ACHIEVING
EDUCATIONAL EXCELLENCE
AND
ENVIRONMENTAL QUALITY

National Governors' Association
82nd Annual Meeting
Mobile, Alabama
July 29-31, 1990

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

(Motion made and seconded.)

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: The Rules of Procedure are adopted.

I would like to announce at this time that any governor who is intending to offer a motion of suspension of the rules for the purpose of introducing a policy statement for consideration at Tuesday's plenary session must do so in writing by the close of business tomorrow. If governors have substantial amendments it would be appreciate if they were also
made in writing. Please give copies of all suspensions and amendments to Jim Martin of the NGA staff by 5:00 p.m. tomorrow.

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

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

At this time, as Chairman of the National Governors' Association, I'm very pleased to introduce our host state governor, who has done an outstanding job of planning a governors' conference for the first time in the history of the State of Alabama. He is a good governor who is well liked and respected by his
constituents.
I had the honor of going with him to visit
the U.S.S. Alabama battleship yesterday, and I
understand we're all going to be together there
tonight. And I'm very pleased to honor now our good
friend and colleague, Governor Guy Hunt, from the State
of Alabama, to give us an official welcome for this
82nd Annual Meeting of the National Governors'
Association. Governor Hunt.

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

(Applause.)

GOVERNOR HUNT: Thank you very much. We hope
that you are enjoying yourself. I understand some
fresh Alabama peaches have gone to your room. Those of you who haven’t seen them yet, please don’t leave the meeting. They will keep until you get back. We also expect the best of Alabama’s seafood this evening at the Battleship U.S.S. Alabama. We hope you’ll all join us there, as tomorrow evening for the Alabama group as they perform for us at a local farm.

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

We thank you. We welcome you to our state. And if there is anything we can do to make your stay better while you’re here, well, please call on us.

Thank you very much.

(Applause.)

GOVERNOR BRANSTAD: Governor Hunt, thank you very much. This year our focus has been on building a consensus for change in two of the most critical nation
-- two of the most critical issues facing our nation, that is, the issue of education and the environment.

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

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

Indeed, in seeking solutions to these grave environmental problems facing the world, we have to be concerned as well about the economy, because it is income that is generated by a healthy economy that must be used to provide the resources we need to mold a healthy environment. Clearly, these were our
challenges when we began this process of building a consensus for change a year ago when the governors agreed to address the two critical issues in the environment, and those issues were identified as global climate change and solid waste management.

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

The reports provide us with a blueprint of options for addressing the issues of global climate change and waste management in our individual states. They spell out far-reaching goals. They also give us solid, manageable recommendations for achieving those goals. It is the consensus of the Task Force on Global Climate Change that we must take up this issue of
The task force has recommended realistic goals and strategies that provide for a reasonable return on investment to improve energy efficiency and to build a firm foundation of knowledge on which we can base future decisions. They include such things as the total elimination of chlorofluorocarbons and the recycling of those that are presently in existence.

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

It is essential that we act for the sake of the health and well-being of the human species. These task force reports establish a strong foundation on which we can build a consensus for positive change to preserve and protect our precious environment. During this session, we will have the opportunity to review the task force goals and recommendations and we’ll also
hear from some well-known experts on environmental issues.

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

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

This report is the result of a year's work in intensive meetings and field visits with some of the
nation's foremost experts on managing solid waste. All of our states are coping with the reality that we have less and less space to accommodate the growing volume of trash that families and business firms and institutions are throwing away.

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

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

Industry must streamline packaging materials
to reduce the volume, weight, and toxicity of these materials. Companies and families must change purchasing and disposal habits. And government at every level must educate consumers and create incentives for waste reduction.

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

We need a cooperative effort between government, industry, and citizen groups to develop voluntary recycle content standards, and we must insist on the use of recycled materials in more and more of our products. Through this combination of more universal recycling and more aggressive source reduction effort, we believe it's possible to cut the amount of waste sent to incinerators or landfills in half by the year 2000.
Finally, we simply must stop sending great quantities of unwanted trash across state lines. Each state must take responsibility for its own waste by exercising a leading role in waste management. At the same time, receiving states must be given greater authority to control importation of trash from other states.

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

On behalf of the task force, I want to thank all of them for their contributions. In Pennsylvania where recycling will be the law this September, our public awareness campaign asks people to stop throwing out trash like there's no tomorrow, because tomorrow
belongs to our children. And it's our obligation to ensure that the nation and the world will leave them with clean air, pure water, and untainted land.

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

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

GOVERNOR MARTINEZ: Thank you, Governor.

Earlier this month I was in Washington to present the report formally to the EPA Administrator William Reilly. I believe we had a very good conversation on half of NGA and the director of the EPA. I think he was very appreciative of the initiative that the governors have taken to develop this report, for the initiative that the governors have taken in their respective states to deal with a very serious problem on solid waste.
The report also calls for good cooperation with the EPA, but again allowing the states to carry out their duty and responsibility, and only asked in one area or so that we gain some authority from the federal system. One is on the ability to have a surcharge for waste transported between states. The other is that ash studies on how to dispose of ash from incineration could well be a good EPA project that would save all states a lot of efforts if, in fact, we can come up with a standard.

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

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

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

Thank you very much, Mister Chairman.

GOVERNOR BRANSTAD: Governor Casey and Governor Martinez, I thank you for your excellent leadership in your individual states on this issue and
also for the very quality report that you have put together.

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

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

We’re very proud to have Bill Ruckelshaus, certainly a distinguished career, with present expertise in this very important issue that we’re facing in protecting our environment. Bill Ruckelshaus.

MR. RUCKELSHAUS: Governor Branstad, thank you for that kind introduction. Many of you may wonder
why the person described in that introduction is
currently chief executive officer of the one of the
nation's largest garbage companies; or as my brother
said to me when twenty-one months ago it was announced
that I had this job, "My boy, you have finally arisen
to the top of the heap."

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

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

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

In 1985 I was asked to serve on an organization called the World Commission on Environment and Development. It was a very modest-sounding organization, but it was a commission created by a UN Charter. And our agenda was even less modest than the title of the commission. We were given the assignment of looking at the problems of pollution, population, resource depletion, energy, and food supply worldwide for the next thirty years. Not daunted by that, we picked up during the course of our deliberations the issues of third world debt and nuclear disarmament just to round out our agenda.
The commission was made up of twenty-three members. The chairman was the then Prime Minister of Norway, a remarkable woman named Gro Harlem Brundtland. There were representatives from fourteen developing nations. Several of the developed nations also had representatives. There was a Soviet Mainland China representative. We spent three weeks every quarter for three years meeting in one region of the world or another. We spent three weeks -- and this went on from 1985 to 1988.

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

We held hearings in all of these parts of the world. We asked people to come in and tell us what they thought the problems of development and the environment were. We saw firsthand the problems of pollution in the eighty percent of the world which
falls outside the developed world, how terrible those problems were, how, in fact, they tend to make ours pale into insignificance.

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

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

People who are -- peoples who are inadequately fed, clothed, and sheltered, are not going to be concerned about tropical rain forests, global warming, depletion of the ozone and certainly are not
going to be concerned about making serious economic investments in such speculative, in some cases, not so speculative in others, problems in the years ahead unless this can be coupled somehow with development.

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

This all, of course, should be very good news to the developed world, particularly the United States. We have shown how to do both. We have shown how to create development that is not sustainable, but we’ve also shown that we have the people, the know-how, the technical expertise, the technology, and the dollars to
provide development that is sustainable both in an
economic as well as environmental sense.

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

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

We can have both. We can, here in America,
lead by the best possible way of leading, namely by
example. It will take a different form of political
rhetoric and policy focus if we are to change the way
we think about environmental problems in this country.
I recognize that’s easy to say and hard to do. I think it is going to be necessary in the future, if we’re going to succeed in dealing with issues like waste management.

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

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

Today we have a million five hundred thousand
curbside recycling customers, all as a result of public
demand, political response. In fact, Governor Hunt and
I dedicated just such a recycling effort in Huntsvill, 
Alabama, where they very carefully went through an
integrated waste management plan. It took them four
years. They have waste reduction, they have recycling,
they have some incineration and landfilling of what’s
left.

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

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

Ten years ago it was probably unheard of that
trash picked up would be disposed of further away than
about five miles from where it was collected. We now
know this to be a -- something of the past. Many of
the disposal sites for waste collected in states are
several hundred miles away. It was only a few years ago that that waste barge that wandered all over the world looking for a place to stop was very visible evidence of this kind of problem.

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

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

I personally am sympathetic with the people in those states, the people who have provided some
capacity for their own needs in the future, about being
-- having seen that capacity reduced as a result of
states importing in there. We have voluntarily cut
back at many of these sites in the amount of waste we
will receive from out of states, in at least one site
by seventy-five percent. This was at the urging of the
state regulatory officials which we pay a lot of
attention to.

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

We sent to twelve hundred local officials an
invitation to become a partnership with our company to
locate a recycling composting landfill facility to meet
the needs of either the region in which that community
is situated or for a larger area within the State of New York if they so desired. We told them that we thought there were two elements necessary to site a needed facility of this kind. One was it had to be their choice. We do not start with a site. We have no sites currently in New York either under option or ownership for this kind of program and we would choose the site with the community itself.

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

It is precisely this kind of program, providing the community the choice, that we're trying to start in New York. We've also promised them that benefit sharing will be part of this effort. Whatever benefits accrue from the operation and ownership of the
site will be shared with the community on some negotiated process. Well, we're trying.

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

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

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

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

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

In order to do that, we have ensured that several -- in order to ensure that that happens, we’ve
taken several steps. We have extensive training programs. We work on the attitudes of our people constantly. We’ve created a vice-president for environmental audit who reports directly to me. He has not only the power but the responsibility to shut down any facility in the country that isn’t in a hundred percent compliance. He has the power -- by the way, that is precisely the same authority, responsibility, power, that the operators of our sites now have.

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

Finally, and probably most significantly, our people who are not in compliance around our sites receive no incentive pay. In fact, they don’t get paid
at all if they are out of compliance for longer than
any designated period of time. They have gotten that
message and gotten it very clearly. Now, I don’t say
all of this -- that we’re doing all this out of a sense
of public spiritedness, although that would be the
right thing to do and sufficient. I think if we don’t
do these things we won’t be in business.

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

Let me make one last point. It’s an
important point, I think, for every elected public
official in this country to know. And that is that we
have made substantial progress in this country over the
last twenty years against our environmental problems.
That progress is visible all over the place if we only
open up our eyes and look at it. It is important to
say this from time to time, because that tends to be
the best kept secret in the country, that we’re getting
anywhere with the billions of dollars that we’ve spent,
with the mountains of laws and regulations that we’ve
passed. All of this has not been in vain.

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

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

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

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

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

Thank you very much for inviting me.

(Applause.)

GOVERNOR BRANSTAD: A number of the governors have questions. The first governor I would call on would be Governor Florio from New Jersey.
GOVERNOR FLORIO: Thank you. Mr. President, Bill, I think I speak for most here in saying that we appreciate your very uncharacteristically thoughtful and balanced presentation. I guess the question I have is that I trust as a nation we've moved in dealing with solid waste, garbage, beyond the point of thinking that it's exclusively a local problem anymore, that it truly is a national problem with environmental and economic ramifications that are very substantial.

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

I've been to landfills in different areas where in one state it is a facility with a double composite liner and leachate collection systems and groundwater monitoring wells, and another one that has
a hole in the ground with a piece of plastic on top of an aquifer.

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

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

One is the establishment of standards for landfills. The so-called subtitle D part -- or regulations under RCRA, the Resource Conservation Recovery Act, do provide for a responsibility on the part of the agency to come out with standards. They are now in the proposal stage. They were supposed to have been out last December. The latest that I have
heard indicates they won't be out until next January.

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

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

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

And I think the governors simply continuing
to do what you have already done in terms of producing this plan, going and talking to Mr. Reilly about it and talking to people in the White House as well, encouraging them to move these regulations forward, would go a long way to achieving those three ends.

GOVERNOR BRANSTAD: I think Governor Bangerter had a question.

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

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

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

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

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

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

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

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

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

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

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

MR. RUCKELSHAUS: There is no question that in terms of reduction the biggest incentive that currently exists is economic. To the extent that the generator of the waste sees very large disposal costs, very large potential liabilities out into the foreseeable future, that's a tremendously strong incentive for them to reduce the waste. And we are seeing, particularly on the hazardous waste side, in
many major manufacturing sectors of the country, significant amounts of waste reduction going on.

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

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

And the race is whether the public demand for more recycling capacity, more recycling to go on, will sustain itself long enough for the infrastructure to be put in place so that recycling can be put in a reality. We need a change in habits of people both in commercial establishments as well as people in their own homes.
We need collection systems like the one I was just mentioning from forty-seven thousand to a million five, more of those kinds of systems in place and functioning so that people are used to it, their habits have changed, and we need processing facilities to take that waste, make sure that it’s properly baled and sent to the end user, and then we need end user markets. We need markets in place for that waste once it’s generated.

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

And in countries in the world where that’s happened, Switzerland being a very good example, it’s part of their life. It’s unlikely that we’ll see more, probably less, generation of waste in a country like that where the infrastructure is in police and the
habits have changed.

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

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

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

GOVERNOR SINNER: If that's true, if we're going to change that, we're going to have to change the law. What would you think of changing the law so that it would read interstate transfer of waste shall be permitted only under terms agreed to by the exporting state and the importing state? Which would implement the kind of idea that Governor Bangerter suggested and that you alluded to of the needs for agreement between
states on this kind of -- I'm faced with one right now
that's getting very, very difficult for me and for the
people. The people generally are very opposed to a
large landfill that's being developed by an
out-of-state company to bring in out-of-state waste.

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

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

MR. RUCKELSHAUS: Well, assuming -- and I'm
not enough of a constitutional expert on this subject
to know whether this would pass - the commerce clause -
muster in the constitution itself. Assuming it would,
that is at least one solution to this. I think there
should be allowed some time period to pass for those states which really are -- would be in severe difficulty if they were suddenly cut off if the law were to, for instance, take -- take effect upon passage, it would have a very difficult impact on states like New Jersey and New York.

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

GOVERNOR BRANSTAD: Governor Miller.

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

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

GOVERNOR MILLER: Technological.

MR. RUCKELSHAUS: Oh, technological. Well, I think they are -- probably rather than any sort of magic bullet or great breakthrough, there hundreds of things. And chemical firms, for instance, which have committed, as has Monsanto, to a ninety percent
reduction in the waste stream they generate, primarily as a result of the Right-to-Know Laws which forced all of these companies to come out and indicate the amount of waste that they were generating and that was getting into the environment, even though they believe that does not provide any environmental threat or public health threat, they have committed to a ninety percent reduction.

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

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

So the laws have, in that sense, really
worked. They have -- and they all stem from the same place. They all come from public opinion. That’s where our company came from. There was no such thing as a waste industry, as we currently know it, twenty years ago. It came from public opinion. It is a very large industry in this country today.

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

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

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

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

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

So setting the goal -- whether or not it can be achieved, I honestly don't know -- is probably a worthy goal to pursue. There is some point at which the economics of it just simply take over. The truth is, you can recycle just about anything if you want to
spend enough money. But when we get up to certain levels we’re talking about a lot of money. And when you look at the alternative and what can be done to safely insure that it can be disposed of, that amount of money doesn’t make any sense. I don’t think we yet know where that curve breaks, and fifty percent may turn out to be not too ambitious.

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

(Applause.)

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

The Honorable Barber Conable has been the president of the International Bank for Reconstruction and Development, which we commonly called the World Bank, since 1986. Prior to that, he served twenty years in the United States House of Representatives.
Many of those years he was the ranking Republican on the Ways and Means Committee.

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

(Applause.)

MR. CONABLE: Thank you, Governor Branstad.

Good afternoon, friends. I’m very honored to be here. And I’m delighted to see so many old friends from earlier political incarnations before I got in this international trouble. Indeed, it looks to me as if the House of Representatives really is a weigh station, an interesting weigh station to be sure, on the way to something more glorious. I don’t know where I went wrong. I like seeing so many friends here, though.

I asked Governor Branstad how long I should talk about a subject as broad as human experience. He said he’d much prefer a short prayer to a long sermon. I think prayer is the appropriate modality, given the extent to which our world environment has already degraded.
In the temperate forests of the Pacific Northwest and in the tropical forests of the Amazon Basin, we all face a similar delicate balance between the need for preservation and the need for wood. In the smog that envelopes some of our great cities, our developing country urban conglomerations like Mexico City or Calcutta, India, we all face similar trade-offs between energy consumption and transport, clean air and better health.

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

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

The question is then what are we doing in the environment to the degree we’re in it. A nation’s
economy exists within a natural ecosystem. It's the origin of our raw materials. It's already apparent, from what's been said this afternoon, that it's the destination of our waste.

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

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

Indeed, poverty is itself a toxic force, as anyone knows who's visited the compounds of Indonesia or the favelas of Brazil or the barrios of the rest of Latin America. These people live in a perfectly
terrible environment, constantly eroding further and affecting the humanity of their condition.

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

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

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

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

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

The number and variety of fresh water fish in
the U.S. has fallen markedly over the past ten years,
and so we know that we are subject to the problems of
water degradation also. But clearly, large parts of
the world need to worry about this. We've recently
entered a partnership with a European Investment Bank
to look at the Mediterranean, which has not only a
general problem of pollution but, in fact, three
ecosystems, all of which are polluted, the area west of
Sicily, the area east of Sicily, and the Adriatic, all
showing signs of eutrophication.
The Baltic is being considered now by us as a possible area for review of ways to reduce the general pollution. And even the greater oceans will be subject to this problem if we don’t look out. So the third area, then, is the degradation and depletion of water.

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

And last, the degradation of the global commons such as the atmosphere of the oceans. Over the last hundred years, the concentration of carbon dioxide in the atmosphere has increased by a quarter, arousing concern about global warming, the so-called greenhouse effect. Now, I’m not going to get into that argument. But I think it’s clear that the things we would need to do to address the so-called greenhouse effect are also things that have value in and of themselves. And so I
think the argument is silly. We must do many of these things.

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

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

They also -- particularly the middle income countries that have to borrow from us and pay interest on what they borrow, we are not a grant organization, and with respect to the IBRD borrowers who get about fifteen of the twenty billion dollars, that money is largely borrowed money that we borrow in the world
market and then lend to them at a half percentage point above what it costs us.

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

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

And so we've been putting together a policy department. We've been putting environmental people with specific responsibilities in our operational department. We'll have, over the next year, forty --
over the next three years some forty-five free standing national environmental programs. Half our lending programs for the past year had significant environmental inputs. And starting from a base of twenty billion dollars for development lending, that -- you can see that we're spending a significant amount on the environment.

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

Similarly, higher fuel prices tend to conserve energy while raising income. If prices are increased through taxation, governments also have the choice of either a wider tax base or substituting green taxes for income and capital taxes which introduce their own distortions. Shifting more to green taxes
would make the fiscal system more equitable and efficient. Polluter pays principal is a potent principle.

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

Now, we’re also concerned to the point where we’re trying to put together right now a global environmental fund. This would be additional and concessional. We’re asking the big donor countries to try to come up with not specific amounts of money, but a fairly broad base of support for something that would deal with environmental problems that transcend national boundaries.
Again, it's very difficult to get them to borrow for such a purpose, a regional purpose or a global purpose, unless that is viewed as additional and concessional money. And -- but something of this sort has been requested by Britain and by France and Germany, and we're hoping the United States will go along with it, it -- if we had such a fund it would not have been necessary to set up a separate -- a separate mechanism for dealing with the Montreal protocol and the CFC problem, which the World Bank incidentally is going to be implementing in cooperation with the various agencies of the U.N.

So the global environmental fund is something I call to your attention. Ultimately a political decision will have to be made about the extent to which the United States participates in this. We're very anxious, of course, to handle this on a pilot project basis without formal burden sharing among the various donor countries, because we realize it will be very difficult -- until we demonstrate the need for such a global fund through three years of experiment and demonstration, it will be very difficult to impose some kind of formal burden sharing on our countries.
Now, another thing that should be mentioned, the NGOs in this world, the nongovernmental organizations, we used to have to deal with in places like New York City, Washington, Toronto, London, and so forth. One of the most encouraging things that's been happening lately, working toward a greater consensus about environmental matters, is the replication of these nongovernmental organizations in the third world.

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

People everywhere are getting together and saying we're concerned about the quality of our lives
and let’s do something about it. They do something
about it individually, they do something about it
politically, with their local institutions, and they do
something about it through nongovernmental
organizations that didn’t used to be there in the third
world.

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

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

I don’t want to pick on the United States in
particular, because as Bill Ruckelshaus has said, considerable progress has been made. But we still account for nearly a third of all the CFCs that are escaping into the atmosphere. We use twice as much energy per unit of national output as Germany and Japan. We produce five tons of carbon dioxide for every man, woman, and child in the country when the world average is less than one ton.

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

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

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

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

I want to assure you that good people everywhere are going to be struggling with this problem. The World Bank will do its part. It will not only continue to institutionalize the inputs, but will seek to find ways of measuring the outputs and to improve the quality of life not just for our generation but for generations to come, who because of burgeoning
populations will find this problem a much more severe
one than that which faces us.

May we go to questions?

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

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

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

MR. CONABLE: We still suffer from that,
Governor Kunin, I can tell you. Most of our projects
that are now coming to fruition were planned seven or eight years ago. We have been having these environmental inputs now for three or four years.

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

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

But it appears that if we are able to really make this work we need a lot of concrete examples of how it really works. We can see some, for example, in the Clean Air Act at home and as we discuss global
warming. We know that investing in energy conservation is one way that you can get both economic benefits and environmental benefits without any sacrifice; in fact, with an economic gain rather than an economic loss, a truly win-win situation.

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

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

Is the World Bank working on some kind of practical applications that they can really flesh out this concept so we get off of the standoff and really, really make sustainable economic development a fact of
life in and a trend and a real choice?

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

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

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

For instance, in eastern Europe we are now not going able to wait to try to balance economic growth and environmental inputs because the environment
is so bad there that actually the people are threatened
to a degree that their economic activity cannot be
profitable or helpful unless they have very specific
correctives applied early on relative to the
environment.

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

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

GOVERNOR BRANSTAD: Governor Martin from
North Carolina.

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

Barber, your final point about us as a nation
needing to become a better example for the rest of the world is a typical Conable ingenuity, because it does tend to head off the questions in some directions. But we’re going to try, anyway.

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

But can we go the other direction to encourage or promote good practice? What can the World Bank do or what can we do, since we don’t generally meet to figure out what somebody else should do, but what we as governors should do, what could be done to encourage and promote reforestation, for example, or energy conservation, as Governor Kunin has mentioned, maybe even nuclear power generation of electricity for another.
And so I wondered what you could suggest that we might be able to do to become better examples.

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

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

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

If they need to rely on grazing, their goats and their cattle will eat the trees when they get to
fodder size. And so you have to worry about how to sustain any forestry effort.

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

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

There are many things that can be done to encourage forestry. Social forestry is something we’re pressing now. In areas that are more backward, we try to encourage a village to take the responsibility for a specific village asset of newly planted trees. Of course, a lot is being done -- our consultative group for international agricultural research, which
U.S.A.I.D. and the World Bank are the major contributors, but others contribute also, has recently included a forestry agency that will be doing research in forestry.

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

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

It's a complex problem. And I want to tell you that the whole chain of cause and effect in the environmental area has only just begun to be studied seriously by humankind. We -- we live in a very
complicated ecosystem and we need to do a great deal more research. But in the meantime, we need to act to the extent we can on what we know.

(Applause.)

GOVERNOR BRANSTAD: Mr. Conable, thank you.

I think we're all impressed to hear the extent to which the World Bank is dealing with the environmental issues as you deal with the important issues of trying to assist the developing world in fighting poverty and helping them, but also in dealing with this very critical issue of the environment.

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

I would like to personally thank those governors who participated in the nominating process.

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

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

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

Our first award winner in the state official category is from the state of Arkansas. Dr. Bettye M. Caldwell is the Donaghey Distinguished Professor of Education at the University of Arkansas in Little Rock. A pioneer the early childhood education, Dr. Caldwell established innovative early childhood and infancy programs in the 1960s. Her research provided the
building blocks for today's out-of-home child care services. Arkansas Governor Bill Clinton described Dr. Caldwell as "tireless and realistic in trying to work within the current systems of values and programs to promote patterns of services that better meet the needs of children." Congratulations.

(Applause.)

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

(Applause.)

GOVERNOR BRANSTAD: Next, from North Dakota, Major Richard K. Bjornson, field operations manager of the North Dakota Highway Patrol. North Dakota Governor George Sinner called Bjornson a truly exceptional
employee who has served the state with unselfish and personal dedication for over thirty years. Major Bjornson worked day and night and commuted long distances daily to make the North Dakota Highway Patrol the first nationally recognized accredited law enforcement agency in that state.

(Applause.)

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

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

"A lifelong public servant, Ms. Atkins has raised our collective conscience and has been a strong role model in creating the future we want the in our state and our nation," said Governor Bellmon.
1 (Applause.)

GOVERNOR BRANSTAD: Finally, in the state

official category, from the State of Pennsylvania is

Mr. Arthur A. Davis, Secretary of the Pennsylvania

Department of Environmental Resources. Mr. Davis has

steered Pennsylvania through passage of several

important pieces of environmental legislation,

including the cleanup of federal Superfund sites, a

comprehensive recycling program, and tough new

regulations for the siting and operation of waste

facilities.

"Under Art Davis' leadership, the

Commonwealth has made great strides towards improving

programs to ensure the health and safety of our

citizens and our environment," says Pennsylvania

Governor Robert Casey.

(Applause.)

GOVERNOR BRANSTAD: The National Governors'

Association is also very proud to honor private

citizens who give of their special talents with unique

dedication and long hours to serve the public in their

states. Almost always their contribution is voluntary

and without pay. The first of our five distinguished
citizens is from Arkansas.

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

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

(Applause.)

GOVERNOR BRANSTAD: Next from Ohio is Father Samuel R. Ciccolini, founder of Interval Brotherhood Home for Alcohol and Rehabilitation Center. "At a time when it is often easy to despair because of the magnitude of the problem caused by the abuse of alcohol and drugs," Ohio Governor Richard Celeste said, "Father Ciccolini stands as a beacon of hope by giving eloquent
testimony to the difference that one man or woman can make in the lives of others."

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

(Applause.)

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

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

From North Carolina, Mr. William States Lee, Chairman and President of the Duke Power Company. Mr. Lee initiated a company-wide tutoring program for area
children in his own facility. He has and his wife
personally tutored a child a week. He expanded the
program to include scholarships and private-public
education partnership to service schools state wide.

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

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

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

From Illinois, for artistic production, Mr.
Richard Hunt, sculptor. Illinois Governor James R.
Thompson said that this Chicagoan's "contributions to
the arts have enriched the lives of those of us in
Illinois and the nation as a whole." In his thirty-year career, Mr. Hunt has completed fifty-five public works, thirty-four of which are in the State of Illinois. He currently serves on the Board of Governors of the Illinois School of the Art Institute. I’m very proud to present this award to Mr. Richard Hunt.

(Applause.)

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

The school has one hundred internationally recognized faculty, seven hundred and fifty students, and reaches over a hundred and forty thousand people annually with two hundred and fifty performances in North Carolina and two hundred performances by an
active touring group. Congratulations to North Carolina.

(Applause.)

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

(Applause.)

GOVERNOR BRANSTAD: We will be adjourning.

And just before -- I want to announce a meeting --

GOVERNOR KUNIN: Mister Chairman?

GOVERNOR BRANSTAD: Yes, Governor Kunin.

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

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

GOVERNOR KUNIN: I fully appreciate that. I would just like to make a comment briefly on part -- on
a subject that is not on the official agenda but I think concerns many of the governors. And that is the S&L situation which we know will exact a major price tag, some estimated five hundred billion dollars, over the next thirty years. Some of us --

GOVERNOR BRANSTAD: Can you --

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

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

And, of course, frankly, as a farm state governor, I'm mad as hell about being asked to pay for this where the infrastructures have been built in other
states, we didn’t get a particular great degree of cooperation or help during the farm crisis, and now we’re being asked to pay what I have been told is hundreds of billions of dollars and to pay for it twice; basically pay for it as taxpayers, while at the same time the infrastructures have been built in other places.

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

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

GOVERNOR SINNER: Governor, I will offer a resolution at the executive session on that issue.
The other thing I wanted to say is, I commend you and NGA for recognizing public employees and public servants. Somehow or other the public doesn’t realize that states run really not because of governors but because of the ongoing service of their elected -- or not their elected but their appointed officials.

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

GOVERNOR BRANSTAD: Thank you for your point on this, Governor Sinner. I know that in past years when I have had citizens from my state, both citizens and officials that have been recognized, this has been a great highlight. And I know how much it’s appreciated. And we as governors, I think, are especially sensitive to the tremendous contribution that these people make. And I think it’s great that at
least on this one occasion we’re able to -- of all of
the thousands of people like this in the country, we’re
able to single out and recognize a few real outstanding
people that have received these awards from the
National Governors’ Association.

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

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

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

Immediately upon adjournment, we will proceed
to the meeting of the Executive Committee. And at that
meeting we are asking all members of the education task
force to be present. The leadership of the NGA and the
leadership of the Education Task Force have been
working very hard discussing with some governors that
had concerns, and I believe that we have a proposal, a
consensus proposal to resolve some of the sticky issues
involved with the national oversight panel to achieve
this very important assessment tools and accountabilty
that's so essential to meet those goals by the year
2000.

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

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

* * * * * * * * * *
CERTIFICATE

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
ACHIEVING
EDUCATIONAL EXCELLENCE
AND
ENVIRONMENTAL QUALITY

National Governors' Association
82nd Annual Meeting
Mobile, Alabama
July 29-31, 1990

PROCEEDINGS of the Closing Plenary Session of the
National Governors' Association 82nd Annual Meeting,
held at the Mobile Civic Center, Mobile, Alabama,
on the 31st day of July, 1990, commencing at
approximately 9:45 o'clock, a.m.
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GOVERNOR BRANSTAD: I would ask the governors to take their seats so we can begin this final plenary session of the National Governors' Association Annual Meeting. We have a very tight agenda this morning. We have a number of distinguished guest speakers that are on the program and we have a lot of business to be conducted. And so I would ask the governors to take their seats immediately and others to take their seats so we can begin this important plenary session.

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

During this decade of the '80s the governors of the United States of America have taken the lead in making a commitment to education reform in this our nation. Today we renew that commitment as we address
the strategies to implement the national education
goals. This plenary session caps off a year-long
process of developing a consensus for change.

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

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

We must develop new ways to fairly measure
student achievement. Indeed, we cannot forget the
value of the process that we’ve been through; not only us as governors, but for every student, parent, teacher, school board member, administrator, and business in America. Consensus building has helped us back in the State of Iowa to build pride in our public schools. And it’s also helped us to develop an ambitious agenda for major reforms in education in my home state.

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

I want to thank you especially. I want to thank the governors that have led this effort. Governors Campbell and Clinton have provided outstanding leadership for our Education Task Force and have made it possible for us to overcome major barriers
and opposition and sometimes outright contempt from
some of the people in other levels.

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

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

Our year’s work concludes with the
development of strategies to implement our goals, but
our journey has just begun. What we’ve started has the
potential to last far longer than any of our terms and
to touch the lives of future generations of American
children. And that's what makes it so worthwhile.

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

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

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

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

A year ago, Terry Branstad appointed this
Education Task Force and gave us an ambitious charge, find a national consensus on education goals. Then last September, the president called the governors together for the Education Summit, thus raising dramatically the visibility and the stakes of our work. Important commitments were made in Charlottesville to produce national education goals, to seek greater flexibility in the use of education resources, to undertake to restructure school systems in our states, and to devise a reporting process for holding ourselves and others accountable for progress in meeting the national goal.

The goals are now in place and we’re continuing to work on achieving greater flexibility in restructuring. At this meeting we have released Educating America, State Strategies for Achieving the Goals. This is a plan of action on steps that states can take to achieve these goals. Now it’s time for us to set in place the process by which we will be held accountable; arguably the most important part of the job, because it is the decisions on how and what to measure that will drive real change in our systems of education.
It is imperative that governors continue to be centrally involved in this process. Throughout our work this year, we've tried to keep in mind a few basic principles. We've tried to focus first on achieving excellence in our educational system, excellence at all levels.

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

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

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

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

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

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

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

And the first panel member is someone that has a great deal of admiration and respect among the governors and somebody that certainly has had a great influence on me, and that is Lamar Alexander, two-term governor of the State of Tennessee who chaired the
National Governors' Association at the time that we really brought education to the forefront and produced an outstanding report called A Time For Results in Education. And that was adopted unanimously by the governors.

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

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

Also, we have Mr. Albert Shanker who for twenty-seven years has been involved in education. He has worked in the American Federation of Teachers, first in New York City, and since 1974 has been the president of the AFT. He's the vice-president of the AFL-CIO and serves on the National Academy of Education and the National Board of Professional Teaching.
Standards which I have the honor of serving on as well.

Mr. Shanker began his career as an elementary math teacher.

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

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

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

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

MR. ALEXANDER: Thank you, Terry. Governor Branstad, Governor Campbell and Clinton, distinguished governors and old friends. I’m surprised to see how many of you are still -- still here. Especially to Governor McWherter, my friend, it seems like I’ve been working for him forever. He was Speaker of the House when I was governor, and now he’s chairman of the board
on which I serve. And nothing that happened in
Tennessee in the '80s that amounted to anything would
have happened if he hadn't pushed it and supported it
and helped to make it happen.

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

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

The problem for me is, I don't see how you
can repair the airplane while the airplane is still
flying. And somehow we have to figure out a way to
have a brand new American school and at the same --
which will take a long time to develop, and at the same
time continue to educate those who are in the school.
I believe the prize will go to who figures that out.

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

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

One of the things that they found early on
was that any team member who didn't read well, do math
well, understand spacial relationships and mechanical computations, wasn’t a good team member. And the other team members didn’t want that person on their team because the team couldn’t succeed and the headlight wouldn’t be defect free and the car wouldn’t compete with the Japanese.

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

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

But if you will ask that group to suggest to you a way to assess that, we can get on with it. That
may seem like a small thing, but it is a strategic
ting that I wanted to make.

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

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

Question number two is, where do I find a
good school for my child. Question number one is, how
do I go back to college. Eighty-five percent of the
Saturn employees want to go back to college. The most
important thing I would like to say to you all is that
I think most governors run the risk of missing the most
strategic opportunity to move your state in the 1990s.
Most of you and the president are very busy figuring out how to fix new schools for the next century and you're exactly right to do that. That's exactly right to do. But the most serious problem we've got in America educationally is our work force is undereducated, and it's already in place. And if you want to make an immediate transfusion into your work force, it would be with the parents and the grandparents, not with the children.

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

After two years as a university president, I can assure you there's a great deal that ought to be fixed about higher education. But in the next ten years, my suggestion would be that you just pour it to higher education. Let as many people in as you possibly can. And that will move us further, further than anything else we can do.
The governors deserve enormous credit for what you have done here, what you have done in the last year, Governor Clinton, Governor Campbell, Governor Branstad, all of you. It's hard to remember that five years ago words like choice, year-round, pay for performance, what to do and what to know -- those weren't popular words in the national education curriculum.

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

(Applause.)

MR. BROCK: I want to follow that comment. I'm glad that Bill Clinton has got here, because I wanted him to hear what I said to Carroll Campbell earlier this morning. And that is that the piece of work you all have done, which is being published here at the meeting, Educating America, State Strategies, is the single most compelling, clearest, most effective piece of work I've seen on the subject of education. And I commend the preface to every literate American, if you read that this country will change its ways.
If the governors in this room will take a personal commitment to implement the plan of action piece by piece, step by step, this country will turn around. And I commend you for that. And I cannot state how important it is that we do so. If you look at the thermometers that gauge our national temperature, you've got to sense that we've got some problems. The thermometer we get a lot of attention to in Washington is the trade deficit, since we're not as competitive as we ought to be, and nobody in their right mind would argue that the trade deficit is caused by the action of foreigners. And let me commend to you every economist that I have ever studied with the statements that we are our problem.

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

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

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

The conclusion after a very intense year of
study was that the United States faces a choice, a
choice between high skills and low wages. Gradually
and silently, and I think without knowing it, we are
choosing low wages as a method by which we compete in
the world. We still have time. We’re still the most
productive, creative, entrepreneurial system in the
world. We’re the dream of almost everybody that’s trying to seek freedom behind the Iron Curtain.

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

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

Almost no businesses ask to see a high school
transcript. Very few ask for grade point average or
class rank. Diploma to -- a high school diploma, to
most businesses, means that the student has got the
right attitude, they took time and seat, they stayed
there long enough to get a diploma. That's all that it
means.

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

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

Same period of time, our commission urged
that we have something to deal with in total inadequacy
of school-to-work programs. We asked for a new
educational performance standard for all students by age sixteen measured against the world, not against what we would like, but against what our competitors are doing.

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

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

We’re trying to suggest that it is time to dignify the -- and professionlize education beyond the academic program and combined academic and work training and apprenticeship in a professional system.

The essence of our commission report was to say that this country faces very quickly now an urgent decision to either educate and improve our skills or to choose to compete on the basis of low wages. We don’t think that’s an effective choice.

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

(Applause.)

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

First, I’d like to congratulate you on what is an outstanding document. Your document indicates the difficulties and the complexity of the job and it does a brilliant job of outlining strategies. I intend
to see to it that our leaders, teacher leaders all
across the country, have copies of this and use it as a
basis for discussion.

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

It reminds me of a story that someone used
about a frog put into a pot of water which is on a
stove. And the frog starts by saying the water is nice
and wet and cool. And you turn the fire on under the
pot and the water heats up, and the frog says, gee,
it's getting warm and comfortable here. And after a
while, the water boils and you get frog soup and the
frog boils to death. Now, if the frog had jumped into
boiling water in the first place and felt the heat, we
all know how quickly frogs respond. The frog would
have jumped out and been slightly burned but very much alive.

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

And so the problem that we have is that we need to make tremendous changes, we need to make them quickly, and yet we do not have a public that really believes that the problem is as serious as it is. And I can tell you that if you go into schools and talk to teachers and talk to principals and talk to school board members and others, I don’t think you’ll get a feeling out there that these goals and this process is very much connected to schools out there. That’s something that seems to be public relations and newspapers and politics and other things. There are very few people, at the level where it’s got to be done, who feel that this is connected to what they are doing.
So the question is, how can we connect the wisdom, the determination, the good sense, and the goals and strategies here and how can we make sure that this doesn't end up in a library or press release but is -- but results in implementation. I think, first and foremost, most people out there, most parents, most teachers, with the exception of urban areas, most people think that their kids are doing pretty well.

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

They don't know it for several reasons. But one of them is that we have this confusing assessment system with each school district in each state using different instruments and the instruments don't tell you anything. To say that fifty-seven percent of the kids are above average does not tell you anything. If you are above average among the pygmies, you can still be pretty short and be above average. And we may be
educational pygmies in this country where being above average doesn’t mean very much.

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

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

And without that, we’re just going to have a lot of discussion five or nine years from now about whether we made it or not. And we’ll never know. It
will just be discussion, because the instruments that we have right now are not national. They do not apply to the school level. They don't apply to the district level. We don't have anything that's available all across the country which will tell each parent how his or her youngster is doing.

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

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

One of the things that needs to be done, and without this I do not believe that there will be enough pressure to change schools, is that this country needs
to move toward a world standard in terms of college
entry. Parents and kids are not going to worry very
much about whether -- what these instruments are going
to say or what the reports are going to say when
fifty-five to sixty percent of them say, look, that
education my kid's got must be good enough because they
are going to college.

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

And I would like to say that we need to do
everything that we can to help youngsters to meet those
standards and also to provide other opportunities for
continuing education and continuing upgrading for those who can't meet the standard that's set.

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

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

We need to get behind the curricula that have been developed by the science teachers and the math teachers and by other groups and we need to make sure that the states adopt these. Because once we've got
these national curricula frameworks, we’ll have a basis for educating teachers to handle these materials and we’ll have a basis for an assessment system.

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

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

(Applause.)

MR. GEIGER: Thank you, Governor Branstad.

Let me begin by commending NGA for crafting a report that is substantive and free of timidity. At a time when it has become fashionable to dodge the tough issues, you have chosen to be unfashionable. And that is refreshing. So on behalf of our two million members let me express our gratitude, our support, and our readiness to cooperate.
Given time constraints, I'm going to limit myself to commenting on just three of the many issues that your report addresses. First, NEA welcomes your forthright statement that effective reform will never occur unless and until teachers are granted the latitude, the authority, and the autonomy to exercise their professional judgment on their students' behalf. Your emphasis on decentralization is consistent with the research on effective schooling and consistent with what every teacher has known for years.

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

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

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

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

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

The heart of this initiative is an intensive
two-week readiness program in every elementary school in this country opening the beginning that -- held prior to the opening of the 1991 school year that aims to give a high voltage academic and social boost to millions of elementary school students.

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

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

NEA applauds your decision to charge the oversight panel with the task of monitoring federal
actions to ensure strict compliance with the compact agreed upon at the Charlottesville summit. For if, as NEA maintains, it is time for action, then it is clearly the wrong time for federal inaction. Meeting national goals demands a national partnership. And the Federal Government cannot, I repeat, cannot, be excused from participation.

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

(Applause.)

MR. MORROW: Well, I appreciate the opportunity to participate in the educational panel this morning, the very real sense that quality of education that we provide our young people is the key to this nation's future. If we remain competitive, international commerce, and in turn continue to enjoy the standard of living that has made us the envy of the
world, we must have in place a work force with the
motivation, academic qualifications, and technical
skills to match those of our competitors in the global
marketplace.

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

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

We believe that real reform in the nation’s
schools will only come about with the fundamental
restructuring of educational delivery systems.

Long-term solutions will require long-term commitments from all parties interested in improving our education in this country. And no single segment of our society can possibly hope to accomplish all that has to be done.

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

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

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

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

In collaboration with parents, the school administration, teachers, principals, and community groups, business was an active partner in the reform effort that began in 1986 and today remains committed to its success. It’s encouraging to see other
initiatives to strengthen elementary and secondary education now proceeding or being considered in many states and cities throughout the nation.

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

(Appause.)

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

Unfortunately, most of the reform that's taken place in public education in this country has
been top down. It's come from the state house and not from the local districts and local chancellor or superintendents' offices. And that's really what's led the reform movement. And we also applaud you for that. But it's time, I think, that the people that are in my position become actively involved in trying to make -- and become a player in making these changes take place.

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

At the same time, we're planning on holding a summit where we'll issue a report by January where we've invited -- unlike your strategic plan and unlike other strategic plans, we'll take the governors' goals and develop strategic plans that involve all of the players that have to be involved, the business community, the educational community, community-based organizations, the political leaders.
We think we need to get all of the players in there in order to develop a strategic plan that has some short-term and long-term goals in it, and also who's going to be responsible for delivering those particular goals. So that's critical. And we have invited the National Governors' Association to be part of that.

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

We need kind of our own Saturn project, if you will. We need to retool our schools to really get at the problems. But we can't do that without involving the people at the local level. That's very critical. I think if we learn no other lesson, that is, that the teachers, the administrators at the schools sites, the parents, the business community has to be involved in writing the educational agenda.
I think we’re past the stage where we treat the business community as purely a deep pocket but have, I think, begun to open up the door and ask them to come in and join us in writing that agenda.

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

And that’s where I think the state government comes into play, by allowing the flexibility with the accountability -- I’m not suggesting that we do it without the accountability, but allowing the flexibility and removing as many categoricals as possible so that the local districts that are interested and serious about restructuring have the latitude to do that with your assistance.

I think you have one major role -- well, several major roles, but one role that I think is very critical, and that is to create the climate for change, to not only be very positive in terms of what you are talking about, but to create the kind of reward systems
where districts, local districts, local schools that are attempting to make change are recognized by you and given that flexibility that I spoke of.

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

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

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

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

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

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

GOVERNOR CLINTON: Governor, I think there's
nothing left for me to say about the task force except
I enjoyed being a part of it and I hope it works. I
would like to ask a question or a couple of questions,
if I might, of any of the panelists who would care to
comment. Because we have to figure out, just like you
do, where we go from here.

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

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

Two, the last speaker made a point that I
make all the time but he did it so much better than I
can. But my premise is and my belief is that nearly every problem in American education has been solved by somebody somewhere. There are people who are succeeding against overwhelming odds, teaching people that most folks think can't learn the most extraordinary things. So we shouldn't reinvent the wheel.

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

Three, what can governors do to get a larger percentage of their schools up to -- in fact, to get a hundred percent of their schools into a serious restructuring effort? We’ve been working on it at a statewide level for over three years now. We have a significant number of school districts who are working on school-based management, who have gotten flexibility from the state, who are willing to evaluate themselves based on the results as manifested by what their children know. But we still have a lot of folks that
just don’t take it as seriously as they should.

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

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

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

I don’t subscribe to that. I really believe
that there is a serious intent on the part of the
business community to work as a partner in improving
school systems. But more and more people are coming on
board from my field. We still have a large number of
people out there, though, Governor, you’re absolutely
right, that are more conscious of turf and not about serious restructuring. Because as Mr. Shanker said, they really don't view the fact that we have a problem. They don't come from that point of view.

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

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

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

MR. GEIGER: Governor, I want to respond to
the question, and I'm going to tie them all together by doing -- by answering the way you should answer and by ignoring all of your questions and going to something that I think is more fundamental. And you touched on it in your report and I -- in my mind it's a prequestion to all of yours.

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

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

In fact, Sweden, if you have read any of their literature, starting in '91, will provide a free public education for every youngster in the country at eighteen months of age if that parent -- if the parents
of that child want it to go. K-12 spending as a percent of gross domestic product, we are dead last. Four point one percent. The next lowest percent is four point six percent.

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

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

And unless and until we start treating our youngsters better, from nine months before they are
born until five years old, we aren’t going to do much
in the area of testing and all of the other areas. I
think that is so much more critical that if this
country doesn’t get serious about it pretty soon, what
we’re talking about in elementary and secondary schools
is going to be for naught.

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

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

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

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

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

If we do what we said in addition, and say we'll try to get you there, but if you haven't reached there you can't leave school or you can't go out and
get a job unless you're continuing your effort to make that standard -- you need to have some benchmark that relates the school to the work.

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

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

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

GOVERNOR JAMES R. THOMPSON: Thank you, Mister Chairman. Just two quick comments. First, thank you to Governor Lamar Alexander for being the original and sustaining conscience of the governors of America on the issue of the reform of American
education. His pioneer work is still being felt and admired by his fellow governors.

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

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

MR. MORROW: Let me make one comment in response to Governor Clinton’s questions. It seems to me like what we’re talking about here is ideally the type of partnership approach that the Business Round Table is trying to establish with the nation’s governors.
The kind of questions we're talking about, the ones you have raised, I think are perfect examples of the kinds of things that the business community and the governors should try to address in those states working with community organizations, local business leaders, parent organizations, all those who have a vested interest in trying to address this educational issue. And I think we would welcome the opportunity to work with you and your colleagues here on those kinds of problems and come up with some meaningful results.

GOVERNOR BRANSTAD: Governor Bayh has a question.

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

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

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

MR. ALEXANDER: Governor Bayh, the answer to your question is no, we’re not. But one of the problems we have is, every time we touch education it’s so many facets to it that if you poke one thing you have to poke a lot.
If we were to train teachers properly to teach in the kind of schools we should have, there wouldn't be anyplace for them to teach. And I'm not being facetious when I say that. They wouldn't fit into the kind of schools that we have today, because the schools we have today are schools that prepared children for the 1950s in many cases.

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

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

I'm not talking about elite schools or magnet schools, I'm talking about mainstream schools, and keep challenging them. Then it would be up to the
University of Arkansas, University of Indiana and Tennessee to pride provide the teachers for those new schools. And I think by doing that, we could show people what is needed. And the more people that want schools like that, more teachers would be trained for that. But that is something that governors could help us do, train teachers better for the schools we need.

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

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

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

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

That is a whole new thinking that this country has to realize. And I agree with Governor Alexander. That means we have to be putting in place schools that look completely different than they did even five years ago. And that’s scary to all of us.
GOVERNOR BRANSTAD: I’m going to introduce
Governor Kunin for the last question then go back to
Governor Clinton for final remarks. Yes.

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

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

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

MR. ALEXANDER: Nothing is much stodgier than
higher education. I think tactically, though, that
during the '90s -- the time to change higher education
is probably after the elementary and secondary schools
are changed. Because if we were to have these new
schools we talked about that were so dramatically
different than what we have today, ones with work
stations for every child and computers and lots of
adults and starting the prenatal years, then children
wouldn't put up with college the way it's now -- the
way it's now taught.

But what have we done? Well, not enough.

But classes are now rescheduled because the students
are only available at night or in the afternoon.

Sheriffs take courses on telecommunications because
they are now our students in law enforcement
professional training.

We're thinking about a medical university of
the air so that doctors in rural areas -- Governor
McWherter keeps pushing us about this -- doctors in
rural areas can provide some services to patients.

Those doctors are our -- are our students. There are
not scholarships for older students the way there are
scholarships for younger students. There is not enough
rescheduling.
Probably America’s secret weapon in this area are the communities’ colleges and the technical institutes, the two-year schools that are inexpensive, that are convenient, that teach what you want; and if you then want to go on to a four-year university degree, you can transfer.

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

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

Even today, in our state, less than fifteen percent of the people over twenty-five have a college education, yet half think they need one. So that — I think I’d just double what we’re now doing for the next
ten years and then do some really radical restructuring of higher education in the next ten after that.

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

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

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

GOVERNOR CLINTON: I want to begin by thanking Governor Branstad for caring about this issue enough to give us the chance to stick our necks out and spend a lot of time working together. I want to
personally, before all of you, thank Governor Campbell for being a good and honorable and open and hard-working partner. And I think we should recognize -- and I want all the governors, I hope, to appropriately recognize the services of our staff who worked so hard on this, an extraordinary effort, and especially Mike ~Cohen who is leaving the employ of th National Governors' Association. I think we ought to give Mike a hand for the work that he did.

(Applause.)

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

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

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

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

(Applause.)

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

And now we're ready to go on to the next item in our agenda, which is voting on proposed policy positions. We will now have discussion and votes on the revised and new committee policy positions that
were sent to you on July 13th.

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

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

GOVERNOR HUNT: Thank you, Mr. Chairman. The Agriculture and Rural Development Committee adopted
amendments to two existing policy statements. The first is an amendment to policy G-2, strategic management and investment for rural vitality, and asked the Federal Government to develop initiatives to coordinate with states in rural economic development activities.

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

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

The second amendment affects policy G-8, agricultural chemical safety. The amendment proposes to add a new basis for the administrator of EPA to
grant an exemption for use of unregistered pesticides in emergency situations. This amendment was recommended by Governor Sinner. It also asks that the administrator weigh the health effects of the approved use of pesticides when making the decision to grant an exemption.

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

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

(Motion seconded.)

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

(No response.)

GOVERNOR BRANSTAD: All in favor signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Opposed?
GOVERNOR BRANSTAD: The policy positions of the Committee on Agriculture and Rural Development are approved.

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

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

The second policy is an amendment regarding technological innovation, which strengthens the statement on coordinating federal programs with state
efforts and adds emphasis to commercializing new

technologies.

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

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

GOVERNOR BRANSTAD: Is there a second?

(Motion seconded.)

GOVERNOR BRANSTAD: We have a motion and a
second to approve policies E-3 and E-6 en bloc.

Discussion?

(No response.)

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: The ayes have it.

Policies are approved. Governor Mabus.

GOVERNOR MABUS: I have a suspension. Do I
wait until the end to do, that from my committee?

GOVERNOR BRANSTAD: Yes. the suspensions

come up at the end, right, I think after the Executive

Committee report. So if we would wait until that time.

We now go to a summary of the Task Force

Report on Global Climate Change. This is a very
difficult and controversial issue, and I’m very pleased
and very proud of the fine work that’s been don by
this task force under the leadership of Governor Jim
Thompson and the co-chairmanship of Governor Madeleine
Kunin.

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

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

GOVERNOR JAMES R. THOMPSON: Mister Chairman,

thank you. Thank you first for the privilege of
serving as the chair of the task force. It enriched my understanding and knowledge and I think that of all the governors who served on the task force. And I particularly want to acknowledge the contribution of my co-chair, Madeleine Kunin, who was instrumental in helping us reach a unanimous conclusion.

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

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

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

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

Our report essentially says there are reasons
to fear global climate change and that we should adopt
policies now which will mitigate harmful effects that
may occur in the future; that there are good reasons for adopting policies now for their own sake. And if it turns out that some scientists are right, that global climate change is more to be feared than some think, we will have done the right thing.

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

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

Fifth, we really think that this nation needs to get doing on forestry programs because trees can be
enormously effective receptors of greenhouse gases; and
in addition, in urban areas, provide the kind of shade
that will lead to energy conservation and the need to
use less carbon-based fuels.

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

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

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

This was a diverse group of governors from
both energy-producing and -consuming states, and I
think this is a task force report that's got great
substance. And I'm very proud of what you have done.
And I want to at this point recognize Governor Kunin
who is the chair of the Committee on Energy and the
Environment, as well as the co-chair of this task
force.

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

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

And I think what is important here is the
consensus building that we have achieved I believe can
lay the foundation for national and international
action. I think that this is one case where the National Governors’ Association can set an example of how you can stop debating the differences and begin to agree on the areas that are of common concern and where we can take immediate action.

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

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

In regard to that, I would like to move, on behalf of the Committee on Energy and Environment, the adoption en bloc of one new policy, the on on global
climate change, and two amendments to existing policy.
The policy on global climate change is basically the
heart of the report and the language is fairly clear in
that regard.

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

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

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

The third area of amendment is on coastal
zone management asking the Congress to reauthorize the
Coastal Zone Management Act of 1972, which is now
expiring, and to define the states' authorities and
responsibilities in the new expanded territorial sea
for three miles to twelve miles.

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

(Motion seconded.)

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

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

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)
GOVERNOR BRANSTAD: The ayes have it. It is approved. Thank you, Governor Kunin, for your leadership, and Governor Thompson for your assistance in this task force. And I think that this document will be of tremendous help to governors as they grapple with this important environmental issue that’s one of the most critical issues facing the human species in the future.

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

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

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

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

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

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

GOVERNOR BRANSTAD: We have a motion to approve the policies 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.,

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

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

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

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

GOVERNOR TOMMY THOMPSON: Thank you very much, Governor Branstad. Let me at this time
congratulate you on the leadership and the job that you have done at this conference has been excellent. The Committee on International Trade and Foreign Relations had a very lively session yesterday with our special guest, Deputy Secretary of State Eagleburger and Peace Corps director Paul Coverdell.

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

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

The committee also has proved amendments to two policy positions, and I now bring them to your
attention. The first concerns amendments to H-5 which
was brought to our attention by Governor Perpich. The
proposed changes would update and expand the governors' position on the Soviet Union and eastern Europe, a policy we just adopted at the February meeting.

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

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

It's a purchasing by the government of
supplies, equipment, and in service. I and four other governors this afternoon are involved in an advisory group to the United States Trade Representative Carla Hills. We'll be meeting with her this afternoon to discuss the full range of all of the GATT issues that are going to be debated in Brussels in December.

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

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

(Motion seconded.)

GOVERNOR BRANSTAD: We have a motion and a
second to approve the policy resolutions of H-5 and H-9 from the Committee on International Trade and Foreign Relations. Discussion?

(No response.)

GOVERNOR BRANSTAD: All in favor signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

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

GOVERNOR CASTLE: Thank you very much, Mister Chairman. The Committee on Justice and Public Safety also met yesterday and discussed a couple of things, starting with prison overcrowding, a subject near and dear to the hearts of all governors. We included the issues of consent decrees and the response of the Federal Government using intermediate sanctions as a tool to handle prison overcrowding. And a review of the impact of military forces, restructuring of the National Guard was the other subject we discussed.
There is, Mister Chairman, one subject that I would like to call to your attention, to the attention of all the governors. It concerns the fact that the House Judiciary Committee accepted an amendment to the Comprehensive Crime Control Act, HR-5296, that would provide for the allocation of grant funds directly to units of local government.

This amendment could interrupt the process used by the states to attack the drug problem by circumventing the statewide plan as proposed by the national drug control strategy, eliminating the multijurisdictional task forces that are aimed at drug trafficking, spread the meager resources too thin, and be very costly for the Federal Government to implement.

You might want to watch that carefully.

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

Mister Chairman, the committee recommends the consideration of an amendment to the existing policy
B-11 Army and Air National Guard concerning reorganizing and restructuring of military forces. The proposal recognizes the need for cuts in military force structure caused by changes in eastern Europe. These cuts may impact the National Guard.

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

(Motion seconded.)

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

(No response.)

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: It is approved. We will
now proceed to Governor Wilkinson, vice-chair of the Committee on Transportation, Commerce and Communications for policy positions F-2 and 3. Governor Wilkinson.

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

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

I’ll be glad to respond to questions, Mister Chairman, if there are any. These policy amendments are not and have not been controversial. And I move them adoption en bloc. But one other thing I want to
say is that I would also like to ask for the continued help - and it is a vital importance - of all the governors in pushing to get the full fifteen billion dollar highway obligation ceiling. The house has passed a fourteen point five billion highway obligation ceiling in its DOT appropriations bill. And the Senate Appropriations Committee has approved a thirteen point eight billion ceiling.

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

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

(Motion seconded.)

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

(No response.)

GOVERNOR BRANSTAD: All in favor signify by saying aye.
GOVERNOR BRANSTAD: Opposed?

(No response.)

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

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

(Motion seconded.)

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

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

GOVERNOR BRANSTAD: Does anybody object not to having it read? There is a proposed further
amendment to policy A-1 by Governor Henry Bellmon which has been distributed to each of you. It looks like this. I think it's all underlined. Do you have it? Does anybody object to having it taken up without being read?

(No response.)

GOVERNOR BRANSTAD: Hearing none, you can proceed.

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

The deficit has widespread negative impacts. For example, it weakens our competitive position in international trade, it inhibits the nation's ability to respond to urgent domestic needs. By setting a horrible example, the federal deficit makes it harder for states and local governments to practice fiscal
responsibility, and the deficit mortgages America's future. The federal interest costs will soon consume as much money annually as -- about two thirds as much as the general fund budgets of all the fifty states.

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

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

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

GOVERNOR BRANSTAD: Is there a second to the
motion?

(Motion seconded.)

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

(No response.)

GOVERNOR BRANSTAD: All in favor signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

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

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

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

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

GOVERNOR CELESTE: Mister Chairman, can you
state the rule under which an amendment may be offered at this point?

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

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

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

MR. MARTIN: It's an amendment --

GOVERNOR BRANSTAD: It's a amendment.

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

GOVERNOR CELESTE: Two-thirds vote for the --

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

GOVERNOR CELESTE: -- for the amendment?

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

MR. MARTIN: Any amendment is two thirds, the statement itself is two thirds.
GOVERNOR BRANSTAD: So it takes two-thirds vote to approve any amendment to the policy statement. It also requires a two-thirds vote for the approval of the policy statement.

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

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

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

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

GOVERNOR MARTIN: Mister Chairman, it is being redistributed. And the way you'll be able to
tell the correct one is that in the upper right-hand
corner it has a device that just says Martin A. And --
it’s being handed out -- it’s being handed out right
now.

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

GOVERNOR MARTIN: A. A, B, C.

GOVERNOR BRANSTAD: Oh, A.

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

GOVERNOR SINNER: Mister Chairman --

GOVERNOR MARTIN: Mister Chairman, may I
be --

GOVERNOR BRANSTAD: I will recognize Gov rnor
Martin to explain it, then I will go to Governor Sinner
for comments. Governor Martin.

GOVERNOR MARTIN: Mister Chairman, while
attending the Executive Committee meeting yesterday it
had been my expectation that Governor Sinner or
Governor Celeste or someone would be offering an
amendment to this resolution on federalism which would
address the savings and loan crisis. No one sought
recognition and I guess that’s why you were looking to
me.

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

We are, all of us, concerned about the
savings and loan crisis and its deepening impact on our
economy and on public confidence in the governmental
processes and their fairness. Our people are injured
by it in all of our states. We, as the National
Governors’ Association, should be on record in favor of
correcting it and bringing to justice those who are
guilty of criminal wrongdoing.

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

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

"The governors call upon the Congress and th
President to provide the resources necessary to
bring swift, aggressive, and thorough action
against those civilly liable or guilty of
criminal wrongdoing. The governors ask that
there be convened immediately an independent
commission comprised of members drawn from a
broad cross-section of the American public. The
commission should examine the root causes and
impacts of the crisis and expeditiously recommend
to both Congress and the Administration ways to
do the following: Decisively stop the drain on
taxpayers' money; provide for the equitable
recovery of public monies expended; provide for
a prompt review of the legislative, regulatory
and other causes of this unprecedented disaster;
provide for a decisive course of action to
prevent a repeat of this disaster in other
financial institutions, and provide for
restructuring loans rather than writing them off.
The governors urge that the commission not be
empowered to take any action which could impede
or delay the current cleanup or interfere with
the judicial process. In no event should the
commission be empowered to make any grant of
immunity from prosecution for criminal acts which
may have been committed."

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

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

And it says that we would want a commission to be established which would examine this not on behalf of either political party or on behalf of any other institution, but on behalf of the American people to report to the President, to the Congress, to all of us, and thereby to the American people, as to how this happened, what can be done to minimize its damaging impact, and how we can take precautions against this happening in other institutions so that our financial institutions will once again grow stronger. And that in doing so, it not operate in a way that would impede the judicial process, and particularly that it not operate in a way that would grant immunity from prosecution to those who have a criminal involvement.
Mister Chairman, I move this amendment to the resolution and ask its adoption.

GOVERNOR BRANSTAD: Is there a second?

(Motion seconded.)

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

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

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

However, even though angers flared a little at the meeting, wisdom prevailed and apologies were
made and accepted in good faith. Tragically, however, yesterday morning we all opened up the paper and saw outrageous partisan ads on this issue that raise the ire of every sincere person here I think in both parties. I don't know who the hell was responsible for it.

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

Personally, I find Governor Martin's language acceptable. I do not speak for any other Democratic governors. I think there may be -- there's an argument for an independent prosecutor, because Jim's original language suggested that the Department of Justice be given the funds and I was suggesting that an independent prosecutor be given the funds. We deleted that issue because there was not any obvious concurrence.
The important thing, it seems to me, is that somehow we move forward and we do the things that can help and not let, I think, inane political advertising tear us apart here in this body. So I'm going to -- for my part I will accept the amendment knowing that there are some very angry people around the table.

GOVERNOR BRANSTAD: The Chair recognizes Governor Thompson from Illinois.

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

First let me state two biases I had that ought to be open and out on the table. My state, like some other states, will pay approximately four times in taxes what we will recover in defaulted S&Ls for this mess. We are big losers. That makes me as mad as it made you, Governor Branstad, the other day in speaking to this issue for the first time, because we take it in the ear time and time and time again in Illinois. We are forty-ninth out of the fifty states in the receipt
of federal funds. So we pay and we take it and here’s
one more example. That’s bias number one.

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

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

You can blame anybody, anything, any party,
any trend, any President, any Congress you want to for that. But that's a fact. It's rooted in bad investments resulting from downturn regional economies to departure from traditional S&L investments to wild speculative bidding for out-of-state deposits with unrealistic rates of interest to bad judgment to criminal looting, all those things.

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

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

If I wanted to be political -- and I can understand why some would want to be political, because
place at this conference. There's plenty of bipartisan blame to go around. We can all put ads in the newspapers till hell freezes over and it isn't going to change the judgment of the people one bit, and that is that all politicians screwed up on this one.

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

But I do not want to be, at this my last governors' conference, political. Because the plain truth is, and America knows it, and we know it, that this whole mess is the fault of Republicans and Democrats, the fault of prior administrations and prior Congresses, the fault of inadequate federal and state regulation of S&Ls. And so passing this substitute resolution or passing the original resolution coming from the Executive Committee will establish nothing.
And establishing a commission will accomplish four nothings.

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

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

If we vote for this, we've wasted our time
for fourteen years. And the end result will be the same. The taxpayers back home will pay more, the quality of our children’s lives will be diminished because we’re taking their money to pay for our generation’s agreed, and the progress we should be making in education, human needs, infrastructure, technology, global competitiveness will wither. And the headlines tomorrow morning coming out of this conference will be that we ended it in a political squabble.

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

GOVERNOR BRANSTAD: Governor Celeste.

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

But the reality is that right now there is a
dance going on between the Congress and the
Administration to point fingers of blame. That is
evident in the advertising which apparently is orphan,
although there is a disclaimer at the bottom of it. It
has appeared the last two days in the newspapers here
attempting to blame Democrats and blame the Congress.

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

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

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

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

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

A commission that was agreed upon, as I recall, in Cincinnati, Ohio, at the urging of the chief of -- now chief of staff, then governor of New Hampshire. This certainly is not in any way, shape, or
form contrary to past action that we’ve taken as an organization. And I -- I can think of no issue on which getting a truly independent prospective urgently and one that looks candidly at the problems that must be resolved to deal with this is needed.

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

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

It seems to me that if there is ever a time when we as governors should unite and support this process, it is now. And I want to speak in favor of the language that is before us as policy very, very
strongly and say that it's seldom that I disagree with my more experienced colleague from Illinois, but I do so now partly because I share the very frustrations he expressed at the beginning with one additional reason. We closed seventy savings and loans in Ohio.

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

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

GOVERNOR BRANSTAD: Governor Carroll Campbell.

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

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

I basically also agree with Governor Thompson. There's enough blame to go around. I was a member of the Congress of the United States at that time. Jim Blanchard was there; commented on it yesterday some. Yes, during the late '70s we had hyperinflation and high interest rates. And, yes, S&Ls had fixed-rate loans out. And, no, they couldn't
operate and they couldn't earn the money. And, yes, the Congress changed the law with only about twenty members voting against it in the House of Representatives, if I recall, which means that it was -- was a bipartisan vote at that time.

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

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

There are prosecutions taking place. There are seizures of savings and loans that have taken place. There have been liquidations. Depositors have been protected. Unfortunately, as we well know, the economy is also not as hot as it was and some of the
assets were even worth less than they had been carried on the book at those S&Ls for.

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

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

I have just seen some of the ads that were run. Mike showed them to me. I hadn't seen them before. I don't want to see us get into that. I don't want to see us degenerate. And for that reason, rather
than oppose the resolutions, it would be my intention
to support the amendment offered by Governor Martin
and, if it carries, the policy position.

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

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

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

GOVERNOR BRANSTAD: Governor Clinton.

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

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

And now people are so frustrated that all
they know is they want somebody to place blame on and
somebody to punish. And I think it is very important
that we use this colossally difficult and -- problem to
learn something about ourselves and about how to solve
problems and how to be honest about what has happened.

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

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

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

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

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

GOVERNOR BRANSTAD: Governor McWherter.

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

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

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

GOVERNOR BRANSTAD: First of all, the
question has been called. Are there objections? I
think Governor Dukakis has objection to the question
being called. Unless it's moved, I would recognize
Governor Dukakis to speak.

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

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

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

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

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

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

GOVERNOR MARTIN: Thank you, Mister Chairman.
I think a lot has been said enough. I just want to make a parliamentary clarification that the motion which I have offered is an amendment to the proposed policy change A-1 on federalism, which is printed on page three of the document that has the purple cover and that I am moving that we strike the last ten lines on page three, which are all italicized, and substitute in lieu thereof the language of my substitute amendment.

GOVERNOR BRANSTAD: That's correct.

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

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

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

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

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

GOVERNOR SINNER: I move the adoption.

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

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

GOVERNOR ASHCROFT: The proposed amendment regarding securities regulation would protect the ability of states to continue to operate to regulate securities for the benefit of maintaining a healthy climate in securities regulation in the states.

There have been questions that state securities offices are no longer either necessary or viable, and secondly that they somehow are anticompetitive because there might be interests internationally that would find registering state securities to be burdensome. It is not burdensome to companies in this country, and those who are registered on the New York Stock Exchange and other national
exchanges are automatically exempted from securities compliance in virtually every state, if not all states.

With that in mind, I move the adoption of the resolution as forwarded to this body by the Executive Committee.

GOVERNOR BRANSTAD: Do we have a second?

(Motion seconded.)

GOVERNOR BRANSTAD: We have a second from Governor Gardner. Discussion?

(No response.)

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: The ayes have it. The securities regulation initiative is -- policy position is approved. We now have policy position C-26, the education monitoring panel. The Chair recognizes Governor Campbell, co-chair of the Task Force on Education. Governor Campbell, for the education monitoring panel. Governor Campbell moves its adoption. Is there a second?
GOVERNOR CAMPBELL: Move the adoption, Mister Chairman.

(Motion seconded.)

GOVERNOR BRANSTAD: We have a second.

Discussion?

(No response.)

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: The ayes have it. The education monitoring panel policy position is approved. We now go to suspensions. And I think we have four suspensions. The first one is from Governor Mabus. It is on export controls and economic conversion.

Governor Mabus.

GOVERNOR MABUS: Mister Chairman, I move the suspension of the rules to consider a committee resolution on export controls which is consistent with existing policy.

GOVERNOR BRANSTAD: All those in favor of suspending the rules, signify by saying aye.
GOVERNOR BRANSTAD: Opposed?
(No response.)

GOVERNOR BRANSTAD: The rules are suspended.

Go ahead.

GOVERNOR MABUS: This resolution reaffirms the policy on export controls. It's important because of the need to help businesses convert from military production to commercial production. The businesses that most need help are those highly sophisticated manufacturing and computer companies that have products that often run afoul of our antiquated export controls. We want them to find new markets, but there are many roadblocks to worldwide -- so many roadblocks to worldwide markets that their chance for success is slim.

The language is consistent with existing policy but states the urgency of the problem. I move adoption of this resolution which the Economic Development Committee has approved unanimously.

GOVERNOR BRANSTAD: Is there a second?
(Motion seconded.)

GOVERNOR BRANSTAD: Discussion?
GOVERNOR BRANSTAD: All in favor, signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: The resolution is approved. We now have a suspension offered by Governor Kunin on wetland preservation, conservation, and management. Governor Kunin.

GOVERNOR KUNIN: Thank you. I offer this on behalf of Governor Perpich. And it relates to the North American Waterfowl Plan. It basically urges Congress to support the plan which was signed by the United States and Canada and largely accepted by Mexico. The good news is that the President has included full funding for the plan in the 1991 budget. And I urge approval of this policy change.

GOVERNOR BRANSTAD: We have to first suspend the rules. All in favor of suspension, signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Opposed?
(No response.)

GOVERNOR BRANSTAD: The rules are suspended.

We have a motion to approve the plan by Governor Kunin.

Is there a second?

(Motion seconded.)

GOVERNOR BRANSTAD: We have a second.

Discussion?

(No response.)

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: The wetland preservation, conservation, and management resolution is approved.

We now have a suspension on federal budget from Governor Mabus.

GOVERNOR MABUS: I move the suspension.

GOVERNOR BRANSTAD: All in favor of the suspension, signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)
GOVERNOR BRANSTAD: The suspension is approved. Governor Mabus.

GOVERNOR MABUS: I move the resolution on the federal budget. It is in front of you.

GOVERNOR BRANSTAD: The federal budget resolution which is in front of you under this pink sheet on suspension has been moved by Governor Mabus. Is there a second?

Motion seconded.

GOVERNOR BRANSTAD: We have a second from Governor O'Neill. Discussion?

(No response.)

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

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: It is approved. We have a suspension on federal tax deductions for state taxes by Governor Sinner. Governor Sinner asks for the suspension. All in favor of the suspension, signify by saying aye.

(Response.)
GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: It is approved. Governor Sinner for the -- for the policy position.

GOVERNOR SINNER: The issue at play here is that many states, after abandoning worldwide unitary taxes, adopted water's edge unitary taxes on their corporations. As it stands now, the Federal Government, under the IRS ruling, does not allow the deduction of those state taxes in total for domestic conglomerate corporations. All of our affiliate tax organizations are working to get that corrected because it treats domestic international conglomerates in a way that's unfair to them in competition with other international conglomerates from foreign source bases.

All of our associations, the tax collectors' association, are in support of changing this and they want -- they need our support.

GOVERNOR BRANSTAD: We have a motion. Is there a second?

(Motion seconded.)

GOVERNOR BRANSTAD: We have a motion and a second to approve the federal tax deduction for state
taxes position. All in favor, signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Opposed?

(No response.)

GOVERNOR BRANSTAD: It is approved. That completes the suspensions. Now I would like to ask our gracious host, Governor Guy Hunt, and his wife, Helen, to come forward. All of us want to thank our hosts, Governor and Mrs. Hunt, and their outstanding host committee and their staff. They have given us an outstanding conference here. This is the first time the National Governors’ Association has come to Alabama.

(Applause.)

GOVERNOR BRANSTAD: Guy and Helen, eighty-two years was too long to wait. We are proud to be in Alabama and we really appreciate your outstanding job. And I want to personally thank you for the cowboy hat I got from the Alabama group last night.

(Applause.)

GOVERNOR BRANSTAD: We just happen to have a beautiful print of some native wildlife from -- this happens to be an Iowa artist named Maynard Reese that I
thought you might want to have. He is truly one of the
great wildlife artists in America.

GOVERNOR HUNT: Thank you so much. And come
back to see us.

GOVERNOR BRANSTAD: In addition to
recognizing our gracious hosts, we also have the honor
at this time of recognizing the outgoing governors.
And as has been mentioned here this morning -- I guess
it's now afternoon, we have a truly outstanding group
of governors that are leaving this small club called
the National Governors' Association. This is a group
where we get to know each other individually very well.
We get to know each other's families. We share the
pressures and the concerns of living in the public eye.
And there gets to be very close personal ties between
the governors' families.

And I think it's important that we express
our appreciation to these outstanding governors that
will be leaving our association. The thirteen
governors leaving office this year have all served
their states with honor and distinction, and they have
been among the most active members of the National
Governors' Association. One of the basic reasons for
NGA is to provide ways for us to share our ideas and innovations with each other. We work together on issues and projects and to take the lead on critical federal and state issues.

Serving on the NGA Executive Committee, being chair or vice-chair of a committee, a lead governor or a task force chair, is time consuming. It takes leadership to reach the kind of bipartisan positions that we’ve hammered out effectively this year and throughout the years that I’ve been involved in this association. But that’s what makes the National Governors’ Association a strong and effective organization.

For those governors who have worked so hard with us, we say thank you for your outstanding service. You have become close personal friends. We will all miss you and we are pleased at this final plenary session of this National Governors’ Association meeting to provide recognition to these outgoing governors. We will recognize the outgoing governors in alphabetical order by state. I will ask the governor and their spouse to come forward if they are in attendance when their name is called.
In alphabetical order by state, Governor and Mrs. Steve Cooper from Alaska. Governor Cooper serves on the NGA Task Force on Global Climate Change, has been an active member of the association, and especially on the Committee on Energy and the Environment. Steve and Michael, you have been great contributors to this association. We wish you the very best.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. William O'Neill from Connecticut. Governor O'Neill has served as chair of our Transportation Committee, chair of the New England Governors' Association, and president of the Council of State Governments. He's been in state government service for twenty years. Bill and Natalie, we wish you the very best and we thank you for your outstanding service.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. Joe Frank Harris from Georgia. Governor Harris served in the legislature for eighteen years before becoming governor. He's now served eight years as a distinguished governor in the State of Georgia, and I
can tell you that they are gracious hosts. I visited their residence when our state had a team playing in a bowl game in Atlanta and I enjoyed it so much.

Governor Joe Frank Harris serves on two NGA committees and has been chairman of the Southern Governors Association. Joe Frank and Elizabeth, we wish you the very best.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. James R. Thompson of Illinois. My big neighbor to the east is the senior governor in the nation, fourteen years of continuous service. He's the past chairman of the National Governors' Association and now serves as chair of our Task Force on Global Climate Change and lead governor for the NGA on - listen to this - child care, interstate sales tax collection, and transportation finance. He's a real workhorse. We thank you, Jim, for all of your hard work on behalf of this association over the past fourteen years and for hosting our annual meeting last year in Chicago. Jim and Jane, we wish you the very best.

(Applause.)

GOVERNOR JAMES THOMPSON: Despite the fact
that my eloquence produced a vote of forty-nine to one,
I wanted to observe simply that the governors of
America and the territories are, in my opinion, the
most distinguished, competent, caring, and
compassionate public servants in this nation. And it
has been a privilege to be your brother.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. Michael
Dukakis from Massachusetts. Governor Dukakis has been
a very active member of the NGA and has worked on a
number of issues. He co-chaired, along with me and
Governor Baliles, a task force on jobs, growth, and
competitiveness. In fact, I introduced him to Iowa and
he carried the state. He’s also been the lead governor
on land and water conservation fund and an active
member and supporter of the Human Resources Committee.

First elected to the Massachusetts House of
Representatives in 1963 and governor in 1975 and last
year he was the Democratic nominee for President of the
United States, Mike and Kitty we wish you the very
best.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. Garrey
Carruthers of New Mexico. Governor Carruthers is the NGA lead governor on education. He’s a hard worker on the Energy and the Environment Committees as well. He also served as chair of the Education Commission of the States. He has a Ph.D. from Iowa State University and was recently honored by that fine institution. Garrey and Katherine, we thank you for your outstanding service and we wish you the very best.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. Richard Celeste from the State of Ohio. Governor Celeste served longer than any governor as the lead governor for employment and training issues. He is also a lead governor on science and technology and chair of the Committee on Human Resources. Governor Celeste was elected governor of Ohio in 1982. He also served as director of the Peace Corps. Dick and Dagmar, we congratulate you for your outstanding service and we wish you the very best.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. Henry Bellmon from the State of Oklahoma. Governor Bellmon began his public service in 1942 with the United States
Marines. And in 1946, the year that I was born, he was elected to the Oklahoma House of Representatives. He became governor in 1962, United States Senator in 1968, and governor again in 1986. He's a great leader and contributor in agriculture and Governor Bellmon has been one of the strongest leader on energy and environmental issues as vice-chairman of that committee. Henry and Shirley, we wish you the very best.

(Applause.)

GOVERNOR BRANSTAD: Governor and Mrs. William Clements, Jr., from the State of Texas. Governor Clements has been very active on many issues as a member of the Energy and Environment Committee and Justice and Public Safety Committees. He has been Deputy Secretary of Defense and has served two full terms as governor of the Lone Star State of Texas. Bill and Rita, congratulations on your fine service and we wish you the very best.

(Applause.)

GOVERNOR BRANSTAD: Governor and Doctor Kunin from Vermont. Governor Kunin and I first met when we joined the Lieutenant Governors' Association back in
1979. Governor Kunin has been very active in the National Governors' Association from the very beginning. She is the chair of the Committee on Energy and the Environment and vice-chair of our outstanding Task Force on Global Climate Change. This year she's been very active and instrumental in developing a consensus for change in major environmental issues facing us all.

And I would say Dr. Kunin has been one of the most colorful members of the spouse's program, my wife reports. Madeleine and Arthur, we thank you for your outstanding service and we wish you the very best.

(Applause.)

GOVERNOR BRANSTAD: We have three outgoing governors who could not be with us today. They are Governor Rose Mofford from the State of Arizona, Governor Neil Goldschmidt from Oregon, and Governor George Deukmajian from California. Let's give them a round of applause.

(Applause.)

GOVERNOR BRANSTAD: And now I would like to ask all of you to join me in giving a standing ovation to these outstanding outgoing governors that are
leaving our association after contributing so much.

(Applause.)

GOVERNOR BRANSTAD: Fellow governors, ladies and gentlemen, it's been the highlight of my life to have the opportunity to serve as chairman of this distinguished association of governors of these United States and -- these states and territories of the United States of America. I will always remember this year and I thank you all for your cooperation and assistance.

And now I'm very pleased and honored to call on the chairman of the Nominating Committee, Governor Miller, to make the report of the Nominating Committee for the leaders and the Executive Committee for the coming year. Governor Miller.

GOVERNOR MILLER: Thank you, Mister Chairman. It's a pleasure to nominate the following slate for the Executive Committee, 1990-1991: Governor Booth Gardner of Washington, Chairman; Governor John Ashcroft of Missouri, Vice-Chairman; Governor Terry Branstad of Iowa, Governor Michael Sullivan of Wyoming, Governor Carroll Campbell, Jr., of South Carolina, Governor James Blanchard of Michigan, Governor Bob Martinez of
Florida, Governor Michael Castle of Delaware, and Governor Bill Clinton of Arkansas. I so move their nomination.

GOVERNOR BRANSTAD: Governor Miller moves the adoption of the report of the nominating committee by unanimous consent. All in favor, signify by saying aye.

(Response.)

GOVERNOR BRANSTAD: Anybody opposed?

(No response.)

GOVERNOR BRANSTAD: It is approved unanimously. The 1990-'91 Executive Committee has been approved. Governor Gardner, I congratulate you. And at this time I'd ask you to come forward and I'm pleased to turn over the gavel of the National Governors' Association to our incoming chair, Booth Gardner.

GOVERNOR GARDNER: I'll tell you, it's an honor and a challenge for me to follow Governor Branstad as chair of this association. Terry has done what I aspire to do, which is to build a consensus for change on an issue that is vital to this nation.

Terry, in recognition of your enthusiastic
and great leadership, we have a couple of gifts we'd like to present to you. The first is a commemorative gavel. And I'd like to read for all of you in the room the inscription, which is, "Presented to Terry E. Branstad, Governor of Iowa, for his outstanding leadership as chair of the National Governors' Association, 1989-1990, on the occasion of the 82nd NGA Annual Meeting, July 31, 1990."

(Applause.)

GOVERNOR GARDNER: And, Terry, as a reminder of this eventful year, I'd also like to present to you on behalf of your fellow governors a gift highlighting the National Educational Summit in which you played a very vital role. For those of you that can't see it, it's a picture of Terry with the President of the United States walking up the grass at the University of Virginia, and with that is a companion picture of all the governors who were in attendance on the steps of one of the buildings on the University of Virginia campus. Terry, thank you again for the tremendous leadership.

(Applause.)

GOVERNOR GARDNER: The National Governors'
Association is an organization which has become more important in the past few years as the nation looks continuously and increasingly to the governors for leadership. In the past year under the leadership of Terry Branstad we've made extremely important progress in making our schools and our governors accountable for improving the achievement of American students.

My hope in the coming year is to push for equally significant progress in health care reform.

Now, I recognize, as we all do, that nipping at my heels is the downing prospect of trying to accomplish an important goal in a single year and that inflation has eaten away at time as well as at money and a year isn’t what it used to be. So let me plunge right into my remarks.

As governors, each of us confronts health care costs that threaten the stability of our governments. In most states in this country health care costs now consume twenty percent of our state general fund budget. These increases come at the expense of our students, our teachers, our social service system, and our environment.

But the health care crisis is just not a
crisis of numbers and dollars. It is also a crisis of
human pain and suffering. Every governor in this
country reads about the human dimension of the health
care crisis in his or her mail. But let me share the
essence of a couple of letters of many I’ve received
with you this morning -- or this afternoon.

I received a letter from a restaurant cook
who started to have chest pains a week before his
three-month waiting period for employer-provided health
insurance was up. He tried to wait out the last week
but his heart attack came before he was covered. I
also heard from a woman whose husband’s job did not
provide coverage for dependents and his family doctor
refused to give her prenatal care. Her baby was born
prematurely and required intensive hospital care.

Our health care crisis is not a crisis of the
health care system, it is a crisis caused by lack of a
health care system. What we have now is not a system,
it’s a complex form of anarchy and it risks
degenerating into just plain chaos. We have in this
country no rational, ethical, or humane way of making
decisions about health for individual Americans. And
we have no good system for controlling costs that may
soon make the S&L scandal look tame by comparison.

What we do have is a national scandal. Today up to thirty percent of our medical costs are paperwork. Up to one third of the medical services are probably unnecessary and possibly harmful. One third of our children are not getting routine immunizations. And, of course, we’ve all heard about the thirty-one million Americans who have no health care coverage at all.

But beyond that, millions more believe that doctors and machines can make them healthy no matter how much they eat, smoke, or drink, and regardless of whether or not they buckle their seatbelts. When Americans in this country go to the doctor, chances are they will be regarded as potential plaintiffs rather than vulnerable patients seeking honest care and reasurance.

Yet we continue to create incentives for health care providers to choose high tech over high touch, to expand medical specialization instead of primary and preventive care, and to abandon pregnant women rather than safeguard the health of newborns.

As health care purchasers and social service
providers, states are in the front lines in the struggle for a healthy America. We know that this is no time to be timid or tentative in our solutions. In fact, it is time -- probably time for hand-to-hand combat with the status quo.

The NGA task is to design a health care system, a system that integrates the forces of the marketplace with the social imperatives of democracy, a system that provides access to high-quality care for every American, and a system that is within our means. During the past year NGA's subcommittee on health has defined the principles on which our health care system must be built.

Those principles call for universal access of care, cost containment, and quality assurance. They outline the needs for a new partnership between the Federal Government and the states and between the private and the public sector. Our principles also call for renewed emphasis on individuals' responsibility for their own health and for the expansion of the current system of employer-paid health insurance.

Most important, the health subcommittee calls
for a clear commitment to preventive and primary care. Our work in the coming year will be to begin putting these principles to practice. We intend to ensure that states play their rightful leadership role in the national debate about health care reform.

A year may not be much time for us, but it is an eternity to those who wait and worry without access to care. And when we look at the changes that have been accomplished in eastern Europe in a single year, we're reminded that every country is capable of bold action when its people and its leaders open their eyes to the urgent need for change. If we intend to create and sustain a healthy America, this must be our year for decisive action.

Thank you. And if there's no further business, I, in my first official order of business, adjourn the 82nd Annual Meeting of the National Governors' Association.

(Appause.)

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CERTIFICATE

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