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By MH NARS, Date 8/31/87

Mr. Speaker, Mr. President, my colleagues in the Congress, our distinguished guests and my fellow Americans:

I take special pleasure this evening in welcoming the members of the 92nd Congress -- those who are returning, and those newly elected.

We have great tasks to do together.

This Congress has the opportunity to go down in history as the one that set America on a new direction -- that made great decisions which enabled America to renew its institutions and to redeem the promise of its spirit.

I intend tonight to lay before you what I believe some of those new directions should be. I shall propose tonight a series of sweeping and far-reaching changes in the way our government works -- changes which I believe will enable us at last to give each and every American the responsive and responsible government he has a right to expect.

But before considering where we should go, let us briefly review where we have been.

As we look back at where we have been, we see that the state of this great and powerful union is indeed getting better. We see that the trend line is up.

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Most important, we see the burden of war at last being lifted. I can say confidently to you tonight not only that the war in Vietnam is being ended, but that we are ending it in a way that gives us a better chance than at any time since World War II to enjoy what Americans have not had in this century: a full generation of peace.

Here at home, the worst inflation in a generation has at last been brought under control. This great change, this turnaround of inflation, has not come without genuine and serious pain for some of our people -- but its continuation would have brought much greater pain to all of our people.

We have had unemployment. But even in 1970 -- the year in which we checked the inflation -- that unemployment was held to a lower level than in any peacetime year of the 1960s, and we now have reached the stage in which a steady expansion of our nation's economy is going forward.

This means that jobs will increase, that unemployment will go down, and that we now at last can look forward confidently to full employment with reasonable price stability in a new prosperity not dependent on the deadly stimulus of war.

We also have made progress in our fight against crime.

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A year ago I said here that: "We must declare and win the war against the criminal elements which increasingly threaten our cities, our homes and our lives" -- and I suggested that very few members of the Congress who live more than a few blocks away would dare leave their cars in the Capitol garage and walk home alone at night.

Tonight I can report that in the nation at large, the rate of increase in crime has at least been slowed -- and here in the nation's capital, the one place where the Federal Government has responsibility, the number of serious crimes committed has actually been reduced.

As the techniques used to combat crime here in the Capital became a model for the nation, and as public support for the peace forces continues to solidify, we now can look forward to the day when a peaceful American citizen once more can enjoy freedom from fear.

At the same time, we have seen a waning of violent unrest, as demands for change are once again channeled through the democratic process. Our voices have been lowered, and we have seen a gradual replacing of strident diatribe by thoughtful discussion.

In a very fundamental change, this past year also saw the old dual school system virtually ended -- and ended without fanfare, without violence. Sixteen years after the Supreme Court's first decision on

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school desegregation, this was quietly achieved through the far-sighted and public-spirited efforts of black and white citizens working together.

Each one of these great changes has been wrought by the people of this nation without bringing on new and possibly worse evils. Indeed, the word "without" is the operative word in so much of what we are doing:

We are achieving peace without surrender; we are curbing inflation without recession; we are curbing crime and unrest without repression; and we are making education equal without the bitterness that blatant coercion would surely cause.

Because we have been able to gain much of the good without the evil, I am convinced that this nation can go on to achieve a full generation of peace without sacrificing freedom; a new prosperity without war; a full employment economy without inflation; and a greater measure of care for the poor and the sick without a loss of human dignity.

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We have not done all that we might have hoped. But we have done far more than the pessimists feared. Because of this, we have grounds for satisfaction -- not for complacency, but for satisfaction that our system is sound and that because it is sound we can make it work better.

What I shall focus on this evening is ways of making that system work better.

Ordinarily, when a President gives his annual report on the State of the Union he presents a catalogue of the dozens or scores of legislative proposals he intends to make in the months ahead.

I shall not do that this evening.

We will have many new initiatives to propose.

For example, I will be proposing a comprehensive new set of measures to expand upon the dramatic progress we have made this past year toward rescuing our natural environment -- a year in which it was symbolically significant that on the first day of January I signed into law the National Environmental Policy Act which created the Council on Environmental Quality, and on the last day of December I signed into law the Clean Air Amendments of 1970, the strongest air pollution legislation enacted in the Nation's history.

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1970 marked a beginning. In 1971 we shall build on that beginning.

In the field of health care, I will be offering a more far-reaching set of proposals than has ever been put forward at one time by any Administration.

This will include a massive mobilization of manpower and resources aimed at achieving, finally and at last, a cure for the dread scourge of cancer. I believe the kind of concentrated effort that harnessed the atom and that took us to the moon can conquer cancer -- and I am determined that it shall.

These proposals will include a comprehensive new approach to meeting both the critical shortage of medical manpower and the mounting costs of medical service:

-- By a fourfold increase in aid to medical schools, under an incentive system that will increase the number of doctors by 50 percent by the end of the decade;

-- By experimenting with reform of our medical system, through incentives to encourage preventive measures that make costly cures unnecessary;

-- By providing for greater use of paramedical personnel to supplement the services of doctors;

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-- By getting medical facilities into the places where the sick people are, rather than concentrating them where the wealthy people are;

-- By establishing a new nationwide health insurance system to make certain that no family's savings are wiped out by catastrophic illness.

In many other areas -- in civil rights, in education, in manpower training, in transportation, in \_\_\_\_\_, in \_\_\_\_\_ -- wherever the Federal responsibility runs, and where there are advances to be made, I shall continue to propose new measures to expand the opportunities and to improve the lives of the American people.

But those are not what I want to talk about tonight.

Tonight I invite you to join me in considering a matter more basic, more fundamental -- a matter that cuts across all of these areas and that reaches to the question of how well, as a nation, we shall succeed in doing what together all we set out to do.

I served fourteen years in Washington as a member of the House, as a member of the Senate and as Vice President. During those years I had a good opportunity to see the Federal Government in action. And

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then I spent eight years as a private citizen, years during which I reflected long and often on the lessons I had learned and what they meant.

Out of this grew a very firm conviction that I carried with me when I entered the White House two years ago: that we have got to have a total reform of government in order to make it work, in order to ensure that it actually does for each person in this country what it is meant to do, what it should do and what it must do.

Mere tinkering is not enough. We need a complete overhaul.

During these past two years, my staff and I, with the expert help of the Commission on Reorganization of the Executive Branch, have been giving intensive consideration to the questions of government organization and government operation. We have sought out the views of hundreds of persons both in and out of government. We have studied past reorganizations, and the experience of decades of program management.

This study has intensified my conviction that bold and even drastic measures must be taken to strengthen our State and local governments and to give them both more power and more resources.

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It also has persuaded me that if the Federal Government is to meet its own challenges in the most effective way possible, it too must undergo a sweeping reorganization.

The proposals I shall outline tonight and that I shall soon submit in detail to the Congress represent my own best judgment, on the basis of this intensive study, of how the government can best be set up to meet the urgent needs of this year, next year and the decades ahead.

I recognize that there will be many other views. I know also that no set of proposals, and certainly no set of proposals as sweeping as these will be, can satisfy everyone. But I do believe that this is what should be done, and that by doing it we can give America and each American what all of us so eagerly crave: government truly responsive to the needs of the people, truly responsive to the wishes of the people, and government that works.

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Last year I proposed that the Federal Government take an historic first step in sharing its tax revenues, on a no-strings basis, with the States and the cities.

This proposal was not enacted. But the need continues, and indeed has increased -- and I propose now that we go far beyond that limited first step that I urged last year.

For the time has come to think about government in new terms.

Part of the genius of our American system is that we have not one government but many. We call it a "Federal" structure. What this really means is a partnership -- a partnership involving many units on many levels, and a partnership that offers an enormous opportunity to adapt and to change in order to do better those jobs that we all so eagerly want to see done.

For almost forty years now, we have seen the balance of that partnership shifting more and more towards Washington. Mostly this was done for the best of reasons: because the central government had the resources, or it had the vision, or it commanded the attention, or it inspired the trust of those who had something they wanted done.

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But the result has been, on the one hand, to create a Federal bureaucracy that has grown less responsive as it has grown more cumbersome -- and on the other hand to leave the States and the cities often too undernourished, financially strapped and too tangled in Federal strings to be able to meet their own citizens' needs.

And along the way, the individual -- you, your wife, your husband, your child -- that one human being who ultimately is what government is all about, has gotten lost in the middle.

It is time we strengthened the partnership by restoring its balance.

We can restore that balance by helping the States and communities more and interfering with them less.

Specifically, of the \_\_\_\_\_ separate Federal grant-in-aid programs now being operated, I propose that \_\_\_\_\_ be converted either into general revenue sharing or into Local Decision Grants in eight broad categories -- and that we add to this another \$2 billion in the next fiscal year from our general revenues, to provide the States and localities with \$5 billion of no-strings, general revenue sharing funds and another \$7.5 billion in Local Decision Grants, for a total of \$12.5 billion to be spent in ways of their own choosing and for projects of their own choosing.

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I know this sounds complicated. So let me explain.

We now provide Federal money for hundreds upon hundreds of separate programs that have grown up piecemeal over the years -- and that once begun are almost never ended, even long after the need has passed and the towns or cities in which the money is spent could use it far better in other ways. These require endless chains of application and review and reporting, with officials in Washington called on to decide (how big a local building should be or where a sewer line should be laid).

I propose that we change this -- not for all programs, but for many -- so that we let what essentially are local decisions be made at the local level by local people.

The \$5 billion of general revenue sharing money would be provided to the States and localities to spend on whatever their own people choose -- on what they see as their needs instead of what we see as their needs.

For many communities, squeezed by rising costs and rising demands for local services, it can help them back from the brink of financial catastrophe.

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The other \$7.5 billion -- the Local Decision Grants -- would not necessarily provide them with more money, but it would provide them with more freedom in how they spend the money. The money would be provided for a broad purpose -- for job training, for example, or elementary and secondary education, or for higher education -- but the State or community would decide within that category the priority of its own needs.

Does this mean, as some will say, an abandonment by the Federal Government of its role and responsibilities?

Not at all.

In the first place, those functions that are essentially Federal in nature will continue to be performed by the Federal Government.

Those guarantees that have been established to prevent discrimination will remain in force.

But on at least part of the money being spent, the local citizen will have a powerful say in how it is spent and for what it is spent.

I know that many will argue, in all sincerity, that the experts here in Washington are better equipped to make those decisions than the local authorities.

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But remember this: What may seem irrelevant to a man in an office thousands of miles from the scene may be highly relevant to the man on the scene. If we believe in democracy, we should not be so suspicious of the local, popular will.

Let me put it very personally:

In proposing these means of strengthening State and local governments, I do so in the full knowledge that many of the things those governments will do are not what I would have done. But I also know something else: that none of us can be 100 percent right 100 percent of the time, and to the extent that we can divide up the decision-making we have a better chance of being more nearly right more of the time. I want decisions to be made by officials who have the time and the opportunity to give those decisions the attention they deserve. And that means having them made in many places, not in one. Further, I want the people of each community, of each State, to have the biggest possible voice in the decisions that most closely affect their lives -- and that means placing those decisions as close as possible to the people they affect.

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This massive move into revenue sharing will strengthen government at the State and local levels -- but to make the most of the partnership, we need to strengthen it at the Federal level too. And that is why I propose a sweeping reorganization of the Federal Government itself.

Our present structure of Departments and agencies grew up piecemeal over the years. As the government took on a new function, or as a new need was perceived, a new Department or agency was created.

One result has been overlap and confusion. Another result is that government today is designed like a huge department store, with each floor set up to serve a different set of customers, and with each floor manager catering to the special interests of his own customers.

In days gone by, when life was not so complex, the old department stores worked well. If you had a labor problem, you went to the Labor Department, and if you had a business problem, you stopped at the floor called "Commerce Department."

But today, both labor and business have a common interest: economic development that produces both jobs and profits, with increases in both real wages and productivity. Where do you go for that?

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Another example: Not long ago, if you were interested in housing, you went to the Department of Housing and Urban Development. If you were interested in roads, you went to the Department of Transportation. But today, if you want to build a city that requires good roads, ample service facilities, homes and industry and an air terminal -- where do you go?

The trouble is that we are organized by subjects and not by goals, by means and not by purposes. Yet, government is not in business to deal with subjects on a chart; it is in business to achieve real goals for real people.

As life has become more complex, we often find ourselves using a variety of means to achieve a single set of goals. In order to do a better job of fitting the structure of government to the needs of the people, we are going to have to break down a few of the walls in the old department store.

I propose that the present twelve Cabinet Departments be reduced to eight.

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Under the postal reorganization passed last year, the Post Office Department already is on the way to becoming a postal corporation instead of a Cabinet Department. Under my proposal, the Departments of State, Treasury, Defense and Justice would remain, and the other seven Departments would be consolidated into four: Natural Resources, Human Resources, Economic Development and Community Development.

As with other changes being made in our national life, these are no small changes. I am aware, for example, of the quite considerable changes the Congress would have to make in its own committee structure in order to deal with the reorganized Executive Branch. These would be difficult; they would require personal adjustments.

But we in government have a responsibility to act on the basis not of whether change will cause us difficulty, but of whether it will serve the people best and protect their freedom most.

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Putting these reforms into effect will also require adjustments on the part of many others who have become accustomed to present ways, and to present arrangements. But in the long run, by helping all of us to do our jobs better, they will give us all a greater sense of satisfaction in a job well done -- and more important, they will help give every person in this country a greater sense of confidence in a job being well done.

A year ago, the central theme of the State of the Union message was the need to restore and renew our environment. I take great satisfaction in the strides we have taken toward achieving that end.

This year, the central theme of my State of the Union message has been directed toward a different kind of renewal and restoration -- toward renewing the capacity of our government to govern, and restoring the confidence of the people in its capacity to govern.

I know this cannot all be achieved overnight. I know there will be a great deal of debate and discussion. There should be, because these are matters that closely and personally affect every one of our 220 million Americans. I would only urge this: that as we debate these matters, we keep uppermost in our minds not momentary convenience,

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but the long-term needs of the nation, of our States and cities, and of all of us as individuals. Let us remember that any change involves dislocation, but there is no progress without change. Let us remember that government is not working well now, and it has to be made better.

Only five years separate us from our 200th anniversary as a nation.

Let us use those years not haphazardly, but in a calculated, concerted effort to make the bicentennial a time of renewal achieved.

Two hundred years after the first thirteen States declared their independence, let us insure that our fifty States will have a new birth of purpose, a new burst of energy, a new capacity to serve the human needs of each of their people.

Two hundred years after our nation declared its independence, let us complete a new partnership -- a partnership of Nation, of States, of cities, of people -- a partnership in which we are joined in common purpose, and serve that purpose by energizing government at all levels to make the fullest use of those human resources that are the heart and spirit of America.

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To achieve renewal then, we have to begin it now.

So I ask you now to join with me in beginning this national renewal -- in fitting our government to the times we live in -- in strengthening our government at the State and local level -- in forging a new partnership that can give us prosperity with peace, progress with unity and freedom with diversity.

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