



DEPARTMENT OF TRANSPORTATION

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EXCERPTS OF REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION JOHN A. VOLPE BEFORE THE NATIONAL AVIATION SYSTEM PLANNING REVIEW CONFERENCE, WASHINGTON, D.C., TUESDAY, APRIL 27, 1971, 12:00 NOON

This conference offers me a chance to say thanks to the aviation industry -- thanks for the industry's assistance in securing passage of the Airport and Airways Development Act of 1970. This is landmark legislation.

The need for this planning review conference is most evident in the projections of aviation growth we made public last week. We expect the carriers to pick up momentum this summer and show a sizeable increase. We expect by the end of June next year, the airlines will be showing about an 8 percent increase over the previous 12 month period. And this growth will continue. We expect passengers to increase from the 173 million at present to about half a billion per year ten years from now. This kind of growth demands tremendous preparation. That is your mission here.

This planning review conference marks a turning point in aviation. Many of you here today knew aviation in its infancy. You have seen it grow from a step-child of the military and various other government agencies into a large and independent industry, a full partner now working jointly with government to meet a very large and exciting future. We in government are anticipating that future. We are advocating a new technique -- revenue sharing -- as the best means for being ready for that future.

The basic philosophy of revenue sharing is that local officials -- governors, mayors, and local legislative bodies -- best know their own problems -- and best know the most efficient solutions to these problems.

This is the reasoning behind President Nixon's request to Congress to pass special revenue sharing legislation to help our cities and states meet the revenue shortages they are all encountering. Included in these proposals is a bill for a transportation special revenue sharing fund. And some of these funds are derived from the Airport-Airways Trust Fund. I understand there has been some concern about this in aviation circles. Let me set the record straight.

All discussion about aviation and revenue sharing must be based on one important fact. All monies from the Aviation Trust Fund that are used in the transportation special revenue sharing fund will be used to further aviation. The integrity of the Aviation Trust Fund will not be violated.

This protection of the Trust Fund is assured by the way in which revenue sharing will operate. Under the proposal each state and major city will be authorized to contract for a certain number of dollars' worth of transportation projects. The amount is predetermined by formula. State and local officials will then contract for the various projects. We shall pay for those projects relating to airports and aviation undertaken by local authorities with monies from the Aviation Trust Fund. And the Aviation Trust Fund will be used to liquidate only such aviation related projects. In the same way, highway related projects will be paid for by the Highway Trust Fund. Projects not covered by these funds will be paid for out of the general revenue.

In sum, aviation monies will not be used to pay other peoples' bills.

Revenue sharing offers our local officials several advantages over the present grant program. The states are relieved, first, of all, of the necessity of providing matching funds. No matching money is required.

Revenue sharing also frees local officials from the dictates of the Federal government. Our only requirement is that the funds made available under the transportation special revenue sharing grants be used for transportation. Other than that, Governors and their state legislatures and mayors and the local councils are free to spend the money as they best see fit.

We are firmly convinced that this revenue sharing system is a considerable improvement over the current dictatorial and restrictive Federal grant programs. There is a need for flexibility in our system. Revenue sharing provides that flexibility.

The President's plan for making the Federal government more responsive to the needs of the people also calls for improvement at the top. The President has called for a vast program of re-organization that calls for the inclusion of most of the Department of Transportation into a new large Department of Economic Affairs. The Federal Aviation Administration will be one of those transferred to the new Department.

The reasons for these proposed changes do not reflect any dissatisfaction with our Department or with transportation itself. The reason for this move is purely to achieve a larger purpose for which governments are established. This purpose -- in the words of our Constitution -- is to promote "the general welfare."

Transportation is a service industry on which all other industries depend. It adds value to all man's labor and his goods. The tons and tons of orange juice in Florida would be worthless if there were no refrigerated railroad cars to carry them to the markets of the nation. The wheat in Kansas, the coal in West Virginia, and the oil in the fields of Texas derive their actual value, in large part, from the transportation facilities that move them. Our government assistance to transportation represents assistance to and support for all elements of the economy. It is most reasonable, consequently, that the Government's transportation interests be included in a larger agency whose major purpose is to strengthen the nation's economy.

These two revolutionary proposals of President Nixon are good for the Nation. They are good for transportation. We have learned only too well that the most important contributor to aviation prosperity is a prosperous America. And I believe we are now on our way to a new period of greater prosperity and I am confident aviation will find new strength and new growth. Despite our setback with the SST, I am certain the development of aviation is only beginning. And so I urge you here to think big -- think confidently and think boldly because our future will require big, confident and bold plans. Anything less would be shortsighted.

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