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REMARKS BY ALAN S. BOYD, SECRETARY OF TRANSPORTATION, PREPARED FOR DELIVERY BEFORE THE 33RD ANNUAL MEETING OF THE SOUTHERN GOVERNORS' CONFERENCE, GROVE PARK INN, ASHEVILLE, NORTH CAROLINA, TUESDAY, A.M., SEPTEMBER 12, 1967.

The specific part of your program under which I am listed, indicates my subject will be highways. However, since I am to be followed by our most able and knowledgeable Federal Highway Administrator, Mr. Lowell Bridwell, I would like to talk to you about the broader subject of the new federalism.

The most immediate example of the relationship of transportation to federalism is Farris Bryant's airplane. That magnificent man in his flying machine has carried to most state capitals the firm commitment of this Administration to the concept of federalism. Most important, he has carried back with him to Washington the views, opinions and needs which make this policy a two way street (another facet of transportation).

It was no mere coincidence that the new Department of Transportation was created in the midst of this new concern about the potential of and need for creative federalism. The problems of transportation, the present status of the system or non-system if you will, and the history of the industry and government's relationship to it, dictated a reliance on federalism.

The new seal of the new Department is, basically, a triskelion or three-pointed symbol. We chose it to characterize the three means of transportation -- land, sea and air. I also regard it as a symbol of the three levels of government which must act and interact to tackle and solve the problems of government transportation. The Federal government cannot and should not do the job alone. The funding, the regulating and the planning must be done by state and local governments as well -- and all three levels of government must recognize that our transportation system is the product of private enterprise whose investment is far greater than the public investment.

The Federal contribution to transportation has reached an annual level of nearly \$6 billion. That is not quite such a staggering amount when you realize that state and local expenditures for transportation have reached an annual level of some \$12 billion. Most important, however, is the fact that the private outlay for this purpose is estimated to be as much as \$150 billion each year.

That is the present situation. Obviously, as our economy expands the individual contribution of the three levels of government and private industry will also expand. It is also obvious, or should be, that the Federal contribution is not going to expand in such a way or amount as to replace state, local or private funds. Contrary to popular belief, the Federal Treasury is not now, nor ever will be, big enough to do that.

Federal funds will only be invested in transportation where state, local and private funds cannot or should not do the job. Inevitably that will mean achieving the proper mix of Federal funds with other funds.

So when we talk about the mission of the new Department of Transportation, we are not talking about massive new programs involving extensive new commitments of Federal funds. What we are talking about is making a sensible, safe, efficient and economic transportation system by means of a fiscal equation where state and local funds exceed the Federal; and where private funds dwarf them all.

I believe that the primary method of achieving this goal is through the states and local communities. Direct political responsibility for the major problems of the day that touch most citizens rests with the top elected officials at the state and local level -- officials who have and are able to have the best information about those problems and the possible solutions to them.

This is not to say that the Federal government has no business being in the picture. A national program, with national funds, makes a great deal of sense in many areas -- but only if those most involved with its inception and implementation are made a part of the decision-making process. Inevitably that will mean that state and local officials will have to take some of the political heat.

The fact is that most citizens do not fully realize the extent of the involvement of the state government in their everyday lives -- but that realization is coming.

Most people know that Federal spending on domestic programs has nearly doubled in the past six years. But consider also that during the past two decades Federal expenditures for such programs have diminished as a percentage of the total national effort. The reason is, of course, that at the same time state and local expenditures have proportionately grown at a faster rate.

In 1946, the Federal share of our total domestic expenditure was 37.4 percent. By 1963, the latest year for which complete figures are available for all levels of government, that share had dropped to 30 percent. You know better than anyone that it was the states who picked up the bulk of the increase in public expenditure.

Put another way, over that same period of time Federal expenditures for domestic programs have increased by 375 percent while state expenditures for the same programs have increased 539 percent and local expenditures have increased 502 percent.

Now that kind of increase poses some serious administrative and political problems. So serious, in fact, that some political scientists have questioned the capacity of state governments to meet the challenges they face. None of these comments could be called a ringing endorsement of the system. And editorial in the New York Times seemed to speak for the majority of these opinions: "The states, despite their swelling revenues and budgets, may have lost too much of their own sense of unique function as well as the political loyalty of their constituents in this highly mobile nation to make a comeback...they must come alive with a new spirit of renewal or they will continue to dwindle into inconsequence."

Now I do not happen to be among those who think that all New York Times editorials represent the zenith of wisdom on every subject, but in this case their tone was representative of the general critical comment on the states.

I dwell on this subject before this group because first, I am a Southerner and I am proud of the great progress that has already been made through recent administrations in the Southern states. However, I would be less than candid if I did not also say that these states still have a "way to go."

I dwell on it, also, because I believe it would be tragic for this country if the criticism proved in the long run to be valid.

The most profound difference between our government and all others past and present is that the people have more power over government than it has over them. The states were here first. And when they created a Federal government, they turned over to it only those responsibilities which could be better carried out by a union of states than by the states acting alone.

For many years, national programs came from the states, not from Washington. The states performed as laboratories, creating services, testing them, then passing them on to other states through the national government.

I suppose what the New York Times editorial really laments is that this process seems to be operating in reverse in the 1960's.

At least, that is what I lament.

And to restore the historic function of the states it will be necessary for the states to recapture the creative role in government; to once again identify needs which people cannot meet on their own and to devise workable programs for meeting those needs.

The Southern region of this nation has been blessed with more than its share of able governors. No less than six presidents of the United States were governors of this region before they went to Washington.

And since it is the governor who must take the initiative in making federalism function better in the 1960's, I can think of no better time or place to bring this up, even at the risk of sounding like a Federal fuss-budget.

One of the most important reforms to be made in state government pertains more to the Southern states than to any other -- and it is really the key to effective administration in the states. That relates to the severe handicaps stemming from the limitation of the governors' term.

To do away with the one term limitation is an attainable goal. The issue must be faced squarely and realistically, however. I would simply cite the example of Pennsylvania to prove what is possible. There, after years of wrangling and tackling the issue the hard way, the matter was settled and after 1970, the Governor of that Commonwealth will no longer be a lame duck on the day of his, or her, inauguration.

Another important area of reform is in the legislature. State legislators must be given the means to deal with the twentieth century more effectively than they now can. Ways must be found to make service in the state legislature more attractive to this generation of Americans. This will involve far higher salaries and the provision of adequate staffs to enable legislators to deal with the complex issues which confront each state.

The same comments apply to the staffs in governors' offices. With sophisticated research tools, it is often possible to identify a problem in an area and work out both a program to deal with it and the cost of that program before people in the area are even aware of the problem. As these research techniques are refined, states will find, more and more, that national foundations or Federal departments have this capability, while the states do not. And unless the states, themselves, develop this capability, the trend toward centralizing power will increase rather than decrease.

The young people you need to build competence in state government are in your own universities. The courses of instruction that are required exist or can be designed. All that is required is to let them know that you need them; that you will pay them decent salaries; and that there is no more challenging job anywhere in public service than there is at the state capital.

Better liaison must be established between local units and the state. Without that urgently needed reform, the liaison between Washington and the local communities will become even more solidified.

These innovations along with others that are vitally needed can only be accomplished through vigorous leadership through the Governor's office. I know that those of you in this room have attempted to offer such leadership. The fact that the desired results have not yet been achieved must not discourage continued and determined effort in the future.

I hasten to add that when the book "Modernizing Federal Government" is written, I expect to also contribute a chapter or two to that. In trying to organize a new Cabinet level department, it has been demonstrated time and time again to me that we have our share of the administrative cobwebs. We are, however, in the midst of a Washington-wide effort at reform and many of the reels of red tape, shopworn procedures and ploddy practices are on the way out.

We intend, in the Department of Transportation, to keep in close touch with our State and local officials throughout the Nation, and with those who operate and those who manage our transportation system.

Within my immediate office, I have established liaison units for State and local governments and transportation industry and labor. The men who head these offices have what I regard as one of the most important jobs in the Department -- to maintain a constant line of communication with our Governors and Mayors and leaders in the transportation field.

Let me repeat here what I have said elsewhere: I am one who believes there is some truth to past charges that the Federal Government has sometimes acted in ways that can only be considered arbitrary by State and local officials. I do not believe it possible to sit in Washington and come up with programs custom-tailored to the particular needs faced by cities and counties and states, hundreds, and sometimes, thousands of miles away. All too often I believe it has been the practice of too many Federal officials to ask State and local officials to conform to national standards established without regard for the frequently very different needs of very different areas of the country.

I am convinced, as I know President Johnson is convinced, that it is time to amend these attitudes and to end these practices wherever they exist. And we are taking action in this area -- in my Department and throughout the Federal Government.

The Department of Transportation will do all it can to help you build a transportation system that meets the total needs of your citizens. We can do no more than help, but we will do all we can. It is you who are close to your people, and close to your problems. And we must rely on you to tell us what your problems are and what your people need.

I look forward to working with you in the months ahead -- to seeking your advice and your assistance. And I make you this promise: I will never ask for your assistance without first seeking your advice.

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