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EXCERPTS OF REMARKS DELIVERED BY SECRETARY VOLPE BEFORE THE
NATIONAL GOVERNORS CONFERENCE, LAKE OF THE OZARKS, MISSOURI,
MONDAY, AUGUST 10, 1970, 9:00 a.m.

I am delighted to be here. Let me quickly congratulate Governor Hearnese on the beauty of this outstanding meeting place, and thank the many Missourians who have worked with the N-G-C Staff in making such fine arrangements.

As a former Governor and as one who occupied John Love's shoes as Chairman of this Conference, I'm fully aware of the tight scheduling and the great amount of work that can and will be accomplished here.

I first want to extend my personal appreciation -- and that of the President -- to all those Governors who co-operated in helping to curb the inflationary fires by deferring on a voluntary basis, highway and other construction projects.

This Nation has now turned the corner in the domestic, economic struggle, and you gentlemen can take a large share of the credit.

I know that because of extraordinary circumstances there were some Governors who could not participate in the voluntary cutback program.

Regardless, we have kept our commitment to all of the Governors.

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Let me assure you that in light of our National Priorities, and the spending limitations imposed upon us by the Congress, no State will have its Highway Construction Program curtailed to any great extent.

Regarding the 1971 obligations, we said we would -- and, in fact, we will -- take from the top and give to each State that participated, the amount that was withheld.

I watched "Meet The Press" yesterday afternoon and all six Governors who participated -- Republican and Democrat -- agreed that there is reason for optimism, agreed that the United States is still, the greatest Nation in the world!

I'm not going to be long-winded. I think our joint purposes can be best served if I limit my remarks, and then -- if desired -- we can have a give-and-take session.

I would like to emphasize -- at the outset -- that I like the Conference Theme, "The States in the 70's -- Catalyst for Action."

We have as our central thrust at the Department of Transportation, in all that we do, a very healthy respect for overall comprehensive planning. By directing your attention at the 70's -- rather than just this year and next -- you, too, reflect this commitment to long-range planning.

I am delighted that 12 states now have Departments of Transportation and that my home State of Massachusetts will become the 13th next year.

Progress such as this is essential if we are to do the job which we -- as public officials have been entrusted to do.

I know you are aware that we have been mandated by President Nixon to come up with a National Transportation Policy; something the Country has never really had.

This Policy will articulate more than just our needs -- it will articulate our directions as well.

I'm pleased to report to you, my former colleagues, that progress on this Policy Statement is well in hand. I expect to have a definitive outline of this Policy on my desk in about thirty days. At that point I will certainly look forward to discussing various aspects of such a Policy with the National Governors' Conference Transportation Committee. As you all know, I am a firm believer in strong and cooperative Federal-State relations.

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Also, I suspect you are aware that the Department of Transportation is developing an overall assessment of future transportation needs for all modes of transportation to be known as the 1972 National Transportation Needs Study. Or as I prefer to call it, a Survey.

The 1972 Study, the first of its kind, will include estimates of transportation demand for ten and twenty years in the future, assessments of alternate ways of providing transportation service to accommodate this demand. There also will be recommendations regarding the scope and structure of Federal Programs designed to bring about a Transportation System which lives up to the expectations and needs of our citizens across the country, and takes advantage of the most sophisticated features of each Transportation Technology.

Gentlemen, I fully expect that the development of this Needs Study, will include full involvement of State Government. We want and need your assistance and cooperation.

The Survey which will be carried out in the 1972 Study will be done cooperatively with State and Local Governments and with Transportation Industry Groups.

In particular, we are striving to provide much greater participation by the State Governors and local elected officials in structuring and reviewing their future transportation needs with particular emphasis on shifts between transportation programs that they feel to be desirable for the future.

The focus of the planning process within each state will be the Governor's Office. We are sending to each Governor, a set of instruction manuals for summarizing long-term transportation needs, transportation capital improvement programs and other information which would be used in the 1972 Survey.

We hope to receive data back from you by the middle of next year in order to prepare our recommendations in early 1972.

While we have had comprehensive cooperative planning efforts at the Metropolitan Level in the past, this will be the first time that we will be carrying out a cooperative planning study at State, Metropolitan and Local levels where all modes of transportation are considered.

Now, I refer to something with which you are all familiar. I refer, of course, to the Report of the Committee on Transportation, Commerce and Technology which you have before you. Your Policy Statement -- as you well know -- calls for authorization at Federal and State Levels of flexible, inter-fund transfers in transportation financing. Let me say with no hesitation, that this is a thoughtfully-prepared report, perhaps one of the best I have seen. It makes some extremely good points, and recognizes with a very vivid awareness the transportation challenges that face this Nation now and in the immediate future. It recognizes imbalances in the system, it recognizes inequities in the financing, it recognizes and recommends new proposals that have been well thought out and have

attracted widespread support throughout the Nation.

Let me re-cap, for just a moment, the problems and inequities that led to its creation.

First, historically -- we have had sharply limited resources in several modal areas, notably aviation and urban transit. The point that has been made here over the years is not that there has been inflexibility; rather, there was simply a lack of funds. Well, we have taken quick action in these areas during the first 18 months of this Administration. The Airport/Airways Bill which Jack Shaffer (our F-A-A Administrator) and I discussed in detail with you last year in Colorado Springs is now the law of the land. And the Public Transportation Bill -- which received the solid support of this organization -- is through the Senate and things look good on the House side.

Given this -- the fact that we have improved and are improving the state of our resources in aviation and in urban transit -- the question you have raised is "How can we best improve the application of these resources?"

We have already recommended to the Congress that the Highway Trust Fund be utilized to include highway-related items -- highway safety, highway beautification, and so forth. This recommendation is pending before the Congress now. This is a proposal that some would have put down as being futile not too many months ago, but we feel our recommendations are valid and I am certain will receive serious consideration.

What this leads to, of course, is the question "Can we add further flexibility? Can we free some of these funds for use at the discretion of Local and State Governments?"

Gentlemen, I addressed myself to this question almost as soon as I accepted this Cabinet Post. In fact, it was at a Press Conference in Pittsburg in March of last year that I indicated that at some future time it might be necessary to move toward some kind of a flexible, discretionary single transportation trust fund.

I recognized -- and pointed out at that time -- that there would be a few political realities to face up to between the idea stage and the action stage. I made it very clear that I couldn't really envision such a development the next day or the next week -- or even in the next year or two. But I said then, and I say again here today, I can definitely envision this happening in the not-too-distant future. If we work together. As far as action is concerned, my policy people -- who have come to realize that when I ask for an analysis I don't expect bureaucratic gobbledegook -- are making a very incisive study into the potential for integrating the several Federal Financing Programs.

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Regarding this, let me make one important point. Clearly, we must maintain in each area a substantial measure of Program integrity. Failure to do so would mean a disruption of Program continuity. For example, I am sure we all agree that an approach that would allow all of a State's Urban Mass Transit Funds to go into airport development would be politically impossible not to mention socially impractical.

Nonetheless, it appears there should be provision for some portion of the total Federal Funds available to States, to be re-allocated according to the needs of those individual States.

For instance -- I'm sure Stan Hathaway from the great state of Wyoming isn't really going to want money for a subway system. But Nelson Rockefeller's people seem to be in my office every day. On the other hand, California is recognizing that highway travel alone isn't the ultimate solution while Deane Davis up in Vermont does need highways.

What I have been discussing with my people in staff meetings is: How can we at the Federal level, take into account such things as land area, population, industry, natural resources, the "status of completion" within the various modes, when we are faced with the decision as to how a State can determine -- within certain limits -- how it will best allocate and use at least some of its transportation dollars?

We have discussed -- and I remind you that this is still in the discussion stage -- the feasibility of having so-called "designated accounts" within a single transportation trust fund.

That is to say -- a Governor could transfer a certain percentage of funds (up to a certain percentage) according to that State's needs. This, I firmly believe, is the direction in which we should head.

This -- I believe -- is where we are going, and it is a reasonable, meaningful, and effective program.

Charlie Baker, my Assistant Secretary for Policy Development, is doing a solid in-house study of this right now, and preliminary indications are that there are promising possibilities that may well be worth consideration by the States and by the Congress.

We will have a Program to submit to the Congress early next year. We certainly will be discussing this -- again -- with your Transportation Committee.

I know this is a matter of great importance and interest to each of you, and we shall certainly be soliciting your best thinking in this area.

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Gentlemen -- these are the areas Governor Evans and I specifically wanted to discuss. There are other matters, I know -- such as transportation and the environment, the continuation of the Interstate Program beyond 1972, airport development, the railroad crisis (and that's what it is -- a crisis; make no bones about it), and other items such as automobile insurance, highway safety programs, and so forth.

Incidentally -- you may have read that the House passed the Rail Safety Bill late last week. The Senate passed it last winter, and so we are going to have a Rail Safety Bill.

This is another of our significant accomplishments.

Before closing, I would like to make an announcement that is of particular interest to ten or a dozen governors; and at the same time has implications that over the long haul will have impact on the entire National Economy.

As you know, one of our operating administrations is the Saint Lawrence Seaway Development Corporation. This massive public works project -- just eleven years old last month -- has had a profound impact on the economy and export capability of the Nation's great industrial heartland. It has been described, truly, as the Nation's Fourth Seacoast. It has provided tens of thousands of jobs throughout and adjacent to the Great Lakes Region; it has brought ocean-going commerce to the core of the Nation. In fact, just 4 weeks ago Governor Whitcomb and I participated in the dedication of the new multi-million dollar Port of Indiana. The Saint Lawrence Seaway must continue and must develop as a strong and viable part of the Nation's Transportation System.

Tomorrow morning I will testify before the Senate Commerce Committee and will present this Administration's new proposed policy regarding the Seaway's continued growth.

This Administration believes any discouragement of Seaway traffic at this time would be detrimental to the growth of the midwestern economy. Any increase in tolls would tend to discourage traffic growth. Therefore, we are going on record as being opposed to an increase in the present toll structure.

In addition, it is our position that the debt burden of the Seaway must be moderated in order to remove the constant pressure for higher tolls.

I will elaborate on this before the Senate Committee, 24 hours from now.

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My former colleagues -- I now look forward to the remainder of this session. I am sure I'll be getting some good suggestions -- I hope I'll be able to respond in a meaningful way -- and I assure you that I am a good listener. Again, let me say that I welcome this opportunity to be here with you. This is one fellow who knows and appreciates the tremendous responsibility of being a Governor. I admire all of you for your dedication and hard work.

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