

ANNUAL MESSAGE

STATE OF NEW YORK—EXECUTIVE CHAMBER

ALBANY, January 18, 1972

To the Members of the Legislative of the State of New York:

I. INTRODUCTION

This year we meet during a period of major transition. It is a time for consolidation of past gains, a time for new perspectives, and a time to adjust to the vast changes taking place in our world.

In New York State, we are working our way through one of the most difficult fiscal crisis we have ever faced. Thanks to responsible action by your leaders and your Honorable Bodies on a series of emergency actions—including a \$408 million tax increase, stringent State belt-tightening, and postponement of State aid payments—and thanks to the assurances of Congressional leaders and the President of increased State and local aid from the Federal government, we have been able to take steps toward a solution of the problem posed by a prospective 15-month deficit of \$1.5 billion.

As a result of these actions, we can continue to maintain our basic commitments to the people and at the same time we have retained confidence in the State's fiscal integrity. This is evidenced by the fact that our able Comptroller, Arthur Levitt, sold \$142.5 million of New York State full faith and credit bonds just this past week at 4¼ per cent interest, the lowest rate in recent years. A leading rating agency, in its January review of the State's fiscal and debt picture, retains its Triple A rating on New York's bonds and says "New York continues to be a strong state with powerful resources."

We have taken the necessary actions to meet an immediate fiscal crisis and our responsibilities to the people of the State, but the causes of our problems run deeper and are national in scope. The steadily increasing fiscal difficulties undermining state and local governments throughout America are symptomatic of the period of profound change in which we are living. They underscore the fact that our Federal system of shared responsibility at the national, state and local levels of government has been slow in adapting its structure, its fiscal practices and its operating patterns to these changes.

The consequences of this slow response to change are serious enough in their financial dimensions. But even worse, they affect our ability to respond to fundamental human needs.

We must change with the times so that we can deal effectively with human needs—the individual tragedy that grows out of poverty, bad housing, inadequate health care, poor education, discrimination, and the crime, fear and human destruction caused by rampant drug abuse.

President Nixon recognized the human and fiscal problems resulting from the present defects in our system of government, and he has made the goal of a New Federalism the keystone of his domestic policy.

In his 1971 State of the Union Message, the President said, "The time has come to reverse the flow of power and resources from the states and communities to Washington, and start power and resources flowing back from Washington to the states and communities, and more important, to the people, all across America." The President has proposed major conceptual changes in the relations among the three levels of our Federal system, through revenue sharing, consolidation of Federal air programs and a Family Assistance Plan which represents an essential start toward removing state-to-state inequities in welfare.

A particular bright spot in this connection is the bill proposed by Chairman Wilbur Mills of the House Ways and Means Committee to provide emergency Federal aid to states and local governments.

The President's leadership and Chairman Mills' initiative represent an important recognition of the need to restructure the Federal system. They offer a start toward even more radical and revolutionary changes which must be made if our Federal system is going to meet the needs of people today and recognize the plight of the overburdened taxpayer.

The necessity for such fundamental changes is best understood when we examine just what has happened to the Federal System in this Country.

A. *Evolution of the Crisis in the Federal System*

During the past 40 years, a quiet revolution has been taking place in America, almost unnoticed. Until the 1930's, State and local governments carried the primary responsibility for meeting community needs.

Compared to the Federal government, they were financially predominant and collected roughly two-thirds of the Nation's total tax revenues.

Today, the situation has completely reversed itself.

Now, the Federal government is the big tax collector and is moving in on every phase of our lives, and dominating increasingly the actions of State and local governments.

This evolution began with the passage and ratification of the 16th Amendment, the Federal income tax, in 1913.

This amendment permitted the Federal government to impose income taxes without returning the revenues proportionately to the areas from which the money was collected.

Later, the Great Depression of the 1930's gave the first major impetus to increased Federal spending with the inauguration and expansion of vast Federal economic and social programs to meet the tragic problems of that period.

With the outbreak of World War II, Federal spending soared.

It was financed largely by borrowing made possible by the tremendous revenue-raising power of the Federal income tax.

The withholding principle was introduced, the tax was extended to include lower incomes, and upper bracket rates were increased to a maximum of 94 per cent.

Between 1940 and 1944 alone, annual Federal income tax collections increased from \$2.1 billion to \$34.4 billion, and the number of persons filing returns increased from 15 million to 47 million.

After World War II, there was a temporary cutback in Federal expenditures. But three developments shortly thereafter started a renewed surge of Federal spending which has continued right through to the present. These were, first, the Korean War in the Fifties, second, the Vietnam War in the Sixties, and third, the steady, rapid expansion of Federal grant-in-aid programs to stimulate state and local governments in accelerating the pace of social progress.

This vast expansion of Federal expenditure was made possible by the phenomenal growth in Federal income tax revenues.

This growth, in turn, was made possible by the most extraordinary period of industrial expansion in the history of the world.

The Federal government was the prime beneficiary of the growth in income tax collections, because Washington collects 90 per cent of all income taxes paid in this country—and this is the tax that responds most readily to economic expansion.

Very little thought was given to the fact that, during this period, there was not a comparable growth in state and local tax revenue sources. This resulted in a steady decline in the financial strength and capacity of State and local governments to meet their responsibilities. At the same time, their plight was further exacerbated by other developments.

The industrialization of agriculture in the southern states and in the Caribbean, particularly Puerto Rico, meant that millions of poorly educated, unskilled farm workers and their families were pushed off the land.

They migrated to urban areas in vast numbers in search of opportunity, but all too often they faced welfare dependency instead. This added social responsibility fell most heavily on the northern, urban-industrial states and communities whose expenditures for welfare and social services were already disproportionately high.

On another front, this tremendous urban-industrial growth of the post-war period greatly increased the pollution of our water, air and land. It finally reached a point at which the public—with youth in the vanguard—demanded action to stop pollution and restore our environment. Again, the costs to government in this area have fallen most heavily on the urban-industrial states, further adding to their financial woes.

In response to these and other social pressures, the Federal government launched increasing numbers of new Federal grant-in-aid programs, each with more glowing promises that raised high expectations as to how these new programs would solve the problems. But, unfortunately, these new Federal aid programs merely recognize problems. They do not provide enough money to solve the problems. Instead they merely heighten people's expectations that the problems will be solved, but leave the major burden for achieving the solution on state and local governments.

The way this works is that these categorical grant programs all require matching funds from state and local governments. The matching funds come on top of the cost of the State and local programs often developed to cope with the same problem. But the Federal money cannot be used to reduce the state and local government expenditures, no matter how good their programs may be. Rather, states and localities have to match the Federal funds, and they can only use the grant money and the matching funds to start new programs, or to expand or enrich existing programs.

Because of this situation, the Federal grant-in-aid programs have led state and local governments to increasingly spend beyond their means, and this comes on top of their growing commitments to repay borrowing for capital purposes. Unfortunately, these Federal aid programs make little contribution to help improve and finance the basic, day-to-day services, such as the education of our children, police and fire protection, and sanitation. The Federal government takes for granted that states and localities can provide these on-going services, yet, these are the very areas in which the people as well as state and local governments are feeling the crunch today.

The result of all this is that the three levels of government are operating today in an inefficient and wasteful way. In a sense, each is trying to run its own computing structure with the result that we have compounded overlapping and duplication of functions. This is not only confusing and costly but, worst of all, it isn't getting the job done for the people.

B. International Aspects of the Crisis in Federalism

Complicating our problem at all levels of government is the fact that, during this post-war period, our Country's relative economic position in the world has declined.

In 1945, at the close of World War II, the United States stood towering and undisputed as the supreme world power, both economically and militarily. Now, though we still have by far the largest Gross National Product, we have become less competitive in our ability to export and we are challenged economically by the emergence of two new economic giants, West Germany and Japan. In addition, we are presently challenged as to the balance of military power in the world by Russia and ultimately by China. We also must anticipate the emergence of a united Western Europe and Japan as major military powers.

These are some of the kaleidoscopic changes that underlie the highly-important moves which the President is making on the international front. Because of the radical nature of the changes that are necessary, it is understandable why they are so bitterly opposed by many in the old-line bureaucracies.

Over the past 25 years, we have borne the massive economic and military expenses of trying to rebuild and defend the free world. The result of these undertakings, which are unique in world history, is that the economic power of other industrial nations has grown very rapidly and therefore the relative world trade position of the United States has suffered a decline. The outcome has been a balance of payments deficit for the United States in 18 of the last 20 years, despite the fact that we retained a favorable balance of trade position.

More recently, as a result of rising productivity in other parts of the world, and inflation in the United States, we will undoubtedly find that in 1971 we ran our first balance of trade deficit since 1893. A dramatic illustration of this situation is the fact that the European Common Market now exports more than the United States. Thus, for the first time in 78 years, we are actually importing more than we are exporting, even though our exports have continued to expand. In such countries as Japan, Italy, West Germany and France—countries whose industrial production we helped to restore and modernize.

Our productivity per worker in relation to theirs has declined, thus raising the cost of American goods and making it tougher for us to compete in world markets.

All of these developments have been important factors in causing the inflation and unemployment from which the Nation has been suffering.

When the United States devalued the dollar, we finally made a readjustment to our changed relative position in the world and crossed the threshold into a new international reality. We must face the fact that we are no longer the overwhelmingly dominant industrial nation or military power in the world.

If we are to continue to play a leading international role as a supporter of the concepts of freedom and human dignity, and if we are to meet the economic and social needs of our people at home—as I believe we must—we have got to increase our productivity, enhance our competitive position in world trade and make far better use of our resources than we do at present.

C. The Impact on State and Local Governments

1. Lagging Revenues

Due to over-commitments and the delay in reorganizing and simplifying our Federal system, all levels of government—particularly State and local governments—are running out of money.

Caught between rising expenditures and falling revenues, state and

local governments have had to make the hard decision to cut services even as they are asking for more taxes.

What has happened in New York State is typical of what is happening nationwide. The average annual rate of growth in New York State's expenditures more than doubled in a decade, from less than 8 per cent in the five State fiscal years ended in 1965, to almost 17 per cent in the five succeeding years. The bulk of this growth in expenditures has been for increased State aid to schools and local government. During the latter period, revenues from existing taxes were growing at an average annual rate of 8.5 per cent, but this growth rate has fallen off sharply in the last two years to an average rate of 2.4 per cent.

These trends have led to painful consequences. Because of the lack of money, for example, the State has been forced to cut welfare payments to 90 per cent of the State standard. It has had to reduce the level of patient care in institutions for the mentally ill. And this year, when the State will be graduating the largest high school class in its history, we now will have to scale down the projected growth of the State University next fall by 7,100 students.

But even as state and local governments have continually had to raise taxes and reduce services, the Federal government has actually cut Federal taxes in 5 of the past 10 years. To the taxpayer, the savings from these Federal tax cuts are often illusory, because the taxes needed to raise money to provide essential public services are merely shifted to the state and local levels.

This situation is particularly difficult and dangerous for New York. Our progressive programs, based on the State's traditional concern for human dignity and equal opportunity for all, have brought us to a point where our combined State and local taxes are the highest per person in the Nation. We are now at a point where New York's competitive position would be seriously jeopardized by any further substantial increase in our State tax structure. Any such increase would drive out the job- and income-producing industries and businesses which are the bulwark of New York State's capacity to raise the revenues necessary to meet the needs of the people.

The artificial economic and social distortions resulting from the wide variations among state tax structures are rapidly balkanizing America.

2. The Decline of Public Confidence in Government

During the past decade, the American people have been promised more by government than at any other time in history. Never have expectations risen at such a rapid rate. Too often, however, government's delivery has not matched its promises. Typical of this situation were the loudly-heralded Federal initiatives of the Sixties to end poverty and pollution. But these programs have been overpublicized and underfinanced. They overloaded the administrative structure

of state and local governments and thus actually reduced governmental efficiency.

People's hopes have been lifted by lofty rhetoric, only to be dashed by faltering performance and evidence of corruption. Not surprisingly, there has been a steep decline of public confidence in government at all levels. This sense of disillusionment with government is especially evident in the young people of today.

The situation is ironic, for in actual fact, coincidentally, there has never been a period of greater progress for the individual and for minority groups within our society. This progress was overshadowed, however, by the fact that people's expectations were raised to unattainable heights. On top of that, because of government's effort to do more at home and overseas than our economy could handle, we found ourselves in a period of rising inflation.

The result has been, first, that inflation started eating away at people's earnings; then, as anti-inflation measures were adopted, the economy slowed down, jobs were lost; and now, governmental services have had to be reduced and taxes raised. It is no wonder that the public has become cynical.

II. RESTRUCTURING FEDERAL-STATE LOCAL RELATIONSHIPS

Two things are essential to restore confidence in government and to make our Federal system work in today's world. First, we elected officials must promise no more than we can deliver. Secondly, our governmental structure, Federal, state and local, must be radically overhauled.

We need a blueprint for restructuring the whole Federal system—a plan for eliminating the overlapping and duplication among the three levels of government and a plan to restore efficiency and economy to the delivery of services.

We need to allocate primary responsibility for each governmental function to the level or levels of government that can most logically handle the job in terms of money and administrative efficiency.

The present distribution of functions and services has grown up over the years in response to specific problems and needs, but without any thorough re-examination or overall plan. Little consideration has been given to the impact of an action taken in one area or level of government on other parts of the system or on Federal relationships as a whole. As a result, the Federal system today suffers from serious dislocations and distortions.

Until recent years, the Nation's wealth had been growing rapidly enough to provide the resources to finance the cost of this haphazard and costly system. But now, we do not have the reserve of resources at any level of government to carry on business as usual:

—witness the fiscal difficulties we are going through in New York State;

—witness New York City's chronic fiscal crisis;

—witness the similar plight of states and cities all across the country; —and witness the fact that the Federal government itself is going to face a deficit this year of about \$30 billion.

We must eliminate costly overlap and duplication among the three levels of government and develop a more efficient and economical allocation of our resources. The reallocation of functions from one government level to another will require that adequate funds and revenue sources also be transferred to the appropriate level along with the function.

I realize that this question naturally arises:

Why should we try to blueprint a restructuring of our whole form of government at a time when fiscal problems make it perfectly clear that the State cannot now take on any new or expanded programs, or any added responsibilities?

The answer is simply that the shortcomings of the present Federal system are importantly responsible for the current fiscal problems of the state.

Now, therefore, is the time to stimulate thinking and planning for a better system.

A time of adversity is a time to prepare for better days, by making the long overdue and necessary changes, so that we can move toward a more viable structure, toward an allocation of functions and finances less disadvantageous to a socially responsible state, toward a system that will provide a more workable division of labor and responsibility and which will be more effective in fulfilling human needs.

Let us, then, examine such a blueprint for all three levels of government.

4. At the National Level

There are two major areas of basic Federal responsibility dealing with domestic affairs at the national level: one is the actual administration of functions which the Federal government is uniquely qualified to perform by reason of its powers, resources, and the nationwide character of the problems. The other relates to the national responsibility to return to state and local governments a share of federally-collected revenues in the form of aid to help them carry out functions that they are best able to perform. I will now deal with these two national government responsibilities in that order.

1. Allocation of Functions to the Federal Level

There are certain areas of national domestic concern for which the Federal government itself already has the full responsibility, such as the postal service and the financing and administration of Social Security. In my opinion, the Federal government is in the best position to handle and take financial responsibility for the following additional

areas: welfare, national health insurance, and an all-out national effort to control drug abuse.

a. *Welfare*

Welfare imposes one of the most crushing burdens on State and local governments. Yet, welfare has no business being there. Welfare is clearly a national problem.

Any citizen truly in need should be able to get a basic standard level of assistance sufficient to meet human necessities, regardless of where that person lives in the Country. A needy family shouldn't be starved out of one state to become a disproportionate responsibility of the people in another state. Yet, this is exactly the situation today.

The present welfare system is not only unfair to the individual. It is also destroying the competitive economic position of socially-responsible states by overburdening their taxpayers and thus threatening to drive out their job-producing businesses and industries.

Over 35 years ago, the Federal government established a much wiser approach when it set up the Social Security system. Under it, payments to the retired, to the elderly, to widows and dependent children covered by Social Security, are computed on a uniform basis throughout America. Social Security benefits reflect local economic conditions, since payments are related to income earned. A similar nationwide approach ought to hold true for benefits paid to needy people on welfare.

We need a full Federal takeover of the responsibility and financing of welfare and Medicaid, with adequate national standards that will reflect regional differences in the cost of living. This allocation of welfare to the Federal level is essential to avoid the fiscal bankruptcy of state and local governments and to end the social and moral bankruptcy of the present welfare system.

President Nixon has taken a major step toward setting up a minimum national standard of public assistance with his proposal for a Family Assistance Plan. The House of Representatives has passed the Ways and Means Committee bill on this subject. And it should now be acted on by the U.S. Senate as a logical step toward a full Federal takeover of welfare.

b. *Universal Health Insurance*

In addition to assuring that basic economic needs are met, the complexity of modern society demands two other conditions if each individual is to attain his or her highest human potential. These are access to good health care, and good educational opportunities.

The availability of good health care requires major changes in both the financing and delivery of medical services. As for financing, the only plausible approach is a Federally operated system of contributory universal health insurance. A nationwide system is essential to avoid state-to-state cost variations that economically penalize the most progressive, responsible states.

For a number of years I had advocated a State plan for universal health insurance. But a major stumbling block to the passage of this legislation was that it would have imposed additional costs on New York State industry, thus raising the cost of doing business here and seriously hurting the State's competitive economic position with other states. This situation provides another example of the economic risk a state runs in getting too far out in front in pursuing goals of social progress. Therefore, in recent years, I have advocated a national plan of universal health insurance as the answer.

Such a plan should include the following:

- Coverage for all citizens;
- contributory employer-employee financing;
- use of private insurance to underwrite the program, with strict Federal and state controls;
- gradual phasing of benefits to assure that the delivery system will be able to meet the demand;
- Federal financing of health care for low income persons;
- and strong controls over the cost and quality of care.

As for the delivery of medical care, our present system must be overhauled and expanded to provide good care for all our citizens under a universal health insurance plan. Therefore, a comprehensive health care delivery system must be developed along with universal health insurance, which embraces new concepts and involves the state and local governments and a wide variety of public and private medical services.

c. *Drug Abuse*

Of major importance to the health of the Nation is the necessity to find answers to drug abuse, which is devastating the bodies, minds and spirits of so many of our young people.

The time has come for the United States government to meet head-on this rising threat to the dignity and well-being of our young people. The very survival of our Nation could be at stake. The situation therefore demands a total national commitment, the all-out mobilization of the best brains in every field, backed by whatever resources are necessary to find the answers to the scourge of drug abuse.

This total approach is not new to our country in solving the insoluble. President Roosevelt launched the Manhattan Project, which resulted in the development of the atomic bomb that hastened the end of World War II. President Eisenhower launched an all-out effort to develop the nuclear shield so vital to preventing World War III. President Kennedy achieved a total mobilization of resources to reach the moon. President Nixon has called for a total mobilization to find a cure for cancer.

Unlike the Manhattan Project to develop the atomic bomb, a total mobilization by the United States to save the youth of the world from the devastation of drugs would not have to be carried out in se-

crecy. Instead, this effort could bring together the best and most creative minds in the world to work together in one common effort for humanity.

I base this call for national action on our experiences in New York State. This State has spent three quarters of a billion dollars in pursuing every possible approach to drug abuse that showed promise, more than the Federal government or all the states put together. Still, no real answer to the drug problem has been found. We need a national commitment, on the scale of the Manhattan Project, to find the answers to the national control of drug abuse, and we need it now.

2. Restructuring the Federal Aid System

Now let me turn to the need for adequate Federal support for those services most efficiently handled by State and local government. Unfortunately, the Federal grant-in-aid system has not been adapted to the radically changed conditions of our times. It must be restructured.

a. Replace Categorical Grants with Block Grants

One of the worst features of the present Federal system is the fact that it has turned into a grab bag of over a thousand Federal categorical grants for specific, narrow purposes. The concept had a worthy objective when first adopted during the Depression, but today categorical grants are not geared to the character of the present urgent problems of state and local government.

Categorical grants should be consolidated into block grants in major areas, such as education, community development, manpower and crime control, as the President has recommended. The narrow requirements and restrictions now imposed by Washington on Federal grants should be removed so that state and local governments can use the money in the broad areas where it is most needed.

b. Revenue Sharing

As the President said in his State of the Union Message last year, in talking about State and local government, "let us put the money where the needs are. And let us put the power to spend it where the people are." This sound counsel underscores the need for some form of revenue sharing—a concept which the President has espoused.

The cooperation between the President and Chairman Wilbur Mills of the House Ways and Means Committee is a significant development in the progress of revenue sharing. The Mills bill, the Intergovernmental Fiscal Coordination Act, is an extremely encouraging measure in this regard. It relates the amount of Federal aid paid to each state to the amount of effort that a state is making to meet its needs through its own income taxes. This concept was suggested by Congressman John Byrnes, the ranking minority member of the House Ways and Means Committee.

The Mills bill recognizes that artificial economic and social distortions are driving the job-producing and revenue-producing businesses and industries from those states which have undertaken ad-

vanced social programs with resulting high tax rates. Tying Federal aid to state income tax effort would at least begin to reverse the balkanization resulting from these wide income tax variations between states.

Chairman Mills has pledged that his Federal aid measure will be a first order of business when Congress reconvenes. And President Nixon has amply demonstrated his leadership in support of Revenue Sharing.

I would like to express my appreciation to the leadership of your Honorable Bodies, to the State's congressional delegation, to the local officials of New York State, and to the State's Citizens Committee for Revenue Sharing, who have all played an important part in the progress toward revenue sharing thus far. We must not relax our efforts now. The next few months will be critical.

B. At the State Level

When the Federal government assumes full responsibility for welfare, Medicaid, universal health insurance and drug abuse control, and enacts revenue sharing and block grants, the states will then be in a position to take over from local governments the financing of education, the courts, community development, health and mental health.

It must be made clear that, here in New York State, none of these reallocations could be practical until the Federal government assumes the responsibilities mentioned. Our austere budget situation precludes virtually any new program that involves additional expenditure by the State. It is important, however, to set forth at this time the goals towards which we must work. I believe these recommendations would strengthen the governmental operations of most states. They will surely be of great advantage to New York State. I believe that, when coupled with the recommended changes at the federal level, they can restore an effective Federalism at the state and local level in America.

1. Education

The availability of adequate educational opportunity, along with the availability of adequate health care, is essential to human fulfillment in today's complex society. Our objective can be nothing less than a good education for every child on a basis of full equality.

a. Primary and Secondary Education

While the control of primary and secondary education has always been a responsibility of the local community and should continue to be, the burden of financing the local share of education is overwhelming the real property taxpayer. The time has come for us to face realistically the need for two long overdue actions to put the financing of primary and secondary education on a sound, long-term basis, and to provide relief to the overtaxed homeowner.

The first requirement is increased Federal aid for education in the form of a substantial consolidated block grant for education. The na-

tional Administration is presently considering a Federal value added tax as a means of raising more Federal aid for state and local governments which could help relieve the heavy dependence on local real property taxes to support functions such as education.

The second necessary step toward equalizing and reducing real property taxes and eliminating wide discrepancies in taxes among school districts is for the State to take over the collection of real property taxes for schools.

In this connection, the work of the Commission on the Cost, Quality and Financing of Primary and Secondary Education, under the distinguished direction of chairman Manly Fleischmann, whose report is expected this month, should be of inestimable value.

As far as the private schools are concerned, the Federal courts have just struck down last year's legislation to provide aid for secular teaching in the non-public schools. I am confident, however, that we can find a constitutionally acceptable way to provide the badly needed assistance. Without it the non-public school system could collapse, adding up to 700,000 students to the public school system.

b. Higher Education

The last 10 years have marked the most rapid growth in the enrollment, availability and quality of public higher education than at any period in the State's history. However, this very progress has resulted in major problems involving the relationships between the public and private colleges and the financing difficulties of these two modes of higher education.

Our goal is to create a framework in which every college, public and private, plays its vital role in achieving equality of opportunity in higher education.

Differences in tuition policies are creating serious distortions within the higher education system. Therefore, we have ultimately got to look toward tuition levels at the public colleges of the state that will help to narrow the present gap in tuitions between public and private colleges. In order to maintain equality of educational opportunity for the needy student, such a tuition policy would have to be accompanied by an expansion of scholar incentive awards and student loans.

We expect to have more specific findings and recommendations regarding higher education from the State Task Force on the Financing of Higher Education in New York State, which is headed by Dr. T. N. Hurd, Director of State Operations.

I would now like to talk about the individual systems of higher education in the State and the relationships among them.

Our goal of a high-quality, regionally-integrated system of public and private higher education, under State leadership, is well within our grasp.

(1) The State University

During the past 10 years, New York State has developed the most

comprehensive system of higher education in the country. The State University provides a unique base from which to coordinate the operation of all the public and private higher educational institutions in the State in order to achieve the maximum and most economical use of this unmatched resource for human betterment.

This coordination can be facilitated within the framework of Chancellor Boyer's excellent plan for forming cooperative regional councils of all public and private colleges in the State. The Boyer plan would join neighboring colleges in cooperative regional groupings that would exchange faculty and equipment, cross-enroll students, share facilities and otherwise cooperate to mutual advantage.

(2) City University of New York

The City University of New York is a State-created institution. During this Administration, the State's share of the cost of operating the City University has grown from \$8 million to more than \$90 million, having risen to a 50-50 matching basis between the State and the City. However, even with the State now at one-half of the net approved costs, the City of New York is finding it increasingly difficult to finance its remaining 50 per cent share of the cost of the City University. Mayor Lindsay has written to me again, as he did last year, saying this year that "in light of the very difficult prospects facing the City in the coming year I have determined that it will not be possible for us to fund the University" at a "reasonable" level.

With the City's fiscal problems, and with the rapid increase in the State's financial support of higher education, it would make sense to have a true Statewide system of public colleges, by making the City University part of the State University system with the State assuming the financial responsibility on the same basis it does with the State University. Such a move would have to involve a corresponding shift in revenues and adjustments in State aid to cover the added State responsibility.

(3) Community Colleges

To a certain extent, community colleges have a relationship to their communities similar to that between the City University and New York City. Community colleges are vital learning institutions. However, they are becoming increasingly difficult for local governments to finance, even though an important share of their financial support is met by the State. Ultimately, the State should also assume financial responsibility for the community colleges, and make them an integral part of the State University system. Here too, the shift of financial responsibility from the local to the State level would have to be accompanied by corresponding shifts in revenue and adjustments in State aid.

(4) Private Colleges

Right now, there is space for approximately 14,000 more students in the State's private colleges. Yet, there are intense enrollment pressures and shortages of classroom space in the State's public colleges. To help relieve the pressures on the public campuses and to help

meet the acute financial problems of so many private colleges in the State, every effort must be put forth to make full utilization of our private higher educational resources and to preserve their independence and fiscal solvency.

2. The Courts

A second area of major importance for ultimate State responsibility relates to the courts. One of the basic reasons for the deteriorating sense of security in our society today is the breakdown in the administration of justice. This breakdown is not solely the fault of the courts, but a revision of the structure of the courts is essential today. Restructuring the courts requires, among other things, steps to relieve court congestion, additional courtroom facilities and judicial manpower, and adequate financing and court administration.

a. Relieving Congestion

The courts are tremendously overcrowded, in part, because of major increases in non-criminal violations, many of which should and could be handled outside of the regular courts. The State has already moved in that direction in New York City by taking most moving traffic violations out of the City's courts and handling them through the State Department of Motor Vehicles. This has freed 18 judges for more serious criminal cases.

Later in this message I will recommend further specific measures to unclog the courts by handling housing violations outside regular courtrooms and by getting most auto accident cases out of the courts, through a no-fault insurance system. Presently, well over 125 judges who could be handling criminal cases are tied up in housing and auto accident suits.

b. Adequate Courtroom Facilities

I will also submit later a proposal for increasing courtroom facilities, including the possibility of making State-owned office space available.

c. Financing the Courts

The cost of operating the courts is now borne jointly by the State and local governments. But here again, State and local governments do not have adequate resources to finance their costs. Ultimately, as part of a general restructuring, the financing of the net costs of all major courts should be assumed by the state. The assumption of this financial responsibility must be accompanied by a shift of the revenues of the courts to the State and by an overhaul of the administration of our complex, far-flung State judicial system along modern management lines.

3. Community Development

Turning now to the problem of the future of our communities, I'd like to discuss the State's role in community development.

A person's home, place of work and the transportation facilities

available to travel between them are inseparably related. Therefore, the programs of transportation, housing and urban development must be carried out on a regional basis with state governments providing key leadership.

a. Regional Coordination and Local Participation

In New York, during the last decade, we have recognized the essential regional basis for effective action. Planning and development regions have been designated by the State, and the creation by local governments of regional planning boards has been successfully encouraged. I look forward to a time when local and regional efforts for community development can be fully coordinated, with meaningful community participation, through the development of regional councils of neighboring units of government.

b. Transportation

New York State recognized the necessity for a State integrated transportation policy with the establishment in 1967 of the State Department of Transportation, which coordinates the development of all highway, mass transit and aviation facilities in the State.

Within this framework, the State of New York has assumed a regional responsibility for this function through the creation of regional transportation authorities, such as the Metropolitan Transportation Authority and the Niagara Frontier Transportation Authority, and through State bond funds provided for mass transportation and other direct financial aid from the State.

As for future directions in the financing of metropolitan mass transportation, I await the report of the Tri-State Governors' Special Committee on Financing Mass Transportation, headed by Mr. David Yunich.

c. Housing and Urban Development

In housing and urban development, New York State has also recognized and acted on the need for statewide planning and development. The State Urban Development Corporation, created in 1968, is enabling the State to work with communities in meeting their housing and community development needs, not on a piecemeal, catch-as-catch-can basis, but through areawide planning and action in partnership with the private sector. Today, the Urban Development Corporation is producing homes, commercial sites and other community facilities in 63 projects for 23 New York State communities. There is no reason why the State Urban Development Corporation could not operate on the same metropolitan regional basis as in the case of transportation.

4. Health and Mental Health

The delivery of health and mental health services should also be considered on a regional basis. Services for the physically and mentally ill are provided by State institutions, local clinics, private and non-profit hospitals and other agencies. In assuring that the people have

optimum health and mental health care, we need this flexibility and range. But, we also need coordination on a community and regional basis.

If the Federal government assumes the responsibility for a national system of contributory universal health insurance, the delivery of health services should be coordinated on a regional basis under state leadership.

In mental health, we can introduce simplification and improvement by having a unified statewide system for providing and financing mental health services on a regional basis.

5. *Saving Our Environment*

The restoration and preservation of the environment also has to be carried out on a regional basis. Pollution knows no boundaries.

The responsibility of the Federal government regarding the environment should be to set basic environmental standards that are realistic in relation to available technology and to the amounts of money Washington is actually willing to appropriate for cleaning up the environment.

The basic weakness in the water pollution phase of environmental control today is that the Congress has not appropriated the funds to finance its share of the pollution programs it has enacted. In fact, at the present time New York State is advancing \$1.3 billion against future federal appropriations which have not been authorized, in order to keep our program going.

At the State level, responsibility for the environment must be to provide for regional planning, enforcement and a share of the financing. Local governments should continue to administer the programs and bear a share of the financing. On this basis, the job can be realistically carried out, including the full cooperation of private enterprise.

C. *At the Local Level*

1. *Basic Local Functions*

When the Federal and State governments take over the responsibilities described above, local governments will then be freed administratively and financially to concentrate on the efficient running of basic local services and providing genuine local representative government. Most of the smaller local government units are providing efficient services responsive to needs of people. Unfortunately, a large percentage of the big cities are rendering services that are neither responsive nor very efficient.

People rightly look to their municipal government for their personal security at home, on the streets and in their place of work. They expect fire protection, and clean streets which are properly maintained. These are the fundamental services which people have a right to expect—and they want someone in authority with whom they can

talk, not too far from home, who can do something about it when things go wrong.

2. *Why the Big Cities are Having Problems*

One may well ask why the big cities of our nation are having more serious problems in meeting human needs than the rest of the country. Part of the answer is that they are trying to cope with problems far beyond their capacity.

As pointed out earlier, the Nation, in fact the world, is in a period of transition in which the rural poor are moving into urban centers and middle-income taxpayers are moving to the suburbs in increasing numbers.

The result of these trends has been a steady increase of city problems in welfare, housing, health services and education, compounded by drug abuse, crime and congestion, together with a declining revenue base. The origins and control of these problems do not lie within the geographical boundaries of the city. It is equally obvious that the ability to cope with them, jurisdictionally, administratively and financially, is beyond the capacities of city hall.

I have recommended that the Federal government take over welfare, the financing of health care, and control of drug abuse, and that the States take over responsibility for education, courts, community development and the delivery system for health care.

These actions would remove roughly two-thirds of the administrative and financial problems of the cities relating to these services.

Relieved of these responsibilities, cities would then be free to meet effectively the fundamental responsibilities of municipal government—public security, fire protection, sanitation, and street maintenance—without which there can be neither dignity nor security for the individual citizen.

But as beneficial as these steps would be in terms of the rendering of these services, they would not resolve the problem of the centralized government structure of the big city which, at present, stifles genuine citizen participation in local representative government.

Too often, in the big city, the citizen feels remote from city hall in which all power has been concentrated in the hands of the mayor. The individual citizen cannot penetrate the massive impersonality of the city's vast and distant bureaucracy and get any kind of personal response to his needs.

Serious students of big city government say the ordinary citizen actually had a better chance of being heard and getting help in the old days of the political machine—because there was a direct relationship between the people and the clubhouse, right down to the block level.

The beginning of the end of big city political machines came with the advent of the social programs of the New Deal, under which

government took over the job of meeting the needs of people formerly dependent on the concern and help of the political organization.

Today, New York City has neither an effective, city-wide, old-line political organization, eager to respond to the individual's needs, nor does it have true community or neighborhood elective government with the power to be either responsive to the people or accountable to them in meeting their needs.

While New York City is still the cultural and financial capital of this country—and we've got to keep it that way—for the people who live there it is presently a place where housing can't be found, streets are unsafe, corruption undermines public trust, traffic is unbearable, garbage isn't picked up often enough and, worst of all, no one can ever seem to get anything changed for the better because as things now stand, there is no actual control over the functioning of city government despite the almost total centralization of power in city hall.

It was precisely to overcome these problems through the development of a concept for a new structure and government for the nation's largest city—New York City—and its surrounding metropolitan area, that the Legislature and I jointly appointed the bi-partisan State Commission to Make a Study of the Governmental Operation of the City of New York, under the distinguished chairmanship of Mr. Stuart Scott.

The importance of this Commission cannot be overestimated, for by developing a new model for local representative government and for efficient delivery of basic services in New York City, we can also create a model for every major metropolitan area in the Country which may find itself becoming ungovernable.

The restructured city government must have a part in a larger regional council that will effectively relate to and guide the State's regional activities such as transportation, health and community development.

In addition to the report of the Scott Commission, I am also awaiting the report of the Commission on the Powers of Local Government. The work of this Commission, which is chaired by former Mayor Robert Wagner of New York City, will be of great value as we seek guidance to make our State and local governments' role in the Federal system more effective in meeting the needs of the people of New York State.

D. A New Federalism

These, then, are the major elements of a plan for restructuring the Federal system. To some, these recommendations may appear radical—even revolutionary. Yet they are a logical projection of the President's call for a New Federalism, as outlined in his State of the Union Message last year. They are also compatible with current trends in the thinking of congressional leadership and many of the recommendations of the national Advisory Commission on Intergovernmental Relations.

As I stated earlier, New York State is in no position now to assume the additional fiscal responsibilities of these recommendations without corresponding financial relief through Federal assumption of the responsibilities I have recommended. Nevertheless, a restructuring of this magnitude is essential if we are to avert fiscal chaos in this country and avoid the collapse of government services. It is absolutely essential if our free government is to show the way in which representative government can turn the aspirations of its people into reality, but I am well aware that such radical changes will not be easy to achieve. They involve complicated and difficult problems. But, we cannot afford to use complexity and difficulty as excuses for inaction. We can and must meet the fundamental domestic challenge before this country today—making our Federal system work to serve the needs of people.

As Governor, I will be devoting myself over the coming months and years to the fulfillment of this goal.

III. THE 1972 ADMINISTRATION PROGRAM

Now I should like to turn to three of the four major programs I am recommending as part of the Administration's 1972 program. They are vitally important to the people of this State, yet will not require any spending by State government. These three programs are:

- no-fault automobile insurance;
- crime control through court reform;
- and, a plan for increasing electrical power.

The one exception to the present freeze on State programs requiring additional spending will be the vital prison reform program which I will propose today.

These four measures are absolutely essential to the present and future of this State, and I will be dedicating my energies over the next few months to the passage of all of them.

A. No-Fault Automobile Insurance

I announced last month that I have accorded a top priority to a No-Fault automobile insurance system that could save every family in this State at least 25 per cent on the cost of required automobile insurance.

The present system of automobile insurance has no place in the modern automotive age. It is a costly, cruel anachronism that is almost universally condemned by consumer protection organizations, civic leaders and the press—in fact, by all save those who primarily benefit from the system's inefficiencies and inequities.

The present system:

- pays absolutely nothing to one out of every four persons injured in an automobile accident;
- underpays the seriously injured, while overpaying those with minor injuries;

- delays payment to the average victim for 15 months;
- clogs the courts so badly that some automobile accident cases may not be tried for 5 years or more;
- pays almost \$25 out of every \$100 spent for bodily injury insurance to lawyers and claims adjusters arguing whose fault the accident was;
- and requires that even the totally innocent person injured in an automobile collision has to prove someone else was at fault before he or she can collect a dime.

Under the No-Fault legislation I will recommend to your Honorable Bodies, every accident victim will be compensated for substantially all expenses and losses promptly—without having to go to court. Every driver should save at least 25 per cent on present required insurance premiums, which can easily save \$100 or more a year for many families.

States that have adopted No-Fault auto insurance have managed to achieve major reductions in insurance premiums and provide accident victims with speedy payment for their losses. The people of New York State deserve no less.

At present, an estimated 125 judges are tied up in auto injury suits in this State. The passage of No-Fault auto insurance would free scores of these judges for other cases and go far to relieve court congestion.

B. Crime and the Courts

1. The Courts

One of the major elements in our inability to suppress crime is the present inadequacy of our court system. Police work, no matter how effective, is not enough. The police pour criminals into the wide end of the criminal justice funnel until they spill over the top and back into the street to commit more crime.

Our courts lack the capacity to treat each case promptly and on its merits because of the terrible time pressures created by the crushing number of cases to be handled. For many, court congestion means languishing in overcrowded jails for months without a trial, while frustrations build and the potential for jail disturbances increases. For others, the crowded courts facilitate a quick return to the streets and a return to crime. Either circumstance undermines both the protection of the public and the constitutional rights of the accused.

The Temporary State Commission to Study the Courts is now making an in-depth review of the administration and structure of our State judicial system. While we await the Commission's recommendations, there is much that can and should be done to provide for speedier trials and more adequate court facilities.

a. For Speedier Trials

I will submit to you a bill recommended by the New York State District Attorneys' Association that will require the prosecution to be

ready to go to trial in all criminal cases within a prescribed period of time after arrest of the defendant. Upon failure to meet this requirement, the case would be dismissed. The proposal I am supporting will balance the interest of both the public and the accused.

b. Expanded Court Facilities

Any system of deadlines for bringing defendants to trial will not assure speedier trials unless it is coupled with an assurance that there are sufficient courts for trying the cases. One important factor in this respect is the passage of No-Fault insurance which, as I have said, could remove thousands of cases from the courts. Another is the need for an adequate number of courtrooms. I am requesting the Judicial Conference, in cooperation with the Division of Criminal Justice in the Office of Planning Services and the Temporary Commission on the Courts, to make a thorough examination of the need for additional courtroom facilities throughout the State. I am asking that this report be in my hands by March 1.

This study will consider the use of courtrooms now devoted to civil cases for criminal cases. Courtrooms for civil actions do not need the elaborate security features needed for trying criminal cases. Often, however, these civil courtrooms have much of this security built in. By converting these civil courtrooms to criminal courtrooms, we could greatly expand our capacity to try criminal cases quickly. In this connection, serious consideration is being given to shifting civil cases and certain minor criminal cases to conventional buildings, including the rental of commercial office space and the use of State-owned office space in New York City for this purpose.

2. Other Measures to Speed The Administration of Justice

I am recommending three more measures to achieve a speedier administration of justice:

- (1) Reducing from 12 to 6 the number of jurors still required in certain civil cases, thereby speeding up trials by speeding up the selection of juries.
- (2) Reducing the time consumed in selecting juries in criminal cases by authorizing the presiding judge, rather than the attorneys, to initiate the questioning of prospective jurors.
- (3) Providing a method for judicially-supervised determination of housing violations which would free New York City judges and courts from much of the burden of thousands of housing violation cases, and still assure a fair and judicious forum for resolving owner-tenant disputes.

C. Prison Reform

In 1971, your Honorable Bodies approved my recommendation to improve and reform the management of the State's correction program by combining the prison and parole system into a new Department of Correctional Services. At that time, I appointed an outstand-

ing national leader in correction, Russell G. Oswald, as Commissioner of the new Department. Commissioner Oswald developed a forward and enlightened program of prison reform last spring and, in fact, went to Attica Correctional Facility, just two weeks before the uprising, to discuss these reforms with the inmates.

To further these reforms, we are undertaking the following seven-point program:

1. *Minority Recruitment*

The departments of Correctional Services and Civil Service are intensifying their efforts to recruit members of minorities to the ranks of correction officers and professional correction personnel. This drive includes recruiting—with the cooperation of organizations representing minorities—and offering assistance with special transportation and housing problems. This sensitive and important area is going to require the understanding, involvement and support of public employees and their unions.

2. *Diversified Facilities*

The Department will expand its effort to offer diversified facilities and diversification within facilities, ranging from maximum to minimum security, so that the nature of confinement better matches the needs of society and the potential of the inmate. Linked to this goal is an improved system of reception and classification techniques.

3. *Temporary Release Programs*

On the basis of our experience thus far, I am convinced that programs of temporary release from prison provide the highest potential for rehabilitating the positively motivated inmate. Therefore, on the recommendation of Commissioner Oswald, I am directing an expansion of present programs for temporarily releasing carefully selected inmates for the following purposes:

- to work at outside jobs;
- to attend education and training courses;
- and for occasional family furloughs.

The concept of home furloughs will require changes in the present law, which I will seek.

Temporary release for these purposes offers the prison inmate genuine hope of bettering himself, of holding the family together and of achieving a successful return to productive society.

4. *Increased Rehabilitative Opportunities*

The Department will expand its current programs to enable inmates to improve their education and skills while in prison. Our goal must be to return inmates to society with skills that bear a realistic relation to the demands of society.

5. *Community-Based Half-Way Houses*

To ease the successful transition from prison to normal society, the

Department will continue to develop "half-way houses" close to home for inmates nearing parole, where they can begin to set down job, educational and family roots.

6. *Citizen Observers*

I am also proposing the creation of panels of Citizen Observers for each State correction facility to be appointed by the Governor. These Citizen Observers would reflect a balanced range of community interests, and would have the right to inspect correction facilities freely and unannounced, consistent with sensible security precautions, in order to monitor conditions and hear the grievances of both inmates and correction officers. The Citizen Observers would then make recommendations to the Superintendent and the Commissioner of Correction. The panels would be expected to make a minimum of four on-site inspections a year and to issue a report on each inspection. These panels, focusing on individual facilities, would supplement the State-wide review of facilities made by the State Correction Commission.

7. *Other Major Prison Reforms*

I am looking forward later this month to receiving the report of the select committee your Leaders and I appointed on Correctional Institutions and Programs, under the distinguished chairmanship of Mr. Hugh Jones, President of the New York State Bar Association. Other legislative proposals for prison reform will be made after we have the benefit of the Committee's report.

Deputy Attorney General Robert E. Fischer is responsible for the investigation and prosecution of any crimes that may have taken place during the Attica rebellion. In addition, a special citizens' committee under the chairmanship of Dean Robert B. McKay, of the New York University Law School, is conducting a comprehensive investigation of all circumstances and events leading up to, during and following the uprising in order to provide a complete report to the people on what transpired, its causes and implications. We may well derive suggestions for legislative action from these two efforts.

D. *Power*

In my Annual Message last year I pointed out that the State as a whole, and particularly the downstate area, was suffering from a growing shortage of electric power capacity which threatens the availability of power service during periods of peak demand. The situation has not improved in the past twelve months. On the contrary, it has deteriorated. At the present time we do not have an adequate and reliable supply of electric power to meet the growing demands of a modern industrial society.

1. *Increasing the Power Supply*

The New York State Power Authority and the New York Power Pool, made up of the private power companies, have made laudable efforts to solve capacity and transmission problems to meet the increasing needs of private consumers and industry.

By next year, the Power Authority expects to increase its generating capacity by more than 50 per cent. It is now engaged in engineering planning for the construction of an additional pump storage plant designed to assist the New York metropolitan area.

I am also pleased to report that, with the cooperation of the Power Pool, the State Power Authority plans to augment supplies of electricity both upstate and in the New York metropolitan area during each region's seasonal period of peak demand.

The new power will come from the Authority's first nuclear power plant being built on the south shore of Lake Ontario. The plant is scheduled for completion in mid-1973, and will produce 821,000 kilowatts.

This new source of power will help alleviate the critical shortage of electricity in the Metropolitan area while also fulfilling the Authority's commitments upstate.

Heating requirements account for much of the peak load upstate in the winter, while use of power for air conditioning involves greater consumption downstate during the summer.

Approximately 500,000 kilowatts of electricity—enough to light 5 million 100-watt bulbs—would be made available in the New York metropolitan area during the summer peak usage period. The same amount would be available upstate during the winter when consumption there is greatest.

The plan would make power available for general use after the Authority meets its legal commitment to serve its historic customers. Contracts for the sale of power would be subject to public hearings.

A major consumer of electrical power in the metropolitan area is the Metropolitan Transportation Authority. The current total peak demand of the MTA is larger than the combined electrical load of the cities of Albany and Syracuse, and represents 10 percent of all power consumed in the Metropolitan Area.

I am, therefore, requesting the Power Authority to explore with the MTA the feasibility of building a base load power plant to supply power to the MTA and thus free-up additional power for other requirements of the region. This potential source of new power for the MTA could use the existing local distribution system.

2. Power Plant Siting

One of the principal reasons for the State's electrical power shortage is the absence of a regulatory procedure for determining where and under what conditions power plants should be built in order to provide for necessary power while insuring necessary protection of the environment from abuse.

In 1970, your Honorable Bodies established a procedure for the siting of gas and electric transmission lines in a manner to insure the compatibility of these lines with adequate protection of the environ-

ment. The problem of siting the generating plants themselves was deferred until 1971 and then deferred again.

This year I urgently recommend legislation to expedite the selection and approval of sites for new power plants in a manner which will insure the protection of the environment. This action would significantly increase the future electric power supply in New York State. The studies of the Temporary State Commission on Power Plant Siting have been completed and will prove helpful in formulating this legislation.

In addition, it is important to identify and reserve potential sites for future power generation within the State. We are working to assure the availability of nuclear generating sites which will best serve our environmental, community development and power supply objectives. The State's Atomic and Space Development Authority has completed Statewide studies and is looking to the designation and acquisition of the first site early this year.

Since in some areas of the State it may no longer be possible to install power generating facilities which utilize the State's water sources for cooling purposes, the Authority has undertaken studies evaluating specific plant locations where waste heat would be released to the atmosphere rather than into the water. The Authority also has undertaken research and development programs pertaining to the future beneficial use of waste heat from power generating units.

Recognizing environmental needs, the Authority, in cooperation with the Federal government and the Consolidated Edison Company, is studying the possibility of locating generating plants off-shore on the Continental Shelf.

3. Energy Conservation

Equally important in providing an adequate power supply is the need to avoid the waste of electric power and of the primary fuels, coal, oil and natural gas. National fuel supplies are not limitless. We are already running low in natural gas supplies, and becoming more and more dependent on oil imports. Energy conservation will continue to grow in importance. Our efforts to avoid waste may have an important bearing on energy costs and the availability of power in the years ahead.

The state Public Service Commission, under the able leadership of chairman Joseph C. Swidler, has done an outstanding job in identifying and projecting our fuel supply and energy needs at the state and national level, and bringing into focus the fact that there is still a great deal of work to be done at the national level before we can be sure that the problems will be met. I am requesting the Commission to continue this leadership by working with the public and private sectors to encourage the design and building of more energy efficient equipment and buildings.

E. *The Environment*

I will shortly issue a Special Message to your Honorable Bodies, setting forth an environmental program to maintain New York's forward motion in restoring and preserving our waters, the air and the land. We must not lose our momentum in this vital field.

A number of communities in the State have yet to get grant approvals for construction of waste treatment plants under the State's Pure Waters Program. The situation is complicated by the failure of the Congress to provide adequate funds for the Federal share of construction costs. In fact, the Federal government now owes the State over \$1 billion in Federal aid which the State advanced to accelerate treatment plant construction. I have asked the Commissioner of Environmental Conservation to work closely with these communities on their present and foreseeable needs and to determine in cooperation with your Honorable Bodies how best to extend the Pure Waters Program.

* * * * *

This completes the discussion of my major proposals today. As the Session progresses, I will submit other Administration measures on such matters as education, health, housing, labor, economic opportunity and others. We will continue to advance the programs already underway for welfare reform, mass transportation improvements and the reorganization of mental health services.

In the furtherance of these programs, there has never been a time when the State has been subject to as many law suits by special interest groups attempting to thwart the public business. In this connection I want to report that we have been able to preserve continuity of government as effectively as we have largely because of the dedicated, brilliant and knowledgeable efforts of our distinguished Attorney General, Louis J. Lefkowitz, and his devoted staff.

IV. CONCLUSION

I opened this message outlining a radical restructuring of the functions performed by the three levels of our Federal system. I have offered this program to stimulate thinking and planning for a new Federalism related to the needs of today. And I have offered this program because its realization would be the most important factor in New York State's future capacity to meet the needs of its citizens effectively, efficiently and economically.

For those of us in the executive and legislative branches of New York State, a traditional leader, the deep fiscal problems growing out of the defects of our Federal system are especially painful. We are accustomed to doing and achieving for the people, to moving forward and solving problems.

Yet, adversity can be a stern but useful teacher. Perhaps the difficulties of the times we are passing through will bring us closer to reality in matching our aspirations to our capabilities.

Perhaps the difficulties of these days will teach us that no individual or group can pursue selfish ends at the expense of others without penalizing all—that a free society can rise to a level no higher than that of the individuals who form that society—and that therefore the future of our Nation lies in the hands of each of us as individuals.

This period of hardship can bring us back to the rediscovery of certain basic human truths.

Fundamental among these is the need for integrity—personal and governmental integrity;

- the knowledge that satisfaction and fulfillment come from a job well done, no matter how small or great;
- the importance of having faith in oneself and one's fellow men;
- the need for individuals as well as nations to have a clear sense of purpose to give meaning to our lives;
- and—most important for those of us in government—the recognition that government's greatest contribution is to assure the individual of the opportunities to become self-reliant and to achieve his or her highest God-given potential.

With God's help, as free men and women, whatever our challenges may be, we can face the future confident and unafraid.

(Signed) NELSON A. ROCKEFELLER

Message Proposing Reassignment of Federal, State and Local Governmental Services and their Financing

STATE OF NEW YORK—EXECUTIVE CHAMBER

March 28, 1972

Governor Rockefeller's office today released the text of a Special Message which the Governor sent to the Legislature. The text:

To the Legislature:

One fundamental requirement for making our Federal system work well once again is to reassign the services of government and their financing along more rational lines among Federal, state and local governments.

Nowhere is the need to do so more important than in the financing of primary and secondary education. Today, the endless cost increases to support education are working a serious hardship on local real property taxpayers and, indirectly, on apartment dwellers, too. The checkerboard of differing real property tax burdens throughout the State imposes inequities, not only on the taxpayers, but in the quality of education available to the children. Further, the Federal government, until now, has played a far too minor role in financing the education of the Nation's young.