

NIXON URGES \$16-BILLION GO TO STATES AND CITIES AS REVENUE-SHARING AID

A BROAD PROGRAM

Talk on State of Union Calls for a Reversal of Flow of Power

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The text of Nixon's message is printed on Page 12.

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WASHINGTON, Jan. 22 — President Nixon asked Congress tonight to set a goal of giving state and local governments at least \$16-billion annually in largely unrestricted funds as part of a broad program to "close the gap between promise and performance" at all levels of government.

In his second State of the Union message, Mr. Nixon adopted as his central theme the quality of the institutions men have devised to govern them.

He asserted that local government had been weakened and the people driven to frustration and to a sense of futility by the gradual accumulation of authority in Washington, and he said that the time had come to reverse the flow of power.

Mr. Nixon's address, prepared for delivery to a joint session of Congress, covered many areas and offered several prescriptions for change.

Reorganization Proposed

But crucial to his promise to return power "to the people" and create "more centers of power" was a revenue-sharing plan to provide \$5-billion in new, unrestricted funds to states and cities, plus \$10-billion more to be drawn from programs and \$1-billion in new funds.

Simultaneously, he called for a vast reshuffling of the Federal bureaucracy that would reduce from 12 to eight the number of Cabinet departments and, in his words, "match our structure to our purposes."

"What this Congress can be remembered for," he declared, "is opening the way to a New American Revolution—a peaceful revolution in which power was turned back to the people—in which government at all levels was refreshed and renewed, and made truly responsive.

"This can be a revolution as profound, as far-reaching, as exciting, as that first revolu-

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tion almost 200 years ago and it can mean that just 50 years from now America will enter its third century—a young nation new in spirit, with all the vigor and freshness with which it began its first century."

The President's proposal to strengthen local government with new funds and to reduce the Federal bureaucracy with a new form dominated the 4,500-word message. The address was carried live on all three major television networks and was seen by millions of Americans.

At the same time, however, Mr. Nixon set for himself and the 92d Congress three other major goals:

¶To complete the "unfinished business" of the 91st Congress by passing more than 25 pieces of holdover legislation, including, in particular, his plan to reform the welfare system by placing the floor under the income of every family with children in America.

¶To achieve "prosperity in peacetime" by moving an "expansionary bet" that would propel the economy forward without rekindling "the fires of inflation."

¶To "restore and enhance our natural environment." Mr. Nixon pledged, without going into detail, to suit a "strong new set of initiatives" to combat air and water pollution, as well as a new program to expand parks and open spaces around cities.

¶To improve America's health care, especially for the poor, by providing more funds, increasing the number of doctors, improving the delivery of health services and purging better preventive medicine. In this connection, he disclosed that he would ask Congress to underwrite a special \$100-million campaign to find a cure for cancer.

Sees Time for Action

The President spoke not so much of the "present" State of the Union as of his hopes for the future of the Union. While conceding that the country had suffered in recent years, he strongly argued that the moment to begin anew had come, and that it should be promptly seized.

"In these troubled years just past," he said, "America has been going through a long nightmare of war and division, of crime and inflation. Even more deeply, we have gone through a long, dark night of the American spirit. But now that night is ending. Now we must let our spirits soar again. Now we are ready for the lift of a driving dream."

The question, he said, was how best to capitalize on this spirit—how, in other words, "to set free the full genius of our people."

One answer, he said, would be to "enact a plan of revenue-sharing historic in scope and bold in concept" that would provide cities and states not only with more money but also with far greater flexibility to spend it.

As sketched by the President, the \$16-billion "investment" in states and cities would involve two separate kinds of revenue-sharing programs.

\$5-Billion in New Funds

The first would provide \$5-billion in new, unconditional, general purpose funds that states and cities would use at their own discretion and with virtually no Federal strings attached.

The second sum of money, \$11-billion in all, would be channeled to states and cities with only modest restrictions but earmarked for six broad categories of use: urban development, rural development, education, transportation, job training and law enforcement. The state and local authorities, however, would be free to

spend the money on projects of their own choosing within each of the six broad categories.

The \$11-billion would consist of \$1-billion in new funds, the President said, and \$10-billion that he hoped to raise by abolishing many existing narrow-purpose programs. Informed Government officials said that nearly 100 programs were scheduled for elimination, including such well-known efforts as the model cities program and the programs funded by the Elementary and Secondary Education Act of 1965.

Could Retain Program

Officials stressed, however, that even if Congress agreed to abolish the model cities program, thereby converting funds to revenue sharing, a city could continue its existing model cities program, if it wished, simply by channeling the funds it receives for the broad purpose of "urban development" to its model cities agency.

The big difference in the new plan, they said, was that a city would now have the option of putting its urban development money to other purposes to which it might attach higher priority.

The President also stressed, as did his associate who briefed newsmen in advance of the message, that the revenue-sharing proposals would "include the safeguards against discrimination that accompany all other Federal funds allocated to the states."

Apparently, too, there will be regular Federal audits of how the money is spent, although this was not specifically cited by the President.

"Neither the President nor the Congress nor the conscience of the nation can permit money which comes from all the people to be used in a way which discriminates against some of the people," Mr. Nixon declared.

Stresses Two Concerns

The President said that his enthusiasm for revenue sharing, and his decision to give it a central role in his plans for 1971, arose from two concerns.

The first, he said, was his recognition that "most Americans today are simply fed up with government at all levels." They will not—and should not—continue to tolerate a gap between promise and performance," he said.

Secondly, he insisted, stronger local governments would provide "more centers of power" and thus broaden the opportunities for all Americans to participate actively in the decisions that affect their lives.

"As everything seems to have grown bigger, and more complex; as the forces that shape our lives seem to have grown more distant and more impersonal, a great feeling of frustration has crept across the land," he declared, adding:

"Millions of frustrated young Americans are crying out—asking not what will government do for me, but what can I do, how can I contribute, how can I matter?"

"Let us answer them. To them and all Americans, let us say: We hear you and we will give you a chance."

Glossary for Message

Special to The New York Times

WASHINGTON, Jan. 22—Following is a glossary of technical terms important to an understanding of the President's program, as outlined in his State of the Union Message:

CATEGORICAL GRANTS—Federal grants-in-aid made to state and local governments and to institutions and individuals for a variety of social purposes. They are now made in about 95 categories, ranging from farm housing to higher education. There are about 1,400 individual categorical programs, many for narrow purposes, such as audiovisual aids for migrant education. Categorical grants to institutions and individuals would be unaffected by the President's proposals.

BLOCK GRANTS—Federal grants-in-aid made to state and local governments for general, rather than categorical, specific purposes. Such grants might be earmarked for education, or law enforcement, but not for narrow sub-purposes like school construction or police-community relations.

REVENUE SHARING—A general term referring to the Federal Government's turning over federally collected revenues to state and local governments.

GENERAL REVENUE SHARING—This is one of two types of revenue sharing outlined by the President tonight. The term refers to his proposal to give state and local governments \$5-billion in Federal revenues to use for any governmental purposes, without restriction. General restrictions of Federal law, such as prohibitions against racially discriminatory use of funds, would apply, however.

SPECIAL REVENUE SHARING—This is the second type of revenue sharing outlined by Mr. Nixon. The term refers to \$11-billion in Federal revenues to be given to state and local governments to use for broad purposes designated by the Federal Government—urban development, rural development, education, transportation, manpower and law enforcement. A state would thus be free to devise its own programs within each of those areas.

REORGANIZATION PLAN—This is a general term to describe the President's proposals to restructure the Federal Government. The term also has a technical meaning. In accordance with specific legislative authority, a President may submit to Congress a reorganization plan that automatically goes into effect unless either house objects within 60 days. The President's restructuring proposals, however, will be made in the form of regular legislation, requiring affirmative action by both houses and without a time limit. This decision is probably required by the reorganization law, which forbids the use of reorganization plans to create or eliminate executive departments.

FULL EMPLOYMENT BUDGET—This is a Federal budget that would spend an amount equal to the taxes that the Federal Government would have received if the nation were at full employment. Full employment is defined as 4 per cent unemployment. The actual unemployment level as of December was 6 per cent. A full employment budget is thus a deficit budget, but with a precise limit on the amount of deficit that is desirable to help raise the economy to an actual point of full employment.