yesterday. And there are two
8 lessons in this that are appropriate this morning. If
9 there ever was a symbol of what all this education talk
10 ought to be about, it would be the Saturn car.

11 General Motors and the United Auto Workers
12 set out five years ago to produce a car in a new way
13 that would compete with the Japanese and other imports
14 and now they have produced one, which -- and we'll see
15 if it completes. But lesson number one in this is that
16 a Saturn team designed this headlight. It wasn't sent
17 down from Detroit. There were a group of five or six
18 people who sat down and whose job it was to figure out
19 how can we build a headlight, what would it look like,
20 how do we put it together and make sure that it stays
21 on and is defect free.

22 One of the things that they found early on
23 was that any team member who didn't read well, do math

1 well, understand spacial relationships and mechanical
2 computations, wasn't a good team member. And the other
3 team members didn't want that person on their team
4 because the team couldn't succeed and the headlight
5 wouldn't be defect free and the car wouldn't compete
6 with the Japanese.

7 So today, every Saturn employee has to be
8 quizzed on this, to take this apart, to figure it out,
9 to see if there's a way to design it to work in a team.
10 And the reason I bring that up is that gets to lesson
11 number one. And it has to do with your goal number
12 four, I think, the one about being first in the world
13 in math.

14 The one thing that the governors might do
15 right now to help us move more rapidly toward that goal
16 would be to ask the National Academy of Sciences to
17 suggest to you how to measure whether we're reaching
18 the goal. Math progress is sort of stuck at assessment
19 right now. The good news that the math teachers have
20 figured out how to -- what people know and ought to be
21 able to do.

22 But if you will ask that group to suggest to
23 you a way to assess that, we can get on with it. That

1 may seem like a small thing, but it is a strategic
2 thing, a specific suggestion that I wanted to make.

3 There's a lesson number two that comes from
4 this headlight. And that is that the Saturn employees
5 were all polled and eighty-five percent of them said
6 they want to go back to college. Now, Bill Brock and I
7 were talking a minute earlier. And he said, you mean
8 professional school. And I said, no, I mean college.
9 They want a college degree.

10 Forty percent of them already have a college
11 degree. These are UAW members, most of them, who have
12 moved in from other states to Tennessee. Jack O'Toole,
13 who is head of the UAW, says that as soon as the Saturn
14 family visits the plant, figures out what's involved,
15 takes their pay cut, works with this headlight, they
16 ask two questions.

17 Question number two is, where do I find a
18 good school for my child. Question number one is, how
19 do I go back to college. Eighty-five percent of the
20 Saturn employees want to go back to college. The most
21 important thing I would like to say to you all is that
22 I think most governors run the risk of missing the most
23 strategic opportunity to move your state in the 1990s.

1 Most of you and the president are very busy
2 figuring out how to fix new schools for the next
3 century and you're exactly right to do that. That's
4 exactly right to do. But the most serious problem
5 we've got in America educationally is our work force is
6 undereducated, and it's already in place. And if you
7 want to make an immediate transfusion into your work
8 force, it would be with the parents and the
9 grandparents, not with the children.

10 Half of the students in higher education
11 today are over the age of twenty-five. At more and
12 more commencements, I hear cries coming from the
13 audience, "Way to go, Mom." Those are the people who
14 are going to college today. And that increases value
15 in your work force the next day after they get home
16 from the night class.

17 After two years as a university president, I
18 can assure you there's a great deal that ought to be
19 fixed about higher education. But in the next ten
20 years, my suggestion would be that you just pour it to
21 higher education. Let as many people in as you
22 possibly can. And that will move us further, further
23 than anything else we can do.

1 The governors deserve enormous credit for
2 what you have done here, what you have done in the last
3 year, Governor Clinton, Governor Campbell, Governor
4 Branstad, all of you. It's hard to remember that five
5 years ago words like choice, year-round, pay for
6 performance, what to do and what to know -- those
7 weren't popular words in the national education
8 curriculum.

9 The governors for the first time focused on
10 one area for a year and then continued that emphasis.
11 And it's changed the face of the country. You deserve
12 a great deal of credit.

13 (Applause.)

14 MR. BROCK: I want to follow that comment.
15 I'm glad that Bill Clinton has got here, because I
16 wanted him to hear what I said to Carroll Campbell
17 earlier this morning. And that is that the piece of
18 work you all have done, which is being published here
19 at the meeting, Educating America, State Strategies, is
20 the single most compelling, clearest, most effective
21 piece of work I've seen on the subject of education.
22 And I commend the preface to every literate American,
23 if you read that this country will change its ways.

1 If the governors in this room will take a
2 personal commitment to implement the plan of action
3 piece by piece, step by step, this country will turn
4 around. And I commend you for that. And I cannot
5 state how important it is that we do so. If you look
6 at the thermometers that gauge our national
7 temperature, you've got to sense that we've got some
8 problems. The thermometer we get a lot of attention to
9 in Washington is the trade deficit, since we're not as
10 competitive as we ought to be, and nobody in their
11 right mind would argue that the trade deficit is caused
12 by the action of foreigners. And let me commend to you
13 every economist that I have ever studied with the
14 statements that we are our problem.

15 The second thermometer that I think we ought
16 to pay attention to is that real income in the United
17 States, real, postpersonal disposable income, is twelve
18 percent lower now than it was in 1973. That is really
19 crazy. Lower than it was in 1973. The result of that,
20 of course, is that we've had to go from single-earner
21 families to two-earner families just to maintain family
22 income.

23 We've had the baby boom. It's over. We've

1 had the flood of women into the work force. That's
2 done. We've had the flood of immigration, legal and
3 illegal. That is pretty well done. The only way we're
4 going to continue the rate of growth we've had in the
5 last few years is by improving our productivity. And
6 we don't do that with an uneducated or illiterate work
7 force.

8 We formed something over a year ago, the
9 National Commission on the Skills of the American Work
10 Force. We've been studying for that year very
11 intensely what six other countries have done that
12 compete with us; Sweden, Singapore, Korea, Ireland,
13 Denmark, Germany, whatever I left out. Every one of
14 those countries is doing a substantially better job
15 than the United States in not just educating their
16 children, but in training their workers.

17 The conclusion after a very intense year of
18 study was that the United States faces a choice, a
19 choice between high skills and low wages. Gradually
20 and silently, and I think without knowing it, we are
21 choosing low wages as a method by which we compete in
22 the world. We still have time. We're still the most
23 productive, creative, entrepreneurial system in the

1 world. We're the dream of almost everybody that's
2 trying to seek freedom behind the Iron Curtain.

3 And it is, I think, important that the
4 governors, at least, fundamentally recognized that we
5 have to change not schools but the system. The system
6 is what's at fault. Other nations insist that
7 virtually all students reach a higher educational
8 standard. We do not. Other nations provide
9 professionalized education to noncollege-bound workers
10 to prepare them for trades and ease go-to-work
11 transition. We do not.

12 Other nations have a national consensus on
13 import -- on the importance of moving to high
14 productivity work organization and high wage economies.
15 We do not. Our message to young people and to teachers
16 from business, it really doesn't matter as long as you
17 stay in school long enough to get a diploma. Because
18 business, in the surveys that have been done, cares not
19 about what you have learned in high school -- this is
20 the response of business themselves, this is what they
21 say on average, the majority of them -- they care about
22 the attitude, not about the attainment.

23 Almost no businesses ask to see a high school

1 transcript. Very few ask for grade point average or
2 class rank. Diploma to -- a high school diploma, to
3 most businesses, means that the student has got the
4 right attitude, they took time and seat, they stayed
5 there long enough to get a diploma. That's all that it
6 means.

7 It's the teachers in the United States --
8 what does it take to prepare a child for college?
9 Every teacher in the United States can tell you. Ask
10 those teachers what it takes to prepare a child for
11 work and you don't get an answer.

12 We have formed then, at Elizabeth Dole's
13 request, the Secretary's Commission on Necessary Skills
14 to try to evaluate what it is that is required of a
15 student to be employable. Your action plan said a
16 state should encourage new optinos for high school that
17 first enables students to demonstrate their mastery of
18 core competencies and then offer them opportunities to
19 choose specialized education programs such as college
20 prep, professional, or technical education.

21 Same period of time, our commission urged
22 that we have something to deal with in total inadequacy
23 of school-to-work programs. We asked for a new

1 educational performance standard for all students by
2 age sixteen measured against the world, not against
3 what we would like, but against what our competitors
4 are doing.

5 This certificate of initial mastery would
6 then qualify a student for a comprehensive system of
7 technical and professional education certificates and
8 degrees for the majority not college bound, and it
9 would be funded by a new GI Bill effectively. The
10 essence of it is to say, as we're trying to say in our
11 report, that every other country says no dropouts.

12 And it isn't that they don't --
13 philosophically don't like them, they just don't allow
14 them. They pick up the students. There's an
15 alternative system available for students that can't
16 make it in the present system. If they meet the
17 certificate of initial mastery then they get four more
18 years of professional education. But if they don't at
19 age sixteen, then either they continue their education,
20 or if they want to go out and get a job, it is our
21 suggestion that they not be allowed to work unless they
22 are continuing their education at the same time; that
23 we have -- we have then youth centers that are

1 alternative learning places.

2 We're trying to suggest that it is time to
3 dignify the -- and professionalize education beyond the
4 academic program and combined academic and work
5 training and apprenticeship in a professional system.
6 The essence of our commission report was to say that
7 this country faces very quickly now an urgent decision
8 to either educate and improve our skills or to choose
9 to compete on the basis of low wages. We don't think
10 that's an effective choice.

11 This country has to change. And if it adopts
12 the standards and the suggestions of your report, this
13 country will resolve that question on behalf of high
14 growth, high skills, and high wages. Thank you.

15 (Applause.)

16 MR. SHANKER: Thank you very much for this
17 opportunity to comment on this process. Also, thank
18 you for moving me up so that I can get to my plane if
19 this runs far over.

20 First, I'd like to congratulate you on what
21 is an outstanding document. Your document indicates
22 the difficulties and the complexity of the job and it
23 does a brilliant job of outlining strategies. I intend

1 to see to it that our leaders, teacher leaders all
2 across the country, have copies of this and use it as a
3 basis for discussion.

4 I think we need to realize that almost a year
5 has gone by. And in that year, while we have used it
6 to further the discussion and to define the goals, not
7 enough is happening in the schools to turn things
8 around. This is the most important issue facing our
9 society. Unfortunately, it's not one of those dramatic
10 issues, it's not like being attacked by a foreign
11 government. It's not like getting some serious illness
12 which gives you some rapid fever or some tremendous
13 pain.

14 It reminds me of a story that someone used
15 about a frog put into a pot of water which is on a
16 stove. And the frog starts by saying the water is nice
17 and wet and cool. And you turn the fire on under the
18 pot and the water heats up, and the frog says, gee,
19 it's getting warm and comfortable here. And after a
20 while, the water boils and you get frog soup and the
21 frog boils to death. Now, if the frog had jumped into
22 boiling water in the first place and felt the heat, we
23 all know how quickly frogs respond. The frog would

1 have jumped out and been slightly burned but very much
2 alive.

3 Our educational problem is a lot like this
4 slowly warming water. We're accustomed to it. It's
5 not a rapid fever or a terrible pain. But it's inching
6 up on us; each year fewer and fewer people who are
7 competent in mathematics, in science, in our language,
8 in our culture. But it moves so slowly that people are
9 not mobilized to do something about it.

10 And so the problem that we have is that we
11 need to make tremendous changes, we need to make them
12 quickly, and yet we do not have a public that really
13 believes that the problem is as serious as it is. And
14 I can tell you that if you go into schools and talk to
15 teachers and talk to principals and talk to school
16 board members and others, I don't think you'll get a
17 feeling out there that these goals and this process is
18 very much connected to schools out there. That's
19 something that seems to be public relations and
20 newspapers and politics and other things. There are
21 very few people, at the level where it's got to be
22 done, who feel that this is connected to what they are
23 doing.

1 So the question is, how can we connect the
2 wisdom, the determination, the good sense, and the
3 goals and strategies here and how can we make sure that
4 this doesn't end up in a library or press release but
5 is -- but results in implementation. I think, first
6 and foremost, most people out there, most parents, most
7 teachers, with the exception of urban areas, most
8 people think that their kids are doing pretty well.

9 They do not believe that there is a huge
10 massive educational crisis in this country which
11 affects not only minority kids and not only poor kids,
12 not only urban kids, but affects the overwhelming
13 majority of youngsters in our country including some of
14 the most affluent kids who have ever walked the face of
15 the earth. They don't know it.

16 They don't know it for several reasons. But
17 one of them is that we have this confusing assessment
18 system with each school district in each state using
19 different instruments and the instruments don't tell
20 you anything. To say that fifty-seven percent of the
21 kids are above average does not tell you anything. If
22 you are above average among the pygmies, you can still
23 be pretty short and be above average. And we may be

1 educational pygmies in this country where being above
2 average doesn't mean very much.

3 We need a system of measurement which will
4 give both policymakers and the general public and
5 educators accurate information about how well or how
6 poorly we are doing. And I think that one of the
7 things that needs to come out of this group is a
8 statement that the United States spends a good deal of
9 money gathering labor statistics, commercial
10 statistics, financial statistics, agricultural
11 statistics, all kinds of things, because we realize
12 that information is important.

13 This is not going to come on the cheap. We
14 are not going to get it by using the instruments that
15 we have now. We are not going to get a national
16 discussion by having fifty different instruments in
17 fifty different states or sixteen thousand different
18 ones in sixteen thousand districts. We need to invest
19 the two or three hundred million dollars that it will
20 take to come up with something.

21 And without that, we're just going to have a
22 lot of discussion five or nine years from now about
23 whether we made it or not. And we'll never know. It

1 will just be discussion, because the instruments that
2 we have right now are not national. They do not apply
3 to the school level. They don't apply to the district
4 level. We don't have anything that's available all
5 across the country which will tell each parent how his
6 or her youngster is doing.

7 And until we have that in place, we are not
8 going to mobilize the American people behind the
9 changes that we need. So I would urge first that we
10 urge that this is an appropriate federal role, that we
11 urge that there be the creation of an instrument. Yes,
12 it won't be perfect, but it will be good enough. And
13 within a year, we could have one that's a heck of a lot
14 better than anything that we've got now.

15 Now, second, even if you have got an
16 instrument and if you tell parents and kids and
17 teachers that we're -- here are the results and we're
18 not doing so well, it's not going to mean anything if
19 there are no consequences. And I mean consequences for
20 kids and for parents and for adults.

21 One of the things that needs to be done, and
22 without this I do not believe that there will be enough
23 pressure to change schools, is that this country needs

1 to move toward a world standard in terms of college
2 entry. Parents and kids are not going to worry very
3 much about whether -- what these instruments are going
4 to say or what the reports are going to say when
5 fifty-five to sixty percent of them say, look, that
6 education my kid's got must be good enough because they
7 are going to college.

8 The fact is that on a world standard, perhaps
9 ninety percent of the youngsters who are in college in
10 the United States would not be permitted to enter a
11 college anywhere else in the industrial world. Now, I
12 know that we can't press the button and do this
13 immediately. It shouldn't happen tomorrow. But unless
14 we give the word that X years down the line -- and we
15 ought to move each year in terms of slowly raising the
16 standard -- that you cannot get into a college or a
17 university unless you're capable of doing college --
18 prepared to do college and university work, then I
19 don't think anybody is going to be interested enough in
20 changing the elementary and secondary schools.

21 And I would like to say that we need to do
22 everything that we can to help youngsters to meet those
23 standards and also to provide other opportunities for

1 continuing education and continuing upgrading for those
2 who can't meet the standard that's set.

3 Third and finally, I think that we are not
4 going to have a system in which we can talk about
5 whether we're making it or not unless we put out there
6 some of the best that we have. You cannot have fifty
7 different states developing fifty different separate
8 sets of curricula in mathematics, science, and in other
9 areas.

10 We need to bring together the best that our
11 country has to offer and we need to put it out there,
12 yes, with enough leeway, with enough so it's national
13 exactly the same everywhere. But we need to get away
14 from this notion that in a country with so much
15 mobility and which is engaged in international
16 competition that's cutthroat and deadly that we can
17 afford to have sixteen thousand separate mathematics
18 and science curricula across this country, or even
19 fifty.

20 We need to get behind the curricula that have
21 been developed by the science teachers and the math
22 teachers and by other groups and we need to make sure
23 that the states adopt these. Because once we've got

1 these national curricula frameworks, we'll have a basis
2 for educating teachers to handle these materials and
3 we'll have a basis for an assessment system.

4 Right now what kind of an assessment system
5 can you have if you are teaching kids fifty or sixteen
6 thousand different things all over the place. Very,
7 very difficult to do.

8 I want to once again congratulate and praise
9 you for the outstanding document. It really is great.
10 But I don't think we're going to mobilize people to do
11 the things that need to be done unless they have a
12 realistic sense of how far we need to go and unless
13 there are consequences to be paid for not achieving the
14 goals that need to be met. Thank you.

15 (Applause.)

16 MR. GEIGER: Thank you, Governor Branstad.
17 Let me begin by commending NGA for crafting a report
18 that is substantive and free of timidity. At a time
19 when it has become fashionable to dodge the tough
20 issues, you have chosen to be unfashionable. And that
21 is refreshing. So on behalf of our two million members
22 let me express our gratitude, our support, and our
23 readiness to cooperate.

1 Given time constraints, I'm going to limit
2 myself to commenting on just three of the many issues
3 that your report addresses. First, NEA welcomes your
4 forthright statement that effective reform will never
5 occur unless and until teachers are granted the
6 latitude, the authority, and the autonomy to exercise
7 their professional judgment on their students' behalf.
8 Your emphasis on decentralization is consistent with
9 the research on effective schooling and consistent with
10 what every teacher has known for years.

11 Second, your report brings much needed good
12 sense to the issue of accountability. One of the
13 strongest messages that emerges from your document is
14 that it is the nonsense -- it is nonsensical to measure
15 teacher effectiveness while denying teachers the
16 resources necessary to perform effectively.

17 Your report asserts that effective practice
18 depends, and I quote from your report, "on a few
19 essential tools; assistance, time, technology, and
20 funding." This kind of logic has been all too rare
21 during much of the reform era. That is the primary
22 reason NEA looks forward to forging a close and a
23 cooperative relationship with the national goals

1 oversight panel.

2 We offer the expertise of those who know the
3 problems facing America's schools not as intellectual
4 abstractions but as daily challenges. We serve in the
5 trenches. And we believe that our contribution is
6 essential if the oversight panel is to become the
7 conscience of education reform.

8 Your treatment of the third issue I'll
9 highlight, student readiness, is both visionary and
10 realistic. You note that our schools are part of a
11 larger social matrix and that society ills, poverty,
12 hunger, inadequate health care, the drug culture,
13 severely limit what our schools can accomplish. This
14 is the harsh reality that teachers confront every
15 single day.

16 This is also the rationale for Operation Jump
17 Start, the proposal which I presented at our
18 representative assembly just last month. And I might
19 add, as Pat Ordovensky reported in USA Today, stunned
20 our own delegates, because they did not know it was
21 coming. Operation Jump Start is the educational
22 equivalent of preventive medicine.

23 The heart of this initiative is an intensive

1 two-week readiness program in every elementary school
2 in this country opening the beginning that -- held
3 prior to the opening of the 1991 school year that aims
4 to give a high voltage academic and social boost to
5 millions of elementary school students.

6 Is there a price tag attached? Absolutely.
7 We estimate that to bring in about one third of the
8 elementary children into every elementary school in the
9 United States will cost about two point two billion
10 dollars. We will introduce legislation this fall to
11 have the Federal Government cover the first one point
12 one billion. We will then allocate to the states how
13 much it would cost to pick up the other half and we
14 will introduce that bill.

15 Right now, we do not intend to scrap this
16 initiative the first time someone tells us that money
17 is not the solution to the problems facing our schools.
18 We know that sermon by heart. We also know that it is
19 not divinely inspired. And that brings me squarely to
20 the issues of federal funding and federal
21 responsibility.

22 NEA applauds your decision to charge the
23 oversight panel with the task of monitoring federal

1 actions to ensure strict compliance with the compact
2 agreed upon at the Charlottesville summit. For if, as
3 NEA maintains, it is time for action, then it is
4 clearly the wrong time for federal inaction. Meeting
5 national goals demands a national partnership. And the
6 Federal Government cannot, I repeat, cannot, be excused
7 from participation.

8 And one final comment. NGA has set before us
9 with admirable clarity the challenges confronting
10 American education. Now is the time to begin meeting
11 those challenges. Now is the time to get down to work.
12 The NEA is ready. Our promise to Congress, to the
13 President of the United States, and to you our national
14 governors is, you give us the tools and we'll finish
15 the job. Thank you.

16 (Applause.)

17 MR. MORROW: Well, I appreciate the
18 opportunity to participate in the educational panel
19 this morning, the very real sense that quality of
20 education that we provide our young people is the key
21 to this nation's future. If we remain competitive,
22 international commerce, and in turn continue to enjoy
23 the standard of living that has made us the envy of the

1 world, we must have in place a work force with the
2 motivation, academic qualifications, and technical
3 skills to match those of our competitors in the global
4 marketplace.

5 Fortunately, a consensus does exist, or
6 certainly is developing, that educational reform should
7 be assigned a high priority on the national agenda. I
8 think much of the credit for the public's awareness of
9 the educational problems we face in this country can be
10 traced to the leadership role played by the National
11 Governors' Association.

12 The private sector applauds your efforts. We
13 welcome the opportunity to work with you in addressing
14 the difficult challenges that lie ahead. America's
15 business community has long supported the establishment
16 of programs designed to bring about substantive
17 improvements in the quality of U.S. education. And
18 today more than ever it's in our own self interest to
19 support educational reform if we're going to have the
20 skilled workers we will need in the late decade of the
21 '90s as well as the next century.

22 We believe that real reform in the nation's
23 schools will only come about with the fundamental

1 restructuring of educational delivery systems.
2 Long-term solutions will require long-term commitments
3 from all parties interested in improving our education
4 in this country. And no single segment of our society
5 can possibly hope to accomplish all that has to be
6 done.

7 Working together with parents, teachers,
8 organized labor, educators, and government officials,
9 primarily at the local and state levels, business can
10 and should make an important contribution in helping to
11 shape the education agenda. To give additional impetus
12 to private sector involvement, the member companies of
13 the Business Round Table have made a ten-year
14 commitment to create new alliances for educational
15 excellence.

16 Individual Round Table CEOs and the governors
17 of each state are now teaming up in partnerships to
18 help in achieving the national goals for educational
19 improvement. We believe their attainment is vital to
20 the future of this country. The Round Table is also in
21 the process of developing the essential components of a
22 successful educational system, one that will be
23 supportive of your national goals and will serve as a

1 basis for formulating action plans.

2 Let me comment briefly on one initiative that
3 is underway in Illinois in which Governor Thompson was
4 deeply involved since implementing legislation was
5 required. The accountability of teachers and principals
6 for performance results was a key component of the
7 reforms instituted last year in the Chicago public
8 school system.

9 Under this new educational reform plan,
10 parents and community representatives who were elected
11 to serve on local school councils now have broad
12 responsibilities for the governance of local schools,
13 from decisions about hiring to the selection of
14 textbooks and curricula. And built as it is, upon
15 school-based management with parental and community
16 control, the Chicago initiative represents the most
17 significant restructuring of any major urban school
18 system in the country.

19 In collaboration with parents, the school
20 administration, teachers, principals, and community
21 groups, business was an active partner in the reform
22 effort that began in 1986 and today remains committed
23 to its success. It's encouraging to see other

1 initiatives to strengthen elementary and secondary
2 education now proceeding or being considered in many
3 states and cities throughout the nation.

4 Ahead of us will be numerous challenges as we
5 collectively seek to achieve the nation's educational
6 goals. Corporate America is fully prepared to support
7 your continuing efforts to improve the educational
8 system in this country. In the end, what is at stake
9 is nothing less than the future economic and social
10 well being of our nation. Thank you.

11 (Applause.)

12 MR. FERNANDEZ: Thank you, first of all, for
13 inviting one of the practitioners here to address this
14 group. Let me first of all tell you how we feel in the
15 education community about the goals that we think for
16 the first time -- we applaud you for them. We think
17 for the first time we have a target that everyone can
18 zero in on. It's not a moving target. And there's
19 some agreement among us that we're going to be able to
20 look at these goals and develop strategic plans to deal
21 with these goals.

22 Unfortunately, most of the reform that's
23 taken place in public education in this country has

1 been top down. It's come from the state house and not
2 from the local districts and local chancellor or
3 superintendents' offices. And that's really what's led
4 the reform movement. And we also applaud you for that.
5 But it's time, I think, that the people that are in my
6 position become actively involved in trying to make --
7 and become a player in making these changes take place.

8 The Council of Great City Schools, as you
9 know, is an organization that represents the fifty
10 largest school systems in this country, over five
11 million students, most of them that are colored, most
12 of them that are Latino, most of them that are poor.
13 And the council has gone on record as indicating that
14 each of the council cities will pass resolutions
15 adopting these goals.

16 At the same time, we're planning on holding a
17 summit where we'll issue a report by January where
18 we've invited -- unlike your strategic plan and unlike
19 other strategic plans, we'll take the governors' goals
20 and develop strategic plans that involve all of the
21 players that have to be involved, the business
22 community, the educational community, community-based
23 organizations, the political leaders.

1 We think we need to get all of the players in
2 there in order to develop a strategic plan that has
3 some short-term and long-term goals in it, and also
4 who's going to be responsible for delivering those
5 particular goals. So that's critical. And we have
6 invited the National Governors' Association to be part
7 of that.

8 We feel very strongly that unless there's
9 systemic changes, nothing really of substance is going
10 to happen throughout the country. It will happen in
11 pockets as we have now. And many of the people
12 represented on the panel here have knowledge of various
13 areas throughout the country where there's some attempt
14 at restructuring. But it's not systemic throughout the
15 whole country.

16 We need kind of our own Saturn project, if
17 you will. We need to retool our schools to really get
18 at the problems. But we can't do that without
19 involving the people at the local level. That's very
20 critical. I think if we learn no other lesson, that
21 is, that the teachers, the administrators at the
22 schools sites, the parents, the business community has
23 to be involved in writing the educational agenda.

1 I think we're past the stage where we treat
2 the business community as purely a deep pocket but
3 have, I think, begun to open up the door and ask them
4 to come in and join us in writing that agenda.

5 Another thing we have to realize, I think --
6 and I'm not here asking for more resources, though
7 certainly we need more resources, but recognizing that
8 the peace dividend has been spent sixty times, I think
9 we need more latitude in terms of how we redirect the
10 existing resources that we do have.

11 And that's where I think the state government
12 comes into play, by allowing the flexibility with the
13 accountability -- I'm not suggesting that we do it
14 without the accountability, but allowing the flexibility
15 and removing as many categorical as possible so that
16 the local districts that are interested and serious
17 about restructuring have the latitude to do that with
18 your assistance.

19 I think you have one major role -- well,
20 several major roles, but one role that I think is very
21 critical, and that is to create the climate for change,
22 to not only be very positive in terms of what you are
23 talking about, but to create the kind of reward systems

1 where districts, local districts, local schools that
2 are attempting to make change are recognized by you and
3 given that flexibility that I spoke of.

4 We're very serious about the accountability
5 aspect. We're not asking you to allow us to do these
6 things without putting in the appropriate accountability
7 and evaluation of the systems. But I think one of the
8 speakers indicated earlier, let's start talking about
9 those things that are working. Because there are
10 places where things are working across this country.
11 And let's start replicating them.

12 We have a terrible habit in education that we
13 put programs in, we don't evaluate them, we keep them
14 in ad infinitum whether they are working or not. And
15 we have another habit that when things are working we
16 don't try to replicate them where they are similarly
17 situated.

18 So I guess my one message from my colleagues
19 to the governors is that we recognize the urgency of
20 doing this. We think it's time to move. The year 2000
21 is not that far away. We have to do it together,
22 though. You can't cut us out; we certainly can't do it
23 without you or the other players that we spoke about.

1 Thank you.

2 GOVERNOR BRANSTAD: Lamar Alexander, Bill
3 Brock, Al Shanker, Keith Geiger, Richard Morrow, and
4 Joseph Fernandez, thank you each for your insightful
5 comments. I'm especially pleased at Mr. Fernandez'
6 comment about governors helping create a climate for
7 change. And I think every governor in this association
8 is committed to working with the education community,
9 as well as the business community, in indeed creating
10 that climate for change.

11 And I at this time would like to call on the
12 co-chair of the Education Task Force who's been an
13 outstanding leader in this entire effort, the Governor
14 of Arkansas, Bill Clinton, to comment on the task force
15 report and also to ask the first question.

16 Then our time is quite limited. We've got a
17 couple of other governors that have asked for
18 questions. We're going to try to keep it somewhat
19 limited. But Governor Clinton has been a very key
20 player and deserves a great deal of credit for the
21 progress we've made in the last year. Governor
22 Clinton.

23 GOVERNOR CLINTON: Governor, I think there's

1 nothing left for me to say about the task force except
2 I enjoyed being a part of it and I hope it works. I
3 would like to ask a question or a couple of questions,
4 if I might, of any of the panelists who would care to
5 comment. Because we have to figure out, just like you
6 do, where we go from here.

7 I was very impressed by what Mr. Fernandez
8 said about what the Great City Schools are going to do
9 and by a lot of the other comments. Let me just ask
10 you, if I might, three points.

11 One is, in reporting progress between now and
12 the year 2000 in the allegedly quantifiable areas like
13 do we know what we need to know in math, science,
14 geography, English, and history, should we basically
15 rely on a more extensive national association of
16 education progress system, should we be testing a
17 representative group of kids in every state, or will we
18 have to test a representative group in every school
19 system, or should there be a uniform national exam at
20 least in the twelfth great level? What is your present
21 opinion?

22 Two, the last speaker made a point that I
23 make all the tim but he did it so much better than I

1 can. But my premise is and my belief is that nearly
2 every problem in American education has been solved by
3 somebody somewhere. There are people who are
4 succeeding against overwhelming odds, teaching people
5 that most folks think can't learn the most
6 extraordinary things. So we shouldn't reinvent the
7 wheel.

8 What can governors do to replicate what
9 works? We're very good about talking about what works
10 in our states, but we're not very good about setting up
11 a system which almost -- where the incentives or the
12 mandates require people to do what works in other
13 places.

14 Three, what can governors do to get a larger
15 percentage of their schools up to -- in fact, to get a
16 hundred percent of their schools into a serious
17 restructuring effort? We've been working on it at a
18 statewide level for over three years now. We have a
19 significant number of school districts who are working
20 on school-based management, who have gotten flexibility
21 from the state, who are willing to evaluate themselves
22 based on the results as manifested by what their
23 children know. But we still have a lot of folks that

1 just don't take it as seriously as they should.

2 Those are my three questions. How do we
3 test, how many people do we test, how do we replicate,
4 how do we get all the schools involved in
5 restructuring?

6 MR. FERNANDEZ: I'd like to respond, if I
7 could. Let me start with the last question, which is
8 of particular interest to me. And that is the
9 inability to get more and more school districts to
10 actively participate in serious restructuring. You
11 know, sometimes we're our own worst enemy.

12 We have a habit in education of kind of
13 circling the wagons. When the business community
14 started coming out with their reports in terms of the
15 quality of our graduates, many of us viewed it as
16 bashing, you know, here the business community was
17 again bashing the educational community.

18 I don't subscribe to that. I really believe
19 that there is a serious intent on the part of the
20 business community to work as a partner in improving
21 school systems. But more and more people are coming on
22 board from my field. We still have a large number of
23 people out there, though, Governor, you're absolutely

1 right, that are more conscious of turf and not about
2 serious restructuring. Because as Mr. Shanker said,
3 they really don't view the fact that we have a problem.
4 They don't come from that point of view.

5 I think that's one of the major roles that
6 the state houses and governors can do. While I'm more
7 in favor of bottom up rather than top down, I think
8 it's very critical that the governors set the tone in
9 the state through their education department, through
10 the legislature, set the tone in the state in terms of
11 the direction that that state is going to go.

12 One of the ways you do that is by rewarding
13 excellence. One of the ways you do that is by
14 recognizing excellence. One of the ways you do that is
15 by creating the kind of network within your state and
16 within other states that can start providing a
17 mechanism to duplicate things that work.

18 It's not easy, I grant you. But it's the
19 kind of thing that I think we all have to speak in one
20 voice if we are going to get our -- my colleagues,
21 school boards, and other people in the field to really
22 buy into this whole idea of restructuring.

23 MR. GEIGER: Governor, I want to respond to

1 the question, and I'm going to tie them all together by
2 doing -- by answering the way you should answer and by
3 ignoring all of your questions and going to something
4 that I think is more fundamental. And you touched on
5 it in your report and I -- in my mind it's a
6 prequestion to all of yours.

7 In the document that we sent to all of the
8 governors last week called It's Time For Action, and
9 you don't have it with you now, but there's a document
10 which talked -- which I asked, prior to our convention,
11 for our research division to compare the United States
12 with six other countries on issues which I believe are
13 more fundamental than education in this country.

14 And the countries I just pulled out of a hat,
15 Japan, West Germany, Sweden, Canada, and France. And
16 we compared the United States to those five countries
17 on four items. One, preschool availability, and we are
18 dead last. We do less for our children preschool than
19 any of those other five countries.

20 In fact, Sweden, if you have read any of
21 their literature, starting in '91, will provide a free
22 public education for every youngster in the country at
23 eighteen months of age if that parent -- if the parents

1 of that child want it to go. K-12 spending as a
2 percent of gross domestic product, we are dead last.
3 Four point one percent. The next lowest percent is
4 four point six percent.

5 Parental leave, I don't even have to touch
6 that. It's a disgrace in this country that we don't
7 have parental leave, and every other one of those five
8 countries -- you talk about caring about children? We
9 do nothing for parents when their children are born to
10 help the family get started right. And then health
11 care? I don't have to deal with that.

12 Governor, I think those issues are much more
13 critical to education in the United States today than
14 anything else that's in this document. And you did
15 address that issue. You said education is tied to this
16 society. We can't continue to treat our youngsters the
17 way they do -- we do right now until they are five
18 years old and then expect kindergarten and first grade
19 teachers to be miracle workers. They are all miracle
20 workers. I'm married to one. But they are not that
21 much of a miracle worker.

22 And unless and until we start treating our
23 youngsters better, from nine months before they are

1 born until five years old, we aren't going to do much
2 in the area of testing and all of the other areas. I
3 think that is so much more critical that if this
4 country doesn't get serious about it pretty soon, what
5 we're talking about in elementary and secondary schools
6 is going to be for naught.

7 MR. BROCK: Can I just pick up, Bill, and
8 first agree with a lot of what Keith said, that
9 preschool is the most important single step we can
10 take. And that's where business and the country is
11 putting the least amount of effort, the least amount of
12 money. Our properties are upside-down. I happen to
13 believe, Lamar, it's important with this university
14 program, but if we don't start on the front end we're
15 not going to crack the problem on the back end. We
16 won't be able to afford it.

17 Let me come back to your question, because I
18 think on the present circumstances, what you are
19 talking about is the need to send signals that cause a
20 response. If you've got school systems that aren't
21 responding, what do you do to tell them that they have
22 got to change? We're not sending them any signals
23 today. We reward the good sometimes, not often enough,

1 but we don't penalize the bad.

2 It seems to me that business could be of
3 value to you. Your business community in the State of
4 Arkansas could say, folks, we're going to start
5 evaluating where we locate our plants based upon the
6 quality of the schools. These school systems are doing
7 it, the others are not. That would be enormous value
8 to you in your legislative effort as well in the school
9 system.

10 Secondly, if we picked up on what Al Shanker
11 said and we raise the graduation entry level into
12 college and they started not getting their kids into
13 college, that would wake the parents up.

14 Third, we suggested in our skills commission
15 that by age sixteen that every child should have a
16 right to be -- because they legally can leave school at
17 that age, that we have an obligation to get them to an
18 employable level that is world class, not derived by
19 our standards, but in competitive terms by standards in
20 other countries.

21 If we do what we said in addition, and say
22 we'll try to get you there, but if you haven't reached
23 there you can't leave school or you can't go out and

1 get a job unless you're continuing your effort to make
2 that standard -- you need to have some benchmark that
3 relates the school to the work.

4 And we're going to continue to tell kids,
5 well, we're going to let you drop out and we don't
6 care, and you can go out and get four dollars an hour
7 which you will still be making when you are thirty,
8 then I think we've missed the boat. It does take a
9 more hardball effort.

10 Lastly, I do think that we do need some form
11 of a national test, simply because we have got to get
12 this country awakened to the fact that we are not
13 competitive. And there is no other way of evaluating
14 people unless we have some -- some assessment at that
15 level that allows us to see what, in fact, we are doing
16 or not doing for our kids.

17 MR. MORROW: Governor Thompson from Illinois
18 has a question.

19 GOVERNOR JAMES R. THOMPSON: Thank you,
20 Mister Chairman. Just two quick comments. First,
21 thank you to Governor Lamar Alexander for being the
22 original and sustaining conscience of the governors of
23 America on the issue of the reform of American

1 education. His pioneer work is still being felt and
2 admired by his fellow governors.

3 And secondly, a word of commendation for the
4 American business community represented here by Richard
5 Morrow. When I first became governor, more often than
6 not representatives of corporations would come to my
7 state capitol with a lot of issues in mind, but one of
8 them was how can we reduce the taxes that our
9 individual companies pay so we can have a greater
10 profit.

11 Now I see many of these same corporations
12 sending not their vice-presidents for state and local
13 taxation, but their vice-presidents for personn l and
14 indeed their chairmen to our state capitols urging us
15 to find ways, even if it costs additional tax dollars,
16 to improve the quality of our educational institutions.
17 And I think we ought to say thank you to them for that.

18 MR. MORROW: Let me make one comment in
19 response to Governor Clinton's questions. It seems to
20 me like what we're talking about here is ideally the
21 type of partnership approach that the Business Round
22 Table is trying to establish with the nation's
23 governors.

1 The kind of questions we're talking about,
2 the ones you have raised, I think are perfect examples
3 of the kinds of things that the business community and
4 the governors should try to address in those states
5 working with community organizations, local business
6 leaders, parent organizations, all those who have a
7 vested interest in trying to address this educational
8 issue. And I think we would welcome the opportunity to
9 work with you and your colleagues here on those kinds
10 of problems and come up with some meaningful results.

11 GOVERNOR BRANSTAD: Governor Bayh has a
12 question.

13 GOVERNOR BAYH: Thank you, Mister Chairman.
14 I have a question for President Alexander and for Mr.
15 Geiger and for others if they wish to jump in. It
16 seems to me we're addressing three issues here. Number
17 one, the condition of our children when they arrive in
18 our schools, and we're debating preschool health care
19 programs, the other basic building blocks of a decent
20 education; number two, the structure of the schools
21 that those children will arrive in. And we're debating
22 site-based management, the use of technology, and other
23 important aspects of the restructuring movement in our

1 country.

2 But there, it seems to me, is a third element
3 that hasn't received much attention, which brings me to
4 my question. Are we adequately preparing the human
5 beings, the teachers who will be asked to operate in
6 the new environment, for the environment that they will
7 inherit. We have what is one of the finest systems of
8 higher education in the world in our country. The
9 Japanese and others are actively seeking to replicate
10 our institutions of higher learning.

11 My question is, are our colleges of education
12 enough a part of the restructuring movement, are we
13 preparing adequately the teachers of the future for the
14 classrooms of the future. If not, what do we need to
15 do; and does this not present us as governors an
16 opportunity to get higher education actively involved
17 in the reform of our local schools, because they are
18 preparing the teachers who will be teaching in them.

19 MR. ALEXANDER: Governor Bayh, the answer to
20 your question is no, we're not. But one of the
21 problems we have is, every time we touch education it's
22 so many facets to it that if you poke one thing you
23 have to poke a lot.

1 If we were to train teachers properly to
2 teach in the kind of schools we should have, there
3 wouldn't be anyplace for them to teach. And I'm not
4 being facetious when I say that. They wouldn't fit
5 into the kind of schools that we have today, because
6 the schools we have today are schools that prepared
7 children for the 1950s in many cases.

8 Now, there have been lots of incremental
9 changes in the colleges of education to try to respond
10 to that. I'd like to answer your question by tying it
11 to something Bill asked, his third question. How could
12 a governor make a difference in restructuring and then
13 also in teacher training.

14 One way might be to have, say, in Indiana or
15 Arkansas ten little Saturn projects, the theory being
16 that you can't repair the plane while the plane is
17 flying, you've got to keep the schools open you've
18 got, but why not challenge teachers, the community, to
19 go back to the beginning and say who are these kids,
20 what do they need.

21 I'm not talking about elite schools or magnet
22 schools, I'm talking about mainstream schools, and keep
23 challenging them. Then it would be up to the

1 University of Arkansas, University of Indiana and
2 Tennessee to pride provide the teachers for those new
3 schools. And I think by doing that, we could show
4 people what is needed. And the more people that want
5 schools like that, more teachers would be trained for
6 that. But that is something that governors could help
7 us do, train teachers better for the schools we need.

8 MR. GEIGER: Governor, I agree with Governor
9 Alexander. The answer is no, we are not. But I would
10 not for one minute lay the burden for that on the
11 colleges or the higher ed institutes. Let's face it.
12 We live in a society that is expecting something in our
13 public schools that not only has this country never
14 expected but really they didn't want.

15 We, until just recently, didn't want most of
16 our workers to be able to think. We wanted workers who
17 came in and punched a time clock and took orders and
18 did a job. And we are now not only asking the higher
19 ed institutes to change the way they are thinking for
20 teaching -- teachers to go into schools, but we're
21 asking our teachers to change the way they are
22 teaching. And it was good enough when I taught in '60s
23 and in the '70s. We're asking parents to change their

1 own thinking and we're asking the business community to
2 change its thinking.

3 We are now asking a public to graduate from
4 high school ninety percent of its students when we have
5 never done that and never cared. And I don't mean that
6 in the negative sense. That means we all have to
7 change our thinking, including governors, including
8 teachers, including people in higher education, and we
9 now have to teach the thinking and the reasoning
10 skills, because the jobs where you just push a time
11 clock and you go work and put a widget on something
12 aren't there anymore.

13 That's a whole new thinking for all of us.
14 So I have to change, you have to change, the colleges
15 of education have to change. And a lot of us are going
16 to resist that, and especially when you hear the public
17 saying, well, it was good enough for me when I was in
18 school in 1932, why isn't it good enough now.

19 That is a whole new thinking that this
20 country has to realize. And I agree with Governor
21 Alexander. That means we have to be putting in place
22 schools that look completely different than they did
23 even five years ago. And that's scary to all of us.

1 GOVERNOR BRANSTAD: I'm going to introduce
2 Govern Kunin for the last question then go back to
3 Governor Clinton for final remarks. Yes.

4 GOVERNOR KUNIN: Thank you very much, Mister
5 Chairman. It's great to have you back, Lamar. And I'd
6 like to pick up on one end of the spectrum that you
7 touched on, recognizing we have to pay attention to all
8 aspects of education.

9 But when you said that eighty-five percent of
10 the employees at Saturn wanted to go back to college --
11 and I think we're seeing that in all of our
12 institutions and all of our labor force. In fact, in
13 Vermont we're beginning to talk about not K through 12
14 but K through 16.

15 What have you done to open up those doors to
16 those adult learners, whereas you indicated you get the
17 most immediate payback in terms of a -- a better
18 skilled labor force that can perform the jobs that are
19 out there? And higher education, from my experience,
20 has also been stodgy, has been very slow to recognize
21 this tremendous sea change that has taken place.

22 MR. ALEXANDER: Nothing is much stodgier than
23 higher education. I think tactically, though, that

1 during the '90s -- the time to change higher education
2 is probably after the elementary and secondary schools
3 are changed. Because if we were to have these new
4 schools we talked about that were so dramatically
5 different than what we have today, ones with work
6 stations for every child and computers and lots of
7 adults and starting the prenatal years, then children
8 wouldn't put up with college the way it's now -- the
9 way it's now taught.

10 But what have we done? Well, not enough.
11 But classes are now rescheduled because the students
12 are only available at night or in the afternoon.
13 Sheriffs take courses on telecommunications because
14 they are now our students in law enforcement
15 professional training.

16 We're thinking about a medical university of
17 the air so that doctors in rural areas -- Governor
18 McWherter keeps pushing us about this -- doctors in
19 rural areas can provide some services to patients.
20 Those doctors are our -- are our students. There are
21 not scholarships for older students the way there are
22 scholarships for younger students. There is not enough
23 rescheduling.

1 Probably America's secret weapon in this are
2 the communities' colleges and the technical institutes,
3 the two-year schools that are inexpensive, that are
4 convenient, that teach what you want; and if you then
5 want to go on to a four-year university degree, you can
6 transfer.

7 So I -- I think, my own thought, we have at
8 the University of Tennessee, for example, formed
9 relationships with all the community colleges so people
10 who come to us who ought to be in the community
11 college, we take them over. People who come there to
12 who want to transfer to us, we make arrangements for
13 that.

14 I think it's just a matter of just thinking
15 about putting a focus on all these parents and
16 grandparents and suddenly realizing what when I grew up
17 - I won't say anything about the rest of you - almost
18 nobody went to college. Almost nobody did. I mean,
19 maybe eight or ten percent.

20 Even today, in our state, less than fifteen
21 percent of the people over twenty-five have a college
22 education, yet half think they need one. So that -- I
23 think I'd just double what we're now doing for the next

1 ten years and then do some really radical restructuring
2 of higher education in the next ten after that.

3 MR. BROCK: Just remember that eighty-fiv
4 percent of the workers who are going to be working in
5 the year 2000 are working now. That's where we've got
6 to deal with the problem. If we're going to deal with
7 it quickly, that's where your front end is.

8 GOVERNOR BRANSTAD: I want to thank the
9 entire panel for your contributions, and thank you very
10 much. We appreciate you being here and being a part of
11 this. And I would invite Governor Clinton and Governor
12 Campbell, the co-chairs of the Education Task Forc , to
13 come forward.

14 These two gentlemen have put in tremendous
15 hours, have done an outstanding job, and been just
16 tireless leaders for education reform. I have been
17 very proud to work with them, and the success of this
18 year's consensus for change is to a great degree due to
19 their leadership and their tremendous work.

20 GOVERNOR CLINTON: I want to begin by
21 thanking Governor Branstad for caring about this issue
22 enough to give us the chance to stick our necks out and
23 spend a lot of time working together. I want to

1 personally, before all of you, thank Governor Campbell
2 for being a good and honorable and open and
3 hard-working partner. And I think we should recognize
4 -- and I want all the governors, I hope, to
5 appropriately recognize the services of our staff who
6 worked so hard on this, an extraordinary effort, and
7 especially Mike ~Cohen who is leaving the employ of th
8 National Governors' Association. I think we ought to
9 give Mike a hand for the work that he did.

10 (Applause.)

11 Governor Campbell and I now want to make a
12 formal presentation to Governor Branstad in recognition
13 of the fact that the first step in this long process of
14 change is to make sure people know what we're trying to
15 do. There's still a lot of Americans who don't know
16 how much we have to do and still a lot of Americans who
17 know how much we have to do but don't believe w can do
18 it.

19 So I think it is fair to say that our primary
20 problem is still with attitude and not aptitude in the
21 schools and with the children and with the adults. In
22 February, Governor Castle sponsored a resolution that
23 the governors should make an exceptional effort to

1 disseminate the national goals.

2 In response to that, the National Geographic
3 Society and its leader, Gil Grovener, have agreed to
4 provide a poster with the six national education goals
5 on it that will be sent to every school in the United
6 States, state by state, with a cover letter from ach
7 governor, as well as a communication from National
8 Geographic.

9 And Carroll and I would like to present the
10 first poster to Governor Branstad, who I think richly
11 earned it by making this whole process possible.

12 (Applause.)

13 GOVERNOR BRANSTAD: Governors Campbell and
14 Clinton, thank you very much. And Governor Castle,
15 thank you for your idea to see that it was widely
16 distributed. I want to especially thank National
17 Geographic for the leadership and the resources they
18 have put into this endeavor which I think will be a
19 help to every governor here in America.

20 And now we're ready to go on to the next item
21 in our agenda, which is voting on proposed policy
22 positions. We will now have discussion and votes on
23 the revised and new committee policy positions that

1 were sent to you on July 13th.

2 You have before you these policy statements
3 plus any amendments that were made by the standing
4 committees at this conference and any proposals offered
5 under suspension of the rules. To expedite matters, w
6 will vote en bloc on the proposals of each committee,
7 except where there is a request for considering a
8 proposal as an individual or separate item. We will
9 proceed in alphabetical order by committee, beginning
10 with the committee on Agriculture and Rural
11 Development. The Executive Committee and Suspensions
12 will be considered last.

13 Will the standing committee chairs please
14 summarize and the move the adoption of their policy
15 positions. Because Governor Mickelson had to leave
16 early, Governor Hunt will handle the recommendations
17 from the Committee on Agriculture and Rural
18 Development. And I at this time am pleased to
19 recognize our fine host governor, Governor Guy Hunt, to
20 report on the Committee on Agriculture and Rural
21 Development.

22 GOVERNOR HUNT: Thank you, Mr. Chairman. The
23 Agriculture and Rural Development Committee adopted

1 amendments to two existing policy statements. The
2 first is an amendment to policy G-2, strategic
3 management and investment for rural vitality, and asked
4 the Federal Government to develop initiatives to
5 coordinate with states in rural economic development
6 activities.

7 The policy was submitted to urge action
8 within the executive branch, even if Congress does not
9 act on pending rural economic development legislation.
10 This policy and federal legislation is especially
11 important this year as the 1990 farm bill is
12 considered. News of the potential for sequestration of
13 federal funds that will have severe impact on federal
14 farm programs increases the need for new rural economic
15 development activities.

16 A speaker at the committee meeting yesterday
17 told us that ninety-eight percent of his work force in
18 his rural company was employed in agriculture just ten
19 years ago. We need new jobs in rural areas and rural
20 economic development will help.

21 The second amendment affects policy G-8,
22 agricultural chemical safety. The amendment proposes
23 to add a new basis for the administrator of EPA to

1 grant an exemption for use of unregistered pesticides
2 in emergency situations. This amendment was
3 recommended by Governor Sinner. It also asks that the
4 administrator weigh the health effects of the approved
5 use of pesticides when making the decision to grant an
6 exemption.

7 The committee also adopted two committee
8 resolutions. One is a restatement of current NGA
9 policy on the 1990 farm bill and it highlights certain
10 issues of particular importance to the governors. The
11 second concerns disaster management. Both policies are
12 consistent with current NGA policy.

13 Mister Chairman, I move the adoptions of the
14 amendments to policy G-2 and G-8 en bloc.

15 (Motion seconded.)

16 GOVERNOR BRANSTAD: We have a motion and a
17 second to approve the policy positions and the
18 resolutions. Discussion?

19 (No response.)

20 GOVERNOR BRANSTAD: All in favor signify by
21 saying aye.

22 (Response.)

23 GOVERNOR BRANSTAD: Opposed?

1 (No response.)

2 GOVERNOR BRANSTAD: The policy positions of
3 the Committee on Agriculture and Rural Development are
4 approved.

5 I next call on Governor Mabus, the chair of
6 the Committee on Economic Development and Technology
7 Innovation for policy positions E-3 and 6. Governor
8 Mabus.

9 GOVERNOR MABUS: Thank you, Mr. Chairman.
10 The Committee on Economic Development and Technological
11 Innovation unanimously adopted two policies. The first
12 is on economic and community development and is a
13 consolidation of two existing policies. The new
14 language covers minority business development,
15 financial institutions, tax exempt bonds, and economic
16 conversion. The section on economic conversion was
17 worked out at our meeting yesterday. And I want to
18 point out and thank both Governor Jim Thompson and
19 Governor Dick Celeste, who were responsible for
20 providing a workable solution.

21 The second policy is an amendment regarding
22 technological innovation, which strengthens the
23 statement on coordinating federal programs with state

1 efforts and adds emphasis to commercializing new
2 technologies.

3 At this juncture I think it's appropriate to
4 thank Governor Celeste for his five years of work as
5 the lead governor on science and technology. He has
6 done so with good humor, with skill, and with great
7 enthusiasm.

8 Mister Chairman, I move the adoption of
9 policies E-3 and E-6 en bloc.

10 GOVERNOR BRANSTAD: Is there a second?

11 (Motion seconded.)

12 GOVERNOR BRANSTAD: We have a motion and a
13 second to approve policies E-3 and E-6 en bloc.
14 Discussion?

15 (No response.)

16 GOVERNOR BRANSTAD: All in favor, signify by
17 saying aye.

18 (Response.)

19 GOVERNOR BRANSTAD: Opposed?

20 (No response.)

21 GOVERNOR BRANSTAD: The ayes have it.
22 Policies are approved. Governor Mabus.

23 GOVERNOR MABUS: I have a suspension. Do I

1 wait until the end to do, that from my committee?

2 GOVERNOR BRANSTAD: Yes. the suspensions
3 come up at the end, right, I think after the Executive
4 Committee report. So if we would wait until that time.

5 We now go to a summary of the Task Force
6 Report on Global Climate Change. This is a very
7 difficult and controversial issue, and I'm very pleased
8 and very proud of the fine work that's been don by
9 this task force under the leadership of Governor Jim
10 Thompson and the co-chairmanship of Governor Madeleine
11 Kunin.

12 At this point I'm pleased to recognize
13 Governor Thompson and Governor Kunin to give us the
14 report on the Task Force on Global Climate Change which
15 was released and presented to the President last month.
16 This is one of the most significant steps and the first
17 time that any organization has been able to come up
18 with this kind of consensus report with this kind of
19 substantial change recommendations.

20 And Governor Thompson, I'm pleased to
21 introduce you to report on that task force.

22 GOVERNOR JAMES R. THOMPSON: Mister Chairman,
23 thank you. Thank you first for the privilege of

1 serving as the chair of the task force. It enrich d my
2 understanding and knowledge and I think that of all the
3 governors who served on the task force. And I
4 particularly want to acknowledge the contribution of my
5 co-chair, Madeleine Kunin, who was instrumental in
6 helping us reach a unanimous conclusion.

7 We began, as much of the debate does on
8 global climate change, in a lack of understanding,
9 misunderstanding, lack of information, misinformation,
10 contention, divisiveness, suspicions, and we ended in
11 unanimity. Not bad for governors representing eleven
12 very diverse states. And I think we represent, I hope,
13 unanimity of this group on this issue.

14 We were a working task force. We held our
15 first hearing in New York at the United Nations and had
16 an opportunity to hear a major address on this issue by
17 Prime Minister Thatcher and to meet with her. And we
18 took scientific testimony on all sides. We went to
19 California and toured a facility of the future under
20 the sponsorship of Governor Deukmejian, a photovoltaic
21 facility, and talked about renewable energy and energy
22 efficiency.

23 We went to Louisiana under the sponsorship of

1 Governor Roemer and heard about the impacts of sea
2 level changes as a possible result of global climate
3 change, particularly in areas like New Orleans and
4 Louisiana. We went to the home of Governor Kunin in
5 Vermont to consider the impact of global climate change
6 on our nation's lakes, forests, and agriculture.

7 We wrote our report. We adopted it
8 unanimously. We presented it to the President of the
9 United States and to Governor Sununu. And the White
10 House accepted it and commended it. My first thought
11 when you appointed this task force, Mister Chairman,
12 was what in the world do governors have to do with
13 global climate change. And the answer turned out to
14 be, a great deal. Because of our jurisdiction over
15 such things as utilities, energy conservation, utility
16 rates, land use, transportation, conservation, and
17 taxation, public health and the environment, we do have
18 a great deal to do with those things which may lead to
19 global climate change and a great deal to do with
20 possible solutions or mitigation.

21 Our report essentially says there are reasons
22 to fear global climate change and that we should adopt
23 policies now which will mitigate harmful effects that

1 may occur in the future; that there are good reasons
2 for adopting policies now for their own sake. And if
3 it turns out that some scientists are right, that
4 global climate change is more to be feared than some
5 think, we will have done the right thing.

6 If it turns out that we were being too
7 worrisome, the reasons why we adopted things like
8 reforestation and energy conservation will be a good
9 thing for their own sake, so-called no regrets policy.
10 Our specific recommendations have been incorporated
11 into the policy changes.

12 They are, urging that we join in
13 international agreement to protect the atmosphere of
14 the globe. The U.S. cannot, must not, go it alone.
15 Secondly, we called for stabilization of U.S.
16 emissions of carbon dioxide but we put no end date on
17 that. Thirdly, we called for stopping the production
18 of and recycling CFCs. Fourth, we call for developing
19 and commercializing alternative energy systems
20 including clean fossil use, renewable energies sources,
21 and safe nuclear power.

22 Fifth, we really think that this nation needs
23 to get doing on forestry programs because trees can be

1 enormously effective receptors of greenhouse gases; and
2 in addition, in urban areas, provide the kind of shade
3 that will lead to energy conservation and the need to
4 use less carbon-based fuels.

5 Sixth, we should begin planning efforts now
6 for adapting to a changing climate, because our climate
7 is going to change with or without the steps to be
8 taken according to our recommendations. And, seventh,
9 we called for a more aggressive research policy to find
10 out just more what we can do as individual states and
11 nations and to learn more about how nature works.

12 All in all, I think a solid report
13 contributed to by every member of the task force and
14 our host governors as we moved across the nation. And
15 I thank you for the privilege of sharing the task
16 force.

17 GOVERNOR BRANSTAD: Governor Thompson, you've
18 proven that if you have got a tough task to be done,
19 ask a busy, experienced governor to take it on. And I
20 appreciate your leadership and I especially appreciate
21 the cooperation and the assistance that Governor Kunin
22 gave in this effort as well.

23 This was a diverse group of governors from

1 both energy-producing and -consuming states, and I
2 think this is a task force report that's got great
3 substance. And I'm very proud of what you have done.
4 And I want to at this point recognize Governor Kunin
5 who is the chair of the Committee on Energy and the
6 Environment, as well as the co-chair of this this task
7 force.

8 GOVERNOR KUNIN: Thank you, Mister Chairman.
9 I'd like to, before I move the resolutions of the
10 Committee on Energy and Environment, just add a
11 footnote and tell you how much of a pleasure it was
12 indeed to work with Governor Thompson. I'm happy to
13 say that I agree with everything that he has reported
14 to you.

15 And I think it is significant that different
16 states with different energy perspectives and different
17 environmental problems really coalesced around a
18 national and international issue that has left many,
19 many smaller groups in and less distinctive groups
20 strongly polarized.

21 And I think what is important here is the
22 consensus building that we have achieved I believe can
23 lay the foundation for national and international

1 action. I think that this is one case where the
2 National Governors' Association can set an example of
3 how you can stop debating the differences and begin to
4 agree on the areas that are of common concern and where
5 we can take immediate action.

6 And certainly the six points that were
7 mentioned, to forge an international agreement, to
8 concentrate on energy conservation, to stop the
9 production of CFCs, and others, those are actions that
10 we can take in our own states immediately. And not
11 only will they make a contribution to overall
12 environmental problems, but I think they will begin to
13 show that you can act locally and think globally and
14 have a global impact.

15 So it's been a real privilege to work with
16 the committee and with the NGA on this issue. And I
17 think it's a report that will become a point of
18 reference as the whole issue of global climate change
19 becomes more of a debated and action-oriented subject
20 on the international scene.

21 In regard to that, I would like to move, on
22 behalf of the Committee on Energy and Environment, th
23 adoption en bloc of one new policy, the on on global

1 climate change, and two amendments to existing policy.
2 The policy on global climate change is basically the
3 heart of the report and the language is fairly clear in
4 that regard.

5 It basically says let's do what we can do
6 now, what is reasonable, cost effective, and which
7 makes sense, regardless of some of the questions and
8 uncertainties that may remain as to the extent and
9 timing of global climate change.

10 The amendment to existing policy are in two
11 areas, one on solid waste. And the solid waste policy
12 we again focus on source reduction, on recycling, on
13 reducing toxicity of waste products, and on increasing
14 the amount of materials that can be recovered and
15 reused.

16 One other area of interest to many states is
17 that the policy recommends that the Congress provide
18 for states to impose fees on out-of-state waste as part
19 of a comprehensive solid waste plan.

20 The third area of amendment is on coastal
21 zone management asking the Congress to reauthorize the
22 Coastal Zone Management Act of 1972, which is now
23 expiring, and to define the states' authorities and

1 responsibilities in the new expanded territorial sea
2 for three miles to twelve miles.

3 The Committee on Energy and the Environment
4 unanimously approved these and I ask for your approval
5 as well. Thank you.

6 (Motion seconded.)

7 GOVERNOR BRANSTAD: We have a motion and a
8 second to approve the new policy position and two
9 amendments. Is there a discussion? I understand the
10 Governor Bayh from Indiana has a comment. Governor
11 Bayh.

12 GOVERNOR BAYH: Mister Chairman, my comment
13 was with regard to the solid waste task force, not the
14 global warming, so I'll reserve comment until that
15 time.

16 GOVERNOR BRANSTAD: Okay. Thank you. We
17 have a motion and a second to approve the report of the
18 Committee on Energy and the Environment policy
19 statements D-30, 42 and 54. If there's no discussion,
20 all in favor signify by saying aye.

21 (Response.)

22 GOVERNOR BRANSTAD: Opposed?

23 (No response.)

1 GOVERNOR BRANSTAD: The ayes have it. It is
2 approved. Thank you, Governor Kunin, for your
3 leadership, and Governor Thompson for your assistance
4 in this task force. And I think that this document
5 will be of tremendous help to governors as they grapple
6 with this important environmental issue that's one of
7 the most critical issues facing the human species in
8 the future.

9 We will now go on to Governor Celeste, chair
10 of the Committee on Human Resources, for his report and
11 for the policy statements C-12, 24 and 25. Governor
12 Celeste.

13 GOVERNOR CELESTE: Thank you very much,
14 Mister Chairman and members. Yesterday the Committee
15 on Human Resources enjoyed an unusually lively,
16 provocative, and informative discussion of the issues
17 involved in restructuring the nation's health care
18 system.

19 I want to say a special word of appreciation
20 to Governors Booth Gardner and John McKernan who
21 chaired the subcommittee on health appointed by you,
22 Mister Chairman, on the heels of our outburst on
23 Medicaid mandates last year and the communication of

1 that to the Congress.

2 The subcommittee has released a report which
3 is not before you, but I call it to your attention
4 because it will be sent to all of you in the follow-up
5 packets to the meeting today, which -- it includes
6 presentations by the two individuals who were our
7 resource people for the committee yesterday and also a
8 statement of principles that will guide our course on
9 health care reform as Governor Gardner charts that
10 course with all of you next year.

11 I really encourage my colleagues to read the
12 report and become involved in this issue which I think
13 is one of the critical issues in the 1990s. The
14 committee considered three policy statements. One
15 calls for greater understanding of the impact on birth
16 outcomes of gestational diabetes. One calls for
17 reauthorization of the community services block grant,
18 and one calls for needed changes in the structure and
19 focus of the child welfare system.

20 And I'd like to move these policies en bloc,
21 Mister Chairman.

22 GOVERNOR BRANSTAD: We have a motion to
23 approve the polici s en bloc. Is there a second?

1 (Motion seconded.)

2 GOVERNOR BRANSTAD: We have a motion and
3 second to approve. Discussion?

4 (No response.)

5 GOVERNOR BRANSTAD: All in favor signify by
6 saying aye.

7 (Response.)

8 GOVERNOR BRANSTAD: Opposed?

9 (No response.)

10 GOVERNOR BRANSTAD: The policies are
11 approved.

12 At this point I have special remarks I want
13 to give on Children's Day, which is a request that came
14 from the Human Resources Committee. Before you is a
15 copy of a letter that I have distributed to each of
16 your offices, as well as distributed here at the NGA
17 annual meeting. And I would urge each of you to become
18 involved in the National Children's Day which is set
19 for October 14, 1990.

20 Last year the state of Iowa participated and
21 it was an exciting way to celebrate our state's
22 children. As part of the activities, each governor has
23 an opportunity to send children to Washington, D. C.,

1 for a week of events to develop special state
2 activities to highlight children's programs and
3 accomplishments.

4 Additional information on the activities
5 involved has been sent to each of your states. I would
6 hope that each of you would participate. I think it's
7 an excellent opportunity to celebrate the important
8 role that our children will play in the future and to
9 highlight children.

10 This is a country that doesn't have any
11 specific holiday set aside for children. My father
12 always -- when I asked him about that as a kid always
13 used to say every day was children's day. But I think
14 it's appropriate that we have a special day set aside
15 to give honor and recognition to children. And that
16 day is October 14, 1990. And I'd urge every governor
17 to get involved in that process.

18 And now I am pleased to recognize Governor
19 Tommy Thompson from Wisconsin, chair of the Committee
20 on International Trade and Foreign Relations for
21 policies H-5 and 9. Governor Tommy Thompson.

22 GOVERNOR TOMMY THOMPSON: Thank you very
23 much, Governor Branstad. Let me at this time

1 congratulate you on the leadership and the job that you
2 have done at this conference has been excellent. The
3 Committee on International Trade and Foreign Relations
4 had a very lively session yesterday with our special
5 guest, Deputy Secretary of State Eagleburger and Peace
6 Corps director Paul Coverdell.

7 Peace Corps Director Paul Coverdell is with
8 us today. And he's got a very interesting concept that
9 I hope all of the governors around the table will
10 listen to. He wants to bring back all of the graduates
11 of the Peace Corps and allow them to go to the
12 university and get a fellowship and then go into the
13 Indian reservations, the inner cities, and teach for
14 two years. And he's got a very interesting report.

15 And Paul, of course, is here and will be more
16 than happy to talk to any governor about setting up a
17 fellowship in your particular states. It's good
18 government. It certainly falls in line with our
19 educational goals today that we have passed. And I
20 certainly think that all of us should be very
21 interested in that.

22 The committee also has proved amendments to
23 two policy positions, and I now bring them to your

1 attention. The first concerns amendments to H-5 which
2 was brought to our attention by Governor Perpich. The
3 proposed changes would update and expand the governors'
4 position on the Soviet Union and eastern Europe, a
5 policy we just adopted at the February meeting.

6 It certainly points out -- the fact that
7 we're already proposing amendments reflects the fast
8 pace of change that's taking place in our world. In
9 addition to the technical updates, the language urges
10 continued support by the United States for an open
11 lands policy, vis-a-vis the Soviet Union, and such a
12 policy would remove the current travel restrictions and
13 allow greater access.

14 The second set of amendments is to NGA policy
15 H-9 which are the GATT negotiations. Here again, our
16 intent was to update and streamline the governors'
17 policy of multilateral trade negotiations. In
18 addition, new language on government procurement is
19 proposed. The GATT is going on, as everybody knows,
20 and the procurement is a very controversial issue. But
21 it would certainly open up to the states about two
22 hundred and fifty billion dollars in new trade.

23 It's a purchasing by the government of

1 supplies, equipment, and in service. I and fourt en
2 other governors this afternoon are involved in an
3 advisory group to the United States Trade
4 Representative Carla Hills. We'll be meeting with h r
5 this afternoon to discuss the full range of all of the
6 GATT issues that are going to be debated in Bruss ls in
7 December.

8 Anybody that has any involvement or any
9 inclusion that they want to be part of, please see me
10 and please feel free to come to the meeting this
11 afternoon. But the report supports considering the
12 elimination of state preferences, to open up our
13 procurement internationally. It allows for setasides
14 in preferences designed to meet socioeconomic goals
15 such as those for minorities, handicapped, and
16 disadvantaged businesses, and in most states already
17 are or very close to being in compliance with the code
18 regarding their purchasing practices.

19 And with that brief explanation, I move these
20 policies, Mister Chairman, and hope that they are
21 adopted.

22 (Motion seconded.)

23 GOVERNOR BRANSTAD: We have a motion and a

1 second to approve the policy resolutions of H-5 and H-9
2 from the Committee on International Trade and Foreign
3 Relations. Discussion?

4 (No response.)

5 GOVERNOR BRANSTAD: All in favor signify by
6 saying aye.

7 (Response.)

8 GOVERNOR BRANSTAD: Opposed?

9 (No response.)

10 GOVERNOR BRANSTAD: It is approved. Now I am
11 pleased to call on Governor Castle, chair of the
12 Committee on Justice and Public Safety for policy
13 position B-11.

14 GOVERNOR CASTLE: Thank you very much, Mister
15 Chairman. The Committee on Justice and Public Safety
16 also met yesterday and discussed a couple of things,
17 starting with prison overcrowding, a subject near and
18 dear to the hearts of all governors. We included the
19 issues of consent decrees and the response of the
20 Federal Government using intermediate sanctions as a
21 tool to handle prison overcrowding. And a review of
22 the impact of military forces, restructuring of the
23 National Guard was the other subject we discussed.

1 There is, Mister Chairman, one subject that I
2 would like to call to your attention, to the attention
3 of all the governors. It concerns the fact that the
4 House Judiciary Committee accepted an amendment to the
5 Comprehensive Crime Control Act, HR-5296, that would
6 provide for the allocation of grant funds directly to
7 units of local government.

8 This amendment could interrupt the process
9 used by the states to attack the drug problem by
10 circumventing the statewide plan as proposed by the
11 national drug control strategy, eliminating the
12 multijurisdictional task forces that are aimed at drug
13 trafficking, spread the meager resources too thin, and
14 be very costly for the Federal Government to implement.
15 You might want to watch that carefully.

16 An attempt will be made to strike this
17 amendment when the bill reaches the house floor. You
18 may wish to encourage your delegation to support the
19 effort to strike the provision for direct funding to
20 units of local government and continue the statewide
21 effort needed to attack the drug problem.

22 Mister Chairman, the committee recommends the
23 consideration of an amendment to the existing policy

1 B-11 Army and Air National Guard concerning
2 reorganizing and restructuring of military forces. The
3 proposal recognizes the need for cuts in military force
4 structure caused by changes in eastern Europe. These
5 cuts may impact the National Guard.

6 This proposal asks for a cost benefit
7 analysis regarding the dual role capacity of the
8 National Guard. It is suggested the National Guard
9 could provide immediate military capability for lower
10 peacetime operating costs than active military service
11 units. Mister Chairman, I move for the adoption of
12 this amendment.

13 (Motion seconded.)

14 GOVERNOR BRANSTAD: We have a motion and a
15 second to approve the policy statement of the Committee
16 on Justice and Public Safety. Discussion?

17 (No response.)

18 GOVERNOR BRANSTAD: All in favor, signify by
19 saying aye.

20 (Response.)

21 GOVERNOR BRANSTAD: Opposed?

22 (No response.)

23 GOVERNOR BRANSTAD: It is approved. We will

1 now proceed to Governor Wilkinson, vice-chair of the
2 Committee on Transportation, Commerce and
3 Communications for policy positions F-2 and 3.
4 Governor Wilkinson.

5 GOVERNOR WILKINSON: Thank you, Mister
6 Chairman. The committee also met yesterday and
7 recomends the adoption of two policy amendments to the
8 existing policy. The first one is concerning highway
9 safety, an amendment to F-2, which is highway
10 transportation that suggests that a strategic approach
11 to long-term policy development focused on results in
12 promoting highway safety.

13 The second deals with the airport
14 reauthorization. It amends F-3, air transportation,
15 that updates -- essentially updates NGA policy on the
16 pending Airport Improvement Bill. Now, that relates to
17 the closing of military air bases, state taxing
18 authority, poor utilization of trust fund revenues, and
19 state administration of the general aviation program.

20 I'll be glad to respond to questions, Mister
21 Chairman, if there are any. These policy amendments
22 are not and have not been controversial. And I move
23 them adoption en bloc. But one other thing I want to

1 say is that I would also like to ask for the continued
2 help - and it is a vital importance - of all the
3 governors in pushing to get the full fifteen billion
4 dollar highway obligation ceiling. The house has
5 passed a fourteen point five billion highway obligation
6 ceiling in its DOT appropriations bill. And the Senate
7 Appropriations Committee has approved a thirteen point
8 eight billion ceiling.

9 We would like to see that moved substantially
10 higher, i.e., fifteen billion, either on the Senate
11 floor or in conference committee. And it will take
12 everything we can do, I believe, to maintain the high
13 appropriations number in the context of continued
14 negotiations in the budget center.

15 And with that, Mr. Chairman, I move th
16 adoption en bloc of F-2 and F-3.

17 (Motion seconded.)

18 GOVERNOR BRANSTAD: Governor Wilkinson has
19 moved en bloc policies F-2 and F-3. We have a second
20 from Governor Celeste. Discussion?

21 (No response.)

22 GOVERNOR BRANSTAD: All in favor signify by
23 saying aye.

1 (Response.)

2 GOVERNOR BRANSTAD: Opposed?

3 (No response.)

4 GOVERNOR BRANSTAD: The policies are
5 approved. We now go to the Executive Committee. We
6 will consider the proposed policies from the Executive
7 Committee. The first one is -- and these will be taken
8 separately, because I understand there are amendments
9 to -- at least one amendment that I am aware of, maybe
10 more, to these proposed policies.

11 Governor Gardner moves the approval of
12 Executive Committee policy position A-1. Is there a
13 second?

14 (Motion seconded.)

15 GOVERNOR BRANSTAD: We have a second. I
16 believe there is an amendment to this. Governor
17 Bellmon has an amendment. I would go to Governor
18 Bellmon at this time.

19 GOVERNOR BELLMON: Mister Chairman, I believe
20 every governor has a copy of the amendment of the
21 language. Is it necessary to read it?

22 GOVERNOR BRANSTAD: Does anybody object not
23 to having it read? There is a proposed further

1 amendment to policy A-1 by Governor Henry Bellmon which
2 has been distributed to each of you. It looks like
3 this. I think it's all underlined. Do you have it?
4 Does anybody object to having it taken up without being
5 read?

6 (No response.)

7 GOVERNOR BRANSTAD: Hearing none, you can
8 proceed.

9 GOVERNOR BELLMON: Thank you, Mister
10 Chairman. The NGA has for many years recognized that
11 the federal budget deficit is an urgent national
12 problem. We have a pretty good policy statement, but
13 it does not relate specifically to the present summit
14 negotiations. It would be too bad if the NGA met
15 during the budget summit and said nothing about the
16 vital importance of success being achieved in this
17 summit.

18 The deficit has widespread negative impacts.
19 For example, it weakens our competitive position in
20 international trade, it inhibits the nation's ability
21 to respond to urgent domestic needs. By setting a
22 horrible example, the federal deficit makes it harder
23 for states and local governments to practice fiscal

1 responsibility, and the deficit mortgages America's
2 future. The federal interest costs will soon consume
3 as much money annually as -- about two thirds as much
4 as the general fund budgets of all the fifty states.

5 The policy statement I propose will put the
6 governors clearly on the record in support of a major
7 budget agreement this year. But the amendment also
8 reiterates the governors' concern that the potential
9 impacts on state and local governments be taken into
10 account in arriving at a budget agreement.

11 The amendment calls for budget -- the budget
12 process reforms to be worked out as part of the summit
13 agreement. The existing NGA policy endorses a number
14 of important reform possibilities, including the line
15 item veto power for the President, the multi-year
16 appropriations and creation of a federal budget --
17 federal capital budget.

18 Time is running out for the nation to deal
19 with the budget problem. There is a good chance that
20 this year we'll get a comprehensive long-term solution.
21 And I urge the budget -- the governors to take action
22 on this important issue by approving this language.

23 GOVERNOR BRANSTAD: Is there a second to the

1 motion?

2 (Motion seconded.)

3 GOVERNOR BRANSTAD: We have a motion and
4 second to approve this amendment. Discussion?

5 (No response.)

6 GOVERNOR BRANSTAD: All in favor signify by
7 saying aye.

8 (Response.)

9 GOVERNOR BRANSTAD: Opposed?

10 (No response.)

11 GOVERNOR BRANSTAD: The ayes have it. It is
12 approved. Are there further amendments? Governor
13 Martin?

14 GOVERNOR MARTIN: Mister Chairman, I have an
15 amendment which I would circulate.

16 GOVERNOR BRANSTAD: We'll have it circulated
17 at this time.

18 GOVERNOR MARTIN: Yes, sir. I was having two
19 sentences retyped at the suggestion of Governor Sinner
20 and that retyping is not back to me now. So I will
21 circulate what I have and we'll find a way to show you
22 what the changes would be.

23 GOVERNOR CELESTE: Mister Chairman, can you

1 state the rule under which an amendment may be offered
2 at this point?

3 GOVERNOR BRANSTAD: Amendments -- Jim, the
4 question is the rule under which the amendment can be
5 offered at this time.

6 MR. MARTIN: Policy statements are submitted
7 -- this is the policy statement you got two weeks ago.
8 According to the rules, it requires a two-thirds vote.

9 GOVERNOR CELESTE: Am I right, though, that
10 there must be a suspension of the rules? Because this
11 amendment was not distributed before last evening.

12 MR. MARTIN: It's an amendment --

13 GOVERNOR BRANSTAD: It's a amendment.

14 MR. MARTIN: -- to what you got. So an
15 amendment to what you got two weeks ago are in order at
16 the same vote as it requires for the amendment itself.

17 GOVERNOR CELESTE: Two-thirds vote for the --

18 GOVERNOR BRANSTAD: It's two-thirds vot --

19 GOVERNOR CELESTE: -- for the amendment?

20 GOVERNOR BRANSTAD: It's two-thirds vote on
21 both the amendment and on the policy statement as well.

22 MR. MARTIN: Any amendment is two thirds, the
23 statement itself is two thirds.

1 GOVERNOR BRANSTAD: So it takes two-thirds
2 vote to approve any amendment to the policy statement.
3 It also requires a two-thirds vote for the approval of
4 the policy statement.

5 MR. MARTIN: It's two thirds, Governor,
6 because it's germane to the amendment.

7 GOVERNOR ASHCROFT: Is that two thirds of
8 the people who are present and voting or two thirds of
9 the membership?

10 GOVERNOR BRANSTAD: It's two thirds of those
11 present and voting to approve an amendment to a
12 proposed policy statement. And it's also two-thirds
13 vote required to approve the policy statement itself.
14 And this is a policy statement that was approved
15 yesterday. And it was offered by Governor Sinner at
16 the Executive Committee.

17 And as I understand it, there's an amendment
18 to that policy statement that is being circulated
19 right now by Governor Martin. And I would again
20 recognize Governor Martin. I think the amendment has
21 now been distributed.

22 GOVERNOR MARTIN: Mister Chairman, it is
23 being redistributed. And the way you'll be able to

1 tell the correct one is that in the upper right-hand
2 corner it has a device that just says Martin A. And --
3 it's being handed out -- it's being handed out right
4 now.

5 GOVERNOR BRANSTAD: It has Martin 8. That
6 means Martin is the governor for eight years; is that
7 right?

8 GOVERNOR MARTIN: A. A, B, C.

9 GOVERNOR BRANSTAD: Oh, A.

10 GOVERNOR MARTIN: It is being handed out to
11 you. Those of you would have not received it will
12 receive it in a few seconds. It is being handed out
13 now. Here. I'll give you one of my copies now. You
14 have one and everyone else will be receiving a copy in
15 just a moment.

16 GOVERNOR SINNER: Mister Chairman --

17 GOVERNOR MARTIN: Mister Chairman, may I
18 be --

19 GOVERNOR BRANSTAD: I will recognize Governor
20 Martin to explain it, then I will go to Governor Sinner
21 for comments. Governor Martin.

22 GOVERNOR MARTIN: Mister Chairman, while
23 attending the Executive Committee meeting yesterday it

1 had been my expectation that Governor Sinner or
2 Governor Celeste or someone would be offering an
3 amendment to this resolution on federalism which would
4 address the savings and loan crisis. No one sought
5 recognition and I guess that's why you were looking to
6 me.

7 I had prepared what I had intended to be a
8 substitute for that, but I'm happy to have it offered
9 as an amendment to the resolution that's before us.
10 Mister Chairman, four or five years ago the National
11 Governors' Association came dangerously close to
12 allowing partisan issues or partisan presentation of
13 issues to fracture the association. We are, after all,
14 not a legislative body able to enact laws to compel
15 action by others; we're an association of governors
16 looking for ways to improve the governmental
17 effectiveness of all of us.

18 We are, all of us, concerned about the
19 savings and loan crisis and its deepening impact on our
20 economy and on public confidence in the governmental
21 processes and their fairness. Our people are injured
22 by it in all of our states. We, as the National
23 Governors' Association, should be on record in favor of

1 correcting it and bringing to justice those who are
2 guilty of criminal wrongdoing.

3 The resolution that I had seen at the
4 Executive Committee I thought had many good features.
5 And in the interest of what I hope will be bipartisan
6 harmony, I have a substitute which is identified by the
7 device of having the phrase "Martin A" in the upper
8 right-hand corner which has now been distributed to
9 anyone. Is there anyone who does not have a copy of
10 it?

11 The amendment would add this language, and I
12 would like to read it since the members have just
13 received it.

14 "The governors call upon the Congress and the
15 President to provide the resources necessary to
16 bring swift, aggressive, and thorough action
17 against those civilly liable or guilty of
18 criminal wrongdoing. The governors ask that
19 there be convened immediately an independent
20 commission comprised of members drawn from a
21 broad cross-section of the American public. The
22 commission should examine the root causes and
23 impacts of the crisis and expeditiously recommend

1 to both Congress and the Administration ways to
2 do the following: Decisively stop the drain on
3 taxpayers' money; provide for the equitable
4 recovery of public monies expended; provide for
5 a prompt review of the legislative, regulatory
6 and other causes of this unprecedented disaster;
7 provide for a decisive course of action to
8 prevent a repeat of this disaster in other
9 financial institutions, and provide for
10 restructuring loans rather than writing them off.
11 The governors urge that the commission not be
12 empowered to take any action which could impede
13 or delay the current cleanup or interfere with
14 the judicial process. In no event should the
15 commission be empowered to make any grant of
16 immunity from prosecution for criminal acts which
17 may have been committed."

18 Mister Chairman, if the National Governors'
19 Association will adopt this as an amendment to the
20 resolution, it will make very clear the concern that we
21 have, each one of us. It will make very clear that
22 we're not seeking partisan advantage or to participate
23 as an association in trying to establish a partisan

1 advantage.

2 It will say that each of us wants to see
3 three things done. We want to see the process for
4 cleaning up the savings and loan crisis proceed as
5 expeditiously, effectively, and fairly as possible. It
6 will say that we want there to be aggressive and swift
7 judicial action taken against those who are either
8 civilly liable or who have been involved in some
9 criminal participation.

10 And it says that we would want a commission
11 to be established which would examine this not on
12 behalf of either political party or on behalf of any
13 other institution, but on behalf of the American people
14 to report to the President, to the Congress, to all of
15 us, and thereby to the American people, as to how this
16 happened, what can be done to minimize its damaging
17 impact, and how we can take precautions against this
18 happening in other institutions so that our financial
19 institutions will once again grow stronger. And that
20 in doing so, it not operate in a way that would impede
21 the judicial process, and particularly that it not
22 operate in a way that would grant immunity from
23 prosecution to those who have a criminal involvement.

1 Mister Chairman, I move this amendment to the
2 resolution and ask its adoption.

3 GOVERNOR BRANSTAD: Is there a second?

4 (Motion seconded.)

5 GOVERNOR BRANSTAD: We have a motion and a
6 second. I would call on Governor Sinner from North
7 Dakota.

8 GOVERNOR SINNER: Mister Chairman, when the
9 resolution was first adopted, I want to assure you that
10 I rewrote what was given to me because I thought there
11 were heavy partisan insinuations in the original draft.
12 And I tried to write it in a meaningful way that would
13 provide some help to all the people that have to deal
14 with this mess. Because it isn't just political
15 parties that are at stake here, it's the future of the
16 country.

17 And yet for reasons that are still unclear to
18 me, there were partisan insinuations even in that, I
19 thought, straightforwardly written draft. I don't say
20 it was perfect, but there weren't partisan insinuations
21 in it.

22 However, even though angers flared a little
23 at the meeting, wisdom prevailed and apologies were

1 made and accepted in good faith. Tragically, however,
2 yesterday morning we all opened up the paper and saw
3 outrageous partisan ads on this issue that raise the
4 ire of every sincere person here I think in both
5 parties. I don't know who the hell was responsible for
6 it.

7 This morning's ad was even worse. And that
8 people are now put in sometimes irrational moods is
9 easy to understand. And I -- I'm sure the ads will be
10 answered. All that having been said, I -- I want to
11 see this -- this problem solved. And I want us to
12 help. And I'm going to go home and do everything I can
13 in my state to see whether there is anything mor I can
14 do.

15 Personally, I find Governor Martin's language
16 acceptable. I do not speak for any other Democratic
17 governors. I think there may be -- there's an argument
18 for an independent prosecutor, because Jim's original
19 language suggested that the Department of Justice be
20 given the funds and I was suggesting that an
21 independent prosecutor be given the funds. We deleted
22 that issue because there was not any obvious
23 concurrence.

1 The important thing, it seems to me, is that
2 somehow we move forward and we do the things that can
3 help and not let, I think, inane political advertising
4 tear us apart here in this body. So I'm going to --
5 for my part I will accept the amendment knowing that
6 there are some very angry people around the tabl .

7 GOVERNOR BRANSTAD: The Chair recognizes
8 Governor Thompson from Illinois.

9 GOVERNOR JAMES THOMPSON: Mister Chairman,
10 thank you. With a great deal of reluctance and a great
11 deal of personal and political respect for both
12 Governor Martin and Governor Sinner, I will oppose both
13 the amendment and the resolution. I'd like to explain
14 why.

15 First let me state two biases I had that
16 ought to be open and out on the table. My state, like
17 some other states, will pay approximately four times in
18 taxes what we will recover in defaulted S&Ls for this
19 mess. We are big losers. That makes me as mad as it
20 made you, Governor Branstad, the other day in speaking
21 to this issue for the first time, because we take it in
22 the ear time and time and time again in Illinois. We
23 are forty-ninth out of the fifty states in the receipt

1 of federal funds. So we pay and we take it and here's
2 one more example. That's bias number one.

3 Bias number two. In my state we have sound
4 thrift institutions operating in good faith who were
5 told by federal regulators and by the Congress to
6 assume the liabilities of failed institutions and were
7 given goodwill as capital. And then they changed the
8 rules in the middle of the game when they got scared of
9 the voters. And now these thrifts are faced with harsh
10 federal actions even though they have confined their
11 loans to sound homeownership, traditional S&L kinds of
12 loans. They have to take extraordinary actions or may,
13 in fact, have to be taken over themselves because they
14 did what Congress told them to do. That's my second
15 bias.

16 I don't think a commission, whether
17 established by the President and the Congress -- or by
18 the Congress will tell us anything that we don't know
19 around this table and that the country doesn't know.
20 Here's what we do know. The S&L crisis now engulfing
21 us is rooted in the high interest rates and the high
22 inflation of the late 1970s and the early 1980s.

23 You can blame anybody, anything, any party,

1 any trend, any President, any Congress you want to for
2 that. But that's a fact. It's rooted in bad
3 investments resulting from downturning regional
4 economies to departure from traditional S&L investments
5 to wild speculative bidding for out-of-state deposits
6 with unrealistic rates of interest to bad judgment to
7 criminal looting, all those things.

8 And there's no doubt about that. It's rooted
9 in inadequate regulation either because the law and the
10 regulators were deficient, the regulators were
11 incompetent, or were pressured by legislators in a
12 bipartisan way under the guise of constituent services.
13 And we all know that.

14 The costs have been consistently
15 underestimated because this is one more hard truth that
16 the Congress of the United States does not want to
17 face. And I don't think I've left anything out.
18 That's what a commission months later, dollars later,
19 would tell us. That's what we all know now. That's
20 what we all ought to say now. And I've just said it.

21 If I wanted to be political -- and I can
22 understand why some would want to be political, because
23 I think the ads referred to by Governor Sinner have no

1 place at this conference. There's plenty of bipartisan
2 blame to go around. We can all put ads in the
3 newspapers till hell freezes over and it isn't going to
4 change the judgment of the people one bit, and that is
5 that all politicians screwed up on this one.

6 If I wanted to be political, I could say that
7 this crisis was rooted in the latter days of the Carter
8 Administration when you had a Democratic President and
9 a Democratic Congress; it got worse under the Reagan
10 Administration when you had a Republican President, a
11 split Congress, then a Democratic Congress. And
12 eighteen days into his administration, President Bush
13 provided the first solid substantial executive branch
14 leadership to try and take us out of this.

15 But I do not want to be, at this my last
16 governors' conference, political. Because the plain
17 truth is, and America knows it, and we know it, that
18 this whole mess is the fault of Republicans and
19 Democrats, the fault of prior administrations and prior
20 Congresses, the fault of inadequate federal and state
21 regulation of S&Ls. And so passing this substitute
22 resolution or passing the original resolution coming
23 from the Executive Committee will establish nothing.

1 And establishing a commission will accomplish four
2 nothings.

3 One, we won't learn a single thing new beyond
4 the facts I have just stated. Two, the people
5 appointed to the commission will blame everyone but
6 themselves and the people they represent. Three, the
7 commission and its work will cost more money and will
8 delay any additional congressional action that may be
9 needed which will cost more money. And, four, the
10 Congress as an institution will once again be unable to
11 duck a tough problem, but this time with our complicity
12 and at our urging.

13 In my view, this resolution and the original
14 resolution is antithetical to every step we've ever
15 taken for more than a decade on issues like the federal
16 budget deficit, bipartisanly, educational reform,
17 bipartisanly, economic competitiveness, bipartisanly,
18 where we have asked Congress to step up and do the
19 tough thing as we have to do back home. And now we're
20 going to ask Congress to establish a commission or
21 somebody to establish a commission to duck the tough
22 thing.

23 If we vote for this, we've wasted our time

1 for fourteen years. And the end result will be the
2 same. The taxpayers back home will pay more, the
3 quality of our children's lives will be diminished
4 because we're taking their money to pay for our
5 generation's agreed, and the progress we should be
6 making in education, human needs, infrastructure,
7 technology, global competitiveness will wither. And
8 the headlines tomorrow morning coming out of this
9 conference will be that we ended it in a political
10 squabble.

11 Mister Chairman, that's not why we came here.
12 That's not how we should go home. The substitute
13 resolution has no place and neither does the original
14 resolution. I intend to oppose both. Thank you.

15 GOVERNOR BRANSTAD: Governor Celeste.

16 GOVERNOR CELESTE: Mister Chairman, if I may
17 speak to the original proposal and not particularly to
18 the amendment, but to the comments of my distinguished
19 friend and neighbor, with whom I share an impending
20 departure from this august body, he has spoken
21 eloquently of the need to ensure that we do not
22 politicize this matter.

23 But the reality is that right now there is a

1 dance going on between the Congress and the
2 Administration to point fingers of blame. That is
3 evident in the advertising which apparently is orphan,
4 although there is a disclaimer at the bottom of it. It
5 has appeared the last two days in the newspapers here
6 attempting to blame Democrats and blame the Congress.

7 It seems to me that, in itself, suggests that
8 an independent commission of inquiry could be
9 beneficial. But my concern goes beyond that to the
10 issue of how do we change a present course which seems
11 to me to spell disaster for our nation. And I speak as
12 one who's experienced firsthand the reality of a
13 savings and loan crisis, what it does to people's
14 confidence in their thrift institutions and indeed
15 their banks generally.

16 There are serious questions, Jim, as to
17 whether we're on the right course to deal with this;
18 questions that need an answer beyond apparently the
19 scope of either the Administration or the Congress to
20 agree. Should we maintain insurance on these deposits
21 at the level of one hundred thousand dollars and
22 unlimited coverage for that insurance.

23 How do we -- how do we deal with the issue of

1 recovery of the money that the public is spending this
2 very moment when we strip the bad assets out of a
3 savings and loan and give a great deal to somebody who
4 is willing to step in and take care of it, or when we
5 sell at deep discounts real estate which may a few
6 years down the line make new people extremely wealthy.

7 These are matters that I believe need to be
8 addressed and need to be addressed without the -- and
9 outside of the environment in which folks are pointing
10 fingers of blame at each other.

11 Now, you suggest that this is contrary to
12 policy by the National Governors' Association, and yet
13 the language of the proposal seeks to amend a section
14 of NGA policy on federalism talking about the budget
15 which says, "Therefore, the governors call upon the
16 Congress to convene a commission comprised of members
17 designated by the Federal Government and the states to
18 develop recommendations on the steps needed to retain
19 or restore balance in the federal system."

20 A commission that was agreed upon, as I
21 recall, in Cincinnati, Ohio, at the urging of the chief
22 of -- now chief of staff, then governor of New
23 Hampshire. This certainly is not in any way, shape, or

1 form contrary to past action that we've taken as an
2 organization. And I -- I can think of no issue on
3 which getting a truly independent prospective urgently
4 and one that looks candidly at the problems that must
5 be resolved to deal with this is needed.

6 And that's the reason, frankly, why I was so
7 angry about the ads that appeared in the newspaper.
8 Because I thought that the discussion, while it was
9 heated on Sunday in the Executive Committee, really
10 avoided pointing fingers in any direction. And it was
11 a discussion that took place with the President's Chief
12 of Staff present. I have qualms about any amendment at
13 this point because I felt it brought up the discussion.

14 But certainly with the changes made --
15 because frankly I'm not convinced that even the
16 Department of Justice is sufficiently objective to do
17 the investigation, and which is why I would strongly
18 prefer some form of independent prosecutor to look at
19 this so that nobody can exercise any pressure on him.

20 It seems to me that if there is ever a time
21 when we as governors should unite and support this
22 process, it is now. And I want to speak in favor of
23 the language that is before us as policy very, very

1 strongly and say that it's seldom that I disagree with
2 my more experienced colleague from Illinois, but I do
3 so now partly because I share the very frustrations he
4 expressed at the beginning with one additional reason.
5 We closed seventy savings and loans in Ohio.

6 I had half a million depositors, many of them
7 on the steps of the state house for days and weeks at a
8 time. When we reopened those savings and loans we
9 could only use state funds. There was no federal
10 assistance possible. And we put up a hundred and
11 twenty-nine million dollars of public money to cover
12 the gap for savings and loans to get them reopened.
13 Every depositor was protected. And in one form of
14 another, every institution was reopened.

15 There was no help then. We, fortunately,
16 have recovered a hundred thirty-four million dollars
17 gross; most of it, I might say, if you look at the
18 papers this morning -- most of it from accounting
19 firms. But this is an enormous problem and it is a
20 black hole for taxpayer dollars. And I don't believe
21 that either the Administration or the Congress have
22 their arms around it at this moment. And I think we
23 really need to encourage this and we need to make sure

1 that a commission is appointed and acts. Thank you.

2 GOVERNOR BRANSTAD: Governor Carroll
3 Campbell.

4 GOVERNOR CAMPBELL: Thank you, Mister
5 Chairman. I have been heartened by the consensus that
6 has been generally sought among this organization. We
7 have differences of opinion and we debate them rather
8 heatedly. And we try to come together to accommodate
9 people's viewpoint.

10 In the Executive Committee yesterday, for
11 those that aren't members, basically procedurally those
12 of us who were opposed to the resolution could have
13 blocked a reconsideration of the vote. We did not do
14 so because we felt it ought to be aired to see if we
15 could find a common ground that we could begin to work
16 from.

17 I basically also agree with Governor
18 Thompson. There's enough blame to go around. I was a
19 member of the Congress of the United States at that
20 time. Jim Blanchard was there; commented on it
21 yesterday some. Yes, during the late '70s we had
22 hyperinflation and high interest rates. And, yes, S&Ls
23 had fixed-rate loans out. And, no, they couldn't

1 operate and they couldn't earn the money. And, yes,
2 the Congress changed the law with only about twenty
3 members voting against it in the House of
4 Representatives, if I recall, which means that it was
5 -- was a bipartisan vote at that time.

6 In retrospect it was a mistake. However, I
7 think we need to understand that everything was
8 predicated on the inflation and the interest rat s.
9 The recession came along, property values went down,
10 stabilized or went down, the oil crisis hit. In some
11 of our states, property values were devalued more,
12 portfolios were written down, and a crisis did exist.

13 And, yes, the Congress delayed in acting on
14 it. We can say all of those things. And they are
15 true. The President has acted and the Congress has
16 acted. It is a Republican President and a Democrat
17 Congress and they have both acted. Whether they have
18 acted correctly or not remains to be seen.

19 There are prosecutions taking place. Th re
20 are seizures of savings and loans that have taken
21 place. There have been liquidations. Depositors have
22 been protected. Unfortunately, as we well know, the
23 economy is also not as hot as it was and some of the

1 assets were even worth less than they had been carried
2 on the book at those S&Ls for.

3 So we have a monumental problem but with
4 action underway. We should do nothing to impede that
5 action. We should do nothing to give anybody an excuse
6 for not continuing to act. The American public
7 deserves the conclusion to this whole matter. And
8 though I was opposed and voice voted yesterday against
9 the Sinner resolution, in the interest of trying to
10 find a consensus, working with Governor Martin and
11 others, then I'm willing to support the substitute or
12 the amendment to the resolution because I think we're
13 all concerned.

14 And we can sit across the table and we can
15 point fingers, but the truth is we're all concerned.
16 And I hope we're concerned enough to give some support
17 to the action that has taken place and recognize that
18 something is being done and give some credit for that
19 instead of going to try to find fault.

20 I have just seen some of the ads that were
21 run. Mike showed them to me. I hadn't seen them
22 before. I don't want to see us get into that. I don't
23 want to see us degenerate. And for that reason, rather

1 than oppose the resolutions, it would be my intention
2 to support the amendment offered by Governor Martin
3 and, if it carries, the policy position.

4 GOVERNOR BRANSTAD: The chair recognizes
5 Governor Sinner and then --

6 GOVERNOR SINNER: Mister Chairman, I think
7 the feeling is that everything is not well, that there
8 is gridlock, partly because Congress feels some sense
9 of guilt, I'm sure the Administration feels some
10 terrible pressure and some sense of involvement, in --
11 as we all do and as you have just explained. And
12 that's why the proposal for a commission seems to have
13 some poignancy and some importance.

14 If, in fact, people are comfortable that they
15 can get together between Congress and the
16 Administration and improve the resolution and expedite
17 the resolution's process, I hope they ignore this
18 resolution. But I'm not convinced that there isn't
19 gridlock for sometimes political reasons that are
20 inescapable in this business. So I think the
21 suggestion of a commission is one that we should off r
22 to them and tell them, look, if there is no other way,
23 appoint a five- or ten-member commission and tell th m

1 to get at it and recommend some ways to improve it.

2 GOVERNOR BRANSTAD: Governor Clinton.

3 GOVERNOR CLINTON: Mister Chairman, I had
4 not intended to say anything, in large measure because
5 I want to get on to what I think is something that's
6 really important, which is that this body ought to bid
7 a fitting farewell to all the governors who are leaving
8 and include some of the most distinguished governors
9 ever to serve in this association, not the least of
10 whom are the two primary adversaries on this
11 resolution.

12 I think Governor Thompson's speech is one of
13 the most eloquent and persuasive statments I have ever
14 heard in this body. I am going to nonetheless vote for
15 Governor Martin's substitute for two reasons. One is,
16 I don't believe the American people do know what the
17 causes of this crisis are. And I believe they are
18 many.

19 And now people are so frustrated that all
20 they know is they want somebody to place blame on and
21 somebody to punish. And I think it is very important
22 that we use this colossally difficult and -- problem to
23 learn something about ourselves and about how to solve

1 problems and how to be honest about what has happened.

2 Furthermore, I think that we are in a
3 position when -- because of the political climate in
4 which we live and because the only thing people know
5 about now is who's going to be punished or prosecuted,
6 when everybody is into massive denial.

7 You know, I have spent a lot of time thinking
8 about that because of the drug and alcohol problems in
9 my own family. But I have to tell you, I think any
10 adult learns sooner or later that if you have a problem
11 the worst thing you can do is to continue to deny
12 responsibility for it. And that ad today is just one
13 little example of a general problem of everybody is
14 either trying to deny reality or responsibility.

15 And what I hope will be achieved by this
16 commission is not blaming the Reagan or Bush or the
17 Congressmen or prosecuting three more time people. I
18 think the American people are absolutely off the wall
19 after having been told for a decade that we can't
20 afford a billion dollars more a year to educate
21 four-year-olds so they can function in school; that we
22 can afford five hundred billion dollars over the next
23 twenty years to do something that's now more important

1 than national security or the national debt.

2 And I do believe a national commission with a
3 simple clear explanation of how this happened and how
4 it might be avoided in the future, without any attempt
5 to play politics or deny reality or place blame, would
6 be a valuable thing for this country at a time when the
7 average taxpayers are confused, dizzy, and have no more
8 confidence in any of us to do anything anymore.

9 And so for that reason, I'm going to vote for
10 the Martin substitute. Even though I think Governor
11 Thompson made a compelling speech, I don't believe the
12 American people know what they need to know.

13 GOVERNOR BRANSTAD: Governor McWherter.

14 GOVERNOR McWEHERTER: Mister Chairman and
15 ladies and gentlemen, I've got an observation and a
16 motion. My observation is that I hope we print this on
17 recyclable paper. And I call for the question.

18 GOVERNOR BRANSTAD: The question has been
19 called. Governor Martin, final remarks and a vote.

20 GOVERNOR MARTIN: Just a parliamentary
21 clarification on my part, Mister Chairman. Am I in
22 order for --

23 GOVERNOR BRANSTAD: First of all, the

1 question has been called. Are there objections? I
2 think Governor Dukakis has objection to the question
3 being called. Unless it's moved, I would recognize
4 Governor Dukakis to speak.

5 GOVERNOR DUKAKIS: Mister Chairman, I don't
6 want to extend this debate, because I have a lot of
7 respect for every single person who has spoken. And I,
8 too, thought the statement of my friend from Illinois
9 was as eloquent as anything I had heard, although I
10 thought it was a very powerful argument for the
11 commission and not against it.

12 But I do want to say this, as another
13 outgoing governor who I think has been here longer than
14 anyone else, though not as a matter of continuous
15 service - that prize goes to my friend from Illinois -
16 in reminding us all that sixty years ago in this
17 country we had another very serious economic crisis
18 which was largely caused by the collapse of our
19 financial institutions. And the President and the
20 Congress in their wisdom created commissions of inquiry
21 which I think went a long way toward at least beginning
22 to restore public confidence in those institutions and
23 recommending sweeping reforms which today we applaud in

1 the form of the SEC and other important institutions.

2 But let me simply say this just as sincerely
3 as I can to all of my colleagues, Republicans as well
4 as Democrats. I hope this is the last time we see this
5 kind of garbage in the newspapers and the media of this
6 country. We had enough of it in nineteen hundred and
7 eighty-eight. We're still getting it. I don't read
8 any disclaimer here.

9 And I would hope, Jim, in the interest of
10 genuine bipartisanship, and an inquiry which helps us
11 not only to understand the causes, but to deal with
12 this set of problems as it may affect other financial
13 institutions of great importance that may well be
14 threatened, that we can proceed in a genuinely
15 bipartisan spirit. This is too important for the kind
16 of blame placing that we're now seeing from both sides.

17 And I think a national commission of inquiry
18 is essential if we're going to restore public
19 confidence and make sure that it never happens again.

20 GOVERNOR BRANSTAD: The chair recognizes
21 Governor Martin for final remarks on his substitute
22 amendment.

23 GOVERNOR MARTIN: Thank you, Mister Chairman.

1 I think a lot has been said enough. I just want to
2 make a parliamentary clarification that the motion
3 which I have offered is an amendment to the proposed
4 policy change A-1 on federalism, which is printed on
5 page three of the document that has the purple cover
6 and that I am moving that we strike the last ten lines
7 on page three, which are all italicized, and substitute
8 in lieu thereof the language of my substitute
9 amendment.

10 GOVERNOR BRANSTAD: That's correct.

11 GOVERNOR MARTIN: It does not change other
12 parts of the --

13 GOVERNOR BRANSTAD: That's correct. Yours is
14 an amendment to that. And you move that?

15 GOVERNOR MARTIN: I move that amendment.
16 It's been seconded by Governor Campbell.

17 GOVERNOR BRANSTAD: All in favor, signify by
18 saying aye.

19 (Response.)

20 GOVERNOR BRANSTAD: Opposed?

21 (No response.)

22 GOVERNOR BRANSTAD: The ayes have it. It is
23 approved. We are now on the -- we're on the amendment

1 as amended.

2 GOVERNOR SINNER: I move the adoption.

3 GOVERNOR BRANSTAD: Governor Sinner moves the
4 adoption. All in favor, signify by saying aye.

5 (Response.)

6 GOVERNOR BRANSTAD: Opposed?

7 (No response.)

8 GOVERNOR BRANSTAD: The ayes have it. It is
9 approved. We now go to A-3, securities regulation,
10 Governor Ashcroft.

11 GOVERNOR ASHCROFT: The proposed amendment
12 regarding securities regulation would protect the
13 ability of states to continue to operate to regulate
14 securities for the benefit of maintaining a healthy
15 climate in securities regulation in the states.

16 There have been questions that state
17 securities offices are no longer either necessary or
18 viable, and secondly that they somehow are
19 anticompetitive because there might be interests
20 internationally that would find registering state
21 securities to be burdensome. It is not burdensom to
22 companies in this country, and those who are registered
23 on the New York Stock Exchange and other national

1 exchanges are automatically exempted from securities
2 compliance in virtually every state, if not all states.

3 With that in mind, I move the adoption of the
4 resolution as forwarded to this body by the Executive
5 Committee.

6 GOVERNOR BRANSTAD: Do we have a second?

7 (Motion seconded.)

8 GOVERNOR BRANSTAD: We have a second from
9 Governor Gardner. Discussion?

10 (No response.)

11 GOVERNOR BRANSTAD: All in favor, signify by
12 saying aye.

13 (Response.)

14 GOVERNOR BRANSTAD: Opposed?

15 (No response.)

16 GOVERNOR BRANSTAD: The ayes have it. The
17 securities regulation initiative is -- policy position
18 is approved. We now have policy position C-26, the
19 education monitoring panel. The Chair recognizes
20 Governor Campbell, co-chair of the Task Force on
21 Education. Governor Campbell, for the education
22 monitoring panel. Governor Campbell moves its
23 adoption. Is there a second?

1 GOVERNOR CAMPBELL: Move the adoption, Mister
2 Chairman.

3 (Motion seconded.)

4 GOVERNOR BRANSTAD: We have a second.
5 Discussion?

6 (No response.)

7 GOVERNOR BRANSTAD: All in favor, signify by
8 saying aye.

9 (Response.)

10 GOVERNOR BRANSTAD: Opposed?

11 (No response.)

12 GOVERNOR BRANSTAD: The ayes have it. The
13 education monitoring panel policy position is approved.
14 We now go to suspensions. And I think we have four
15 suspensions. The first one is from Governor Mabus. It
16 is on export controls and economic conversion.
17 Governor Mabus.

18 GOVERNOR MABUS: Mister Chairman, I move the
19 suspension of the rules to consider a committee
20 resolution on export controls which is consistent with
21 existing policy.

22 GOVERNOR BRANSTAD: All those in favor of
23 suspending the rules, signify by saying aye.

1 (Response.)

2 GOVERNOR BRANSTAD: Opposed?

3 (No response.)

4 GOVERNOR BRANSTAD: The rules are suspended.

5 Go ahead.

6 GOVERNOR MABUS: This resolution reaffirms
7 the policy on export controls. It's important because
8 of the need to help businesses convert from military
9 production to commercial production. The businesses
10 that most need help are those highly sophisticated
11 manufacturing and computer companies that have products
12 that often run afoul of our antiquated export controls.
13 We want them to find new markets, but there are many
14 roadblocks to worldwide -- so many roadblocks to
15 worldwide markets that their chance for success is
16 slim.

17 The language is consistent with existing
18 policy but states the urgency of the problem. I move
19 adoption of this resolution which the Economic
20 Development Committee has approved unanimously.

21 GOVERNOR BRANSTAD: Is there a second?

22 (Motion seconded.)

23 GOVERNOR BRANSTAD: Discussion?

1 (No response.)

2 GOVERNOR BRANSTAD: All in favor, signify by
3 saying aye.

4 (Response.)

5 GOVERNOR BRANSTAD: Opposed?

6 (No response.)

7 GOVERNOR BRANSTAD: The resolution is
8 approved. We now have a suspension offered by Governor
9 Kunin on wetland preservation, conservation, and
10 management. Governor Kunin.

11 GOVERNOR KUNIN: Thank you. I offer this on
12 behalf of Governor Perpich. And it relates to the
13 North American Waterfowl Plan. It basically urges
14 Congress to support the plan which was signed by the
15 United States and Canada and largely accepted by
16 Mexico. The good news is that the President has
17 included full funding for the plan in the 1991 budget.
18 And I urge approval of this policy change.

19 GOVERNOR BRANSTAD: We have to first suspend
20 the rules. All in favor of suspension, signify by
21 saying aye.

22 (Response.)

23 GOVERNOR BRANSTAD: Opposed?

1 (No response.)

2 GOVERNOR BRANSTAD: The rules are suspended.
3 We have a motion to approve the plan by Governor Kunin.
4 Is there a second? |

5 (Motion seconded.)

6 GOVERNOR BRANSTAD: We have a second.
7 Discussion?

8 (No response.)

9 GOVERNOR BRANSTAD: All in favor, signify by
10 saying aye.

11 (Response.)

12 GOVERNOR BRANSTAD: Opposed?

13 (No response.)

14 GOVERNOR BRANSTAD: The wetland preservation,
15 conservation, and management resolution is approved.
16 We now have a suspension on federal budget from
17 Governor Mabus.

18 GOVERNOR MABUS: I move the suspension.

19 GOVERNOR BRANSTAD: All in favor of the
20 suspension, signify by saying aye.

21 (Response.)

22 GOVERNOR BRANSTAD: Opposed?

23 (No response.)

1 GOVERNOR BRANSTAD: The suspension is
2 approved. Governor Mabus.

3 GOVERNOR MABUS: I move the resolution on the
4 federal budget. It is in front of you.

5 GOVERNOR BRANSTAD: The federal budget
6 resolution which is in front of you under this pink
7 sheet on suspension has been moved by Governor Mabus.
8 Is there a second?

9 (Motion seconded.)

10 GOVERNOR BRANSTAD: We have a second from
11 Governor O'Neill. Discussion?

12 (No response.)

13 GOVERNOR BRANSTAD: All in favor, signify by
14 saying aye.

15 (Response.)

16 GOVERNOR BRANSTAD: Opposed?

17 (No response.)

18 GOVERNOR BRANSTAD: It is approved. We have
19 a suspension on federal tax deductions for state taxes
20 by Governor Sinner. Governor Sinner asks for the
21 suspension. All in favor of the suspension, signify by
22 saying aye.

23 (Response.)

1 GOVERNOR BRANSTAD: Opposed?

2 (No response.)

3 GOVERNOR BRANSTAD: It is approved. Governor
4 Sinner for the -- for the policy position.

5 GOVERNOR SINNER: The issue at play here is
6 that many states, after abandoning worldwide unitary
7 taxes, adopted water's edge unitary taxes on their
8 corporations. As it stands now, the Federal
9 Government, under the IRS ruling, does not allow the
10 deduction of those state taxes in total for domestic
11 conglomerate corporations. All of our affiliate tax
12 organizations are working to get that corrected because
13 it treats domestic international conglomerates in a way
14 that's unfair to them in competition with other
15 international conglomerates from foreign source bases.

16 All of our associations, the tax collectors'
17 association, are in support of changing this and they
18 want -- they need our support.

19 GOVERNOR BRANSTAD: We have a motion. Is
20 there a second?

21 (Motion seconded.)

22 GOVERNOR BRANSTAD: We have a motion and a
23 second to approve the federal tax deduction for state

1 taxes position. All in favor, signify by saying aye.

2 (Response.)

3 GOVERNOR BRANSTAD: Opposed?

4 (No response.)

5 GOVERNOR BRANSTAD: It is approved. That
6 completes the suspensions. Now I would like to ask our
7 gracious host, Governor Guy Hunt, and his wife, Helen,
8 to come forward. All of us want to thank our hosts,
9 Governor and Mrs. Hunt, and their outstanding host
10 committee and their staff. They have given us an
11 outstanding conference here. This is the first time
12 the National Governors' Association has come to
13 Alabama.

14 (Applause.)

15 GOVERNOR BRANSTAD: Guy and Helen, eighty-two
16 years was too long to wait. We are proud to be in
17 Alabama and we really appreciate your outstanding job.
18 And I want to personally thank you for the cowboy hat I
19 got from the Alabama group last night.

20 (Applause.)

21 GOVERNOR BRANSTAD: We just happen to have a
22 beautiful print of some native wildlife from -- this
23 happens to be an Iowa artist named Maynard Reese that I

1 thought you might want to have. He is truly one of the
2 great wildlife artists in America.

3 GOVERNOR HUNT: Thank you so much. And come
4 back to see us.

5 GOVERNOR BRANSTAD: In addition to
6 recognizing our gracious hosts, we also have the honor
7 at this time of recognizing the outgoing governors.
8 And as has been mentioned here this morning -- I guess
9 it's now afternoon, we have a truly outstanding group
10 of governors that are leaving this small club called
11 the National Governors' Association. This is a group
12 where we get to know each other individually very well.
13 We get to know each other's families. We share the
14 pressures and the concerns of living in the public eye.
15 And there gets to be very close personal ties between
16 the governors' families.

17 And I think it's important that we express
18 our appreciation to these outstanding governors that
19 will be leaving our association. The thirteen
20 governors leaving office this year have all served
21 their states with honor and distinction, and they have
22 been among the most active members of the National
23 Governors' Association. One of the basic reasons for

1 NGA is to provide ways for us to share our ideas and
2 innovations with each other. We work together on
3 issues and projects and to take the lead on critical
4 federal and state issues.

5 Serving on the NGA Executive Committee, being
6 chair or vice-chair of a committee, a lead governor or
7 a task force chair, is time consuming. It takes
8 leadership to reach the kind of bipartisan positions
9 that we've hammered out effectively this year and
10 throughout the years that I've been involved in this
11 association. But that's what makes the National
12 Governors' Association a strong and effective
13 organization.

14 For those governors who have worked so hard
15 with us, we say thank you for your outstanding service.
16 You have become close personal friends. We will all
17 miss you and we are pleased at this final plenary
18 session of this National Governors' Association meeting
19 to provide recognition to these outgoing governors. We
20 will recognize the outgoing governors in alphabetical
21 order by state. I will ask the governor and their
22 spouse to come forward if they are in attendance when
23 their name is called.

1 In alphabetical order by state, Governor and
2 Mrs. Steve Cooper from Alaska. Governor Cooper serves
3 on the NGA Task Force on Global Climate Change, has
4 been an active member of the association, and
5 especially on the Committee on Energy and the
6 Environment. Steve and Michael, you have been great
7 contributors to this association. We wish you the very
8 best.

9 (Applause.)

10 GOVERNOR BRANSTAD: Governor and Mrs. William
11 O'Neill from Connecticut. Governor O'Neill has served
12 as chair of our Transportation Committee, chair of the
13 New England Governors' Association, and president of
14 the Council of State Governments. He's been in state
15 government service for twenty years. Bill and
16 Natalie, we wish you the very best and we thank you for
17 your outstanding service.

18 (Applause.)

19 GOVERNOR BRANSTAD: Governor and Mrs. Joe
20 Frank Harris from Georgia. Governor Harrris served in
21 the legislature for eighteen years before becoming
22 governor. He's now served eight years as a
23 distinguished governor in th State of Georgia, and I

1 can tell you that they are gracious hosts. I visited
2 their residence when our state had a team playing in a
3 bowl game in Atlanta and I enjoyed it so much.
4 Governor Joe Frank Harris serves on two NGA committ es
5 and has been chairman of the Southern Governors
6 Association. Joe Frank and Elizabeth, we wish you the
7 very best.

8 (Applause.)

9 GOVERNOR BRANSTAD: Governor and Mrs. James
10 R. Thompson of Illinois. My big neighbor to the east
11 is the senior governor in the nation, fourteen years of
12 continuous service. He's the past chairman of the
13 National Governors' Association and now serves as chair
14 of our Task Force on Global Climate Change and lead
15 governor for the NGA on - listen to this - child care,
16 interstate sales tax collection, and transportation
17 finance. He's a real workhorse. We thank you, Jim,
18 for all of your hard work on behalf of this association
19 over the past fourteen years and for hosting our annual
20 meeting last year in Chicago. Jim and Jane, we wish
21 you the very best.

22 (Applause.)

23 GOVERNOR JAMES THOMPSON: Despite the fact

1 that my eloquence produced a vote of forty-nine to one,
2 I wanted to observe simply that the governors of
3 America and the territories are, in my opinion, the
4 most distinguished, competent, caring, and
5 compassionate public servants in this nation. And it
6 has been a privilege to be your brother.

7 (Applause.)

8 GOVERNOR BRANSTAD: Governor and Mrs. Michael
9 Dukakis from Massachusetts. Governor Dukakis has been
10 a very active member of the NGA and has worked on a
11 number of issues. He co-chaired, along with me and
12 Governor Baliles, a task force on jobs, growth, and
13 competitiveness. In fact, I introduced him to Iowa and
14 he carried the state. He's also been the lead governor
15 on land and water conservation fund and an active
16 member and supporter of the Human Resources Committee.

17 First elected to the Massachusetts House of
18 Representatives in 1963 and governor in 1975 and last
19 year he was the Democratic nominee for President of the
20 United States, Mike and Kitty we wish you the very
21 best.

22 (Applause.)

23 GOVERNOR BRANSTAD: Governor and Mrs. Garrey

1 Carruthers of New Mexico. Governor Carruthers is the
2 NGA lead governor on education. He's a hard worker on
3 the Energy and the Environment Committees as well. He
4 also served as chair of the Education Commission of the
5 States. He has a Ph.D. from Iowa State University and
6 was recently honored by that fine institution. Garrey
7 and Katherine, we thank you for your outstanding
8 service and we wish you the very best.

9 (Applause.)

10 GOVERNOR BRANSTAD: Governor and Mrs. Richard
11 Celeste from the State of Ohio. Governor Celeste
12 served longer than any governor as the lead governor
13 for employment and training issues. He is also a lead
14 governor on science and technology and chair of the
15 Committee on Human Resources. Governor Celeste was
16 elected governor of Ohio in 1982. He also served as
17 director of the Peace Corps. Dick and Dagmar, we
18 congratulate you for your outstanding service and we
19 wish you the very best.

20 (Applause.)

21 GOVERNOR BRANSTAD: Governor and Mrs. Henry
22 Bellmon from the State of Oklahoma. Governor Bellmon
23 began his public service in 1942 with the United States

1 Marines. And in 1946, the year that I was born, he was
2 elected to the Oklahoma House of Representatives. He
3 became governor in 1962, United States Senator in 1968,
4 and governor again in 1986. He's a great leader and
5 contributor in agriculture and Governor Bellmon has
6 been one of the strongest leader on energy and
7 environmental issues as vice-chairman of that
8 committee. Henry and Shirley, we wish you the very
9 best.

10 (Applause.)

11 GOVERNOR BRANSTAD: Governor and Mrs. William
12 Clements, Jr., from the State of Texas. Governor
13 Clements has been very active on many issues as a
14 member of the Energy and Environment Committee and
15 Justice and Public Safety Committees. He has been
16 Deputy Secretary of Defense and has served two full
17 terms as governor of the Lone Star State of Texas.
18 Bill and Rita, congratulations on your fine service and
19 we wish you the very best.

20 (Applause.)

21 GOVERNOR BRANSTAD: Governor and Doctor Kunin
22 from Vermont. Governor Kunin and I first met when we
23 joined the Lieutenant Governors' Association back in

1 1979. Governor Kunin has been very active in the
2 National Governors' Association from the very
3 beginning. She is the chair of the Committee on Energy
4 and the Environment and vice-chair of our outstanding
5 Task Force on Global Climate Change. This year she's
6 been very active and instrumental in developing a
7 consensus for change in major environmental issues
8 facing us all.

9 And I would say Dr. Kunin has been one of the
10 most colorful members of the spouse's program, my wife
11 reports. Madeleine and Arthur, we thank you for your
12 outstanding service and we wish you the very best.

13 (Applause.)

14 GOVERNOR BRANSTAD: We have three outgoing
15 governors who could not be with us today. They are
16 Governor Rose Mofford from the State of Arizona,
17 Governor Neil Goldschmidt from Oregon, and Governor
18 George Deukmajian from California. Let's give them a
19 round of applause.

20 (Applause.)

21 GOVERNOR BRANSTAD: And now I would like to
22 ask all of you to join me in giving a standing ovation
23 to these outstanding outgoing governors that are

1 leaving our association after contributing so much.

2 (Applause.)

3 GOVERNOR BRANSTAD: Fellow governors, ladies
4 and gentlemen, it's been the highlight of my life to
5 have the opportunity to serve as chairman of this
6 distinguished association of governors of these United
7 States and -- these states and territories of the
8 United States of America. I will always remember this
9 year and I thank you all for your cooperation and
10 assistance.

11 And now I'm very pleased and honored to call
12 on the chairman of the Nominating Committee, Governor
13 Miller, to make the report of the Nominating Committee
14 for the leaders and the Executive Committee for the
15 coming year. Governor Miller.

16 GOVERNOR MILLER: Thank you, Mister Chairman.
17 It's a pleasure to nominate the following slate for the
18 Executive Committee, 1990-1991: Governor Booth Gardner
19 of Washington, Chairman; Governor John Ashcroft of
20 Missouri, Vice-Chairman; Governor Terry Branstad of
21 Iowa, Governor Michael Sullivan of Wyoming, Governor
22 Carroll Campbell, Jr., of South Carolina, Governor
23 James Blanchard of Michigan, Governor Bob Martin z of

1 Florida, Governor Michael Castle of Delaware, and
2 Governor Bill Clinton of Arkansas. I so move their
3 nomination.

4 GOVERNOR BRANSTAD: Governor Miller moves the
5 adoption of the report of the nominating committee by
6 unanimous consent. All in favor, signify by saying
7 aye.

8 (Response.)

9 GOVERNOR BRANSTAD: Anybody opposed?

10 (No response.)

11 GOVERNOR BRANSTAD: It is approved
12 unanimously. The 1990-'91 Executive Committee has been
13 approved. Governor Gardner, I congratulate you. And
14 at this time I'd ask you to come forward and I'm
15 pleased to turn over the gavel of the National
16 Governors' Association to our incoming chair, Booth
17 Gardner.

18 GOVERNOR GARDNER: I'll tell you, it's an
19 honor and a challenge for me to follow Governor
20 Branstad as chair of this association. Terry has done
21 what I aspire to do, which is to build a consensus for
22 change on an issue that is vital to this nation.

23 Terry, in recognition of your enthusiastic

1 and great leadership, we have a couple of gifts we'd
2 like to present to you. The first is a commemorative
3 gavel. And I'd like to read for all of you in the room
4 the inscription, which is, "Presented to Terry E.
5 Branstad, Governor of Iowa, for his outstanding
6 leadership as chair of the National Governors'
7 Association, 1989-1990, on the occasion of the 82nd NGA
8 Annual Meeting, July 31, 1990."

9 (Applause.)

10 GOVERNOR GARDNER: And, Terry, as a reminder
11 of this eventful year, I'd also like to present to you
12 on behalf of your fellow governors a gift highlighting
13 the National Educational Summit in which you played a
14 very vital role. For those of you that can't see it,
15 it's a picture of Terry with the President of the
16 United States walking up the grass at the University of
17 Virginia, and with that is a companion picture of all
18 the governors who were in attendance on the steps of
19 one of the buildings on the University of Virginia
20 campus. Terry, thank you again for the tremendous
21 leadership.

22 (Applause.)

23 GOVERNOR GARDNER: The National Governors'

1 Association is an organization which has become more
2 important in the past few years as the nation looks
3 continuously and increasingly to the governors for
4 leadership. In the past year under the leadership of
5 Terry Branstad we've made extremely important progress
6 in making our schools and our governors accountable for
7 improving the achievement of American students.

8 My hope in the coming year is to push for
9 equally significant progress in health care reform.
10 Now, I recognize, as we all do, that nipping at my
11 heels is the downing project of trying to accomplish an
12 important goal in a single year and that inflation has
13 eaten away at time as well as at money and a year isn't
14 what it used to be. So let me plunge right into my
15 remarks.

16 As governors, each of us confronts health
17 care costs that threaten the stability of our
18 governments. In most states in this country health
19 care costs now consume twenty percent of our state
20 general fund budget. These increases come at the
21 expense of our students, our teachers, our social
22 service system, and our environment.

23 But the health care crisis is just not a

1 crisis of numbers and dollars. It is also a crisis of
2 human pain and suffering. Every governor in this
3 country reads about the human dimension of the health
4 care crisis in his or her mail. But let me share the
5 essence of a couple of letters of many I've received
6 with you this morning -- or this afternoon.

7 I received a letter from a restaurant cook
8 who started to have chest pains a week before his
9 three-month waiting period for employer-provided health
10 insurance was up. He tried to wait out the last week
11 but his heart attack came before he was covered. I
12 also heard from a woman whose husband's job did not
13 provide coverage for dependents and his family doctor
14 refused to give her prenatal care. Her baby was born
15 prematurely and required intensive hospital care .

16 Our health care crisis is not a crisis of the
17 health care system, it is a crisis caused by lack of a
18 health care system. What we have now is not a system,
19 it's a complex form of anarchy and it risks
20 degenerating into just plain chaos. We have in this
21 country no rational, ethical, or humane way of making
22 decisions about health for individual Americans. And
23 we have no good system for controlling costs that may

1 soon make the S&L scandal look tame by comparison.

2 What we do have is a national scandal. Today
3 up to thirty percent of our medical costs are
4 paperwork. Up to one third of the medical services are
5 probably unnecessary and possibly harmful. One third
6 of our children are not getting routine immunizations.
7 And, of course, we've all heard about the thirty-one
8 million Americans who have no health care coverage at
9 all.

10 But beyond that, millions more believe that
11 doctors and machines can make them healthy no matter
12 how much they eat, smoke, or drink, and regardless of
13 whether or not they buckle their seatbelts. When
14 Americans in this country go to the doctor, chances are
15 they will be regarded as potential plaintiffs rather
16 than vulnerable patients seeking honest care and
17 reinsurance.

18 Yet we continue to create incentives for
19 health care providers to choose high tech over high
20 touch, to expand medical specialization instead of
21 primary and preventive care, and to abandon pregnant
22 women rather than safeguard the health of newborns.

23 As health care purchasers and social service

1 providers, states are in the front lines in the
2 struggle for a healthy America. We know that this is
3 no time to be timid or tentative in our solutions. In
4 fact, it is time -- probably time for hand-to-hand
5 combat with the status quo.

6 The NGA task is to design a health care
7 system, a system that integrates the forces of the
8 marketplace with the social imperatives of democracy, a
9 system that provides access to high-quality care for
10 every American, and a system that is within our means.
11 During the past year NGA's subcommittee on health has
12 defined the principles on which our health care system
13 must be built.

14 Those principles call for universal access of
15 care, cost containment, and quality assurance. They
16 outline the needs for a new partnership between the
17 Federal Government and the states and between the
18 private and the public sector. Our principles also
19 call for renewed emphasis on individuals'
20 responsibility for their own health and for the
21 expansion of the current system of employer-paid health
22 insurance.

23 Most important, the health subcommittee calls

1 for a clear commitment to preventive and primary care.
2 Our work in the coming year will be to begin putting
3 these principles to practice. We intend to ensure that
4 states play their rightful leadership role in the
5 national debate about health care reform.

6 A year may not be much time for us, but it is
7 an eternity to those who wait and worry without access
8 to care. And when we look at the changes that have
9 been accomplished in eastern Europe in a single year,
10 we're reminded that every country is capable of bold
11 action when its people and its leaders open their eyes
12 to the urgent need for change. If we intend to create
13 and sustain a healthy America, this must be our year
14 for decisive action.

15 Thank you. And if there's no further
16 business, I, in my first official order of business,
17 adjourn the 82nd Annual Meeting of the National
18 Governors' Association.

19 (Applause.)

20 * * * * *

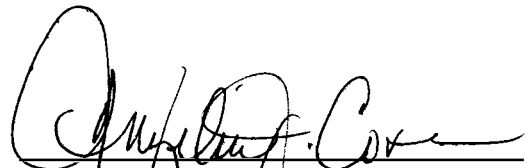
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C E R T I F I C A T E

STATE OF ALABAMA)

COUNTY OF MOBILE)

I do hereby certify that the above and foregoing transcript of proceedings in the matter aforementioned was taken down by me in machine shorthand, that the proceedings were reduced to writing under my personal supervision, and that the foregoing represents a true and correct transcript of the said proceedings.


ANGELIA JONES COXE
COURT REPORTER