

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 15, 1971

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DETERMINED TO BE AN
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E.O. 12065, Section 6-102

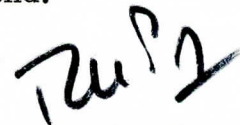
By MH NARS, Date 8/31/81

MEMORANDUM FOR: THE PRESIDENT
FROM: RAY PRICE
SUBJECT: State of the Union

Attached is a very patchwork draft, based on the structure and approach you outlined on the plane last night.

This is still very rough, and needs substantial cutting and reworking in some sections. In fact, because I got caught in a last-minute time bind, the section on Federal reorganization is still in raw original draft, not even re-typed much less edited and cut.

This may at least give some sort of feel for how the framework could work. I'll be working it over, of course, this evening and this weekend.



Raymond K. Price.

Attachment
SU - 2nd Draft (1/15)

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(Safire/Huebner/Price)

2ND DRAFT
January 15, 1971

STATE OF THE UNION

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

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

I say this not as a formality, but rather because I have great
hopes for this Congress.

This 92nd Congress has a chance to be recorded in history as the
greatest Congress since the Continental Congress met nearly two centuries
ago. I say this not in derogation of the one just past, or of any other --
including those in which I served -- but rather because this new Congress
has a chance -- a chance that few Congresses have ever had -- to set
America on a new and dramatically promising course.

We live at a moment when the forces of history call for a new
direction.

This Congress has a chance to give us that new direction.

Traditionally, a President in his State of the Union message presents
a listing of his own Administration's accomplishments in the year just
past, and a comprehensive catalogue of the measures he intends to submit
in the year ahead.

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I shall not do that this evening.

In the history of our nation, this moment is too important. The advances we have an opportunity to make are too fundamental.

Because the Congress cooperated, we can see the war in Vietnam at last coming to an end -- and coming to an end in a way that gives us now the best chance we have had since World War II to enjoy a full generation of peace.

Here at home, we finally brought under control the worst inflation in _____.

We have begun a reform of the institutions of government.

We have begun an attack on the problems of the environment -- so that now, and with the help of the new tools I will be asking from this Congress, we can look forward in confidence to the day when the ravages we have inflicted on this good earth can be undone and our surroundings restored.

The rate of increase in crime has been slowed across the country, and here in our Capital city the number of serious crimes has actually been reduced. Now we have the tools to wage a winning war on crime.

In the difficult field of relations between the races, we have not made all the progress we would have liked. But, to the great credit of

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Many good people, both white and black, who worked together for the good of their communities and their children, this past year finally saw a virtual end to the dual school system in America -- and despite the dire predictions of the pessimists, we saw it ended without violence and with minimum disruption.

These accomplishments provide a beginning.

When I said the 92nd could be the greatest Congress in America's history as a nation, I was referring to five great items that will be on the nation's agenda in this watershed year.

The unfinished business of the 91st Congress must be the first priority of the 92nd. Tomorrow I will submit (25) bills on which action was not completed by the 91st Congress. These range from the Emergency School Aid Act to Social Security amendments, from anti-obscenity measures to foreign trade. But the most important is welfare reform.

We can delay no longer in replacing the present monstrous welfare system with a new system fair to the taxpayers, fair to the welfare recipients, and fair to the States and cities that now are suffocating under the old.

Second, we face a set of problems that themselves are a product of our success in finally bringing inflation under control. Though we

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have managed to check the rise in prices, we have 1,700,000 men and women out of work. This poses a challenge to us all -- and we must accept that challenge. I am not satisfied with the fact that this still is a lower level of unemployment than the nation had in any peacetime year of the 1960s; it still is not low enough. And therefore I shall ask Congress to accept the expansionist budgetary policies that will stimulate our economy and open new jobs.

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As the third great item on this year's agenda, in the next few weeks I will offer the most far-reaching package of proposals for improving health care that has ever been put forward by an American President.

The richest nation in the world should also be the healthiest nation in the world. But, though our medical costs have been soaring astronomically, this is not the case today. We need more manpower to provide medical services and we need more efficient ways of delivering those services to all Americans -- whatever their income and wherever they live.

Toward this end I will propose:

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

-- a fourfold increase in aid to medical schools, so that we increase the number of doctors to 50 percent by the end of the decade.

-- programs to encourage better preventive medicine, greater use of paramedical personnel and a better geographic distribution of medical services.

In addition, I will call for a massive program to find a cure for cancer. I believe the kind of concentrated effort that harnessed the

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atom and took man to the moon can also conquer this dread disease -- and I am determined that it shall do so.

In many other areas -- 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 make the 1970s a decade of expanding opportunity for all of the American people.

But new Federal programs are not what I want to focus on tonight.

Tonight I invite you to join me in considering an even more fundamental question -- the kind of question which concerned the Founding Fathers nearly two hundred years ago: How do we best organize our government so that it can serve the needs of the people?

For most of the last decade, the average citizen has arisen each morning to find that the air has become more foul while his streets have seemed less safe. The prices he pays have gone up while the value he receives has gone down. It takes longer for him to go to work, but his work often has less meaning for him. Both his schools and his hospitals have become more impersonal and

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complete overhaul. During these past two years my Administration has given intensive consideration to what that overhaul should look like. Our review has led to two central conclusions:

First, that bold and even drastic measures must be taken to strengthen our State and local governments.

And, second, that the Federal government must also undergo a sweeping reorganization.

Therefore, the fourth great item proposed for this year's agenda is the strengthening of State and local governments.

Part of the genius of our American system is that we have not one government but many. Among our leaders at the State and local level, there is hardly a one who is not moved upon taking his oath of office by what one writer has called "all the wild possibilities" of public leadership. All of them should be full partners in our struggle for public progress.

But once they have taken office, those leaders often encounter bitter disappointment. For then they discover that while the need for change is pressing and the potential for change is great, the "power" to change -- as represented by the dollars in their treasuries

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and by the freedom to spend those dollars as they see fit -- is tragically inadequate to their responsibilities.

And the situation is getting worse.

In the next ____ years, the costs of State and local government are expected to rise another \$22 billion, while revenues will rise only \$12 billion to meet this deficit, leaders on the State and local level must either curtail services or increase the already crushing burden of State and local taxes. Often they must do both -- and as a result they have often been turned out of office in recent years. The voters keep searching for men who will make more effective leaders. But what the States and localities really need are the resources to make leaders more effective.

In August of 1969, 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, despite the support of most Governors and Mayors, despite the endorsements of both political parties at their last two national conventions, despite the success of revenue sharing in many other nations.

Today, the case for revenue sharing is even more compelling than it was before. I am proposing therefore that we go far beyond

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the limited first step that I urged in 1969.

Here is what I would do:

First, I propose a \$7.5 billion program of Local Decision Grants. This money would be grouped under eight broad categories -- health, transportation, education and the like -- and then turned over to the States and localities to spend as they see fit, so long as they stay within the assigned category. In other words, the Federal government would still establish the broad, general purposes, but the States and localities would be given the freedom to pursue those purposes according to their own wisdom.

Secondly, I propose a \$5 billion program of General Revenue Sharing. This money would go to the State and local governments with no strings attached whatever. Here, even the general purposes would be set at the State and local level.

Local Decision Grants would give the States new spending freedom. General Revenue Sharing would give the States new spending power. Altogether, this program would represent a \$12.5 billion investment in renewing our Federal system.

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This will be an investment wisely made. For if the Congress accepts this plan it can improve the life of every American.

To begin with, this plan will help avert the pressure for heavier and heavier State and local taxes -- especially the burdensome property and sales taxes on which local governments primarily depend.

We should also remember that the average city or State spends 50 percent or more of its budget for wages and salaries. This means that revenue sharing can provide billions of dollars worth of new jobs.

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. That's how all the power got here in the first place.

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

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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.

The purpose of Federal revenue sharing is to set our States and localities free -- free to set new priorities, free to meet unmet needs, free to make their own mistakes, yes, but also free to score splendid successes which otherwise would never be realized.

Finally, I would mention this benefit of revenue sharing. It will give the individual citizen of this country the biggest possible voice in the decisions that most closely affect his life.

Perhaps the one thing that the individual American most desires today -- and this is particularly true among young Americans -- is a greater sense of personal sovereignty, a stronger feeling that he really counts for something, that he makes a difference, that he can have an impact on the events of his time. If the nation persists in focusing its hopes and concentrating its power in Washington, then there is no way under the sun that it can accommodate this growing demand.

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Let me emphasize at this point that a greater emphasis on local government does not mean that the Federal Government will abandon its responsibilities. In the first place, those old functions which are essentially Federal in nature will continue to be performed at the Federal level. Two thirds of our grant-in-aid programs will not be altered by this plan. And those new functions that need to be performed by the Federal Government -- such as those I have outlined in the fields of health and welfare -- will hopefully be added to the Federal agenda.

Let me also emphasize that the Federal Government will not give up its moral and constitutional responsibilities for protecting minority rights. Neither the President nor the Congress nor the conscience of the nation can permit any money which comes from all of the people to be used in a way which discriminates against some of the people. Accordingly, my revenue sharing proposals will stipulate that local decision grants may not be used in ways which violate constitutional guarantees of equal rights. Under this proposal, should the Courts find that such violations have occurred, they may not only enjoin those practices but may also require that the monies involved be reduced or withheld. Such cases may be brought to the courts either by an individual citizen or by the United States Attorney General.

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Federal Reorganization

The fifth great item I would mention tonight is reorganization of the Federal government itself.

Too often, State and local governments have been given the responsibility to govern without the capacity to govern well. By giving them that capacity, we will enable them to meet their responsibilities.

Responsibility without capacity is not only a problem at the State and local level, however. It is a disease which often afflicts the Federal government as well. Frequently the Federal bureaucracy is assigned a task -- by the Congress or by the President -- but discovers that it cannot marshal the power to get that work done.

The problem is not so much that the Federal government lacks the muscle to do the job -- but that it often is musclebound.

One of the most important reasons for this condition is that the power to solve problems has been widely scattered at the Federal level among a welter of departments and bureaus and agencies.

Often seven or eight different branches of the Federal government are involved in addressing the same needs.

How did things get this way? Like our grant-in-aid programs, our present structure of departments and agencies grew up over the years in a piecemeal fashion. Whenever the government took on a

new assignment or discovered a new constituency, a new organizational entity was created to deal with it. The result has been widespread overlap and confusion.

The government today is like a 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?

~~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?

Or take another example. In one neighborhood of New York City alone there are literally scores of Federally financed manpower

projects -- each of them run separately. If any person -- an interested citizen, a concerned mayor or governor, or even the President himself -- wants to launch a project, or change a project, or find out why a project is not working, he must often consult with a wide array of authorities, each of whom can blame the others when something goes wrong. And the only way a project can succeed, is if all those different authorities can achieve an almost miraculous sense of coordination. Great amounts of governmental energy must therefore be expended in running back and forth between one agency and another. And success usually means that the boldest ideas are compromised away *in the search for interagency accommodation.*

What is wrong, in short, is that there is no single focus of responsibility, no one office which can be held accountable for success or failure in meeting a particular goal.

As life becomes more complex, we often find ourselves using a variety of means to achieve a single set of goals. *Yes* ~~but~~ our government is still organized *by means and not by goals,* ~~not by goals but by means, by subjects and~~ ~~we must remember, however, that~~ not by purposes. ~~the~~ government is not in business to deal with subjects on a chart; it is in business to achieve real goals for real people.

*We sometimes
seem
to have
forgotten
that*

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 reorganize. We

must break down a few of the walls in the old department store.

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

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.

Under this plan, rather than dividing up our departments by narrow subjects, we would organize them around the great purposes of government. Under this plan, those Federal employees who pursue a common goal would work together in a single chain of command. Under this plan, rather than scattering responsibility by adding new levels of bureaucracy, we would focus the responsibility for meeting great public ~~needs~~ challenges.

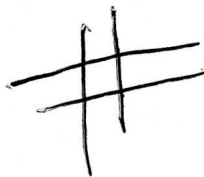
There is one other problem with the Federal government today that I want to mention briefly, and that is overcentralization within its own bureaucracy. Too many operations are concentrated in Washington. Too many decisions are distorted and delayed because they are always passed on to the top. The Office of Education, for

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example, employs ~~244~~ ^{over 2000} persons in Washington but only ^{about 500} _____ persons in the field. Just as we seek to decentralize power within the Federal system -- by strengthening the States and localities -- so we must also pursue a decentralizing strategy within the Federal bureaucracy -- by strengthening its lower levels.

We have already made a start in this direction, by getting the various departments to establish common regional alignments and to delegate more power to their regional officials. We will follow up on these actions in the coming months by giving new and more specific authority to department officials at the regional level and by strengthening the ten regional councils, on which the various departments and agencies are ^{re} presented, so that activities can be coordinated and conflicts resolved at that level without always looking back to Washington, D. C.

These changes will cause inconvenience for some. Congress, for example, would have to make considerable adjustments in its own committee structure in order to deal with the reorganized Executive Branch. But we in government have a responsibility to ask not whether change will cause us difficulty, but whether it will serve the nation. All changes are difficult in the short run. But the failure to change can be fatal in the long run.



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This 92nd Congress, then, at the end of its two years, has a chance to look back on a record more splendid than any Congress has ever achieved:

It can be the Congress that, because it continued to cooperate, helped us end the longest war in the nation's history, and end it in a way that will give us at last a genuine chance for a full generation of peace.

It can be the Congress that reformed a welfare system that has robbed recipients of their dignity while it robbed States and cities of their resources.

It can be the Congress that enacted a medical program to provide for catastrophic illness, to find a cure for cancer, and not only to preserve but to enhance the quality of medical care in America, for all Americans.

It can be the Congress that began the most sweeping reform of government in America's history, so that when this nation celebrates its bicentennial it can do so with the States and communities reinvigorated and the Federal Government itself restored and renewed.

If the Congress should act on even one of these, it would be a good Congress. If it acts on all of them, it can be the greatest Congress in the history of this great and good nation.

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