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5/22/74 Rough Draft

staying on
a Friday
afternoon
before Memorial



It is a privilege and a pleasure to address this Joint Session of the
Michigan State Legislature.

Always wonderful to be Home.
Michigan is my home.
a legislative body is my home.
Pa / La / Meek

(Other opening remarks as appropriate).

In 1976 we will celebrate the 200th Anniversary of our independence
as a Nation. As we approach that most significant moment in our
history, we should constantly remind ourselves of our system of
democratic government was not easily established, nor has it been
conveniently maintained.

Our Legislative
Bodies are the
outgrowth of America's
struggle for FREEDOM
AND are the backbone
of our FREEDOM
closer to the
people

Let us recall the condition of the Nation following our independence.

By the time the Constitutional Convention was called in Philadelphia

in 1787 we had already experienced a great many social, economic,

and political ills--a prolonged and destructive war; an economic depression

marked by severe disruption of international and domestic commerce;

political discord, including armed insurrection; and a general hostility

toward Government under the Articles of Confederation.

In the face of all these adversities our Founding Fathers were able to

fashion a Constitution upon which was constructed most durable

Two keys
① Tangible arrangement
at federal level.

2

and democratic Republic in the history of the world. The key, ~~to this~~

② Another

?

a unique system of Government ~~was~~ ^{with} a new definition of the relationship between the national government and the states not found in the Articles of Confederation--Federalism.



Beginning with Hamilton, Jay, and Madison's historic defense of the Constitution in the Federalist Papers and continuing up to the present time, our understanding of Federalism has been reshaped many times. Its meaning has been the subject of Congressional debates, Executive interpretation and Supreme Court decisions. Indeed, a great Civil War was fought over the issue of the power arrangement between the State and Federal governments.

Questions of state sovereignty and the power of the Congress to legislate the use of public resources for certain economic and social benefits are for the most part settled issues. The debate over Federalism today involves questions of State and local responsibility in expending Federal tax revenues and in establishing of priorities to meet economic and social needs. This is what the "New Federalism" is all about.

However, in a very real sense, the New Federalism is an old Federalism. It represents an effort to reverse the trend toward *upward* Federal control that has been affecting so many areas of our public and private lives, especially since the Great Depression of the 1930's.

Through the Administration's program *of* general revenue sharing, which I wish to focus on today, we are fulfilling a promise made two hundred years ago, when America's Founding Fathers sought to establish a balance of power among local, State and Federal levels of government.



It was thought then--and it is still true--that each level of government should assume responsibility to provide public services as appropriate to that level.

We have found
1

Revenues can be collected efficiently and uniformly at the Federal level.

But spending decisions that directly affect States and local governments *can be made worse* ~~should be made~~ by the States and local governments themselves.

General revenue sharing is a form of Federal financial assistance which provides funds to all States and general-purpose local governments, large and small. The money is allocated completely objectively and impartially, using a formula that recognizes need and local ability as well as population.

Paul Zobel

1) Wien

2) Pöchlarn

3) Albstadt



At the end of the current fiscal year, more than \$604 million will have been returned to the State of Michigan and its local governments. The State government receives one-third and all the local governments share the other two-thirds. Another \$261 million has been allocated to Michigan governments for Fiscal Year 1975.

Shared revenues are to be used to meet the most pressing needs of communities--needs determined by the communities and their locally elected and locally accountable public officials. No longer will unnamed and unknown Washington bureaucrats claim to have all of the answers.

Thus far, we know that the State Government of Michigan has used virtually all of its revenue sharing dollars to support public education. Michigan counties and cities have established public safety as their number one priority for the use of the money, whereas townships in the State seem to need to put the money into public transportation. These shared revenues help to hold the line on skyrocketing tax rates and to pull many local governments back from the brink of municipal bankruptcy.



Local and State governments in Michigan are setting their own priorities for uses of the money. They are involving citizens in these decisions. Where decisions made are receiving overwhelming support from the people, it is because the people were involved in making the decisions.

Michigan has proved that general revenue sharing and the New Federalism of which it is a part can and do make sense for America.

