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THE WHITE HOUSE

WASHINGTON

March 11, 1982

Mr. Thomas Mack
Editor, FIRST READING
American Legislative Exchange Council
418 C St., N.E.
Washington, D.C. 20002

Dear Mr. Mack:

I am pleased to respond to your February 11 request for information on the savings due to the President's program for devolving responsibility to State and local governments.

As you know, the President has outlined a long-range plan for sorting out responsibilities among levels of government. This New Federalism initiative, announced in the State of the Union message, is being preceded by proposals to consolidate categorical programs into block grants to the States.

Last summer, the President succeeded in gaining the enactment of nine block grants in the Omnibus Reconciliation Act. In addition, he is proposing several new or expanded block grants in the FY 1983 budget.

At this time, we can provide you with specific estimates of Federal administrative cost savings resulting from the nine enacted block grants, the proposed Education and Training and Child Welfare Block Grants, and the proposals to expand and simplify three existing HHS block grants covering Primary Care; Services for Women, Infants and Children; and Low-Income Home Energy and Emergency Assistance. These estimates, which are attached, total to \$90 million in savings during 1982-83.

Additional savings will result in 1983, 1984, and the outyears, as enacted block grants are fully implemented and proposed consolidations take effect.

Specific estimates for other proposed new block grants will be available at a later date, as legislative proposals to achieve the consolidations are completed. Similarly, estimates of Federal personnel reductions due to consolidations will be available later.

As block grants already are yielding tangible savings at the Federal level, so will the President's New Federalism initiative result in further substantial decreases in the Federal establishment. A significant portion of the planned FY 1985-87 reduction of 75,000 Federal civilian employees is attributable to the New Federalism initiative.

The person at the White House in charge of developing the Administration's "Workfare" program is Robert Carleson of the Office of Policy Development. His telephone number is 456-6630.

I hope this information will be helpful to you and appreciate your interest in the President's proposals.

Sincerely,

A handwritten signature in cursive script that reads "Morton C. Blackwell". The signature is written in dark ink and is positioned above the typed name.

Morton C. Blackwell
Special Assistant to the President

Attachment



AMERICAN LEGISLATIVE EXCHANGE COUNCIL

418 C Street, N.E.
Washington, D.C. 20002
(202) 547-4646

February 11, 1982

Mr. Morton C. Blackwell
Special Assistant to the President
The White House
1600 Pennsylvania Ave. N.W.
Washington, D.C. 20500

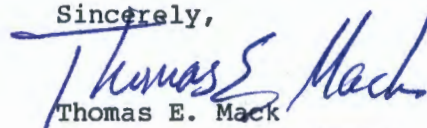
Dear Morton:

Thank you for organizing the very informative briefing on the budget, Wednesday, February 10, 1982. Mr. Moran's presentation was thorough and effective.

There are two items of information I would like to obtain from you. First, does OMB have a figure on what the transfer of programs to block grant will save in terms of federal administration costs and personnel? Second, who is the person in charge of developing the Administration's mandatory "Workfare" program, and what is the contact number?

Your assistance is greatly appreciated. We look forward to working with you in the future as the President's New Federalism is set in motion.

Sincerely,


Thomas E. Mack
Editor, FIRST READING

*Called Tom on #2
Linda McMahon
HHS/245-2010*

*Sent to Don Moran 2/17 for draft
response.*

THE WHITE HOUSE
WASHINGTON

February 17, 1982

TO: DON MORAN

FROM: MORTON C. BLACKWELL

Will you please draft a response for me to the highlighted question on the attached letter?

I appreciate your help with this matter.

Thank you.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 4 March 82

TO: Morton C. Blackwell

FROM: Don Moran

As requested.

*Bob
please clear this
draft with Morton*

OMB FORM 38
REV AUG 73

March 3, 1982

Mr. Thomas E. Mack
Editor, FIRST READING
American Legislative Exchange Council
418 C. Street, N.E.
Washington, D.C. 20002

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Answer Question #2 here

Bob Carleson

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Sincerely,

Attachment

cc:

Official File - SSD/HRVL

DO Records

White House Liaison, 62 OE0B

Mr. Moran

Ms. Selfridge

D. Kleinberg/S. Elliff

B. Martin

F. Lewis

Ms. Yarbrough

SSD/HRVL:KYarbrough:et:3Mar82

THE WHITE HOUSE
WASHINGTON

February 17, 1982

TO: DON MORAN

FROM: MORTON C. BLACKWELL

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ALEC

AMERICAN LEGISLATIVE EXCHANGE COUNCIL

418 C Street, N.E.
Washington, D.C. 20002
(202) 547-4646

February 11, 1982

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Special Assistant to the President
The White House
1600 Pennsylvania Ave. N.W.
Washington, D.C. 20500

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*Ask Bob Carlson
or to Ann Wagner
find out
if add to
letter*

Your assistance is greatly appreciated. We look forward to working with you in the future as the President's New Federalism is set in motion.

Sincerely,

Thomas E. Mack
Thomas E. Mack
Editor, FIRST READING



AMERICAN LEGISLATIVE EXCHANGE COUNCIL

418 C Street, N.E., Suite 200
Washington, D.C. 20002
(202) 547-4646

March 2, 1982

OUTLINE OF ISSUES IN FEDERALISM

I. STATES HAVE THE RESOURCES TO FINANCE NEW FEDERALISM INITIATIVES.

- A. Administration Plan calls for an even swap, meaning an even exchange of funding responsibilities.
- B. Federalization of Medicaid frees portion of state tax base to finance other programs.
- C. States can use federal trust fund to recuperate lost revenue.
- D. States can raise windfall profits and excise taxes as federal equivalent is phased-out
- E. States have over a dozen ways to raise revenue without raising taxes:
 - 1. revise cash management laws.
 - 2. tighten government procurement codes.
 - 3. sell surplus and excess public land.
 - 4. improve debt collection.
 - 5. strengthen anti-trust laws.
 - 6. create state lotteries.
 - 7. accelerate tax collections.
 - 8. collect tax arrears.
 - 9. contract-out for government commercial/industrial activity.
 - 10. eliminate government competition with the private sector.
 - 11. require limited user fees for certain state-financed health services.
 - 12. establish state-local enterprise zones.
 - 13. negotiate foreign trade contracts.
 - 14. convert current education systems into voucher program.
 - 15. revise tax schedules for unemployment insurance trust funds.
 - 16. sell unneeded government property, such as equipment used by state departments of transportation.
- F. Transfer of revenue sharing responsibilities will permit greater coordination at the local level.

G. Additional revenues can be obtained from the fiscal dividend of an expanding economy:

1. it is the most powerful anti-poverty weapon.
2. substantial economic growth can be expected in the near future.
3. continuation of the Reagan-Kemp-Roth tax rate reduction and tax indexing will increase government revenues.

II. STATE PUBLIC ASSISTANCE PROGRAMS INDICATE A COMMITMENT TO SOLVENCY, FISCAL RESPONSIBILITY, AND SOCIAL JUSTICE.

A. Every state's Medicaid program has statutorily prescribed categories of "medically needy" and "categorically needy."

B. State unemployment compensation systems — financed and operated by the states — provide wide safety nets that can complement the proposed transfer of income maintenance programs.

C. Disparities in state welfare programs do not reflect insensitivity of states:

1. state income maintenance programs have removed people from poverty.
2. state income maintenance programs have restored work incentives.
3. disparities in welfare benefits reflect cost of living differentials.
4. some categories of state welfare programs rise faster than wages.

D. Interstate migration by poor is unrelated to welfare benefit levels:

1. migration is caused by other factors.
2. migration patterns show an exodus from high-crime, inner-city areas, which is where the aggregate welfare benefits are greatest.

E. New state training programs can complement poverty programs:

1. investment in public sector manpower programs is increasing.
2. vocational training programs are increasing.
3. states finance over two-thirds of the vocational education program costs.
4. state manpower programs are more cost-effective than the equivalent federal program.

F. State enterprise zone programs will help the poor:

1. six states are now implementing such a plan, and 18 states are creating similar programs; over 140 state bills are introduced or still pending.
2. states with enterprise zone legislation have registered renewed business activity in designated recovery zones.

III. THE FEDERAL GOVERNMENT SHOULD NO LONGER CONTROL OR SUPERVISE INCOME MAINTENANCE PROGRAMS.

- A. The federal government lacks effective means for checking abuses.
 - 1. incentive and opportunity for fraud are greater at the federal than state-local levels.
 - 2. federal controls on fraud are inadequate.
- B. Administrative costs at the federal level are excessive and wasteful.
- C. Federal expansion of the programs like food stamps has coincided with a seven-fold increase in expenditures.
- D. The programs, as structured at the federal level, cost more than the size of the poverty gap.
- E. Accounting techniques at the federal level increase the cost of the programs.
- F. Federal administrators are not as sensitive to the individual state-local needs as are state-local officials.
- G. Federal administrators are inaccessible and unaccountable to constituents.
- H. Federal cost-of-living multipliers inflate the programs and guarantee continued escalation of costs.
- I. Duplication of programs and records is widespread.

IV. FEDERALIZATION OF MEDICAID MAY PROVE TO BE ILL-ADVISED, ILL-TIMED, AND INFLATIONARY.

- A. Federal take-over will not solve the systematic problems of Medicaid.
- B. Federal government lacks effective means of checking abuses of program.
- C. Increasing cost of program may inspire movement to enact price controls.
- D. Federalization may add impetus to framework for national health insurance.
- E. State administrators are more aware of state-local needs, priorities, costs, health problems, and alternatives.
- F. After federal take-over, Administration must consider new options for containing costs and making program efficient:
 - 1. privatizing Medicaid, as per the pilot Health Care Finance Administration (HCFA) project in Boston.
 - 2. administering Medicaid under a voucher plan.
 - 3. allowing home care tax credits as an alternative to institutionalization under Medicaid.

ALEC

418 C Street, N.E.
Washington, D.C. 20002
(202) 547-4646



FIRST READING

The Newsletter of the American Legislative Exchange Council

May 1982, Vol. 8 No. 5

Landmark Legislation Eliminates "Insanity Defense" in Idaho



Idaho Attorney General David Leroy developed legislation that revised the Idaho Criminal Code to set a landmark precedent.

ALEC National Chairman, Idaho Representative T.W. Stivers, was instrumental in the passage of major legislation which revises the Idaho Criminal Code to permit sentencing in cases where the defendant pleads insanity. Stivers is Chairman of the Judiciary and Rules Committee of the Idaho House of Representatives and Chairman of the Subcommittee on Judicial and Regulatory Reform of the Presidential Advisory Commission on Federalism. Another ALEC member, Rep. Gary Montgomery, co-sponsored the measure with Larry Harris, Vice-Chairman of the Judiciary and Rules Committee.

Stivers credits Idaho Attorney General David Leroy for the extensive research and preparation of Senate Bill 1396 which is expected to receive national attention because it is the only bill of its kind that has passed a state legislature. If the bill holds up to judicial scrutiny under the Idaho Constitution, it may lead to similar revisions in other states, and a re-examination of the insanity plea, as it applies to the federal criminal code.

In a memorandum to the House of Representatives, Attorney General David Leroy stated: "The revisions I have proposed to the 'insanity defense' provide the unique opportunity for Idaho to lead the way to the solution of how problems of mental illness should be treated in a criminal context. SB 1396 should reduce the tendency of defendants to assert a mental illness defense when it is not appropriate."

The Idaho bill, which won the sup-

port of a surprisingly large number of judges, lawyers and psychiatrists, changes the criminal code to provide that:

- insanity is not defense to a criminal charge.

- determination of sanity will be conducted only *after* sentencing on the grounds that the defendant actually committed the crime, and was cognizant of the crime involved at the time of the act.

- the convicted person suffering from a mental condition shall be committed to the Board of Corrections and given the necessary treatment, but once treat-

continued on next page

Congress Reviews ALEC Federalism Plan

With Congress engaged in a momentous struggle to reach agreement on the FY 1983 budget, the President's State of the Union message has faded and the New Federalism has receded into the background of discussion. Senator Charles E. Grassley (R-Iowa) has recommended the federalism plan developed by the American Legislative Exchange Council as the focal point for redirecting the debate on New Federalism. Senator Grassley sent copies of the "ALEC White Paper on Federalism" (see April's *First Reading*) to his 535 colleagues in Congress with a cover letter which is excerpted here.

"The 'ALEC Alternative' is being mentioned by many in the Administration as a solid, credible, and well-documented alternative to some of the New Federalism proposals being proposed by governors and other state officials. The report argues, rather persuasively, that states have 'a largesse of untapped revenue' that allows them to absorb about \$53 billion worth of federal categorical aid programs. The ALEC report is a great study aid as



U.S. Senator Charles Grassley (R-Iowa) endorsed the ALEC "White Paper on Federalism."

Congress considers the President's budget proposals. It makes for timely reading, and I commend its 12 pages of recommendations to your attention."

The ALEC "White Paper on Federalism" was developed in consultation with hundreds of state legislators. ALEC continues to represent the voice of its legislative membership in this important plan offered by the President to decentralize big government and return responsibilities to their proper place at the state level.

Cavemen Conservatives

Reacting to their spending cut proposals, Washington's Republican Governor John Spellman gave a new nickname to 24 conservative members of the House GOP Caucus, calling them "troglodytes," which is the technical term for cavemen. The 24 Republicans, including ALEC Board Member and House Speaker William Polk, had signed a petition calling for balancing the deficit-ridden budget *without* imposing the new taxes requested by the Governor.

ALEC's Washington State Chairman, Representative Dick Bond, generally considered the most conservative member of the caucus, drafted and circulated the petition. In response to the Governor's remarks, Bond said: "The Governor used the name as a means of disparagement, but it actually

had the opposite effect and gave us a good deal of public support. Americans are generally all 'troglodytes'—none of them want tax increases."

Despite the petition, Governor Spellman acted against his campaign platform and approved a budget which imposes a \$200 million tax revenue hike and which represents a 17.2 percent budget growth for the upcoming biennium. Last November, Bond worked together with another ALEC

member, Senator Ellen Craswell, to develop a budget alternative containing \$700 million in spending reductions and no new taxes. Bond contends his proposals would have solved the deficit problem. And although the Caucus' petition failed to achieve all its objectives, Bond says the "trogs" were able to keep spending \$50 million *below* what it would have been and prevented \$100 million in additional taxes. Hail, "trogs!"

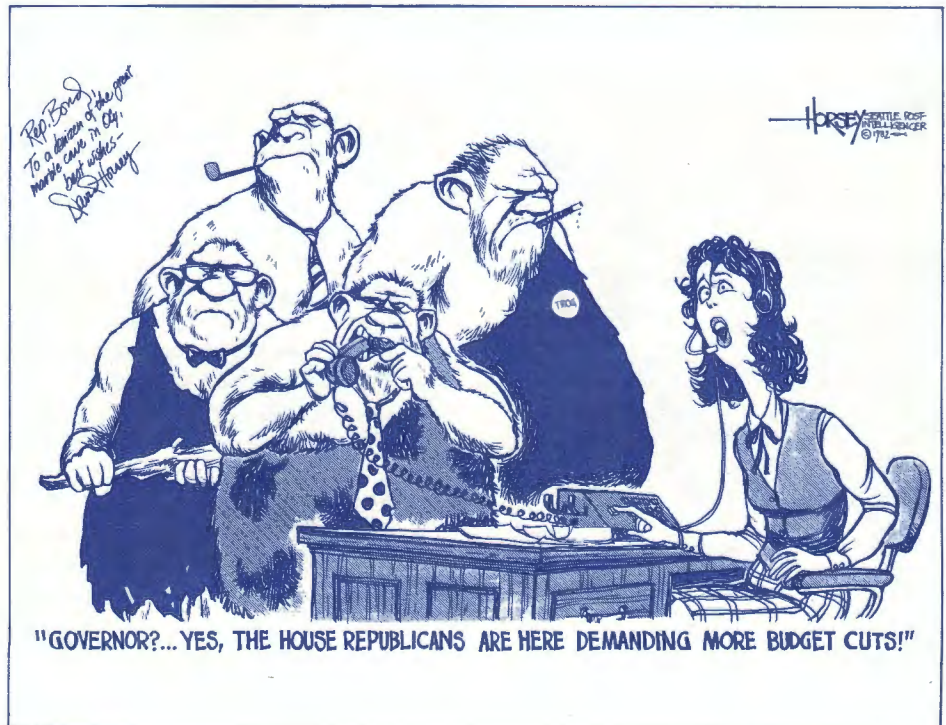
ALEC Director One of Most Admired Conservatives

On April 26, *Conservative Digest* magazine sponsored a Gala Dinner and Awards Ceremony at the Corcoran Gallery of Art in Washington for recipients of America's Most Admired Conservatives Award. ALEC Executive Director, Kathleen Teague was honored as one out of ten Most Admired Conservative Women, along with First Lady Nancy Reagan, Mrs. Phyllis Schlafly and U.N. Ambassador Jeane Kirkpatrick.

The Award recipients were selected on the basis of a national reader poll conducted by *Conservative Digest*. Publisher Richard A. Viguerie remarked, "The 30 men and women who received the most votes give an indication of the tremendous vitality and diversity of the conservative movement in America today."

Congressman Jack Kemp and Senator Paul Laxalt received awards along with political strategist Paul Weyrich and columnist George F. Will. President Reagan, who received the first-place award, had this to say: "I feel especially privileged and honored to be selected in the 1982 *Conservative Digest* Reader's Poll...I deeply appreciate this award and believe that by working together we can further our cause and truly bring a 'new beginning' to this land we love so much."

page 2



Idaho

continued from page 1

ment is completed the defendant must serve the remainder of the sentence subject to parole and the normal rules of commutation.

- evidence concerning issues of intent and culpable state of mind shall be admissible at trial.

- persons so retarded or insane that they have no memory of the crime or any comprehension of the charges will automatically be removed to an institution and declared incompetent for trial.

Under present law, defendants acquitted by reason of mental disease or defect are sent to an Idaho State Hospital where they remain for an average of 20 months before release. At-

torney General Leroy argues that, "When a defendant knows that if convicted he will be sentenced to 14 years to life, but if acquitted on grounds of mental illness he will receive only 20 months, there is a great incentive to plead not guilty by reason of mental disease or defect. This bill should remove that incentive." Currently over 40 percent of "insanity defense" cases apply to misdemeanors and not capital crimes such as murder.

There are some constitutional questions surrounding SB 1396, but Deputy Attorney General Kenneth McClure says, "Although it cannot be said with absolute certainty that the Bill is constitutional, it is our true and honest belief that it is." The law will go into effect July 1, 1982. Copies of the bill are available upon request from the ALEC Research Department.

Helms Bill Would Transfer Food Stamps to States

U.S. Senator Jesse Helms (R-N.C.), Chairman of the Senate Agriculture Committee, recently introduced S. 2352 which would provide states with the option of establishing their own nutritional assistance programs in place of the federal food stamps program.

According to Senator Helms, the special feature of this legislation is the maximum flexibility it would grant to each state to establish nutritional assistance programs designed to meet the specific needs of that state. Helms' Administrative Assistant on the Agriculture Committee, George Dunlop, said, "This is an important piece of legislation for the states, and we would appreciate hearing from ALEC legislators—they are a significant voice."

The proposed legislation would provide a block grant to the states equal to the amount states received during the 12-month period prior to March 31, 1982, in order to administer their own nutritional assistance program. The federal administrative costs would be eliminated. The federal government now pays all food stamp benefits, sets the standards for eligibility and determines the amounts. The Helms program would allow states to use the nutritional block grant money to provide checks to needy families, distribute surplus commodities and vouchers to purchase specific types of food, or exercise a number of other options in lieu of the federal food stamps program.

In addition to the block grant, Senator Helms' legislation would require states to reimburse the federal government for mistakes in overissuance of benefits. The bill would also require each state to implement a workfare program for able-bodied stamp recipients.

State takeover of food stamps was originally part of the President's New Federalism plan proposed last January. ALEC endorsed the concept in its "White Paper on Federalism," and also recommended implementation of workfare programs for food stamp recipients. See the "Work Opportunity Act," page 59, in ALEC's 1978 *Source Book of American State Legislation*, and the May *State Factor*.

Conference on Privatization of Public Lands

On June 21, 1982, The American Legislative Exchange Council will cosponsor with the Heritage Foundation and Pacific Institute a conference on the **Privatization of Public Lands**. The conference will address the philosophical and constitutional case for privatizing public lands (see ALEC's January *State Factor*) and highlight the policy debate on federally owned land sales. The conference will conclude with a panel discussing recommendations for changes in public lands policy. Among other scholars and policy analysts, Senator Steven Symms (R-Idaho) has been invited to address the group as keynote speaker. Washington's Hyatt Regency Hotel will host the conference. For additional information contact Lee Ann Walton at the Heritage Foundation (202) 546-4400 or the ALEC Research Department.



ALEC member, Pennsylvania Senator Dick Snyder, was behind Senate passage of the Pennsylvania "Good Samaritan" bill.

Hazardous Material Accidents: Protecting the Good Samaritan

Pennsylvania is about to join the ranks of seven other states (Arkansas, North Carolina, Rhode Island, South Dakota, Tennessee, Texas, Virginia) which have passed "Good Samaritan" laws designed to provide protection to persons who offer assistance at the scene of a hazardous materials accident. ALEC members Senator Dick Snyder and Senator Robert Kusse registered strong support for H.B. 50 which recently passed the Pennsylvania Senate by a vote of 49-0, and is expected to meet little resistance in the House.

In most states, current law imposes a disincentive for experts to provide emergency assistance in the clean-up of hazardous materials accidents. Most chemical and petroleum industries have special teams of qualified experts to respond to emergencies which present grave public danger in case of fire, explosion, contamination, etc., but these experts are unwilling to take the risk of liability which current law imposes.

The purpose of "Good Samaritan" legislation is to encourage knowledgeable individuals and organizations to voluntarily lend assistance in the event of an accidental or threatened discharge of hazardous materials when local public authorities are not equipped with the technical expertise to handle the situation. The legislation provides immunity from liability which covers ordinary negligence (e.g. acts taken or omitted that the ordinary reasonable and prudent person would not do), but not *gross negligence* (e.g. acts of reckless, wanton, or intentional misconduct). The "Good Samaritan" legislation would in no way change the liability of those persons originally responsible for the accident.

Many ALEC legislators feel "Good Samaritan" legislation poses little controversy and carries the appeal of reducing public threat from hazardous spills and accidents by bringing the most qualified experts in to assist in emergencies. ALEC's committee on the *Source Book of American State Legislation* is considering model "Good Samaritan" legislation for its 1983-84 edition. State legislators are reminded to submit model legislation on other issues for consideration.

CAMPAIGN '82

UPCOMING PRIMARIES

May	8 Montana	7 Connecticut
1 Texas	8 New Jersey	7 Florida
4 Indiana	8 North Dakota	11 Delaware
11 Nebraska	8 Ohio	11 Louisiana
18 Oregon	8 South Carolina	14 Colorado
18 Pennsylvania	8 Virginia	14 Maryland
25 Arkansas		14 Massachusetts
25 Idaho	August	14 Minnesota
25 Kentucky	3 Kansas	14 Nevada
	3 Michigan	14 New Hampshire
	3 Missouri	14 Rhode Island
June	5 Tennessee	14 Utah
1 Mississippi	10 Georgia	14 Vermont
1 New Mexico	24 Alaska	14 Washington
1 South Dakota	24 Oklahoma	14 Wisconsin
1 West Virginia		14 Wyoming
8 California	September	18 Hawaii
8 Iowa	7 Alabama	
8 Maine	7 Arizona	

South Carolina Ready for a Change of Venue

ALEC Board Member and South Carolina State Chairman, Senator Norma Russell, is running a strong campaign for the office of Lieutenant Governor of South Carolina. Senator Russell is one of the most respected conservative leaders of the South Carolina Legislature. *First Reading* interviewed Senator Russell on the day she announced her candidacy, and following are some excerpts from that discussion:

First Reading: Senator Russell, how do you distinguish yourself from your main opponent, Mr. Tom Turnipseed?

Senator Russell: In this election, the public will have a clear cut choice between an ultra-liberal and a solid conservative. My campaign platform is in direct contrast to the liberal philosophy of the current Lieutenant Governor and my opponent.

First Reading: What would you consider your major responsibilities as Lieutenant Governor?

Senator Russell: Under our state constitution, the Lieutenant Governor's only duties are to preside as figurehead over the Senate, and serve in the absence of the Governor. I propose, however, to be a full-time Lieutenant Governor, and to use the office to keep the public factually informed. The position will be a statewide platform for espousing the conservative philosophy.

First Reading: How does your voting record in the past reflect your present campaign platform?



ALEC South Carolina State Chairman, Senator Norma Russell, is seeking the Office of Lieutenant Governor.

Senator Russell: My 10-year voting record demonstrates a consistent conservative position on fiscal as well as social and moral issues. I have been most active in making the public aware of and defeating bad bills, such as ERA and excise taxes on gasoline. I hold the national record for filibustering in the state legislatures, and recently my four-day filibuster killed voter registration by mail. My opponent is for public employee labor unions, ERA, collective bargaining and tax increases. I adamantly oppose him on each item, and in fact I was responsible last year for getting the tax and spending limitation amendment passed in the South Carolina Legislature.

ALEC Highlights

ALEC legislators across the country are seeking reelection in 1982, and many are running for higher office either in their state or for the U.S. Congress. Says ALEC Executive Director Kathleen Teague: "These legislators have been the leaders in promoting fiscal responsibility and traditional social values at the state level; these are the lawmakers who are setting the agenda for progress in the '80s and they've got a lot of momentum because they stand for the values upon which our nation was founded."

ALEC members who are campaigning with favorable prospects this year include: New Hampshire Senate President Bob Monier for Governor; Iowa Lt. Governor Terry Branstad for Governor; Connecticut Senator Russell Lee for Governor; Oklahoma State Auditor Tom Daxon for Governor; Idaho Speaker Ralph Olmstead for Governor; Florida Representative Jim Smith for Secretary of State; Illinois House Speaker George Ryan for Lt. Governor; Colorado Representative Jim Reeves for U.S. Congress; Arizona Senator Pete Dunn for U.S. Senate; Arizona Representative Donna Carleson West for U.S. House; Arizona Senator Jim Mack for U.S. House; Texas Senator Walter Mengden for U.S. Senate. ALEC legislators running for office are requested to contact the ALEC Research Department so that we may keep our files updated.

Gingrich to Hold ALEC Campaign Workshop

U.S. Representative from Georgia, Newt Gingrich, will be conducting a leadership seminar for ALEC members seeking higher office at the ALEC's 1982 World's Fair Annual Meeting in Chattanooga, Tennessee, June 16-20. During his four years in Congress Gingrich has emerged as a new spokesman for the conservative agenda. He has gained the respect of conservative leaders for his ability to communicate a positive perception of the conservative program.

Rep. Gingrich has developed a future-oriented conception of the "Conservative Opportunity Society" (see February '82 *First Reading*) which challenges the worn-out policies of the welfare state advocates. He believes that conservatives should offer voters a positive choice in the next election. If you are running for office in 1982 please fill out the form below and return to the ALEC Research Department.

Name:	_____
Current Office:	_____
Campaigning for:	_____
Address:	_____
Phone:	_____

Law of the Sea: An American Betrayal

The *Washington Post* headline reads: "U.N. Approves Sea Pact Despite U.S. Objections." "U.S. objections" are aimed at an unprecedented attempt by advocates of the "new international economic order" to undermine U.S. interests and concede major control of two-thirds of the earth's resources to the Third World. The Law of the Sea Treaty is based upon principles which are anathema to the tradition of freedom and democracy in the United States. It is an attempt to redistribute global wealth to a decided disadvantage of the U.S. under a Socialistic model of central economic planning. It is extremely important that state legislators become aware of the dangerous provisions contained in the Law of the Sea Treaty and make their concerns known to President Reagan, Secretary of State Alexander Haig and members of the U.S. Senate.

A recent study by the House Republican Study Committee concluded the following about the Law of the Sea Treaty: "The present draft treaty represents a vast concession to the Third World/Soviet-bloc nations, a striking affront to the sovereignty of the United States, and a blatant political assault on our nation's security, economic, and political interests. It represents nothing short of a thinly disguised attempt on the part of the Third World, joined by the Soviet bloc, to co-op the United States, and have this country assume the majority share of the financing for a new international organization which is unalterably committed to advancing the cause of the 'New International Economic Order' at the expense of the United States."

U.S. companies have spent billions of dollars in developing the world's most advanced technology for mining vital minerals from the deep seabed, and under the Treaty, these companies would be required to transfer that technology to underdeveloped nations with no previous interests in deep seabed mining. Furthermore, the Treaty would establish an International Seabed Authority, in which the United States would have only one vote and no veto, to control access to seabed resources, regulate mining and prices, set limits on production and impose taxes on mining companies. Even more objectionable is the establishment of a supranational mining company called "Enterprise" which

would have *total competitive superiority over private companies*. U.S. taxpayers would provide the major portion of the initial funding for "Enterprise."

A group of U.S. Senators have written a letter to President Reagan urging him to abandon the Law of the Sea Treaty, and instead adopt the Reciprocating States Agreement developed by the United States, the United Kingdom, West Germany, France and Japan. The letter outlines the specific provisions of the Treaty which violate free-market principles and undermine U.S. interests. These are quoted here:

- a system of world government in which our political and economic interests and those of our industrial allies were not fairly represented;

- a cartel for strategic ocean minerals which would freeze out nearly every American company which decided it wanted to develop the seabed;

- a worldwide state-owned company which would monopolize ocean mining

at the direct expense of American taxpayers who would be called upon to subsidize its operations;

- an economic structure built upon production controls, commodity agreements, mandatory transfer of technology and numerous other restrictions which are an anathema to our free enterprise system;

- a means by which terrorist groups, such as the PLO, could be awarded financial benefits;

- sovereignty-threatening precedents applicable to current and future international negotiations;

- a *de facto* system of immediate interim application based upon the mere adoption of resolutions by conference delegates, imposing burdens upon the United States and all other participants, not only prior to the treaty's entry into force, but without the advice and consent of the Senate; and

- a means by which amendments to the treaty would become binding on the United States without the advice and consent of the Senate.

Rumsfeld to Speak at ALEC Health Conference

Former Defense Secretary and NATO Ambassador Donald H. Rumsfeld will be the keynote speaker at ALEC's "Health Care and States" Conference in Washington, D.C., on May 14 and 15 at the Capital Hilton Hotel. The Conference will bring together Legislators, Administration Officials, health specialists and representatives from related health industries to discuss constructive measures for developing new health care policies for the 1980s.

Mr. Rumsfeld, a former Congressman and currently President and Chief Executive Officer of G.D.

Searle and Co., a major pharmaceutical corporation, will address the group at a special dinner on Friday evening, May 14.

Other speakers for the ALEC health care conference include: Rick Neal, Special Assistant to the President for Intergovernmental Affairs; Dr. Robert Helms, Deputy Assistant Secretary, U.S. Department of Health and Human Services; Allan Bruckheim, Editor-in-Chief, *Family Medical Times*; Jack Meyer, Resident Fellow, American Enterprise Institute; Peter Ferrara, Special Assistant at HUD and author of *Social Security: The Inherent Contradiction*; Dr. Carlton Turner, White House Advisor on Drug Abuse; and Steve Caulfield, President, Government Research Corporation.

Among the topics scheduled for debate and discussion are the federalization of Medicaid, health care cost containment, the solvency of social security, and drug abuse.



*The Honorable Donald H. Rumsfeld
President and Chief Executive Officer,
G.D. Searle and Co.*

ALEC'S 1982 WORLD'S FAIR ANNUAL MEETING

REGISTRATION FORM

Name _____
 Company _____
 Address _____
 City/State/Zip Code _____
 Telephone _____
 Arrival Date _____ Time _____

Departure Date _____
 If arrival after 6 P.M., is payment guaranteed? _____
 Telephone _____
 Share with _____

Registration fee includes admittance to legislative working sessions, energy tour, all meal functions and conference packet. Day at World's Fair **not** included.

ALEC Legislative member\$110
 State legislator\$135
 Business, individual, non-profit\$300
 Exhibitor\$600
 Spouse Registration fee includes tickets to all meal functions. Spouse fee\$100

World's Fair Package—June 17
 Includes admission tickets and transportation to the World's Fair.

Enclosed is my registration fee \$ _____
 Spouse Registration \$ _____
 Number of tickets for World's Fair Package—
 # _____ x \$30 = \$ _____
 Late fee after May 19 = \$20 \$ _____
 Total Amount Enclosed \$ _____

HOUSING APPLICATION

Order of Preference	Single Rates	Double Rates
___Chattanooga Choo Choo Hilton I & II	\$50	\$80
___Chattanooga Choo Choo Hilton III	\$60	\$70
___Sheraton Downtown	\$45	\$55
___Read House (one double bed per room)	\$40	\$50
___Howard Johnson's (one double bed per room)	\$28	\$32
___Golden Gateway	\$28	\$35/\$42
___Holiday Inn Lookout Mountain	\$28	\$33

Hotel assignments will be made in the order reservations are received. All reservations should be submitted on the ALEC reservation form. Hotels will not accept direct reservations and will only honor the special convention rates when the reservation is processed through ALEC. To assure the accommodations of your choice reservations should be made early. Reservations will be confirmed by the hotel. Notify the hotel or ALEC if you need to change or cancel your reservations. ALEC will not accept telephone reservations.

Please complete and mail form to: ALEC, 418 C Street, NE, Washington, D.C. 20002.

Schedule of Conference Events

Wednesday, June 16

Registration, Reception/Buffer, Country & Western Entertainment, Major Address.

Thursday, June 17

Energy Expo '82 World's Fair—Knoxville

Friday, June 18

All-day Energy Tour of the innovative energy facilities in the Chattanooga area, highlighted by a tour of Sequoyah Nuclear Power facility.

Friday evening—Banquet and Major Address

Saturday, June 19

ALEC Annual Meeting attendees will participate in a day-long schedule of panel discussions, workshops and presentations on various subjects of timely relevance to State legislatures and lawmakers. Topics will include:

- Keeping State Budgets in the Black
- Energy, Economic Growth and U.S. Security
- Governors' Roundtable on Federalism
- State Opportunities for International Trade
- New Federalism and the Business Community

•New Directions for Enterprise Zones

•Campaign '82 Workshop



FIRST READING

The Newsletter of the American Legislative Exchange Council

Editor **Thomas Mack**
 Managing Editor **Sheila Spencer**
 Executive Director **Kathleen Teague**

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ALEC

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AD HOC
ALEC

copy
sent to
Kathy
League

May 24, 1981

Mr. Morton Blackwell
Office of Public Liaison
The White House
Washington, DC

Dear Morton:

As I have discussed with you before, many military personnel and overseas civilians are disenfranchised by technical impediments beyond their control. The most common problem is mail delay. Under most state election codes, an absentee ballot must be actually received (not just postmarked) by election day, or the ballot will not be counted. Unless the ballots are mailed well before the election, the voter will not be able to return the ballot in time. Many states do not begin mailing absentee ballots until 15-20 days before the election. This is adequate time for a college student 100 miles from home, but it is not adequate time for a sailor on a ship in the Indian Ocean or a civilian working at an Aramco project in the middle of Saudi Arabia.

As you know, most military personnel who do vote vote heavily Republican. For example, in the controversial election for State Representative in District 57-C of Bexar County, Texas, there were 3,021 absentee-by-mail voters, of whom 2,804 were military. Among the absentee-by-mail voters, the Republican candidate (Schoolcraft) won by a margin of 1,711 to 911. (The others refrained in that race.) I believe that this percentage held true all over the country. Military personnel were justifiably angry at Carter and the Democrats in Congress for "pay caps" and other actions which put many military personnel below the poverty level. Now, under President Reagan and the Republican-controlled Senate, great strides are being made to "rearm America." President Reagan, Senator Tower, and most Republican leaders recognize that the personnel problem is even more serious than the hardware problem. The Republicans are pushing for military pay raises and other actions to improve the quality of life of military personnel and their families. These efforts are being reported in the newspapers that serve military people, and they recognize that generally speaking the Republicans are looking out for their best interests and the Democrats are not. For this reason, it can be expected that military personnel will continue to vote Republican heavily for the foreseeable future.

I don't have any hard data on the voting habits of overseas civilians, but I believe that they tend to vote Republican. Most American civilians overseas are managerial or professional employees of multinational corporations. Such corporations generally get their "blue collar" workers from the indigenous population. Thus, most overseas civilians tend to be in the economic class that generally votes Republican. Helping overseas civilians as well as military personnel to vote will be helpful to Republican candidates.

Military personnel and overseas civilians have the right to vote under federal law, but the procedures for absentee voting are generally a matter of state law. If a state does not mail the ballots in time for the voter to receive them and return

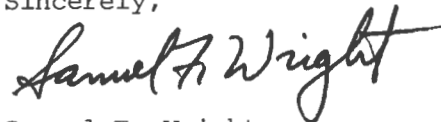
them before the election, the federal right is largely meaningless. It would be possible, I suppose, for Congress to legislate absentee voting procedures and to set the date when ballots are to be mailed, etc. However, this would be contra to President Reagan's ideas about federalism, and many technical problems would arise. My proposal is that we make a major effort to communicate with the state legislatures and urge them to enact specific proposals to facilitate absentee voting by military personnel and overseas civilians. As you know, I have prepared a summary of the election laws of each state. Absentee voting laws are included in my summaries. I could prepare suggestions for each state.

I have spent most of this Spring lobbying our Texas Legislature to pass such legislation. Yesterday, I was successful with Senate Bill 42. The Senate passed this bill about 3 weeks ago, and the House passed it yesterday. The bill makes two important changes in the laws governing absentee voting. In the first place, it allows the County Clerks to begin mailing absentee ballots to overseas and military addresses 45 days before the election, instead of 30 days before the election. In the second place, it extends the deadline for the receipt of a mailed-in absentee ballot from 1 PM on election day to 7 PM on election day. This will give military and overseas voters an additional 15 days and 6 hours to get their ballots in.

During our recent discussion in your office you suggested that you might convene an informal conference in your office conference room on this subject. I would like very much to help you organize such a conference. I am enclosing a list of persons who should be invited and/or organizations that should be invited to send a representative.

I start work at the Center on National Labor Policy on June 15, and I shall be moving to the area a few days before that. The address below will be my home address after June 15.

Sincerely,



Samuel F. Wright
1201 S. Scott St., #422
Arlington, VA 22204

Enclosure

Copy to: RAdm Penrose L. Albright, JAGC, USNR (ret.)

SUGGESTED INVITEES FOR CONFERENCE ON VOTING RIGHTS OF MILITARY PERSONNEL AND OVER-SEAS CIVILIANS

1. Mr. Hank Valentino
Head, Voting Assistance Office
Department of Defense
Office of the Secretary of Defense
Pentagon, #2E789
Washington, DC
(202) 695-9330
2. Mr. Bill McGee (If you invite this fellow, it may be necessary to also
Republicans Abroad invite Democrats Abroad to send a representative.)
Republican National Committee
310 First St. SE
Washington, DC 20003
(202) 484-6500
3. RAdm Penrose L. Albright, JAGC, USNR (ret.)
Attorney at Law
2306 S. Eads St.
Arlington, VA 22202
(703) 979-3242
4. James H. Straubel
Executive Director
Air Force Association
1750 Pennsylvania Ave. NW
Washington, DC 20006
(202) 637-3300
5. Frank C. Fini
Executive Director
Air Force Sergeants Association
4235 28th Ave., Suite 713
Marlow Heights, MD 20031
(301) 899-3500
6. Major General Robert F. Cocklin, USA (ret.)
Executive Vice-President
Association for the U.S. Army
2425 Wilson Blvd.
Arlington, VA 22201.
(703) 841-4300
7. Robert W. Nolan
National Executive Secretary
Fleet Reserve Association
1303 New Hampshire Ave. NW
Washington, DC 20036
(202) 331-1034

8. Capt. Vincent Thomas, Jr., USN (ret.)
Navy League of the United States
818 18th St. NW
Washington, DC 20006
(202) 298-9282
9. James O. Duncan
Executive President
Noncommissioned Officers Association
110 Maryland Ave. NE, #510
Washington, DC 20002
(202) 546-7891
10. Lieutenant General Leroy J. Manor, USAF (ret.)
Executive Vice-President
The Retired Officers Association
201 N. Washington St.
Alexandria, VA 22314
(703) 549-2311
11. CW4 Donald E. Hess, USA (ret.)
U.S. Army Warrant Officers Association
P.O. Box 2040
Reston, VA 22090
(703) 620-3986
12. Cy Kammeier
Executive Director
Marine Corps League
933 North Kenmore St.
Arlington, VA 22201
(703) 524-1137
13. Colonel John Sheffey, USA (ret.)
Executive Vice-President
National Association for the Uniformed Services
P.O. Box 1406
Springfield, VA 22151
(703) 750-1342
14. RAdm James E. Forrest, USN (ret.)
Executive Director
Naval Reserve Association
910 17th St. NW, Suite 817
Washington, DC 20006
(202) 467-6620

15. ALEC

16. Sam Wright

MASON, MASON AND ALBRIGHT

ATTORNEYS AT LAW
2306 SOUTH EADS STREET
ARLINGTON, VIRGINIA 22202

C. A. MASON (1866-1943)
JOHN M. MASON (1893-1963)
PENROSE L. ALBRIGHT
WILLIAM B. MASON

May 15, 1981

TELEPHONE
703 979-3242

Mr. Richard Richards,
Chairman, Republican National Committee
310 First Street, S. E.,
Washington, D. C. 20003

Dear Mr. Richards:

I am told the Department of Defense Voting Assistance Office has been less active than it could be to assure all servicemen are provided opportunity to vote. The Voting Assistance Office should be diligently ramroding the Armed Services to ensure all servicemen have proper opportunity to register and request absentee ballots, and also should be visiting with Committees of state legislatures to ensure state laws fully favor with servicemen's voting rights.

We have roughly two million men in uniform. Most are eligible to vote. In fact, roughly 40% of those eligible do vote and, as it happens, these votes tend to be conservative and Republican. Because such votes may be one or more percent of the vote in various districts and states, their impact is not negligible.

It would seem the Administration should do all it properly can to ensure all servicemen are afforded an opportunity to vote in National and State elections. This means the Department of Defense Voting Assistance Office should be properly manned and funded. This would be true even if Servicemen's votes did not tend to be conservative-Republican. However, it has been suggested the record of the Carter Administration, insofar as the DOD Voting Assistance Office was concerned, was to cut funding -- particularly funding for travel which is so necessary if the state legislatures are to have the benefits of DOD experience concerning voting rights of servicemen.

Perhaps the information I have received is incorrect. Nevertheless, I suggest it should be checked out.

Sincerely yours,

Penrose Lucas Albright



AMERICAN LEGISLATIVE EXCHANGE COUNCIL

418 C Street, N.E.
Washington, D.C. 20002
(202) 547-4646

Policy Survey: Block Grants

June, 1981

On May 29, 1981 ALEC mailed a policy survey on block grants to all 7,500 state legislators in America. To date, approximately 400 legislators from all 50 states have responded. Following are the results:

1. Have you polled your constituents regarding the Reagan Administration's block grant proposals?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Yes: 21%	Yes: 24%	Yes: 22%
No: 79%	No: 76%	No: 78%

If yes, does the majority polled approve or disapprove of the proposals?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Approve: 88%	Approve: 65%	Approve: 76%
Disapprove: 12%	Disapprove: 35%	Disapprove: 24%

2. Do you feel that you adequately understand how the proposed block grant program would affect your constituents and your state?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Yes: 62%	Yes: 57%	Yes: 60%
No: 38%	No: 43%	No: 40%

3. If the Congress does approve the block grant plans, to whom should the grant monies and authority be dispersed?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Legislatures: 88%	Legislatures: 76%	Legislatures: 83%
Planning	Planning	Planning
Agencies: 3%	Agencies: 9%	Agencies: 5%
Governor: 9%	Governor: 15%	Governor: 12%

4. In your state, are there any duplications of services provided by Federal, State, or Local agencies?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Yes: 90%	Yes: 77%	Yes: 84%
No: 10%	No: 23%	No: 16%

5. What impact do you think that block grants will have on waste, fraud, administrative overhead, and program costs?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Favorable impact: 91%	Favorable impact: 59%	Favorable: 75%
None: 1%	None: 19%	None: 10%
Unfavorable: 5%	Unfavorable: 15%	Unfavorable: 10%
No opinion: 3%	No opinion: 7%	No opinion: 5%

6. Would President Reagan's proposed budget revisions and block grants require increased taxes in your state?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Yes: 33%	Yes: 54%	Yes: 44%
No: 64%	No: 35%	No: 50%
N/A: 3%	N/A: 11%	N/A: 6%

7. Are there any education programs which do not exist in your state because of a lack of adequate funding?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Yes: 14%	Yes: 27%	Yes: 20%
No: 86%	No: 73%	No: 80%

8. Consider the following statement: "President Reagan's New Federalism -- returning power and programs to the states -- is an improvement over Federal-State relations as conducted by the Carter Administration." Do you agree or disagree with this statement?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
Strongly agree: 84%	Strongly agree: 33%	Str. agree: 59%
Agree: 13%	Agree: 20%	Agree: 17%
Disagree: 2%	Disagree: 17%	Disagree: 9%
Strongly disagree: *	Strongly disagree: 21%	Str. disagree: 10%
N/A: *	N/A: 9%	N/A: 5%

* Less than 1%

9. If you were a U.S. Congressman, would you vote for or against the block grant programs, as proposed by the Reagan Administration?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
For: 95%	For: 57%	For: 76%
Against: 5%	Against: 43%	Against: 24%

10. If you were a U.S. Congressman, would you vote for or against the Reagan Administration's proposed thirty percent across-the-board reduction in personal income taxes?

<u>Republicans</u>	<u>Democrats</u>	<u>Total</u>
For: 87%	For: 35%	For: 61%
Against: 13%	Against: 65%	Against: 39%

conservatives -

ALEC

**American Legislative
Exchange Council**

418 C Street, N.E., Suite 200
Washington, D.C. 20002
(202) 547-4646



FIRST READING

The Newsletter of the American Legislative Exchange Council

Vol. 7 — No. 6

June 1981

Block Grants Clarified, But Now Endangered

One of the most timely reforms in Federal-State Relations is the Reagan Administration's proposed consolidation of Federal grant programs. Known as "block grants," the President's plan would allow states discretionary flexibility over 100 categorical grant programs that are now regulated by the Federal government.

At the April 30 White House Briefing for ALEC members (see article at right), Administration officials outlined some advantages of block grants over the status quo. The most obvious advantage, according to Presidential aide Robert Carleson, is the freedom to fund state-operated programs at state-determined levels. Under the present system, the U.S. Congress dictates to states not only spending levels, but also eligibility criteria. Block grants allow states to rewrite duration standards, benefit levels and program priorities.

(Continued on page 6)



Vice-President George Bush acknowledges applause from 200 ALEC legislators in the East Room of the White House. Sharing the table with the Vice-President is (R to L) Asst. to the President for Intergovernmental Affairs, Richard Williamson, Treas. Sec. Donald Regan, and Asst. to the President for Policy Development, Robert Carleson.

200 ALEC Members Attend Exclusive White House & Cabinet Briefing

Between April 29 and May 1, 200 ALEC members from 47 states participated in a very timely, but unusual event—one that is not likely to be duplicated for a very long time. The ALEC State legislative leaders were briefed by six Cabinet Secretaries and five top aides to the President.

The briefings began with an April 29 reception attended by Congressional and White House leaders, business executives and policy analysts. The reception allowed the 200 ALEC members a chance to renew acquaintances and exchange news about legislative developments in their states.

Promptly at 8:00 the next morning, the ALEC legislators gathered in the Georgetown University moot courtroom—two blocks from the Capitol—to hear remarks by Presi-

dent Reagan's Assistant for Intergovernmental Affairs, Richard Williamson. Mr. Williamson spoke for thirty minutes about the White House policy towards revenue sharing, block grants, deregulation, and Federal budget cuts. He vowed to continue to solicit State Legislator's opinions on the next round of budget cuts.

The next speaker was Energy Secretary James Edwards, who used his platform to disclose new developments in Federal energy policy. He projected the cost of various forms in energy in the states—gas, oil, coal, nuclear—and examined the basis for his projections. The Secretary also disclosed the Energy Department's revised policy toward lawsuits initiated against state energy statutes (e.g., the Montana severance tax).

(Continued on page 2)

ALEC Surveys the States

On May 27, the ALEC Research Department sent to all 7,500 State Legislators an opinion survey on Federal budget changes and block grants. The survey gives state lawmakers a chance to express reactions to President Reagan's New Federalism. Until now, State Legislators had no outlet for voicing their reaction to impending changes affecting the States. The results of this timely poll will be made public in the next issue of First Reading.

Secretary of Education Terrell Bell followed Secretary Edwards. Mr. Bell explained the intent and content of the two education block grants, noting the differences such grants will mean for program funding. The Secretary told the legislators about his timetable for decentralizing particular education programs (e.g., Impact Aid), and invited ALEC to set up a formal task force to meet with him on a regular basis.

The next two sessions were technical remarks about the President's Federal budget revisions and transportation programs. Larry Kudlow, the Assistant Secretary (for Economic Policy) of the Office of Management & Budget (OMB) spoke for one hour about the President's public aid reductions. He also disclosed the conclusions of an OMB study that gives a state-by-state breakdown of the jobs that may be created by the Reagan-Kemp-Roth tax cut. Transportation Secretary Drew Lewis gave an equally lucid and technical speech about new mass transit and highway programs.

The ALEC members gave a most enthusiastic response to Interior Secretary James Watt, who spoke at the luncheon. Mr. Watt recalled the origins of the Sagebrush Rebellion, and recognized many state lawmakers by name and accomplishments. The Secretary received several standing ovations, such as the time when he announced a moratorium on Federal land acquisitions that will save taxpayers \$300 million.

After lunch, ALEC members embarked on an afternoon working session at the White House. The session was comprehensive: White House Chief of Staff James Baker and Assistant to the President for Congressional Liaison Max Friedersdorf discussed White House strategy vis-a-vis the congressional budget resolutions; and Robert Carleson, Assistant to the President for Policy Development, reviewed the history of the block grant concept.

The "White House phase" of the briefing continued with a special appearance by Treasury Secretary

Donald Regan. Secretary Regan took the occasion to reaffirm the President's commitment to a multi-year, systematic reduction of tax rates. He reminded the ALEC members that the multi-year tax reduction is only *part* of the Reagan tax program. He listed tax indexing, accelerated depreciation, tuition tax credits and enterprise zone tax incentives as definite components of the Administration's tax plan.

Presidential aide Richard Williamson then introduced Vice-President George Bush. Mr. Bush devoted most of his comments to the work of the President's Task Force on Regulatory Relief, of which Bush is Chairman. He noted that the Task Force has already identified \$9 billion worth of regulatory reliefs. "We're going out to the departments, to businesses, to labor, to the environmentalists asking for suggestions," Mr. Bush declared. (As indicated in last month's **First Reading**, the Vice-President sent ALEC a letter

requesting a list of ten ineffective, duplicative, or costly regulations.)

The day ended with a dinner featuring Health & Human Services (HHS) Secretary Richard Schweiker. Secretary Schweiker, who has met privately with ALEC members on several occasions, presented a slide show documenting changes in the HHS budget. The statistics were enlightening: With 36% of the Federal budget, HHS share of the reductions is only 20.5%; still, the increase in HHS budget from FY 1981 to FY 1982 equals \$21.5 billion, or 54% of the increase in total Federal outlays.

On the morning of May 1, the 200 ALEC members concluded the briefing with a breakfast hosted by The Heritage Foundation attended by U.S. Senators Charles Grassley (R-IA) and Steve Symms (R-ID) and U.S. Representative Richard Cheney (R-WY). The three Congressional leaders each spoke for fifteen minutes, varying the subjects from block grants to tax reform to public aid reductions.

Roster of Participants—And Where to Contact Them

in order of appearance

Richard Williamson, Assistant to the President for Intergovernmental Affairs (202/456-7007)

James Edwards, Secretary of Energy (202/252-6210)

Terrell Bell, Secretary of Education (202/426-6420)

Larry Kudlow, Assistant Director of Office of Management & Budget (202/395-5873)

Drew Lewis, Secretary of Transportation (202/426-1111)

James Watt, Secretary of the Interior (202/343-7351)

James Baker, Chief of Staff (White House) (202/456-6797)

Robert Carleson, Assistant to the President for Policy Development (202/456-6630)

Max Friedersdorf, Assistant to the President for Legislative Affairs (202/456-2230)

Donald Regan, Secretary of the Treasury (202/566-2533)

George Bush, Vice-President of the United States (202/456-7034)

Richard Schweiker, Secretary of Health & Human Services (202/245-7000)

U.S. Senator Steve Symms (R-ID) (202/224-6547)

U.S. Senator Charles Grassley (R-IA) (202/224-3745)

U.S. Congressman Richard Cheney (R-WY) (202/225-2311)

A Pictorial Chronology of the Briefing



ALEC Members listen as Richard Williamson, Assistant to the President for Intergovernmental Relations, explains the scope and intent of the Reagan Administration's New Federalism.



The first Cabinet Secretary to address the State Lawmakers was James Edwards, Secretary of Energy. Secretary Edwards projected the cost of energy (coal, oil, gas, etc.) over the next few years, and referred the legislators to several studies.



Education Secretary Terrell Bell declares his willingness to consult State Legislators about block grants, litigation against local schools and regulatory reform. His remarks included a pledge to meet with an ALEC task force.



Larry Kudlow, Assistant Director of the Office of Management and Budget (OMB), discloses how many jobs may be created in each state because of the President's tax and budget proposals. Mr. Kudlow identified six advantages to the block grant plans.



Transportation Secretary Drew Lewis explained new state responsibilities for highway and railroad programs. Looking on are ALEC Executive Director Kathleen Teague and National Chairman T.W. "Tom" Stivers.



During the luncheon session, legislators heard Interior Secretary James Watt defend details of new land-use and environmental policies. Secretary Watt reiterated his support for the Sagebrush Rebellion, and promised to sell 20 million acres of public land each year.



At the White House, Richard Williamson (right) moderated a panel discussion with White House Chief of Staff James Baker (center) and Assistant to the President for Policy Development Robert Carleson (left).



Treasury Secretary Donald Regan vows to "stand firm on real cuts in the income and business tax rates." Both Regan and Robert Carleson (left) attended the subsequent White House reception.



Assemblyman William Leonard of California asks a question about block grants.



At a lavish reception in the State Dining room of the White House, Vice-President Bush spent thirty minutes meeting each of the ALEC Members in attendance. Pictured here are Michigan Representative Alan Cropsey (left) and Richard Fessler (right).



Richard Schweiker, Secretary of the Federal Health & Human Services Department, hosted the dinner following the White House reception. Secretary Schweiker recapped the major points of the briefings, and told of upcoming changes in categorical health program.



At a breakfast hosted by The Heritage Foundation, Senator Charles Grassley (R-IA) admonished legislators to use budget and block grant changes as the opportunity for further changes in state-run public aid programs. Idaho Rep. Tom Stivers (center) and Iowa Senator Ray Taylor (left) listen attentively.



U.S. Senator Steve Symms (R-ID) tells ALEC members of impending changes in Federal farm policies. Congressman Richard Cheney (R-WY) (far right) prepares his own remarks for the briefing attendees.



The ALEC National staff who arranged and coordinated the briefing session are pictured from left to right: Julianne Graham, Ted Hess, Edgar Vash, Kathleen Teague, and Mariana Griesmer.

Reflections on the Briefing

"From the response we have received, I believe the ALEC members found the briefing beneficial. We hope to continue working with state legislators as they will play a significant role in the President's program.

It was a pleasure working with you and your staff and I look forward to other occasions."

Judy F. Peachee,
*Special Assistant to the President—
Intergovernmental Affairs*

"I was happy to take part in your recent White House and Cabinet Briefing and appreciate your kind invitation. It was good to see you and the others and I, too, look forward to working with ALEC in the months ahead."

Max L. Friedersdorf,
Assistant to the President

"As a strong supporter of the President's Economic Recovery Program, I was delighted to get a first hand briefing. At every gathering I attend, as I campaign for Governor, I am sharing the urgency of supporting the President's program. The response which I am getting is extremely positive. I do feel that President Reagan's Economic Recovery Program has the backing of the American Public."

Senator James H. Wallwork,
*Assistant Minority Leader—
New Jersey State Senate*

"Let me congratulate you on the very fine program that ALEC provided those state legislators who attended the White House-Cabinet briefing. I am sure that I speak for many in saying that I came home very inspired and encouraged by the determination of the leaders of this administration to accomplish the commitments of President Reagan. I am most grateful that I had the opportunity to attend this very exciting conference."

Delegate Ellen R. Sauerbrey,
*House of Delegates,
Annapolis, Maryland*

"I want to compliment you and the members of ALEC for the tremendously successful Presidential Economic Recovery Briefing last week.

ALEC is certainly of immense value to State Legislators, of both parties, and I am proud to be associated with such an outstanding organization."

Assemblyman Donald J. Albanese,
General Assembly of New Jersey

"I want you to know how much I appreciated you arranging for my invitation to attend the White House briefing on the Federal Budget. I had a most informative and enjoyable time, and appreciated your kind consideration."

Rep. Glen L. Bower,
Illinois House of Representatives

"I can't begin to tell you how much I enjoyed your recent meeting in Washington, D.C. and how much I respect the work your organization is doing. This was my first direct involvement with ALEC and I was very impressed, you will have my unqualified and most enthusiastic support in your future endeavors.

Please send me about twenty (20) more applications and I will see that the Missouri Legislature will be well represented in ALEC."

Rep. Roy Cagle,
Missouri House of Representatives

"Just a short note to thank you so very much for putting together what I consider the finest conference I have ever attended. During our briefing with Secretary of Education Bell, he mentioned setting up an ALEC group to meet with his Department and confer on issues of state concern. I met with the Department of Education [sic] on Friday and discussed Colorado's needs, and would like very much to be included on whatever panel is set up by ALEC for this dialogue at the Federal level."

Senator Cliff Dodge,
Senate Chamber—State of Colorado

"The excellent conference that you sponsored at the White House at the end of April has prompted me to do something I should have done a long time ago, send in my application for membership.

The conference was really excellent. There is no substitute to hearing and seeing the cabinet officers in person to understand the national program. We were all very much impressed with the ability and competence of the cabinet officers."

Representative Bradford Gorham,
*Minority Whip—Rhode Island
House of Representatives*

"Congratulations for a great event last week!

You have performed a significant service to the President and ultimately to the country.

Thank you for inviting me to participate in the program."

Charles Hardwick,
*Assemblyman, District 20,
General Assembly of New Jersey*



Federal Review

Congressmen Jack Kemp (R-NY) and Robert Garcia (D-NY) have introduced a new version of their "Urban Jobs and Enterprise Zone Act." The new bill, which was drafted after five months of discussion with Reagan Administration officials, offers a variety of incentives for employers and employees to locate in business-depressed areas. The incentives include a 40% exclusion on the tax liability for interest gained from loans and mortgages—a move which gives lending institutions an incentive to loan money to new businesses. Other provisions include:

- A repeal of the Federal capital gains tax
- Authorization for businesses to use the cash receipts method of accounting (rather than the accrual method)
- A 20-year extension of net operating loss carryover
- A refundable employer tax credit of five percent of the wages paid to certain workers
- A refundable employee tax credit of five percent of their enterprise zone income

A new tabulation by the ALEC Research Department shows that there are over 60 versions of enterprise zone legislation introduced, pending or enacted in the states. The Reagan Administration's Cabinet Council has requested multiple copies of ALEC enterprise zone studies, to be used as discussion material.

(Continued from page 1)

Education Secretary Terrell Bell identified two other virtues of the block grant approach. The principal advantage, Bell told the ALEC members, is the program savings effected at the state and local levels. Since spending mandates are, by definition, a requirement that states make certain expenditures, it follows that their elimination through block grants will reduce state spending.

Another advantage of block grants, said Secretary Bell, is the elimination of regulations that conflict with existing state statutes. For example, almost every state now has extensive programs for bilingual education and handicapped services. Federal rules that duplicate these statutes are either redundant or recalcitrant. If a state repeals its law, then the Federal regulation—which has precedence over any state law—will perpetuate the repealed policy.

As of June 5, however, the President's block grant legislation appeared endangered by legislative delays and special-interest politics. The U.S. Senate Labor & Human Resources Committee voted to support two health bills that authorize Federal spending levels that exceed what would have been contained in a block grant bill. Supporters of block grant legislation abruptly cancelled a Committee mark-up session on four health block grants, fearing that the Committee would not support such legislation.

Almost 100 special interest groups have declared their unqualified opposition to the plan. Sixty-three national organizations are circulating a joint letter telling Congressmen to regard block grants as an unfair, inequitable budget-cutting measure.

Some of the opposition to block grants is generated by organizations that claim to represent the

opinions of state and local officials. A representative of the National Conference of State Legislators (NCSL), for example, testified in Congress against four health block grants, even though the enabling legislation wasn't even made public at that time. The NCSL delegate argued that funding of health programs is a Federal responsibility, whereas block grants would require increased taxes at the state and local levels.

The U.S. Conference of Mayors is one of the most vocal critics of block grants. The Conference is distributing several studies claiming that state legislatures are insensitive to the needs of cities. "[Mayors] are very concerned about block grants, and about the way they have been designed," said a spokesman. "There are no assurances that money will go from states to cities that need to fund programs."

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FIRST READING

The Newsletter of the American Legislative Exchange Council

Vol. 8, No. 10 October 1982

What Happened to New Federalism?

An exclusive interview with Richard S. Williamson, Assistant to the President for Intergovernmental Affairs.

FIRST READING interviews the President's point-man on Federalism to explain how the proposal has changed, what's in New Federalism for the business community, and what we can expect in the coming months.

FR. In his January State of the Union Address, the President outlined his proposal for New Federalism and the large majority of State Legislators who are members of ALEC strongly supported his proposal. Seven months after the initial proposal, the President offered a revised version of his New Federalism proposal in a July 13 address to the National Association of Counties. Can you spell out the major changes between the federalism plan as it was first proposed and the federalism plan as it stands now? And secondly, how did we get from there to here; through what process did this transformation take place?

R.W. First I think that its important to point out that in his State of the Union address the President made clear that his Federalism proposal was a framework—it wasn't a detailed proposal, it was a framework. Second, we engaged in a lot of discussion with groups of Governors, local officials, legislators—Representative Stivers was among those—and there were various adjustments, but the President just yesterday reiterated his view in a meeting that there are no final decisions. So what he discussed on July 13th was tentative adjustments in the initial framework and whether those adjustments eventually become administration policy or not the President won't decide until November some time.

The key components of a package that I'm pretty confident will remain in the end are thirty to forty categorical grants combined into some type of a block grant, hooked in or attached to some form of trust fund which would be funded largely by the federal excise taxes, those taxes eventually to be returned to the state level. Now the controversial subject of Medicaid, AFDC and food stamps: on them the President genuinely has not made up his mind. Initially, his framework had suggested returning both food stamps and AFDC to state and local governments, and the dollar for dollar exchange having federal assumption of the costs of Medicaid. We're still looking at that as an option.



Richard S. Williamson, Assistant to the President for Intergovernmental Affairs.

FR. A White House memo made available to ALEC last Spring stated, "The Federalism initiative should be at the top of the national policy agenda." Yet, the press, several Congressmen and Governors are calling the President's plan a "dead issue." A recent article appearing in the *Chicago Tribune* claims that the Administration may be backing away from the Federalism initiative. And yet after the President's January speech, national polls showed that by a margin of 2 to 1, the American public supported the president's proposal. Could you explain to the readers of FIRST READING why Federalism has appeared to be stalled or failing, and what its prospects are for the future?

R.W. I'd say first the President is not backing off on Federalism, or decentralization, and his commitment remains constant. I think we can fairly be criticized for having been slow in moving from the framework to more specific proposals. Part of it was internal consensus within the administration that wasn't reached; also we thought we would have more success getting broader bipartisan support among state and local officials. Further, if you recall in that time of April, when we had hoped to go forward, the so-called Gang of Seventeen was involved in budget negotiations, culminating in the President going up Capitol Hill and meeting head to head with Tip O'Neill and going on national TV, followed by seven weeks of intensive work in trying to get a budget resolution. So what happened, and un-

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Tax Revolt Alive and Well in the States

The tax revolt which began with California's Proposition 13 in 1978 is live and well in the 1980's with at least 16 measures on this year's statewide ballots that would either cut or limit taxes, or provide special tax exemptions. Not surprisingly, in several instances ALEC legislators have been the driving force behind these initiatives and referenda to curb the taxpayers' burden. "The significance of these direct ballot questions," says one ALEC leader, "is that they signal the legislatures that the people want lower taxation and more responsible government. The illusion that tax money pays for all sort of wonderful government spending programs to help citizens has been shattered. These ballot measures are a very significant indicator of the trend of the times and we're going to see more of them throughout the eighties."

Nine of the major tax limiting ballot measures voters will be asked to decide upon in the upcoming November elections are outlined below:

ARIZONA: Drafted by ALEC State Representatives Tony West and Peter Dunn, Proposition 103 calls for a vote of the people to decide whether or not to provide property tax exemptions in certain economically depressed or blighted inner city areas. This is the first such instance in which the voters will have the opportunity to decide upon the "Enterprise Zone" concept enacted in Arizona. The exemptions would be granted for a maximum of five years after the property has initially qualified as "urban development property." ALEC supporters believe that



ALEC Member, Texas Senator Walter Mengden on the Texas proposition to repeal the state property tax: "Proposition 1 will unquestionably be approved with an overwhelming majority."

"This nation cannot do without the profession of State Legislator, which is more than can be said of, say, the columnist's profession. Many people are, to put it politely, vague about what State Legislators are. They are the infantry lieutenants of American government. Many more Americans are reverent about states' rights than are ready to join, or support, or even notice this infantry."

—George F. Will, 1982

the program will lead to a revitalization of distressed urban areas.

IDAHO: Voters will decide on a tax shifting initiative which has stirred political controversy and met with the opposition of business and agricultural interests in Idaho. If approved, the statutory residential property tax exemption initiative would increase from 30% to \$50,000 or 50% of market value, whichever is lower, the amount of residential improvements that can be exempt from property taxation. According to the Idaho Association of Commerce and Industry, Initiative #1 means a shift of \$18.5 million in property taxes to business and agriculture. Initiative proponents argue, however, that since 1976 the residential taxes have jumped 83%, while farm and business taxes have increased only 10%.

MAINE: A Maine initiative proposal, sponsored by Republican candidate for Governor, Charles Cragin, would index the state income tax to the rate of inflation. Since ALEC published model tax indexing act (Source Book of American State Legislation 1980), nine states have adopted forms of indexing personal income tax, but the Maine initiative appears to be the first time voters will have the opportunity to decide on indexing.

MISSOURI: Proposition C is a statutory initiative which would actually raise the state sales tax by 1%. But the proposal has gained the support from some conservative groups because, if approved, the tax will produce an estimated \$300 million in revenues—half of which will go toward local school systems, and half for local property tax relief.

OREGON: Billed as a "clone" of California's Proposition 13, this massive property tax cut is receiving wide exposure as supporters launch an educational campaign. Similar measures were narrowly defeated in 1978 and 1980, but Measure 3 gained 40,000 more signatures than was necessary for certification and recent polls show 53% in favor of the initiative.

NEVADA: Nevada voters will be asked to decide on six separate tax questions, but the most significant is Question 13 which would overturn the 1981 legislative tax package by lowering the state sales tax to its 1980 level of 3½ cents, and place any overall freeze on state taxes.

TENNESSEE: Question #2 on the Tennessee ballot would provide greater property tax relief for the elderly. Presently, the state constitution limits the income level of citizens eligible for tax relief to \$4,800. If the measure is approved, the legislature will have the authority to set higher income levels eligible for exemption due to cost of living, inflation, etc.

TEXAS: Proposition #1 is a referred constitutional amendment which would repeal the state property taxes. With wide bipartisan support, the Texas legislature easily passed the measure as H.J.R. 1. ALEC State Senator Walter Mengden predicts that the voters will overwhelmingly approve the property tax repeal.



FIRST READING

The Newsletter of the American Legislative Exchange Council

Editor: **Thomas E. Mack**
Executive Director: **Kathleen Teague**

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Several of the ALEC Members who attended the 1982 Annual Leadership Meeting, in Albuquerque, New Mexico on September 10-12, enjoyed the New Mexico landscape.

ALEC Elects 1983 Board of Directors

At the September 10 Annual Leadership Meeting in Albuquerque, New Mexico, the American Legislative Exchange Council elected nine members of its 22-member Board of Directors and new Officers for the ensuing year.

Five legislative leaders from across the country were elected to the ALEC Board for the first time. They are: Missouri Representative Roy Cagle, Texas Representative Bill Ceverha, New York Senator Owen Johnson, California Assemblyman Patrick Nolan and New Mexico Representative Jerry Sandel. Four current Board members were re-elected to serve another three-year term, including Idaho Representative Tom Stivers, Iowa Senator Ray Taylor, Illinois Senator Donald Totten and Illinois Representative Penny Pullen.

ALEC expresses deep appreciation for years of dedicated service to retiring Board members: Michigan Representative Ed Fredricks, Arizona Representative Donna Carlson-West, Washington Representative Robert Eberle, Colorado Representative James Reeves and Louisiana Senator Dan Richey.

The newly elected officers of ALEC are: Ohio Senator Donald E. "Buz" Lukens, National Chairman; Kentucky Representative Edward Holloway, First Vice Chairman; Illinois Representative Penny Pullen, Second Vice Chairman; Idaho Representative John Brooks, Secretary; and Paul G. Dietrich, Treasurer.

Idaho Representative Tom Stivers was honored with a special award in appreciation for his dedication and leadership as ALEC's National Chairman during the last two years. ALEC salutes Tom Stivers for his outstanding contribution of time and energy to the cause of responsible state government and traditional American values.

The new ALEC National Chairman, Senator Buz Lukens, is a former two-term Congressman, and presently Chairman of the Ohio Senate State Government and Federal Relations Committee. Having served in the Ohio Legislature for twelve years, Lukens is a founding member of the American Legislative Exchange Council, and has been active on its Board of Directors since 1974.

At the meeting's adjournment, Senator Lukens told members of the press that the Board "remains committed to the principles upon which ALEC was founded—support for the free enterprise system, and limited representative government. ALEC's growth over the past several years is part of the overall trend toward the decentralization of government power, and the next few years will witness a rise in prominence for this organization because state legislators and the business community recognize its unique value."

Source Book Committee Approves 23 Model Bills

Twelve ALEC legislators who serve on the Source Book Committee met in Albuquerque at the Annual Leadership Meeting to discuss details for the 1983-84 edition of the *Source Book of American State Legislation*, to be published in December of this year. Kentucky Representative Ed Holloway chairs the committee which reviewed the final index, divided into five categories: Fiscal Responsibility, Privatizing the Public Sector, Criminal Justice Reform, International Trade, and Health Care and Consumer Protection.

Holloway commented on the new *Source Book*, which will be distributed to every State Legislator, state official, and Member of Congress: "The 1983-84 *Source Book of American State Legislation* will provide state legislators with a solid blueprint for reform in the 1980's in the area of privatizing public services,

reducing government bureaucracy, and raising revenues without raising taxes. It also offers guidance on creating opportunities for international trade and making constructive improvements in our criminal justice system."

ALEC Members serving on the 1983-84 Source Book Committee are: Representative Ed Holloway, Kentucky, Chairman; Senator Owen Johnson, New York; Senator Donald Totten, Illinois; Representative Lois Stratton, Washington; Senator Buz Lukens, Ohio; Representative William Ceverha, Texas; Senator Eva Scott, Virginia; Representative David Copeland, Tennessee; Representative Jerry Sandel, New Mexico; Delegate Lacey Putney, Virginia; Representative Tom Stivers, Idaho; Senator Stan Aronoff, Ohio; Senator George Wiggins, New Hampshire.

Williamson Interview

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derstandably so, we got elbowed out to a degree. In July the advice received from some of our good friends, people like Paul Laxalt, Pete Domenici, and Bill Roth, all of whom who had been very supportive of the effort was: we're getting so late into the campaign season, this is going to become a political football, people are going to have to take sides on it, without having a good grasp of it, and that will make it harder for us to pass it next year.

"the President is not backing off on Federalism, or decentralization, and his commitment remains constant."

So what the President did was not back off on the policy agenda but back off on the timing, because recognizing that Congress would only be in briefly in August and had only the month of September for the Continuing Resolution, appropriations etcetera, we're not going to get congressional consideration on it. And by then the administration had decided to get out front very vigorously on the Balanced Budget Amendment. We said we would take it off the calendar until after the election but I hope that its not interpreted as a lack of commitment on the part of the President or the Administration to move forward. The President does feel very strongly about it and I think that there's no question he would feel that its a major disappointment to his administration if we don't get it eventually.

FR. Many state legislators and Congressmen feel Ronald Reagan was elected by the people to turn responsibility back to the states and curtail the growth of "big government." The Administration has spent many months negotiating the details of Federalism with a number of state and local interest groups, modifying its position on some points of the program. The National Governors' Association has apparently scrapped the Administration plan altogether and decided to draft their own federalism plan. The question many readers of FIRST READING would like to have answered is why the Administration has not finalized any legislation to offer Congress? Isn't Congress the appropriate forum for debating the issue of Federalism?

R.W. Revenue sharing was first brought up in the mid 60's, but it did not pass and become law until the early 70s. A number of people in this administration were very much involved in that battle, with President Nixon: Murray Weidenbaum, Ed Harper and others. Their advice, as well as the advice of Howard Baker, Barber Conable and others who all supported the concept, was that the reason that it took 6 years from the introduction of the concept of revenue sharing to get it into law was that there was no consensus among state and local officials. It doesn't need unanimity or even majority, but it was necessary to have that consensus because Congress wasn't going to move until that. So we thought indeed the overall process would be shortened by us investing time to do that at the outset as opposed to afterwards up on the Hill.

Now we do not feel that the President is hostage to any of the public interest groups; he will go forward whether or not any of those groups happen to endorse it. We do feel that these eight months have given us a much broader bi-partisan coalition; because the fact of the matter is, not only conservative state and local officials support the concept of decentralization, but many of those who might not support the President on other areas agree and support the necessity for decentralization. And so we're pretty confident that while there may be frustrations at this phase, at the end of the Reagan Administration we'll have accomplished more by going through this period. The other day

the President talked with Scott Matheson, the head of National Governors' Association, and said, look, I want you to come up with something. And the idea is that the Administration has carried almost all the water on this thing, and let's get them to show a little more faith.

FR. You said earlier that you thought you would have more success getting broad bi-partisan support among state and local officials. Do you feel that New Federalism has not gotten the support you expected?

R.W. Well you can look at it two ways: it's not as much as you want/it's more than a lot of people expected. I'd say that you do have a majority on a bi-partisan basis, you would have liked to have had two-thirds or so but I think there's no question that at the grassroots people strongly, just intuitively understand that in Washington they don't get fair bang for their bucks, that they want these decisions close to them and they support it. And I think many and I hope most Members of Congress if they were to be totally candid would agree with that.

"I think there's no question that at the grassroots people strongly, just intuitively understand that in Washington they don't get fair bang for their bucks, that they want these decisions close to them and they support [New Federalism]."

Our problem is that once you go up the Hill you're going to have just an army of special interests in this town who want to keep things here, for them to manipulate, are going to be actively lobbying on the one side. And we have to set up the position where state and local officials and grassroots citizen organizations feel galvanized to work on the other side and support the President's position.

FR. Two related questions concerning Federalism and the economy. Many readers of FIRST READING are government affairs officers of corporations. Can you explain what is in the New Federalism for them, and why the private sector should support the President's plan? It wouldn't surprise us if the large majority of CEO's have very little notion of what Federalism means. Has the Administration made any attempt to enlist the support of the business community?

R.W. We're very encouraged for example that Dick Leshner and the Chamber of Commerce have been very strong upfront in supporting the President's New Federalism and the polls of their membership has been overwhelmingly in favor of it. And I think what they recognize, is that as long as you keep all of these responsibilities in Washington, and these special interests focused in Washington, you will have incredible and relentless pressure for excessive federal spending; and that results in two things: 1) pressure for higher taxes, and 2) pressure for deficit budgets.

And I think every businessman in America understands that higher taxes choke the private sector, and that higher, deficit spending crowds out, contributes to inflation and interest rates being too high. So on the pure economic side, easing of the pressure on the Federal budget, by dispersing some of these responsibilities and dispersing the special interests that in turn cause the increases in federal spending is an advantage.

Secondly, I'd say I think most members of the business community can appreciate just on a pure managerial sense, the value and importance of having the decision-making diffused. And third I would add, I think most businessmen intuitively, if not with great reflection, have a sense of the necessity to try to create limitations on the federal government because it will impinge on economic and personal liberties through over-regula-

continued on page 8

Congress Passes Job Training Partnership Act

The House and Senate reached final agreement October 1st and passed the Job Training Partnership Act to replace the CETA program. The new job training program will deliver an estimated \$3.8 billion in block grant funding to the states for the purpose of training the chronically unemployed. Administrative costs and supportive services will be limited to 30% of total expenditure, thus insuring that 70% of the funds go toward actual training. The Job Training Partnership Act will involve the private sector through a Governor-appointed Private Industry Council in each state. Assistant Secretary of Labor, Al Angrisani, said however, that "the Job Training Partnership Act authorizes greater power and flexibility to the states, but it will also require strong support at the state level if it is to be successful."

Angrisani, along with the Labor Secretary's regional representatives, is coordinating efforts with ALEC legislators to insure that the new job training program will be operated efficiently at the state level. "The program is not going to work," said Angrisani, "unless it's integrated between the Federal Department of Labor and the State Legislatures." The Administration developed the new legislation with the intent of insuring that the State Legislature will participate in the program, that there is interface between the Department of Labor and the Legislatures, and not simply the Executive branch of state government.

In fact, section 126 of the Act explicitly states: "Nothing in this Act shall be interpreted to preclude the enactment of State legislation providing for the implementation, consistent with the provision of this Act, of the programs assisted under this Act." The Act also requires, for the first time, that State Legislators be



Al Angrisani, Assistant Secretary of Labor, comments on the recently enacted Job Training Partnership Act: "The new program will give the unemployed a hand-up instead of a hand-out, and I believe that it will be the means of putting hundreds of thousands of our jobless Americans back to work. I can think of no goal that has higher priority in this country today."

assigned to serve on the Governor's Private Industry Council. To ensure that the Legislature oversees the Governor's administration of the program, State Legislators are named in the Act as recipients of review documents.

The Job Training Partnership Act contains two provisions which require state appropriations, so that the Governor will have to receive approval from the Legislature for the programs. The state is required to appropriate an 8% matching fund to the Governor's discretionary educational grants, and a 50% matching fund for the dislocated workers program.

In summary form, the Job Training Partnership Act will provide the following:

Summary of Job Training Partnership Act

- Provides for a block grant program of funding to the States. A unit of general local government of 200,000 population or more or a consortium with a population of 200,000 or more, upon request to the Governor, shall be constituted a service delivery area. The State acts as prime sponsor for areas not otherwise included in a service delivery area.
- The private industry council is established on a partnership level with chief elected officials of units of general local government in the planning and operation of job training programs in the service delivery area.
- The private industry council will be made up of representatives from business concerns in the area, who will constitute at least 51 percent of the members and who will be appointed by agreement between chief elected officials in the area. The remaining members of the PIC, also appointed by the chief elected officials, will be representatives from educational agencies, organized labor, community based organizations, rehabilitation agencies, economic development agencies, and the public employment service.
- In order to maximize the amount of money spent on training activities, administrative costs are limited to 15 percent and supportive services, wages and allowances are limited to 15 percent, except that this limitation is subject to waiver under certain extraordinary conditions. Also, 50 percent of the cost of work experience programs, which are subject to restrictive conditions, and the cost of tryout employment for youth in conjunction with an educational program may be paid out of the 70 percent set aside for training.
- The bill explicitly prohibits the use of subsidized public service employment.
- A transition period provides for the phasing in of the private industry councils to a leadership role and the phasing out of those prime sponsors no longer meeting the population requirements for a unit role. These prime sponsors will be eligible to participate in a consortium in most instances.
- National programs for Indians and Migrant Workers are continued and a national job training program for Veterans has been added. The bill provides for summer youth, dislocated workers and older workers programs. Continuation of the Job Corps is authorized.
- Performance standards measure the success of the program in terms of increase in employment and earnings and reductions in welfare dependency.

Congress Rejects Balanced Budget Amendment; Pressure Shifts to States

Using what one GOP Congressman termed "the kind of crafty tactics that gives politics a loathesome name," the Democratic leadership quickly brought the balanced budget amendment (H.R. Rs. 350) to the floor for a vote before supporters had time to organize their forces. Congressman Mickey Edwards (R-OK) and Phil Gramm (D-TX) made a prodigious effort to obtain the additional fourteen votes necessary to have the amendment discharged from Peter Rodino's (D-NY) House Judiciary Committee, where the measure has been held up for many months. House Majority Leader Tip O'Neill then quickly scheduled a vote within twenty-four hours—just shortly before the end of the 96th session of Congress. While the measure gained 56% of the vote, it failed to achieve the necessary 2/3 majority.

President Reagan, who had made a major effort to rally support for the balanced-budget/tax limitation amendment, expressed disappointment, but vowed to make the vote count as a campaign issue for the upcoming November elections. Meanwhile, supporters are planning to have the Senate-passed ver-

sion of the amendment introduced for a vote in the lame-duck session of Congress which the President has ordered for after the November elections.

William Shaker, Executive Vice President of the National Tax Limitation Committee, said that the lame-duck session will be the "one last shot that Congress has to avoid facing a Constitutional Convention." NTLC lobbied hard to recruit Alaska as the 31st State Legislature to pass a resolution calling for a Constitutional Convention to vote on a balanced-budget/tax limitation amendment. Only 34 states are needed to require a convention, and Shaker predicts that 5 to 7 more states will adopt a resolution in 1983. Kentucky, Missouri and Washington have passed the measure in one House.

In 1977, the American Legislative Exchange Council published a model constitutional convention call in its *Source Book of American State Legislation*, and since then 19 state have passed resolutions bringing the total number to 31. (See table below.)

State Legislatures Which Have Passed Balanced Budget Amendment Applications

State	Measure	Year adopted
Alabama	HJR 227, Act 302	1976.
Alaska	HJR 17	1982.
Arizona	SJR 1002, HCM 2003	1979, 1977.
Arkansas	HJR 1	1979.
Colorado	SJM 1	1978.
Delaware	HCR 36	1975.
Florida	Sen. Memorial No. 234, HM 2801	1976.
Georgia	Res. Act No. 93, HR No. 469-1267	1976.
Idaho	HCR 7	1979.
Indiana	SJR 8	1979.
Iowa	SJR 1	1979.
Kansas	SCR 1661	1978.
Louisiana	SCR 4, SR 73, HCR 269	1979, 1978, 1975.
Maryland	SJR 4 (Original), Md JR 77 (Enrolled)	1975.
Mississippi	HCR 51	1975.
Nebraska	LR 106	1976.
Nevada	SJR 8, SJR 2	1979, 1977.
New Hampshire	HCR 8	1979.
New Mexico	SJR 1	1976.
North Carolina	Resolution 5	1979.
North Dakota	SCR 4018	1975.
Oklahoma	HJR 1049	1976.
Oregon	SJ Memorial No. 2	1977.
Pennsylvania	HR 236	1976.
South Carolina	SCR 1024, SCR 670	1978, 1976.
South Dakota	SJR 1	1979.
Tennessee	HJR 22	1977.
Texas	HCR 13, HCR 31	1978, 1977.
Utah	HJR 12	1979.
Virginia	SJR 36	1976.
Wyoming	HJR 12 (Original) JR 1 (Enrolled)	1977.

Nuclear Freeze: Deceptively Simple, Dangerously Misleading

Voters in nine states will be asked to decide on a "nuclear freeze" ballot proposition this November. While it is laudable in our democratic society that citizens participate in the debate over national defense, the ballot questions being put to voters are deceptively simple and dangerously misleading. The Soviet Union outspent the U.S. by \$240 billion on military items during the 1970's. But few voters will consider the fact that a freeze on nuclear arms production at this time would lock the United States into a position of military inferiority. Furthermore, the wording of most ballot questions leads voters to believe that a "mutual and verifiable" freeze is possible—when, in fact, the United States is without the technical capability of monitoring compliance, and the Soviets reject proposals for on-sight inspections.

As columnist George F. Will aptly noted, "Such seductively simple panaceas pander to the widespread desire to believe that there can be an easy, cheap escape from the dangers posed by modern physics and the modern Soviet state."

There is virtually no one—no one—who wants a nuclear war. National polls have demonstrated that 70% of the American population favors a "mutual and verifiable" freeze. (The 75% vote in favor of a mutual and verifiable freeze in the recent Wisconsin primary is further confirmation of national sentiment.) But those same polls show that Americans are *decidedly opposed* to a freeze by the United States while the Russians continue to amass a stockpile of weapons. Only 12% of the population favors a unilateral nuclear arms freeze. In Massachusetts, when the House of Representatives was voting on whether to put the nuclear freeze question on the ballot, House Minority Leader William Robinson offered an amendment stating that no nuclear arms agreement should lock the U.S. into an inferior military position, and the measure died. After recess, the proposition was changed to eliminate any reference to military balance, so that Massachusetts voters will not have to think about that more difficult question.

While our spending on strategic forces has declined dramatically over the last fifteen years, Soviet spending has increased. During the latter half of the 1970's the Soviets deployed four new intercontinental ballistic missiles, the Backfire bomber, and the SS-20 missile. They developed four new ICBM's and two missile-carrying submarines. In 1966, the Soviets had 625

land-based and submarine-based missiles. By 1980, they had 1,398 land-based missiles and 1,003 submarine-based missiles. Today, they have a total of 2,798 to our 1,944.

Last April, then Secretary of State Alexander M. Haig delivered a major address to Georgetown University's Center for Strategic and International Studies in which he maintained that a "freeze at current levels" of overall atomic missile striking power "would perpetuate an unstable and unequal military balance." Haig claimed that a freeze now "would reward a decade of unilateral Soviet buildup and penalize the United States for a decade of unilateral restraint."

There is no reason to conclude that the Kremlin is likely to abide by any verification procedures just because voters in Delaware demand a "mutual and verifiable" freeze.

The freeze organizers working at the state level have placated voter apprehension with the words "mutual and verifiable," but a vote in favor of such a promising ideal will be very little comfort to those in Afghanistan and Southeast Asia who are the victims of chemical warfare. There is now hard, undeniable evidence that the Soviets are using chemical weaponry in blatant violation of the Geneva Protocol of 1925 and the Biological Weapons Convention of 1972. Our point is that there is no reason to conclude that the Kremlin is likely to abide by any verification procedures just because voters in Delaware demand a "mutual and verifiable" freeze. The Soviets have shown no propensity for enduring international treaties, and they are not willing to allow the on-site inspections necessary to insure compliance. Any other certain verification is beyond our national technical means.

These are the hard facts which "freeze" supporters should be aware of before they cast a naive vote for peace. We note pioneer nuclear physicist Edward Teller's comment that the nuclear freeze is "closely akin to the old slogan 'better red than dead.'" "Few people seem to consider the other possibility," says Teller, "—that given their values and beliefs it is very possible to be first red and then dead. Western civilization," he continued, "has erected a

splendid edifice. Technology makes up its stones, and its mortar is freedom. Today, frightened people are undermining its foundations without understanding what they are doing."

The phraseology of the nuclear freeze propositions makes them irresistible winners, but the trouble is that its like voting to square the circle. Unless the debate is taken out of this simplistic device, the present popular pressure for a bilateral, negotiated freeze on nuclear arms could, as Senator Daniel Patrick Moynihan said, turn into "a strong, unilateral disarmament movement."

Last Spring, Soviet President Leonid Brezhnev took the propaganda initiative by announcing that his country would discontinue its deployment of missiles aimed at Europe and threatened retaliatory measures if the U.S. did not stop deployment of European based Pershing missiles. It is commonly known, however, that the Soviet offer comes only after the Soviets have completed their deployment of SS-20 missiles. And even their removal represents no real concession since the SS-20's are mobile and can easily be maneuvered in an emergency call for attack.

Last November, President Reagan set forth a serious proposal for Strategic Arms Reduction Talks (START) which call for a dismantling of Soviet missiles and cancellation of Pershing deployment, but Moscow summarily rejected the opportunity for a genuine move to *reduce* the nuclear threat, not just stop it in its tracks.

On the face of it, there is nothing wrong with voting in favor of a "mutual and verifiable freeze on the production of nuclear arms by the U.S. and U.S.S.R.," but voters should not confuse wishful thinking with reality. Their votes would be more effective if they were cast in favor of moving forward with the President's START initiative.

To go one step further, the States should send Washington a clear message that we will accept no treaties which hold the United States in a position of military inferiority. There are 200 cosponsors of a Congressional House Conference Resolution in support of a U.S. national security policy based on a strategy of "peace through strength." Twelve States have already adopted a resolution memorializing Congress to pursue a national strategy of peace through strength, and we expect—we hope—to see many more states vote in support of this much more rational and practical policy.

Donald H. Rumsfeld to Chair New ALEC Business Policy Board

Former Defense Secretary and NATO Ambassador Donald H. Rumsfeld has accepted an invitation to serve as Founding Chairman of ALEC's new Business Policy Board. A former Congressman and Chief of Staff during the Ford Administration, Rumsfeld comes to the ALEC Business Policy Board as its Founding Chairman with wide experience in both the public and private sectors. He is currently President and Chief Executive Officer of G.D. Searle and Co., one of the nation's major pharmaceutical companies.

ALEC is in the process of forming the new Business Policy Board, which will consist of ALEC's corporate, foundation and association donors. The Board will work closely with ALEC's leaders, Board of Directors and staff. The Business Policy Board will afford ALEC's major donors a more structured way to participate actively in ALEC's planning and programs. Among the tentatively scheduled programs to be conducted by the ALEC Business Policy Board are an ALEC-sponsored White House Briefing on Business and Federalism, and a special "Executive Loan Program" designed to provide state governments with advice from managerial experts from the state's major industries and businesses.



The Honorable Donald H. Rumsfeld, President and Chief Executive Officer, G.D. Searle and Co.

Williamson Interview

continued from page 4

tion and other things. For all of those reasons, the type of systematic, organized effective decentralization is very important for the economic and I'd argue, the political health of the country.

FR. Certain critics of the President's Federalism initiative have charged that the Administration is attempting to use it—in a sort of underhanded way—as a vehicle for budgetary savings at the federal level. Would you like to respond to this claim?

R.W. *We'd suggest yes and no. No, it's not a budgetary device because we will match dollar for dollar—we will return revenue sources equivalent to the cost. I think it's important to disperse the special interests which have a tendency to demand more and more money.*

Part of the overall economic strategy is cutting the size of the federal government and in that sense it is.

FR. Another charge that has been made against the New Federalism is that it will benefit some states more than others, and that only those states which stand to gain under the President's plan will support it. Is their any validity to this claim?

R.W. *That's sort of a green eye shade approach to the New Federalism proposal, budget, where all you look at is ledger sheets and I'd suggest that's a rather short-sighted approach to it. But even ceding that, we'd say the benefits I outlined earlier accrue to all the states, and most importantly, to individual Americans wherever they live. They will have greater control over their own lives, greater diversity, better decision-making, less inefficiency. But to go to the tougher aspect of what you're alluding to, there are states today that because they have natural resources, energy states, they have less fiscal constraints than certain other states. However, that issue does not overwhelm the question of whether or not you should decentralize. And so the fact that Texas is an energy-producing state and therefore has less fiscal pressure than some of the states in the mature northeastern industrial belt doesn't mean that those northeastern states are going to be hindered. I think that's a bum rap, and is used kind of as a red herring by those people who want to keep things in Washington.*

ALEC

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THE WHITE HOUSE
WASHINGTON

February 24, 1983

TO: Penny Eastman

FROM: Maiselle Shortley

Per our conversation of this morning, I have attached the letters.

Let us know if we can help out any where along the line.

Talked with
Penny 2/24
they have already
put in a schedule
proposal



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Senator Ray A. Taylor
Iowa

Senator Donald L. Totten
Illinois

December 27, 1982

Mr. Morton Blackwell
Office of Public Liaison
The White House
Washington, D.C. 20500

Dear Morton:

Two months ago when we had the pleasure of lunching with Ed Meese and other mutual friends, I gave Ed a letter (copy enclosed) requesting President Reagan to speak at a "Salute to ALEC: The Second Decade" dinner either April 5, 6, 7, or 8th.

We are anxious to receive a reply and hope you can please help us. Thank you, Morton, for your past assistance and may you and yours have a most happy and blessed Holiday Season.

With warm regards,

Kathleen Teague
Executive Director

KT/ds

Enclosure



AMERICAN LEGISLATIVE EXCHANGE COUNCIL

418 C Street, N.E.
Washington, D.C. 20002
(202) 547-4646

October 28, 1982

Mr. Edwin Meese III
Counsellor to the President
The White House
Washington, D.C. 20500

Dear Ed:

During 1983, ALEC will celebrate the 10th Anniversary of its founding and will mark the occasion with a "Salute to ALEC: The Second Decade" Dinner here in Washington, D.C. in April.

The dinner will be a major event with attendance expected to be 800 to 1,000 people. A Salute to ALEC Dinner Committee is now being formed and will include supporters and friends of ALEC in the Reagan Administration, Congress, the States and the corporate community.

We would be honored to have our "Old Partner in the New Federalism," President Reagan, deliver the main address at the dinner. The dates we are considering are Tuesday, April 5, or April 6, 7, or 8th. Easter is Sunday, April 4. Congress reconvenes on Tuesday, April 5 and the Cherry Blossom Festival is April 4 through April 9. We think this time is perfect to achieve maximum attendance and participation by state lawmakers, too, since many state legislative sessions will be adjourned or recessed then.

This major address to an audience including state government corporate representatives and state leaders would be an excellent opportunity for the President to highlight his New Federalism legislative package, which we assume will be pending before Congress then.

Ed, would you please assist us by presenting this invitation to the President and urging his favorable response. We would like to set a definite date as soon as possible and will await your reply.

Sincerely,

Kathleen Teague
Executive Director

KT/ds

Enclosure



AMERICAN LEGISLATIVE EXCHANGE COUNCIL

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South Carolina

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Senator Eva F. Scott
Virginia

Senator Ray A. Taylor
Iowa

Senator Donald L. Totten
Illinois

December 21, 1982

Mr. Morton Blackwell
The White House
Office of Public Liaison
Washington, D.C. 20500

Dear Morton:

Would you please be kind enough to request a birthday greeting from President Reagan for the mother of one of my dear friends. The lady celebrating her 76th birthday, which is on January 27th, is:

Mrs. Eva M. Kasper
8404 A Nunley Drive
Baltimore, MD 21234

Thank you so much, Morton, for your help.

Sincerely,

Kathleen Teague
Executive Director

KT/ds

*They should not
80 - Do you
want to know?
not appropriate.
tell Kathy*