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4 Center for
5 Transportation

COMMISSION ON REORGANIZATION

OF THE EXECUTIVE BRANCH

Washington, D. C.

January 12, 1949

6 MR. BROWN: Mr. Hoover's report, is it now, that he
7 (The Commission met, pursuant to notice, for its 22nd
8 Meeting, continued, in the Council Room, 1626 K Street, N. W.,
9 at 9:30 o'clock a. m.)

PRESENT:

10 Mr. Hoover, Chairman

11 Mr. Brown

12 Mr. Flemming

13 Mr. Manasco

14 Mr. Pollock

15 Mr. Rowe

16 Mr. McClellan (afternoon session)

17 Mr. Forrestal (afternoon session)

ALSO PRESENT:

18 Mr. Brasseur

19 Mr. Mitchell

20 CHAIRMAN HOOVER: All right; let us take that up.

21 MR. POLLOCK: For instance, the list of Directors

22 under the Assistant Secretary of Transportation does not give

P R O C E E D I N G S

CHAIRMAN HOOVER: Gentlemen, we have six. I have authority from Mr. Mead to represent him and vote for him.

Although we cannot consider this as a quorum, for purposes of work, anyhow --

MR. BROWN: Mr. Mead's report, is it now, that he asked you to present?

CHAIRMAN HOOVER: Yes.

MR. POLLOCK: Is it Commerce you are talking about now?

CHAIRMAN HOOVER: Yes.

MR. POLLOCK: Which draft?

MR. BROWN: The draft for January eight.

MR. BRASSOR: Shall I start reading?

MR. POLLOCK: I would suggest Mr. Chairman, that instead of going over it sentence by sentence -- we have not had a chance to see whether we have any differences of opinion, differences in principle, criticisms of organization. I have two or three basic questions I would like to raise with reference to it and rather than read it word by word until it gets organized in something like the fashion we can probably agree on --

CHAIRMAN HOOVER: All right; let us take that up.

MR. POLLOCK: For instance, the list of directors under the Assistant Secretary of Transportation does not jibe

1 with the list of services to be set up. If you compare
2 pages four and eleven. The Director of Road and Motor
3 Safety, for instance, has no unit to direct. And I am not
4 sure why he is mentioned. Perhaps I can get some light on
5 that.

6 In other words, on page four you have a Director of
7 Road and Motor Safety. "B" under the Assistant Secretary
8 of Transportation, there is no mention of a road and motor
9 safety service on page fourteen. I would like to know
10 what he is to do.

11 CHAIRMAN HOOVER: All right; we can do that, too.

12 MR. BROWN: Here on page fourteen you have a motor
13 carrier safety function to be transferred.

14 MR. POLLOCK: That is the same thing.

15 MR. FLEMMING: That is the highway transportation.

16 CHAIRMAN HOOVER: That is the railroads. I think
17 Dr. Pollock is right. There needs to be a paragraph.

18 MR. BROWN: There is a highway transportation
19 service on page fourteen, and "A" of that is a motor
20 carrier safety functions of highway transportation. That
21 means will be transferred from ICC?

22 MR. POLLOCK: You have a Director of Highway Trans-
23 portation activities on page four.

24 MR. BROWN: Yes.

25 MR. POLLOCK: But what about the Director of Road
and Motor Safety?

1 CHAIRMAN HOOVER: That comes under Highway Transporta-
2 tion Services.

3 MR. POLLOCK: What does he do?

4 CHAIRMAN HOOVER: On page four, it is Director of
5 Highway Transportation Activities. Then there is a paragraph
6 devoted to him on page fourteen. Do you want more than that?

7 MR. MITCHEL: Director of Road and Motor Safety;
8 but there is nothing describing it on page fourteen.

9 CHAIRMAN HOOVER: The trouble is, (d) ought to come
10 out. It is all in the same function.

11 MR. BROWN: "D" ought to come out. Then it will read
12 all right.

13 MR. POLLOCK: Now let me raise a much more fundamental
14 question which we have to face, I assume. I do not think that
15 the administration of highway grants-in-aid should be handled
16 by a Department of Works and Resources. I think that all
17 of the Public Roads Administration should be together and
18 I think it belongs in this Department, in the new Highway
19 Transportation Service. On page fourteen, it is not that
20 way.

21 MR. MANASCO: You were going to tie construction up
22 with your regular service.

23 MR. POLLOCK: Public Roads does not have any con-
24 struction work. It is done in the states. It is the
25 administration of a grant-in-aid program.

1 MR. MANASCO: They do have inspection work that goes
2 along with it to approve the plans.

3 CHAIRMAN HOOVER: I think the last sentence ought to
4 come out. My own ideas were that these are grants-in-aid,
5 not a construction program? They do not do any construction.

6 MR. POLLOCK: Exactly.

7 MR. BROWN: I have that mark here.

8 MR. POLLOCK: That last sentence ought to --
9 my understanding is that the Bureau of Public Roads entirely
10 be removed from the present works agency to this new
11 Department of Commerce and Transportation.

12 CHAIRMAN HOOVER: That is the idea, yes.

13 MR. POLLOCK: In other words, I am opposed to dividing
14 any of the activity of the Public Roads. That is, it has
15 to be together. It is a land management activity, it seems
16 to me.

17 MR. BROWN: I had that marked.

18 MR. MANASCO: I understood you were striking out all
19 of "C" were you not?

20 MR. POLLOCK: No, no; just the last sentence. I think
21 that "C" ought to be reworded, though, to indicate that.
22 I think we ought to say very definitely we are transferring
23 the whole Public Roads Bureau from Federal Works Agency to this
24 new one. That is what we are doing. Why not say so? If
25 you are going to do it, you had better say so.

1 MR. MANASCO: That will be the third place it
2 has been in there.

3 CHAIRMAN HOOVER: We have said that on page two. On
4 the activities to be added, we said, The Public Roads Ad-
5 ministration.

6 MR. POLLOCK: Yes, that is right.

7 Now, I would like to question the addition on page
8 three and repeated again on page fifteen of the Commercial
9 Fisheries section of the Fish and Wild Life Bureau of the
10 Department of the Interior. I don't know what the basis for
11 that is. I think I understand why it was put in there; but
12 I certainly don't agree with moving the Fish and Wild Life
13 Bureau, the Commercial Fisheries Section, to the Commercial
14 Bureau.

15 By the same token, Forest Service sells wood. I sup-
16 pose you would shift them because they have a commercial
17 activity. It would mean, in connection with spawning new
18 fish, if you spawn them for commercial purposes, it would
19 be done in a Commercial Bureau; if you do it for other
20 purposes, it will be in another bureau, and I suppose the
21 fish would say, "Am I going to be sold, or am I just having
22 a good time?"

23 MR. BROWN: No, the Commercial Fishing Division is
24 a lot different from that, Doctor. Commercial fishing is a
25 helluva big industry in America, being one of the main food

1 supplies of the nation and it is a great packing industry
2 and it is just as much of an industry as making shirts and
3 the activity is certainly not one of recreation or anything
4 of that sort.

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5 MR. POLLOCK: But you can't separate the recreational
6 from the commercial.

7 MR. BROWN: I think you can because your commercial
8 fishing areas are in most instances separated very much
9 and the activities are entirely different, and they don't
10 spawn the fish that they produce for commercial use.

11 MR. POLLOCK: Indeed they do.

12 MR. BROWN: Not to a great extent compared to what
13 the other --

14 MR. POLLOCK: I beg your pardon. In certain com-
15 mercial areas where it is very serious at the moment.

16 MR. BROWN: In some of the lake areas they do some
17 of that, but on the other hand, they get a lot of fish
18 they get for recreation right out of the commercial fishing
19 areas.

20 CHAIRMAN HOOVER: I think I might say something about
21 that. I administered that bureau for eight years.

22 In the first place, that separation was recommended
23 by the National Resources Report and they recommended it,
24 I thought, on pretty sound grounds, that in Fish and Wild
25 Life the emphasis was being given on sports and in the

1 commercial fisheries, being a development of them, was being
2 made a side issue and yet it is one of the most important
3 industries in the United States.

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4 Now, it is perfectly possible to separate the game
5 fishing from the commercial fishing, even to the spawning,
6 even to the hatcheries.

7 The game fishing is a recreational activity and as a
8 matter of fact, they are separated or used to be separated
9 in the bureau entirely from the commercial fisheries. We are
10 short on development of commercial fisheries because this
11 thing has been allowed to lapse in its activity.

12 Now, there is a little point of psychology here.

13 MR. POLLOCK: I want to emphasize again that it is not
14 the separation of the recreational side and the commercial
15 in the department that I am opposed to. It is making it in
16 Commerce. I think it is a conservation problem and belongs
17 in Natural Resources.

18 CHAIRMAN HOOVER: That is the basic issue with me.

19 It is only very partially a conservation problem.
20 It is an enormous regulatory problem. The Bureau of Fisheries
21 have regulatory power over fisheries around the coast, in
22 cooperation with the States, and it has special regulatory
23 powers covering the whole of the North Pacific fisheries.
24 It has regulatory powers over sealing and regulatory powers
25 over all Alaskan fisheries, all territorial fishing, and

1 there has been great complaint from the industry that the
2 industry is being entirely neglected here where it is one
3 of the most important industries in the country.

4 Now, if you are going to put it anywhere, it ought
5 to be in an industrial setting. But, if you want to put
6 the game fishing along with it, I don't mind.

7 MR. POLLOCK: That, no.

8 MR. BROWN: Isn't that a small issue?

9 CHAIRMAN HOOVER: Yes, the actual game fishing end
10 of the Bureau of Fisheries ought to be the little end.

11 MR. POLLOCK: If that argument does not mean anything
12 to you, let me raise another one. We are making this a very
13 big and very important department, by putting in this whole
14 transportation complex, which I think would be better in
15 a separate department, in this department we are making it
16 so big that your attention to fisheries probably would not be
17 given, would not be given nearly as much attention as if the
18 recommendation of the Natural Resources task force were
19 followed.

20 CHAIRMAN HOOVER: If it goes in with the industrial
21 section of the Department, it will get plenty of attention.

22 MR. ROWE: Mr. Chairman, I wonder if I could make a
23 couple of arguments on that? I think, besides, you can look
24 at it as an industry if you want and you can look at it as
25 a resource. I think this whole fishery problem is a fight

1 between industry and regulation by the government. The
2 industry says they are badly treated and the government says
3 they don't want any regulation at all. That is the old fight.
4 I think it is personally more than a resource and should be
5 treated as one. To be conserved, to be used, to be developed.

6 The problem that is bothering me, besides that,
7 is what is happening to the Interior. The way the present
8 trend of talking we are doing about moving the Corps of
9 Engineers into Natural Resources, that is academic; it is
10 never going anywhere.

11 MR. BROWN: He is being gradually developed.

12 MR. ROWE: Pulling territories out; you are pulling
13 Indians out. Now you are going to take fisheries out.
14 I don't think there is going to be anything left of the Interior
15 Department except the Bureau of Reclamation and National
16 Parks -- pulling Grazing out, leaving a tiny, dwindling
17 department there and most of those will be pretty unhappy
18 about it.

19 MR. BROWN: They still have oil over there.

20 MR. ROWE: I don't know why. You have Mines and
21 Geologic Survey on it.

22 MR. POLLOCK: Go ahead.

23 MR. ROWE: I think you gentlemen who believe in moving
24 your land and agriculture ought to be consistent; you ought
25 to take it all out.

1 work CHAIRMAN HOOVER: This question of moving the Bureau
2 of Fisheries can come up before the full Commission. It is
3 one of those points that will have to be decided.

4 Center for MR. POLLOCK: I don't think it is necessary to make a
5 good Department of Commerce.

6 MR. BROWN: I don't think it is done for that.

7 MR. POLLOCK: I don't think it would give the
8 attention to fisheries that you think it would. I think
9 fundamentally it is a conservation problem rather than con-
10 servation for commercial purposes.

11 enough CHAIRMAN HOOVER: We have conservation activities
12 scattered all over the government.

13 then y MR. BROWN: You don't conserve very much out in the
14 Atlantic Ocean where everybody and anybody can fish.

15 we have MR. POLLOCK: I am told it is getting very scarce.

16 decided MR. BROWN: And your commercial fishery is just as
17 much an industry, more so in a way, than your packing, of
18 fruit in this country.

19 MR. ROWE: I don't know about the Atlantic, but in
20 the North Pacific we are getting fished out.

21 chop MR. BROWN: But by a lot of other people, too.

22 CHAIRMAN HOOVER: The treaties and regulations
23 that were developed some years ago have restored the North
24 Pacific Fisheries completely. They are producing more
25 fish today than they ever produced in their history, as the

1 work of the Bureau of Fisheries and under the leadership
2 of the Department of Commerce.

3 There has been no leadership since that time.

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4 MR. ROWE: Do we have a task force report on this,
5 sir, at all? There was not one on Commerce.

6 CHAIRMAN HOOVER: They recommended it be separated.

7 MR. POLLOCK: But they recommended it be left in
8 Resources. They recommended it be separate because they
9 thought the Wild Life part was getting maybe more attention
10 than the fisheries; the commercial fishery was not getting
11 enough.

12 CHAIRMAN HOOVER: If we are going to separate it,
13 then you had better put it where it will be looked after
14 best. However, I suggest we leave that point open until
15 we have a meeting of the Commission and can take some
16 decision about it.

17 MR. POLLOCK: All right; do you want another criticism?

18 CHAIRMAN HOOVER: Yes.

19 I am just wondering whether we do not get it
20 systematically if we go through the document, ^{than} if we just
21 chop around.

22 MR. POLLOCK: These are pretty fundamental. I am
23 raising only fundamental ones. There are a lot of other
24 points that can be raised.

25 CHAIRMAN HOOVER: All right; go ahead.

1 MR. POLLOCK: I think there is very considerable
2 uncertainty about the scheme for fixing and approving patterns.
3 Look at page eight and page eleven and page thirteen. I
4 cannot straighten it out. Maybe somebody can help me.

5 CHAIRMAN HOOVER: Well, I will say on that that both
6 Mr. Mead and Mr. Kennedy and Mr. Brown and Mr. Kennedy
7 whom I telephoned about it asking his impression, because
8 he has had to do with that, he said there must be some reviewing
9 officer on these route patterns. Somebody has got to determine
10 some cohesive purpose of our transportation patterns.

11 If it affects overseas routes, interlinked with
12 land routes, and it affects the air routes, which are inter-
13 linked with others, and we have to have some kind of a
14 reviewing person in the government that gets some coordination.

15 That was one of the objectives of the whole Trans-
16 portation Report, to get these route patterns somewhere
17 where they could be looked after.

18 MR. MANASCO: Is there anything in this report that
19 would prohibit it, the CAB or the CAA from granting a
20 franchise to a fellow because he owns two C-47's and then
21 start subsidizing him out of the Post Office Department
22 \$2-1/2 million?

23 CHAIRMAN HOOVER: To the extent that if his route was
24 not an appropriate route pattern, then the Secretary of
25 Commerce would have the right to review it.

1 broken MR. MANASCO: Or if you have six airlines operating
2 between here and Chicago and then some guy comes in there
3 with two C-47's. I don't think it is necessary to prohibit
4 a monopoly to grant another one and then subsidize him to
5 the tune of \$2-1/2 millions out of postal receipts.

6 CHAIRMAN HOOVER: A much worse case is the Atlantic
7 route where they introduced another route and practically
8 ruined everybody.

9 MR. MANASCO: Now American Airlines is doing its best
10 to shut out Pan American.

11 CHAIRMAN HOOVER: The route pattern question is a
12 very fundamental question in transportation. There is a
13 fundamental reason for proposing it.

14 MR. POLLOCK: But this does not follow it. This is
15 a different pattern.

16 CHAIRMAN HOOVER: It gives the Secretary of Commerce
17 the approval of route patterns.

18 MR. POLLOCK: Take page 11. What if he does not
19 approve the route patterns that are set by the CAB, for
20 example.

21 CHAIRMAN HOOVER: If it is subject to his approval,
22 he cannot.

23 MR. POLLOCK: Who breaks the stalemate? The
24 responsibility remains with the regulatory agency, as I read
25 this, and I don't, therefore, see how a stalemate can be

1 broken.

2 CHAIRMAN HOOVER: If you set up by law superior
3 authority who is going to approve, obviously it will override
4 the CAB on a pattern question.

5 MR. FLEMMING: Veto, in other words.

6 MR. ROWE: Mr. Chairman, it seems to me they have
7 that backwards in this draft. I think it is perfectly clear
8 that trying to use the case-by-case system of establishing a
9 route pattern does not work particularly well. They have
10 got studies in the Civil Aeronautics Board trying to lay out
11 this route pattern. I understand they are going to try to
12 do the whole thing over again. I am wondering if the proper
13 approach is not to have the Department of Transportation
14 make a route pattern without reference to carriers whatever,
15 overall route patterns, and that is given to the Civil
16 Aeronautics Board and then they fit it in on the particular
17 cases. When a case comes up, they check that, but it is an
18 advisory route pattern.

19 MR. BROWN: Do you want to withdraw your objections
20 to the plan that Dr. Pollock and I suggested about an overall
21 regulatory agency?

22 MR. ROWE: That is a completely different question.

23 MR. BROWN: I think you are arguing exactly the same
24 point of view we had that there ought to be one overall look-
25 see at this whole picture and that is what we are trying to

1 get; and I hope we get it in a regulatory agency.

2 MR. ROWE: I have no objection to an overall look-see
3 if you do your research in the Department of Transportation.

4 MR. BROWN: You want to do it on rates and everything
5 else?

6 MR. ROWE: There is a very vital distinction.

7 Your Secretary of Commerce, of Transportation, will
8 make these studies; he then, when you get into the regulatory
9 field, as to whether Carrier X or Carrier Y is going to town
10 A or B, he has the right to appear and argue.

11 MR. BROWN: That is where a lot of your route patterns
12 are made, in these different agencies; that is why you have
13 to have some overall authority, because CAB will give a
14 route to somebody when it is not needed at all, not only from
15 the air end but from the ground transportation and other
16 forms of transportation.

17 CHAIRMAN HOOVER: After all, would you give an
18 authority in that matter to the Secretary of Commerce when
19 he had set up a route pattern that they had to adhere to?

20 MR. ROWE: I would give him no authority whatsoever.

21 I would give him the authority in the Department to
22 work out a route pattern which you might call overall. He
23 would weigh the railroads, the motor carrier and your air
24 carrier problem.

25 He would try to fit it into a problem, to the entire

1 problem to the entire country.

2 However, after he had done that, when you get down
3 to actual cases, they would go up to the separate regulatory
4 commissioners, Clarence; the Department of Commerce would
5 appear in each particular case and that would have great
6 weight, it seems to me, before the, for instance, Civil
7 Aeronautics Board.

8 CHAIRMAN HOOVER: Suppose they did not follow his
9 pattern? Then what happens?

10 MR. ROWE: Then that is too bad.

11 MR. FLEMMING: It is when they upset it completely.

12 MR. ROWE: That is their power; I would have no objection.

13 MR. BROWN: That is exactly what Doctor and I argued
14 about an overall regulatory agency, so that you would not
15 have individual agencies that would become a protagonist
16 for any particular form of transportation but would look
17 at it from the interest of all the people.

18 CHAIRMAN HOOVER: I can go along with Mr. Rowe to
19 a certain extent, but that pattern once established should
20 be followed by the regulatory bodies as a pattern.

21 MR. ROWE: Why have regulatory bodies at all?

22 CHAIRMAN HOOVER: They have many other functions.
23 They have rates and all kinds of services.

24 MR. ROWE: Civil Aeronautics' field is most important
25 as to what carrier goes where and how.

1 CHAIRMAN HOOVER: And the one in which there is the
2 greatest criticism in the country.

3 MR. ROWE: That is because they are trying to do it
4 case by case. I think they will admit that they are doing
5 a poor job.

6 MR. FLEMMING: In this particular situation, I cannot
7 avoid pointing out that if you favor setting the standards in
8 advance --

9 MR. ROWE: For the route patterns? That word
10 "standards" is a Civil Service word and I don't understand
11 what it means.

12 MR. FLEMMING: You are going to set up a guide in
13 advance.

14 MR. ROWE: It is done now. The Civil Aeronautics
15 Board does it. The ICC does it.

16 MR. FLEMMING: You would go along with the idea that
17 the Secretary of Commerce should set up a pattern in advance
18 which in turn --

19 MR. ROWE: In advance of what?

20 MR. FLEMMING: A pattern which should be made
21 available to regulatory agency or agencies.

22 MR. ROWE: Which they can or cannot follow and which
23 the Secretary of Commerce will appear in a given case,
24 given facts of any case, and will point out -- you have, as
25 usual, four or five carriers wanting a line. He will point

1 out you have four or five carriers wanting a line. He will
2 point out where their applications fit into this pattern
3 or don't fit in. You will also have your municipal ties
4 coming in who want the planes to land at all these particular
5 cities and they will argue the route pattern is off for
6 certain reasons -- population changes, traffic changes,
7 and so forth.

8 You don't want to be bound by a rigid pattern.

9 CHAIRMAN HOOVER: Then you would not have any
10 pattern. Now, the Secretary of Commerce has the right,
11 under an old Executive Order, to appear before all other
12 bodies of the country in matters affecting Commerce, and
13 I remember very vividly going to ICC and making a violent
14 protest about route patterns in railways. They were estab-
15 lishing what I thought was a ruinous situation. They went
16 ahead and did it and I had nothing I could do except make a
17 pious observation that this was wrong and it turned out to
18 be vitally wrong in the end.

19 So that I don't think you will get a route pattern
20 if that is what you want.

21 MR. ROWE: I don't want a rigid route pattern. I think
22 that is the worst thing to do, to put a bunch of economists
23 in offices and settle this thing flatly and say, that is it.

24 CHAIRMAN HOOVER: I assume any Secretary of Commerce
25 is going to take the views of the various regulatory bodies

1 about it. ion of the Civil Aviation Service, would it not?

2 MR. ROWE: I would merely shift it the other way; let
3 them take the views of Commerce.

4 MR. POLLOCK: Could I finish what I was raising?

5 All I want to do is to get this matter straightened out so
6 I know what my view could be under it. ent should be with

7 the app On page eight -- also eleven and thirteen -- where
8 is the initial responsibility for setting these route just
9 patterns? On page eight, it is indicated that it is now
10 and should be with the CAB, yet the implication on thirteen
11 is that it would be in the Civil Aviation Service, and if
12 it is in the Civil Aviation Service, then I don't see why
13 it is necessary to make an issue requiring approval of the
14 Secretary since he is the boss of the department anyway.

15 CHAIRMAN HOOVER: I do not see any commitment on
16 page eight. It just mentions the fact that it has been
17 a case-by-case approach, that is all.

18 MR. POLLOCK: Then they do make patterns -- CAB --
19 is that the idea? HOOVER: CAB is out already, and simply

20 CHAIRMAN HOOVER: It states that.

21 MR. FLEMMING: At the present time. Department.

22 MR. POLLOCK: And you want them to, hereafter.

23 MR. BROWN: No. It would not be a part of the department

24 MR. FLEMMING: I think you point out properly on
25 page thirteen, as I read that, the route pattern would be

1 the function of the Civil Aviation Service, would it not?

2 MR. BROWN: With the approval of the Secretary of
3 Commerce.

4 MR. POLLOCK: How about (b)? A and B?

5 CHAIRMAN HOOVER: And (c) is mentioned above,

6 pattern development. Pattern development should be with
7 the approval of the Secretary of Commerce.

8 MR. POLLOCK: Who makes them? CAB? CAA? I am just
9 asking for clarity.

10 MR. BROWN: As I understand it, this Civil Aviation
11 Service and CAB would come under it, and therefore CAB
12 would make it as part of that Aviation Service subject to
13 approval of the Secretary of Commerce.

14 MR. FLEMMING: CAB would be under the CAS.

15 CHAIRMAN HOOVER: CAA would be under the Department
16 of Commerce.

17 MR. BROWN: Yes, CAA.

18 MR. FLEMMING: CAB, we take CAB out.

19 CHAIRMAN HOOVER: CAB is out already, and simply
20 transfer safety activities.

21 MR. POLLOCK: CAB is already in the department.

22 MR. FLEMMING: Just for housekeeping purposes.

23 MR. FLEMMING: It would not be a part of the department
24 under this proposal.

25 MR. POLLOCK: Then why can't it be clarified? When

1 I think of it, I think there might be a few Congressmen
2 that think of of it.

3 CHAIRMAN HOOVER: I suggest we take the report and
4 go through it and see how much we do agree to and then we
5 will have some points.

6 MR. ROWE: While we are on this point, may I read
7 a letter from Jim Landis who, as you know, is working with
8 Kennedy on this. He is at least an expert witness. It is
9 a letter to Mr. Mitchell. In draft 2 -- this is draft 4 --
10 the Department of Commerce, December 2, 1948. Would the
11 route pattern activities * * *

12 I assume he can leave route patterns pretty much where
13 it is in this field.

14 CHAIRMAN HOOVER: Well, I might say that Mr. Landis
15 went over this draft and seemed to think we had met the
16 situation.

17 MR. ROWE: There is a letter of January 5. Do you
18 mean he has changed his mind in the last week?

19 CHAIRMAN HOOVER: The idea that was introduced in
20 here as a consequence of talking it over with him.

21 However, let's get through with the report and see
22 what we can agree on. Will you start reading?

23 MR. BRASSOR: (Reads) January 8, Draft No. 4,
24 the Department of Commerce.

25 The Act of 1903, which originally established the

1 Department of Commerce, * * * Government.

2 MR. BROWN: Mr. Chairman, I have just a couple of
3 little suggestions as to English on that. Number one there,
4 The remedying of its present defective organizational structure.

5 I don't like that housekeeping arrangements. It is ad-
6 ministrative structure and organizational both that you
7 are talking about.

8 CHAIRMAN HOOVER: Well, I don't mind the housekeeping
9 arrangements coming out. I am acting for Mr. Mead now.

10 MR. BROWN: Administrative and organizational.

11 MR. BRASSOR: Two. (Reads) Three; four; five.

12 MR. BROWN: Wouldn't we make that stronger if we said
13 the present organizational structure is, or comprises.

14 CHAIRMAN HOOVER: I suggest that is covered a little
15 later and I suggest we strike out that stuff at the top of
16 page two.

17 MR. BRASSOR: (Reads) The following table shows
18 the activities * * *

19 MR. POLLOCK: Shouldn't you say, "railroad and
20 motor carriers safety and car service function?" Wrong
21 order.

22 CHAIRMAN HOOVER: Yes. On this pattern I suggest
23 the Committee will prepare a paragraph on which you can
24 debate the whole question of route patterns.

25 MR. ROWE: You mean the subcommittee will do that?

1 derring CHAIRMAN HOOVER: Yes.

2 MR. BRASSOR: (Reads) Two. Agencies largely concerned
3 with Industrial Matters.

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4 MR. POLLOCK: Will something be prepared on that, too?

5 CHAIRMAN HOOVER: That will come up for debate when
6 we come to the critical points.

7 MR. ROWE: Do we have the facts on both sides?

8 Does the committee present those for moving to
9 Commerce? There must have been reasons for moving it out
10 at one time.

11 In other words, we don't have a task force report
12 on this particular thing. I think the Agriculture people
13 suggested it be moved to Agriculture and Resources suggested
14 it be left alone. So we come along and move it somewhere
15 else, so you have to --

16 MR. BROWN: Move it back where the law says it should
17 be basically.

18 MR. ROWE: The law was changed.

19 MR. BROWN: The basic law creating the department.

20 MR. MANASCO: That was transferred under Executive
21 Order.

22 MR. BRASSOR: (Reads) Three. Agencies Largely
23 Concerned with Commerce.

24 MR. FLEMMING: Mr. Chairman, right there, we did
25 something like this, took in our Agriculture report on won-

1 dering what we are going to follow.

2 CHAIRMAN HOOVER: I think we are a little bit out of
3 line. I think we ought to set up an Assistant Secretary of
4 Commerce and let the Secretary assign his duties.

5 MR. FLEMMING: That is the point I was going to
6 raise, and shouldn't we make our Agriculture report a
7 little more consistent with that philosophy?

8 CHAIRMAN HOOVER: That is my view. We ought to make
9 them all consistent.

10 MR. POLLOCK: Since we are doing so much shifting
11 around to indicate what we meet, we have to at least round
12 it out without saying it should be a rigid pattern.

13 MR. FLEMMING: We could say, one of the Assistant
14 Secretaries might be assigned to look after transportation.
15 But I don't think we ought to come out and make a firm
16 recommendation, because, otherwise we will just develop
17 the kind of a situation that we are objecting to very
18 vigorously. Congress and everybody else will begin to deal
19 with that Assistant Secretary on Transportation matters and
20 short-circuiting the Secretary.

21 CHAIRMAN HOOVER: In this paragraph, where we say,
22 Assistant Secretary of Transportation, we ought to say,
23 Division of Transportation and leave the Secretary to assign
24 his duties.

25 MR. POLLOCK: Transportation service, not division.

1 CHAIRMAN HOOVER: Transportation service.

2 MR. FLEMMING: Like we did in Agriculture; we got
3 those services.

Center for
Transportation

4 MR. ROWE: Maybe the Secretary does not want to have
5 a transportation service. We are again caught in our
6 guidepost situation.

7 MR. BROWN: You are going to be guided by individuals
8 and not the real needs of organizational structure?

9 MR. ROWE: We ought to suggest this is the way to
10 do it but let him suggest his organizational structure; that
11 is the rule we adopted.

12 MR. FLEMMING: I don't object too much if we have got
13 a lot of activities involving a particular situation in one
14 department saying that those activities should be grouped into
15 a service.

16 Now, how you use Assistant Secretaries, I think is
17 an entirely different problem. He may want the Director of
18 Transportation Service to come right up to him direct, as an
19 equal.

20 MR. ROWE: How you rank this thing internally --

21 MR. BROWN: I think we should say what goes in depart-
22 ments, not the Secretary.

23 MR. FLEMMING: Suggest a logical grouping in the
24 services.

25 MR. ROWE: I think the guidepost suggestion idea

1 rather than getting rigid on them -- Internal Administration

2 MR. FLEMMING: I would not be too rigid. I would not
3 be specific at all in assigning duties to an assistant
4 secretary.

5 CHAIRMAN HOOVER: I think we ought to avoid that and
6 leave it as assistant secretary.

7 I think we might suggest that that would be a method.

8 MR. FLEMMING: Another thing we have to watch is in
9 our Agriculture report; we did have a suggestion to the
10 effect that one assistant secretary might be concerned with
11 management activity of the department, which is consistent
12 with our departmental management report.

13 As we deal with these other departments, I think we
14 ought to throw in a similar suggestion so that that sug-
15 gestion keeps running through everything; ties back into
16 our departmental management.

17 CHAIRMAN HOOVER: That man is the Assistant to the
18 Secretary; he is not the Assistant Secretary.

19 MR. FLEMMING: In Agriculture, it is suggested that
20 he be an Assistant Secretary and in the departmental manage-
21 ment task force report, it is likewise suggested that he be
22 an Assistant Secretary.

23 CHAIRMAN HOOVER: All right.

24 MR. FLEMMING: It is worded very well, I think, in the
25 Agriculture report. I think if we just pick that word up and

1 Business Advisory Council and the Internal Administration
2 Officer, so-called, has been dropped off because that ought
3 to be Assistant Secretary, not a person of that title.

4 We have not used that kind of a designation anywhere.
5 We concluded to drop him out of this setting.

6 MR. POLLOCK: Then you are leaving Business Advisory
7 Council where it is, dropping it out below?

8 MR. MEAD: Very anxious for it to have that identity.

9 MR. FLEMMING: Might I suggest on that staff services,
10 instead of listing that way, that we say, "Staff service
11 such as" and list some of the principal ones, but for example,
12 we get into an area here where suggesting a separate
13 management research director -- well, some departments put
14 that fellow with budget; Agriculture puts him with Personnel
15 and so on.

16 MR. ROWE: Our general rule is to lump that under what
17 we now call the Chief Financial Officer.

18 MR. FLEMMING: Yes. As far as the government as a
19 whole is concerned.

20 MR. POLLOCK: Another question I have, Mr. Chairman;
21 I cannot seem to find the Census Bureau anywhere. I thought
22 it was in Commerce.

23 CHAIRMAN HOOVER: The Census Bureau ought to be under
24 Industry Services.

25 MR. MANASCO: Aren't you setting up a pretty rigid

1 organizational pattern in this?

2 MR. ROWE: It seems to me much more than we have done
3 in any other department. All right; we will introduce that.

4 MR. POLLOCK: Insert Census where?

5 MR. BROWN: Still be a bureau? *Insert Transportation*

6 MR. POLLOCK: Heavens, yes. *each year.*

7 MR. ROWE: What are you going to do with the program
8 staff they have in Commerce now? *carrying over 500 billion*

9 MR. POLLOCK: Could I get an answer to that question;
10 I have not heard it yet. *That is the usual railroad expression.*

11 MR. MANASCO: Put it in at the last.

12 MR. BROWN: B. Put it right after. *I think it is*

13 MR. ROWE: One of the best things done in a government
14 department is now going on in Commerce. The program staff
15 seems to have disappeared. *a passenger per mile.*

16 MR. FLEMMING: Could you put that in Staff Services?

17 MR. ROWE: The other departments would be a lot better
18 off if they went at it that way; that saves more money than
19 anything I know. *SON: (Reads): We have about 315,000 miles of*

20 MR. FLEMMING: Could we get at this matter of

21 flexibility by saying on Staff Services have a paragraph,
22 have service such as -- and list the more important ones.

23 Then in a new paragraph say Transportation Service to
24 include such activities as Merchant Marine and Civil Aviation,
25 Highway Transportation. *ng. I am pleased to report that as*

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1 CHAIRMAN HOOVER: All right.

2 MR. FLEMMING: Would that get it?

3 CHAIRMAN HOOVER: All right; we will introduce that.
4 Go ahead.

5 MR. BRASSOR: (Reads) A Reorganized Transportation
6 Division in the Government. * * * each year.

7 MR. POLLOCK: The second sentence -- We have today
8 over 240,000 miles of railways, carrying over 600 billion
9 ton miles of freight and 70 billion passenger miles annually.

10 CHAIRMAN HOOVER: That is the usual railroad expression.

11 MR. POLLOCK: You carry passenger miles?

12 MR. ROWE: It is a term of art. I think it is
13 acceptable. ROWE: Yes, particularly as to Federal employees.

14 MR. BROWN: It means the lines carry that much.

15 MR. ROWE: Carry one passenger per mile.

16 CHAIRMAN HOOVER: Railways always express them that
17 way, in ton-miles and passenger miles.

18 Go ahead.

19 MR. BRASSOR: (Reads) We have about 315,000 miles of
20 paved highways * * * engaged in this work.

21 MR. ROWE: May I interrupt there? I submitted an
22 extremely learned memorandum on Transportation. I am sure
23 all you gentlemen have read it. But I got to using figures.
24 I checked my figures against this and I got a little disturbed
25 that one of us was wrong. I am pleased to report that as

1 far as the task force report is concerned, I am not wrong.
2 This figure of 240,000 -- I don't know where these figures
3 came from. Forty million vehicles, motor vehicles; it is not
4 quite that many. But it says we have more than 5000
5 ocean-going vessels. The task force report and my memorandum

6 says we have nearly that many. It is a matter of shading.
7 I don't. I think Mr. Brown would be particularly interested
8 in that last figure. This report says there are over
9 30,000 Federal employees engaged in this work. The figure
10 I use is 90,000. The task force says 89,000. I merely
11 suggest we had better check figures here very carefully.

12 MR. BROWN: I had a question mark on that.

13 MR. ROWE: Yes, particularly as to Federal employees.

14 CHAIRMAN HOOVER: At the bottom of page four and
15 ends on page five, at the top, and put it in after the
16 description of transportation activities, because then we
17 go on with the subject of the first paragraph. That is just
18 a matter of structure.

19 MR. ROWE: I don't know about the other figures.
20 I use some of these figures.

21 CHAIRMAN HOOVER: We will have them all checked.

22 MR. BRASSOR: (Reads) The major portions -- forces
23 of our transportation system * * * should be run.

24 MR. POLLOCK: Is it that bad?

25 MR. BROWN: I would say the role of government must

1 be to aid these private enterprises rather than to dictate
2 how they should be run.

3 MR. ROWE: Does that sentence mean, sir, that the
4 opposite is now being done? I mean we can state that sentence
5 the other way: The role of government is to regulate
6 uncontrolled private enterprise. It is a matter of shading;
7 I don't see that the sentence helps anything.

8 I am sure everybody agrees utilities should be
9 regulated.

10 MR. MANASCO: Dictate how to be run, too.

11 MR. BROWN: Employment and every other thing, rates.

12 MR. MANASCO: You have to keep your books a certain
13 way.

14 MR. ROWE: We approve of that, don't we?

15 MR. MANASCO: I know; but we say here we don't
16 dictate.

17 MR. ROWE: I don't see the sentence helps much.

18 MR. POLLOCK: Can we say why the railroads are in
19 such a mess right now?

20 MR. ROWE: Is that because of Federal regulation?

21 MR. POLLOCK: I don't know.

22 MR. ROWE: I think it is arguable.

23 MR. POLLOCK: I think they are in a terrible mess.

24 CHAIRMAN HOOVER: That sentence needs amendment and
25 I suggest that something like: "the role of government must

1 be to aid private enterprise in the operation of these
2 systems under regulation to protect the public.

3 MR. ROWE: I quite agree with that, but nobody
4 understands why we say it.

5 MR. FLEMMING: You are suggesting that we don't need
6 the sentence?

7 MR. ROWE: In the form in which it now is, it would
8 seem to indicate --

9 CHAIRMAN HOOVER: Wouldn't that state it accurately;
10 that is the role of government.

11 MR. ROWE: All right.

12 Go ahead.

13 MR. BRASSOR: (Reads) Government aids to transporta-
14 tion * * *

15 MR. BROWN: Cut out "our." I don't think you need it.
16 Subsidies to early construction.

17 CHAIRMAN HOOVER: Yes.

18 MR. BRASSOR: (Reads) The dredging and canalization
19 * * participate in this work.

20 MR. ROWE: I wonder, sir, if industry would regard "g"
21 as a government aid.

22 MR. BROWN: The regulation of rates and services in
23 protection to the public.

24 CHAIRMAN HOOVER: If we put that in the opening
25 sentence, to be added to our sentence at the top, we can cut

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1 it at down here. The research is done with reference
2 to one MR. BROWN: What are you going to do with that
3 sentence, strike it out? overall research. Trying to regard

4 CHAIRMAN HOOVER: I was going to introduce the
5 sentence up there -- the role of the government must be
6 to aid private enterprise in operating these transportation
7 systems. Now if research is put in proper place, except

8 MR. ROWE: And to regulate. get an overall picture.

9 CHAIRMAN HOOVER: Under regulation of rates and
10 service in protection of the public. true in case of railroads.

11 MR. ROWE: This is not private enterprise in that
12 sense. Is it a public utility? Why don't we use a more
13 accurate term. It is both, with public characteristics.

14 CHAIRMAN HOOVER: Let's don't debate the ideological
15 question. CHAIRMAN HOOVER: Subsidies are indirect rather than

16 MR. BRASSOR: (Reads) What is Wrong in the
17 Transportation Organization in the Government * * *

18 MR. ROWE: Could I pause at four and five?

19 MR. BROWN: Yes.

20 MR. ROWE: On that research activities, they are
21 scattered in many agencies. ever and above your air mail pay?

22 MR. BROWN: Throughout, instead of, in. that. I think

23 MR. ROWE: I think the point we are trying to make
24 is that research is not too good. Is that the responsibility
25 of the agency. The Agency is responsible for one particular

1 form of transportation. The research is done with reference
2 to one particular form of transportation. What we are trying
3 to aim at again is that overall research. Trying to regard
4 the problem as national problem, balanced problem. If it
5 were not for that, it would not matter that the research
6 activities are scattered through the different agencies.
7 It is no harm if research is put in proper place, except
8 that if it is scattered you do not get an overall picture.

9 As to five, I think that is partly true; in another
10 case it is not true. I think it is true in case of railroads.
11 I am not sure that subsidies to air mail is obscured merely
12 because it is done through an air mail system. I think that
13 shows up in the budget as a precise amount.

14 MR. BROWN: No.

15 CHAIRMAN HOOVER: Subsidies are indirect rather than
16 obscured.

17 We ought to correct that.

18 MR. BROWN: They don't call it subsidy. They just
19 give them an awfully high rate.

20 MR. ROWE: Doesn't it show up in the budget that your
21 Post Office subsidy pay is over and above your air mail pay?
22 I think you have to set a proper price down for that. I think
23 it will show up in any budget document. I am not certain
24 about it.

25 MR. BROWN: They fix the rate per pound. I may be

1 wrong, Jim.

2 MR. FLEMMING: Have we a copy of the Budget out
3 there?

4 MR. BROWN: Yes, you will find it.

5 MR. ROWE: The reason I remember all this, in the
6 last session, it seems to me, there was a long decision
7 about active air pay. Pan American claimed they had
8 \$27 million and something coming. That was all debated in
9 Congress and an appropriation was asked for and was cut down
10 by the Budget and so forth. It seems to me that so far as
11 seeing the subsidy in air mail, it would show.

12 MR. FLEMMING: How would "work indirectly" be instead
13 of "obscured?"

14 MR. ROWE: What we are after is to make the subsidies
15 perfectly clear.

16 MR. BROWN: I don't think it is today, Jim. I think
17 you will find out that it is based on the number of pounds
18 or ton-miles or pound-miles, and so forth and so on; and
19 the average person cannot figure it out. The expert may be
20 able to do it.

21 MR. MANASCO: There are different rates for different
22 carriers flying parallel lines.

23 MR. ROWE: The problem is here, can you see it or can't
24 you -- or how much.

25 MR. BROWN: I don't think anybody knows today what the

1 actual rate is, what it should be.

2 MR. ROWE: I think that is true about your railroads.

3 MR. BROWN: I think it is also true on this other.

4 CHAIRMAN HOOVER: I suggest amend those two paragraphs.
Center for Transportation

5 The first one we would say, research is carried out from
6 special points of view. It is deficient in some fields,
7 overlapping in others and without an overall presentation
8 of transportation problems -- or words to that effect.

9 On the second one, subsidies are not clear in the
10 financial presentations of the government -- something
11 like that.

12 We come to number six.

13 MR. BRASSOR: (Reads) Some agencies, such as highways
14 and waterways * * * competitors.

15 MR. ROWE: Mr. Chairman, may I interrupt again?
16 I am sorry to be so difficult about this. But all this
17 appears under the heading of what is wrong with transportation.
18 I am not at all sure that it is wrong that railroads pay
19 taxes and the others do not for the simple reason that
20 Clarence -- I know you have heard this argument for many years in
21 Interstate Commerce Committee, but it is true. The railroads
22 in their time of development were subsidized. They got land
23 grants; they got money from the government; they got tax-free
24 privileges, and so forth.

25 That same thing is now happening in the waterways and

1 highways in a different period.
2 MR. BROWN: You are wrong, Jim. Some railways got
3 out there, especially in your country where you couldn't
4 get anybody to run a railroad unless you paid them for it --
5 but in our country, they built the railroads and paid for
6 them themselves.

7 MR. ROWE: Always paid taxes, right from the
8 beginning, or did the municipalities --

9 MR. BROWN: We are discussing the Federal Government,
10 but I think even at that they have always paid taxes in
11 most instances.

12 For instance --
13 (Discussion off the record)

14 CHAIRMAN HOOVER: I rather think that perhaps it should
15 come out. It is impossible to state it.

16 MR. ROWE: I agree with that, that we overdo it.

17 CHAIRMAN HOOVER: It cannot be stated.

18 MR. FLEMMING: Our heading is, What is Wrong with
19 Transportation in the Government, anyhow.

20 MR. BROWN: I agree to do that, to take it out; but
21 it actually is a true statement.

22 MR. BRASSOR: (Reads) Operational functions - -

23 MR. POLLOCK: How about number six?

24 MR. FLEMMING: Out completely.

25 MR. BRSSOR: (Reads) Operational functions * * *

1 MR. BROWN: I would like to suggest you rewrite that
2 and insert that Merchant Marine operational functions are
3 carried out, because, evidently your last sentence indicates
4 you are discussing only the Maritime Commission.

5 MR. ROWE: Indicates we think that the regulatory
6 agencies should be subject to regulation and direction.

7 CHAIRMAN HOOVER: Yes; you are right.

8 MR. BROWN: That merchant marine operational
9 functions are carried out.

10 MR. BRASSOR: (Reads) Eight. Safety regulations are
11 administered * * * initiative.

12 MR. ROWE: On that, we get into a very difficult
13 safety problem on the airlines. Probably it should be
14 discussed later. I am just wondering if we want to say
15 flatly there that it is wrong for an independent commission
16 to regulate.

17 MR. POLLOCK: It does not say that they should be.

18 MR. BROWN: "multitude" is quite a number, and
19 scattered -- we don't want both words.

20 CHAIRMAN HOOVER: I would cut out that, except the
21 bare statement that safety regulations are administered
22 by a multitude of agencies, period.

23 MR. BROWN: Would you say, multitude, or many?

24 CHAIRMAN HOOVER: Many.

25 MR. BROWN: Multitude sounds like about 10,000 to me.

1 MR. ROWE: Offhand, I agree with the general
2 principle enunciated; but do we want to say it is wrong in
3 this place and we will discuss it later when we get to it?

4 MR. BRASSOR: (reads 9)

5 CHAIRMAN HOOVER: I would strike nine out altogether.
6 That is an ideological question.

7 MR. POLLOCK: At least you would have to say where
8 and how.

9 MR. BRASSOR: (Reads) There is no center for
10 planning for transportation * * *

11 CHAIRMAN HOOVER: I think you had better say, "No
12 effective center." One of the objects of this whole set-up
13 is to make it more effective.

14 MR. BRASSOR: (Reads) It is not the purpose of this
15 Commission to outline * * * these faults.

16 CHAIRMAN HOOVER: That can contribute to this.

17 MR. POLLOCK: That has to be worked out, somehow.

18 MR. BROWN: Do you object to the fact that there is
19 no center or no effective central planning -- I think that
20 would be better.

21 CHAIRMAN HOOVER: Yes.

22 MR. ROWE: Planning is what we are really objecting to.

23 MR. POLLOCK: Those last three or four sentences seem
24 to me --

25 CHAIRMAN HOOVER: Take out "by agencies concerned with

1 transportation."

2 MR. BROWN: Yes. I had that marked, too.

3 CHAIRMAN HOOVER: Go on.

4 Let's get some more contributions.

5 MR. POLLOCK: That will be worked over, those sen-
6 tences?

7 CHAIRMAN HOOVER: That is the idea.

8 MR. POLLOCK: You say our purpose is to recommend
9 such a structure in the government that can bring this about.
10 That is now to a large degree impossible.

11 CHAIRMAN HOOVER: As will contribute to bring this
12 about.

13 MR. BROWN: Our purpose is to recommend just such
14 a structure.

15 CHAIRMAN HOOVER: Yes.

16 MR. BRASSOR: (Reads) Past Reorganization Proposals
17 Relating to Transportation * * * come to naught.

18 CHAIRMAN HOOVER: I would say, "most of these."

19 MR. BROWN: Why not say, "most of these have fallen
20 short?"

21 MR. BRASSOR: (Reads) largely because --

22 CHAIRMAN HOOVER: Largely because of restricted terms
23 of reference. I think there ought to be a period right there
24 and cut out the rest of that. "Failure to recognize * * *
25 that is rather effective to try to set up something outside

1 of regulation. So I withdraw my suggestion.

2 MR. ROWE: Because of failure to recognize mere
3 regulation is not an effective administrative vehicle for
4 long-term transportation development. The Board of Advisory
5 Research spent two years studying the transportation problem
6 and I think the reason it failed was because Congress would
7 not act on it. I think they discussed everything besides
8 regulation, regulations for everything else. I wonder how
9 many of these nine studies pertain to regulation.

10 CHAIRMAN HOOVER: I had gone back to my suggestion
11 that we simply state, "restricted terms of reference."
12 The difficulty is that we have not had an overall study.

13 MR. ROWE: My impression, sir, is, as you know,
14 that the Congress, in the field of transportation, is not
15 quite sure where it wants to go.

16 MR. BROWN: I think part of it is because it has to
17 deal with so many agencies. If we want an overall regulatory
18 agency, your problems would be solved and you would only have
19 one to deal with and they would be looking at it from an
20 overall viewpoint for the good of the country instead of
21 several agencies pulling and hauling Congressmen first in
22 one direction and then the other.

23 MR. ROWE: You don't want me to answer that now?

24 MR. BROWN: I mean that. Even your Committee on
25 Interstate and Foreign Commerce breaks up into a Subcommittee

1 on Aviation; Subcommittee on Rail Transportation; a Sub-
2 committee on Water Transportation; Subcommittee on Oil and
3 Pipelines, and the first thing you know, you have the same
4 differing that you have down in the Executive Branch of the
5 Government with fellows becoming experts and protagonists
6 of certain points of view.

7 MR. ROWE: In the statute, you even have different
8 committees involved.

9 MR. BROWN: That is the reason, I hope -- I am sorry
10 the Doctor is not here to hear that that was a good argument.
11 I hope it can be brought together so we can see an overall
12 picture.

13 MR. BRASSOR: (Reads) The major weakness in Federal
14 policy is * * * transportation.

15 MR. BROWN: Let me suggest you make that in parens;
16 there has been a preoccupation, and so on. And cut out the
17 "of." And say, "within the individual fields of transporta-
18 tion.

19 MR. MANASCO: I think we have another objective in
20 that first sentence. The national defense could be considered.

21 MR. BROWN: That is still the best possible transporta-
22 tion for the movement of persons and goods; that still takes
23 it in. That is all you move in defense, persons and things.

24 MR. MANASCO: You may be able to move them cheaper
25 and more expeditiously and still not take into consideration

1 your problems of national defense. That does not amount
2 to anything.

3 CHAIRMAN HOOVER: This is a quotation from the
4 Brookings report.

5 Go ahead.

6 MR. BRASSOR: (reads) There has been a failure to
7 think * * * needs.

8 MR. BROWN: I would go a little further than route
9 patterns. It goes into the number of planes, type of
10 service; everything else.

11 MR. ROWE: Corporate financial structure. Are we
12 suggesting that paragraph, Mr. Chairman, that we do away with
13 CAB and determine all these things administratively?

14 CHAIRMAN HOOVER: I don't think we intend to.

15 MR. ROWE: That is what it says.

16 Determination of the public carrier service to be
17 provided is left to the jurisdiction of the CAB. We say that
18 is what is wrong.

19 CHAIRMAN HOOVER: I think it points out the conflict.

20 MR. FLEMMING: Instead of just getting into that
21 quickly and then leaving it and not being able to explain
22 adequately what we have in mind. Why isn't the first sentence
23 of that paragraph enough? Why doesn't the next paragraph
24 pick up all right?

25 CHAIRMAN HOOVER: You mean --

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1 MR. FLEMMING: It is purely an example.

2 MR. ROWE: Leave the example out until we get it
3 resolved one way or the other.

4 CHAIRMAN HOOVER: We might head the last sentence
5 as an example of the conflict.

6 MR. ROWE: Well, Mr. Chairman, I think you could make
7 a very good argument that there is not any conflict.
8 The failure of the route pattern is the one example you pick
9 out.

10 CHAIRMAN HOOVER: I would cut out all of that paragraph
11 after the word "coordination."

12 MR. ROWE: I think that is the way to do it; at least
13 until we decide what we want to do about it.

14 CHAIRMAN HOOVER: All right.

15 MR. BRASSOR: (Reads) ^A study of the organization
16 and methods of operation * * *

17 MR. BROWN: Let me suggest up here that where you say
18 "disagrees" why don't you say, "amends" because actually
19 we don't disagree at all. We just change it some.

20 CHAIRMAN HOOVER: All right.

21 MR. FLEMMING: We do agree.

22 MR. MANASCO: With this particular phase.

23 CHAIRMAN HOOVER: That is true.

24 MR. FLEMMING: In the recommendation, we set up a
25 separate department of transportation. We differ in that.

1 MR. ROWE: Why don't we say what we mean?
2 MR. BROWN: Yes, with the setting up of a new depart-
3 ment, we do disagree.

4 MR. ROWE: The Commission, however, thinks --
5

6 MR. BROWN: The disagreement is confined to that;
7 that is all right.

8 MR. ROWE: The Commission does not think it is
9 advisable to set up a new Department of Transportation;
10 that instead --

11 MR. MANASCO: You could say that recommendations
12 have been made, that such should be provided through a new
13 Department of Transportation.

14 MR. FLEMMING: Or amend by saying that the Commission
15 disagrees with the suggestion that such unification should
16 be provided through the establishment of a new Department
17 of Transportation.

18 CHAIRMAN HOOVER: Leave out the Brookings Institution.

19 MR. FLEMMING: Yes.

20 MR. BROWN: Or the task force.

21 MR. ROWE: I would like to make a couple of comments
22 on the reasons we give.

23 CHAIRMAN HOOVER: Go ahead.

24 MR. BROWN: I would like to indicate mild disagreement
25 with them. Personally, I don't think it is inappropriate to
set up a Department of Transportation itself. I would not

1 argue with that. But I think it is dangerous to take public
2 utilities and talk about them as the same as any other
3 industry. I think public utilities are a different class
4 altogether than these other industries.

5 The last reason: I think that it might well backfire
6 on us, that the number of executive departments be kept to a
7 minimum. The answer is, if we have had a Department of
8 Transportation and Commerce, ECA, RFC, Export-Import Bank,
9 they would be even more kept to a minimum.

10 CHAIRMAN HOOVER: Cut out the last sentence; we don't
11 have to argue that in this report anyhow.

12 MR. ROWE: I still indicate I am unhappy about the
13 sentence above that.

14 CHAIRMAN HOOVER: We struck out, "finally, on arriving."

15 MR. BRASSOR: (Reads) In order to provide a true
16 unification * * * for transportation.

17 MR. FLEMMING: In a central service.

18 MR. BROWN: Are you going to unify or consolidate.
19 There is a difference, isn't there?

20 CHAIRMAN HOOVER: We said, "consolidate."

21 Cut out immediately under the Assistant Secretary of
22 Transportation.

23 MR. FLEMMING: Make it a central service instead of a
24 central office.

25 MR. ROWE: Where are we going to recommend the

1 Assistant Secretary of Transportation?

2 MR. FLEMMING: We are striking that out; making it a
3 central service, period.

Center for
Transportation

4 MR. FLEMMING: This service would study (a) the
5 physical needs of transportation; (b) the priority of these
6 needs; and (c) the costs and methods of defraying them. It
7 would also have responsibility for 1, 2, 3 as on page ten.

8 MR. MANSCO: Wouldn't that mean that this service
9 would lay out the patterns of the transportation service?

10 CHAIRMAN HOOVER: I think if we are going to introduce
11 it, we ought to put in a paragraph on transportation patterns.

12 MR. FLEMMING: Patterns come right on the next page.

13 MR. ROWE: I don't see that three adds anything that
14 is not in two. Now about that first paragraph, Mr.

15 CHAIRMAN HOOVER: All right, take out two.

16 I think all of those things ought to be combined,
17 that number one and number two are really (d) and (e).

18 Read the first paragraph and see if we can agree on
19 that.

20 MR. BRASSOR: (Reads) The Commission recommends,
21 therefore, * * * Federal Government.

22 CHAIRMAN HOOVER: Now then, I would suggest that we
23 introduce a paragraph on the pattern question and wind up
24 with a recommendation separately. In any event, you will
25 have an opportunity to trash out the whole pattern problem.

1 MR. FLEMMING: Between this paragraph and the next
2 paragraph you would put in an explanatory paragraph. The
3 next paragraph does deal with the route pattern.

4 MR. ROWE: Take all of the military transportation
5 activities and move them into this.

6 MR. BROWN: You can strike that next paragraph out.
7 That is the case of route patterns.

8 CHAIRMAN HOOVER: Don't strike out yet, but put in
9 a paragraph describing the pattern question. In other
10 words, when it comes up again, we can decide whether we
11 want to give authority to the Secretary of Commerce or
12 whether we merely want to make him an advisory person.

13 MR. FLEMMING: Check.

14 CHAIRMAN HOOVER: But we can state the case.

15 MR. ROWE: How about that first paragraph, Mr.
16 Chairman? I am referring to where it says, "all non-
17 regulatory transportation activities." We really want
18 to say, "major." We don't want to take all military
19 transportation activities and put them in there.

20 CHAIRMAN HOOVER: I think you had better say
21 "major, non-regulatory" and so on.

22 MR. BRASSOR: (Reads) In order that there be
23 coordination -- *** by the Secretary of Commerce.

24 MR. BROWN: I would like to suggest a change or two
25 there in wording, to make it read, "In order to foster or
bring about coordination"-- one or the other.

1 I don't think doing this just brings about
2 coordination.

3 CHAIRMAN HOOVER: We were going to rewrite that
4 whole business anyway.

5 MR. BRASSOR: (Reads) This is intended to apply
6 to Merchant Marine routes * * *

7 CHAIRMAN HOOVER: That will all come into the new
8 paragraph.

9 MR. BRASSOR: (Reads) The Commission recommends
10 that the purely regulatory * * *

11 CHAIRMAN HOOVER: We have already said "non-regulatory."
12 I don't think we need to bring it up any more.

13 MR. ROWE: Sound paragraph, Mr. Chairman.

14 MR. BROWN: I am not for that one because I don't
15 want to leave them independent where there are.

16 CHAIRMAN HOOVER: We do not have to raise it. We have
17 already excluded the regulatory things.

18 MR. BRASSOR: The Merchant Marine service --

19 MR. BRASSOR: Aside from the primary necessity * * *

20 MR. ROWE: That would or could be rewritten somehow.
21 I don't want to suggest it at the moment, but I don't think
22 it gets the point over, what the duties of the Maritime
23 Commission are.

24 MR. BROWN: Too many "it's" in there. You can take
25 about half of them out.

1 CHAIRMAN HOOVER: Yes.

2 MR. ROWE: I refer to that excellent memorandum by
3 Rowe and Senator McClellan. It sums it up.

4 MR. BROWN: Do you have a minority report?

5 MR. ROWE: Could be; it is a little lengthy.

6 CHAIRMAN HOOVER: Go ahead.

7 MR. ROWE: Do we suggest we should have regulation,
8 referring to (a) there? Do we have an agency to regulate
9 the government itself? I don't quite understand what (a)
10 is aimed at. That (a) confuses me, but if nobody else

11 CHAIRMAN HOOVER: It really means to say that --

12 MR. BROWN: The Maritime Commission is engaged in
13 business and makes its own regulations for the conduct of
14 the business in which it is engaged. I think that is what
15 it means. Function should be carried on by an agency not

16 MR. MANASCO: To separate the regulatory body from
17 the administrative body. I think we have stated that before

18 MR. ROWE: I agree with that; but I don't know that
19 that concept is particularly helpful. Business enterprises
20 should regulate themselves.

21 Does that mean that the regulatory part of the
22 function of the Maritime Commission regulates its own busi-
23 ness?

24 MR. BROWN: That is what it does do.

25 CHAIRMAN HOOVER: That's right; regulates its own

Eno
Center for
Transportation

1 rates.
2 MR. ROWE: What situations of that have we: charter
3 ships out and while under charter they are under private
4 management. It sells ships. I don't quite understand how
5 they regulate.

6 MR. BROWN: They base the rates; they base the
7 charters on the rates or the rates on the charters, and
8 they do a lot of funny maneuvering.

9 MR. ROWE: I agree; and I agree something ought to be
10 done to them. That (a) confuses me, but if nobody else
11 understands it, I give up.

12 CHAIRMAN HOOVER: All right; we will straighten that
13 out.

14 MR. BRASSOR: (Reads) B. That this definitely
15 executive function should be carried on by an agency not
16 subject to presidential directions. * * * department head.

17 CHAIRMAN HOOVER: I think we have stated that before
18 and I think it ought to be cut out before and all concentrated
19 in one place. We will straighten that out.

20 Go on.

21 MR. BRASSOR: (Reads) These recommendations are
22 similar to those of the President's Advisory Committee * * *
23 November 1947.

24 CHAIRMAN HOOVER: What follows is quoted from them;
25 we don't have to read it. That is what they said.

1 MR. BRSSOR: (Reads) We recomend elsewhere that the
2 Maritime Division be incorporated * * * flexibility.

3 MR. ROWE: Are we going to leave that in, from the
4 Keller report?

5 MR. BROWN: Is that the Keller report?

6 MR. ROWE: Yes.

7 MR. BROWN: Does that imply that we recommend that
8 there should be established this Maritime Board to conduct
9 all the regulatory agencies?

10 MR. ROWE: It is in there.

11 MR. BROWN: If it does, I don't think we can very
12 well go over that until we know what we do with regulatory
13 agencies.

14 MR. ROWE: I also suggest, Mr. Chairman, if we are
15 going to recommend it, let us recommend it and not say it is
16 a Keller recommendation. The other reason is, I think that
17 is one report which is really criticized as being a second-
18 rate job. I don't know anybody that liked it.

19 CHAIRMAN HOOVER: I think we might leave in there
20 this much. These recommendations as to the management of
21 the business enterprise of the Government should be con-
22 solidated in one hand, similar to those of the Keller report.
23 Gives us a little bit more support in that recommendation.

24 MR. ROWE: Did the Keller report come out for
25 incorporation?

1 CHAIRMAN HOOVER: No, they did not say anything
2 about it.

3 MR. ROWE: It seems to me that what they did say on
4 organization was the quasi-judicial and administrative
5 functions should be separated. But they did not bother to
6 explain what those were.

7 MR. ROWE: I think we ought to use our own reason,
8 our own recommendation, that is.
9 I think that report was very poor and was so recorded
10 by everybody in the government and in industry. I don't
11 think it will help us at all.

12 CHAIRMAN HOOVER: Well, a similar recommendation was
13 made by * * * to be transferred to the Department of
14 Commerce.

15 MR. ROWE: But they recommended putting the ad-
16 ministrative functions in a department would be helpful.

17 MR. BROWN: Will we rewrite that paragraph, then?

18 CHAIRMAN HOOVER: Strike it out and just put a
19 sentence in commenting on the one point that they agreed on.

20 MR. BROWN: And not comment on the (b) part?

21 MR. BRASSOR: (Reads) We recommend elsewhere that
22 the Maritime Commission -- Division, be incorporated * * *

23 CHAIRMAN HOOVER: If we are going to do that, I would
24 rather recommend it right here. My feeling is it ought to
25 be done and that is the feeling of the Comptroller General.

1 MR. ROWE: Mr. Chairman, I have a few doubts about all
2 this incorporation. I think all this should be put under
3 the control of the Government Corporation Control Act,
4 which does not necessarily mean corporation. I personally
5 would not object to a statement that it be under it.

6 I am not at all sure about general incorporation of all these
7 things. I would not confine it to the Maritime Division.

8 Could we say at this time that we recommend that the
9 Maritime Division or the administrative functions be subjected
10 to the controls of the Government Corporation Control Act of
11 1945 without passing on that particular point of incorporation
12 until we come to that general problem?

13 CHAIRMAN HOOVER: We could say that we recommend that
14 the business operations of the Maritime Commission, is what
15 we mean, be placed under the Government Corporation Control
16 Act of 1945. This would give greater flexibility to
17 management, and so forth.

18 MR. ROWE: I think we ought to leave out that last
19 sentence for the time being.

20 MR. MANASCO: If you are not going to incorporate,
21 why change the Director of the Budget, Accounting, and other
22 procedures of Government agencies?

23 MR. ROWE: You get all the benefits of the incorpora-
24 tion through the Government Corporation Control Act. You get
25 your flexibility and so forth. My point is, I don't think it

1 is necessary or necessarily useful to go all the way and
2 incorporate every one of these and have directors and all that
3 sort of thing. What you are after is business control.

4 MR. MANASCO: I don't want to establish a precedent.

5 MR. ROWE: We do that in the Post Office, a perfectly
6 good example. (Reads) The Weather Bureau serves many

7 MR. BROWN: You would not say that was a good example
8 of how to run the Maritime Commission, would you?

9 MR. ROWE: What? (Reads) Department of Commerce or the Merchant

10 MR. BROWN: The Post Office. (Reads) Fifty percent of

11 MR. ROWE: The way the Commission report is set up?

12 MR. BROWN: As I say, we get all the benefits in our
13 Post Office Report of incorporation. We do not get into some
14 of the structural problems. (Reads) Is there in connection

15 CHAIRMAN HOOVER: We can adopt your language. It leaves
16 it open. I don't believe we can get under that Act without
17 actually getting under.

18 MR. ROWE: Housing and Home Finance Agency, parts of
19 it, are under the Government Control Act and are not
20 incorporated. (Reads) Do we want to take any

21 CHAIRMAN HOOVER: All right; we don't need to fight
22 it out now. (Reads) the other maritime services are established

23 MR. BRASSOR: (Reads) Other maritime services * * *
24 air transportation. (Reads) Yes, in the event of war, there should

25 MR. BROWN: Let me make a little suggestion. "Is to

1 provide aid to navigation." Why say, is the provision of?

2 CHAIRMAN HOOVER: Where is that.

3 MR. BROWN: "The major function of the Coast and
4 Geodetic Survey is to provide -- "

5 CHAIRMAN HOOVER: Yes; all right.

6 MR. BRASSOR: (Reads) The Weather Bureau serves many
7 different departments * * *

8 MR. ROWE: May I ask what that means -- wants it
9 included in the Department of Commerce or the Merchant
10 Marine Service? I would not think so. Fifty percent of
11 its service is in the air.

12 MR. BROWN: Warrants retaining it in the Department
13 of Commerce where it is now.

14 MR. BROWN: Why mention it there in connection
15 with Marine Service.

16 MR. ROWE: Does a lot of weather work for marines,
17 too.

18 MR. FLEMMING: Mr. Chairman, in this area here,
19 this existing law provides that in case of war, the Coast
20 Guard shifts over to the Navy. Do we want to make any
21 recommendation along that line on Coast Guard and so forth
22 and so far as the other marine services are concerned?

23 MR. ROWE: In wartime.

24 MR. FLEMMING: Yes, in the event of war, there should
25 be a shift.

1 MR. ROWE: Isn't that in the organic act of the
2 Coast Guard now?

3 MR. FLEMMING: I think it is. Do we want to broaden
4 it; that is my point, that your whole marine service, in
5 effect, be shifted in time of war from the Department of
6 Commerce to the Department of Navy.

7 MR. ROWE: I think after a lot of study we could
8 reach a conclusion but there are lots of arguments; I don't
9 know what they are.

10 MR. FLEMMING: Someplace else there was a recommenda-
11 tion that this administrative side of the picture be shifted
12 to the armed services.

13 MR. BROWN: The trouble with that paragraph is the
14 heading. I think we could select some other heading
15 than "Other Marine Services"?

16 CHAIRMAN HOOVER: I would suggest we cut out the Weather
17 Bureau. It is in industrial activities anyhow and that places
18 it as near as you can get it to anything.

19 MR. BRASSOR: (Reads) Civil Aviation Service.
20 This bureau would have responsibility for all Federal
21 activities (a) through (e).

22 MR. ROWE: Do you want discussion on that now.

23 "A" I presume is all CAA at the present time, is it not?

24 CHAIRMAN HOOVER: Yes.

25 MR. ROWE: Why not just say, transfer CAA to the

1 service.

2 MR. MECK: You are not really transferring; you are
3 keeping it in there and changing its name.

4 MR. ROWE: That is what it comes to. It is already
5 there.

6 CHAIRMAN HOOVER: I think you are right.

7 MR. ROWE: Now, as to safety activities, I don't
8 know the answer to that problem and I don't think anybody
9 else does.

10 MR. MANASCO: That is controversial legislation.

11 MR. ROWE: And again what this is going to do,
12 is trying an old system which we have tried several times
13 before.

14 MR. BROWN: You have transferred it there. You have
15 to have it in the Department of Commerce or you certainly
16 would not have rail and water.

17 MR. ROWE: You don't recall offhand what the trans-
18 portation report says about breaking them down? If the
19 Regulatory Commission tries out a system that has not been
20 tried before. I think they recommend that the safety
21 regulations -- under the present set-up -- John, do you
22 know this field fairly well?

23 MR. MECK: I know what it is today.

24 MR. ROWE: Is this a correct statement of it, the
25 way it is today? CAB makes safety regulations; the CAA

Center for
Transportation

1 enforces them? They had two out of three votes and the

2 MR. MECK: CAA makes recommendations to CAB which
3 adopts the regulations.

4 MR. ROWE: Initiated by CAA to CAB. Doesn't CAB
5 promulgate them? They are enforced by CAA?

6 MR. MECK: Except CAB also makes independent
7 investigations of major accidents.

8 MR. ROWE: And both the CAA and the CAB investigate
9 major accidents; that is the situation today.

10 This report would take all that and give it to the
11 CAA; the regulatory commission report, if I remember it
12 correctly, suggests that safety regulations be given to
13 CAA but be reviewed by the CAB for financial and practicability
14 considerations.

15 I don't recall what the transportation report
16 recommends, offhand, do you?

17 MR. MECK: I thought it recommended something like
18 that, though it was not very clear.

19 MR. ROWE: The air policy Commission goes back to
20 the old idea of taking this out of CAB and setting up
21 an Air Safety Board in CAA which was the first Civil
22 Aeronautics Authority.

23 MR. BROWN: They knocked that backward and forward
24 and the President changed his mind a couple of times.

25 MR. ROWE: The first Air Safety Board was dominated

1 by the airlines. They had two out of three votes and the
2 feeling of the airlines, I think, was correct that they
3 may have been putting so much emphasis on safety that it was
4 financially impossible to get a plane up in the air. So they
5 abolished the Air Safety Boards and they split these
6 functions up and they never worked there.

7 Now, Landis' point of view is to keep it as it is
8 but it seems to me it is an extremely controversial problem.

9 I don't know the answer to it, but I am sure it
10 is not as simple as (b).

11 CHAIRMAN HOOVER: Well, for many years, the whole
12 of the safety regulations and the examination of major
13 accidents was in the Department of Commerce under the Depart-
14 ment and I think it worked out more satisfactorily there
15 than it has done ever since.

16 MR. ROWE: One of the reasons they changed it, also
17 on this safety; the problem is that when you throw all this
18 into CAA or into whatever the Civilian Air Service is, you
19 get caught in that very difficult problem of the accident
20 investigations which may well have been caused by its own
21 regulations.

22 In the last month, for instance, I happened to see a
23 report in the paper and which the Civil Aeronautics Board
24 said the fault was not that of the airline or the pilot
25 but was the fault of the CAA. Can you imagine CAA ever saying

1 it is its own fault. The investigators just cannot
2 criticize their own bosses or they won't. I don't know the
3 answer to it, Mr. Chairman.

4 MR. MANASCO: That came on the Dc-6, the same thing.

5 MR. ROWE: Fault of CAA. I cannot imagine the CAA
6 saying it was its own fault, can you?

7 MR. MANASCO: No.

8 MR. ROWE: It is very difficult to set up the
9 government structure on it and get the results.

10 MR. FLEMMING: As I understand it, the transportation
11 lines, the air transportation lines are also quite critical
12 of the way CAB has jumped on some of the safety --

13 MR. ROWE: I have the general impression. I don't
14 know how accurate it is. I have the impression that they
15 do not like CAB doing it but they are a little happier
16 because with CAB they hope they will -- for instance, when
17 they put all the Connies on the ground, millions are lost.
18 They criticize both sides. The President's Air Policies
19 Commission which discusses the whole problem, and they
20 really end up back to the system of 1938. Let us set up an
21 Air Safety Board and let them do it. Make that the answer.
22 Maybe that is the way it is now. I don't think it is as
23 simple as just (b). I have no suggestions to solve it.

24 MR. MECK: There are many people, many pages in the
25 review, and fifteen different recommendations in the past

1 and admit it is a good bit of compromise, and they are
2 opposed to separate, independent Air Safety Board.

3 MR. ROWE: I, offhand, would be opposed to it.

4 MR. FLEMMING: Do they discuss a possibility of
5 a board functioning within the Civil Aviation Service, at
6 least on the investigating authority side of it?

7 MR. ROWE: That is what this would be, your policy
8 commission.

9 MR. FLEMMING: I was going to put in Civil Aviation
10 Service and make it subject to Civil Aviation Service, but
11 suggest a device -- of some kind, Mr. Chairman. This might

12 MR. ROWE: What would you do, have this board (1)
13 issue regulations, (2) enforce them; (3) investigate
14 themselves?

15 MR. MECK: I could read what they say on it because
16 it is not in this report. The fact remains, however, that
17 the case of an airline accident, which commands extensive
18 public attention, some special machinery may be desirable
19 to assure that the aviation promotional agency, however
20 conscientious, will not be in position of determining the
21 cause of accident because they involve strict questions as
22 to the effectiveness of their own rules and operations.

23 Accordingly, the organization man recommends in this
24 report to provide special machinery by which it will be
25 possible to accomplish this in case of major airline

1 accidents.

2 I was not able to see Volume I. I was not able to
3 find a clear statement in Volume I on that.

4 MR. FLEMMING: They could, where they have a serious
5 accident, provide for the establishment of a panel possibly
6 made up of persons from outside the government to investigate
7 that particular accident and report back to the service.

8 But it would be the service that would have the responsibility
9 for setting up the panel.

10 MR. ROWE: I spent some time last night trying to
11 work out a formula of some kind, Mr. Chairman. This might
12 be called a formula of evasion.

13 I wonder if we, since we are hitting the broad structure,
14 could not put some language in, suggesting that in general
15 safety activities should be transferred to the -- to this
16 Civil Aviation Service, but that before that is done, very
17 careful examination of these particular functions and relations
18 should be made by the Secretary of Commerce.

19 In other words --

20 CHAIRMAN HOOVER: I think that might solve it.

21 MR. ROWE: Just talk in general terms and save our-
22 selves by saying that the Secretary should study it very
23 intently before he acts.

24 MR. MANASCO: If we have two airline wrecks the day
25 our report comes out, they might blame us for it.

1 CHAIRMAN HOOVER: The only way to do it: we have
2 two agencies here, both of whom have responsibility for
3 accidents, both blaming each other.

4 MR. POLLOCK: Are you down to (d), Mr. Chairman?

5 CHAIRMAN HOOVER: We were on (c), I think. We are
6 going to suspend until we have an all-around discussion of
7 it.

8 MR. POLLOCK: I think you should strike out (d)
9 unless you can give some very good reason for its inclusion.
10 This was not one of the fields that we had any investigation
11 into and, as in other cases, where we have not had such
12 task force investigations, I have looked into it myself
13 and I hold no brief for the National Advisory Committee on
14 Aeronautics.

15 On the other hand, I think that we should not move
16 them around from their present status without very good
17 reason given. They have had independent status since 1915
18 and I imagine that has been rather a primary factor in their
19 success.

20 I know you tried, when you were Secretary of Commerce,
21 to move them into the Department and that was not successful.

22 CHAIRMAN HOOVER: There are two reasons for having
23 it in there. One of them is the fact that it deals with the
24 same problems that are being dealt with on, to some extent,
25 the Bureau of Standards. There has never been adequate

1 cooperation. It is dealing with general aviation problems
2 that affect the whole aviation service. So that it ought to
3 head in somewhere.

4 Now, it is only proposed that it come in in its
5 present form.

6 But somehow, there has to be coordination brought
7 about between it and the Bureau of Standards and the other
8 aviation activities. It goes on its own happy way, and the
9 second reason is to relieve the President of it, because
10 again, when they get in a sharp conflict, what happens?
11 They all trot over to the White House and they ought to head
12 up somewhere.

13 MR. FLEMMING: Mr. Chairman, I have a very high
14 regard for the work that has been carried on by the National
15 Advisory Committee. We come in contact with it a good deal
16 in connection with personnel problems. But I think it is
17 an outstanding example of how, by raising a committee, which
18 is called an advisory committee, made up of people who have
19 only a part-time relationship to the government, you can
20 get irresponsible government because they dream up their
21 own plans and their own ideas without regard to any overall
22 policy of the government and they have been very very effective
23 in going to the Congress and getting all of the money that they
24 want, sometimes more money than the President has recommended
25 for them. They got an increase this year over the President's

Center for
Transportation

budget. BACA was set up in 1920 -- 1925, to direct

MR. MANASCO: And the new budget calls for a larger increase.

MR. FLEMMING: It seems to me they are going to stand -- if we are going to stand for responsible administration of what goes on in the government, that they certainly should be pulled in under some executive within the government. The President obviously does not have time to follow them from a management point of view. That being the case, I certainly think they ought to go into a Department of the government and this seems to be the logical place.

MR. POLLOCK: In principle, I agree with you. But I think we have to be very practical about an agency which, since 1915, has had a first-rate record and I think the case has to be pretty clear and unmistakable.

MR. FLEMMING: Not a first-rate record in terms of its being tied into the total program of the United States Government. A first-rate record in going their own way and getting government funds to do it. How are we going to tie them together?

MR. POLLOCK: I think they have a very good record aeronautically.

MR. FLEMMING: I agree with you completely. But there is no control over them whatsoever. I suggested this language in my memorandum, which might save you.

Center for
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1 The NACA was set up in 1920 -- 1915, to direct
2 and conduct research and experiments in aeronautics. In
3 view of the broad authorization of the Civil Aeronautics
4 Administration -- which now would be Civil Aviation Service --
5 technical development work in the field of aeronautics,
6 there appears to be no justification for the continued
7 existence of an independent research agency.

8 The work of the NACA should be fitted into the
9 general research program of the Department of Transportation,
10 the Department of Commerce. That is a sufficient reason
11 right there.

12 CHAIRMAN HOOVER: I think that is an additional
13 reason.

14 MR. ROWE: For putting it in?

15 MR. FLEMMING: I agree with that completely. As I
16 say, I have nothing but the highest regard for the job they
17 have done. Their fields and so on are fine, but it is in
18 direct violation of the concept of responsibility in
19 government.

20 MR. POLLOCK: I would like to have a little more
21 assurance that they continue to do that job, if included
22 in this complex, the Commerce Department.

23 MR. FLEMMING: I am sure they would tell you they
24 could not do the same kind of job because they would be
25 subject to this, that, or the other control on the part of

1 the Department of Commerce.

2 MR. ROWE: They will give you the same arguments
3 against reorganization as any other agency.

4 MR. POLLOCK: There is a point, of course, about the
5 military side. How are they going to be included?

6 MR. ROWE: They have an Air Coordinating Committee.

7 MR. POLLOCK: They have now seventeen members,
8 three elected annually, their chairman and vice chairman,
9 and they appoint annually five major technical committees
10 and some twenty-two subcommittees and the seventeen members,
11 you see, represent a lot of military thought. The exact
12 membership: they have got two representatives from the Air
13 Force; two from the Navy Department Office, in charge of
14 Naval Aeronautics; two from Civil Aeronautics Authority;
15 one from the Smithsonian; the Weather Bureau, the Bureau of
16 Standards, the Chairman of the Research Development Board
17 of the military establishment. That makes a total of ten
18 from the government agencies that are chiefly concerned with
19 aeronautics. Those ten serve without definite tenure.

20 The remaining six, appointed three from the ranks
21 of industry, one each from the airplane manufacturing
22 industry, aircraft engine industry; and four from the
23 ranks of science, all appointed by the President and serve
24 without compensation.

25 MR. FLEMMING: They are not an advisory committee in

1 the first place. They are an operating committee. They
2 operate a very extensive program and it involves a lot of
3 money. As far as coordination with the military is concerned,
4 it seems to me they get just as effective or more effective
5 -- it is a problem for the Secretary of Commerce and the
6 Secretary of Defense to work out.

7 right. MR. ROWE: And they would also get in an Air Co-
8 ordinating Committee, which is the government mechanism
9 for handling overall programs which, unlike other inter-
10 departmental committees, sometimes work.

11 CHAIRMAN HOOVER: Well, not disturbing their committee
12 arrangement by moving them in there --

13 MR. POLLOCK: They have three major research stations
14 and they have some 7000 employees.

15 CHAIRMAN HOOVER: I know they have.

16 MR. ROWE: The reason for bringing them in.

17 CHAIRMAN HOOVER: They have just been building.

18 MR. ROWE: I think NACA is the best example for
19 government reorganization I can think of.

20 CHAIRMAN HOOVER: Over the years, they have
21 been building up here in competition with all the other
22 departments of the government.

23 MR. ROWE: All of the benefits of government;
24 none of the controls.

25 MR. POLLOCK: What I am trying to do is develop some

1 reasons for this one sentence. I think you have to have
2 reasons.

3 CHAIRMAN HOOVER: We will develop the reasons.

4 MR. BROWN: Why can't we give them in an appendix?
5 This is just a structure.

6 MR. FLEMMING: I think you can develop them all
7 right, Jim.

8 CHAIRMAN HOOVER: This is a skeleton.

9 MR. ROWE: What do we mean by (e), precisely,
10 the air mail subsidies?

11 MR. BROWN: That is what I want to know.

12 CHAIRMAN HOOVER: That is just a reference; I don't
13 think it means anything.

14 MR. ROWE: Unless we do something with it, it gets
15 us lots of problems. The Post Office and CAB.

16 CHAIRMAN HOOVER: I would cut that out.

17 MR. BRASSOR: Continuing at the bottom of page
18 thirteen, (reads) On the latter point we make the following
19 comment:

20 MR. MANASCO: That will go out if you strike out
21 (e).

22 MR. BRASSOR: (Reads) But the subsidy should * * *
23 Secretary of Commerce.

24 CHAIRMAN HOOVER: Yes.

25 MR. BRASSOR: (Reads) Highway Transportation Service.

1 MR. ROWE: I don't know what that (a) means.
2 Does that mean we are going to have every automobile in the
3 United States listed?

4 MR. BROWN: They take that inventory and get it from
5 the State Departments of Registratinn or Motor Vehicles,
6 so they know what is available.

7 MR. MANASCO: The Census Bureau does that, anyhow.

8 MR. BROWN: We had that during the war. During the
9 war they could get motor trucks in case of need, and all
10 this and that and they take it from the records of registration
11 of motor vehicles in the various states.

12 MR. ROWE: Wouldn't that be tied up with the Office of
13 Defense Transportation rather than this?

14 MR. BROWN: I really think it does more than it
15 belongs here.

16 MR. ROWE: What we really want are all those
17 functions put together in the Departments, it seems to me.

18 MR. BROWN: I don't know whether the Office of Defense
19 Transportation is entirely on railroads or not; I don't
20 think it is.

21 MR. ROWE: They put out all about trucks. That
22 means they think the Office of Defense Transportation
23 belongs down with the railroad transportation service.

24 MR. ROWE: Most of that motor carrier stuff is
25 closer to the defense transportation problem, it seems to me,

1 than it is to what we call the Highway Transportation Service.

2 MR. FLEMMING: Wouldn't that be a separate unit
3 within the Transportation Service?

4 MR. BROWN: Yes.

5 MR. FLEMMING: That seems to me, Mr. Chairman,
6 we have got to use the word. This is everything we are
7 talking about here -- part of the transportation service.
8 So I think that Civil Aviation, for example, should be the
9 Civil Aviation Bureau and this should be a highway transporta-
10 tion bureau. The overall thing is the service; so this
11 becomes a bureau. Do you want to make it a Bureau of -- what

12 CHAIRMAN HOOVER: Yes.

13 MR. ROWE: What I am talking about -- instead of
14 calling this Highway Transportation Service, call it
15 Road Service.

16 MR. BROWN: What is the difference between Highway
17 and Road?

18 MR. ROWE: I don't know. Just that we have the
19 old name and everybody likes it.

20 MR. BROWN: Your motor carriers' safety, and all this and
21 that is Highway. And improvements is highway. But I do
22 think that the Office of Defense Transportation cuts across
23 all transportation lines.

24 MR. ROWE: What I am really saying is, leave (a)
25 and (c) in there.

1 MR. BROWN: And take (b).
2 MR. ROWE: Put (b) down with (c) under remarks and
3 put it somewhere else.

4 MR. BROWN: In addition to the above, the Office of
5 Defense Transportation should be coordinated with all three
6 departments, or something like that.

7 MR. ROWE: In peacetime it is sort of a staff agency
8 doing a planning job.

9 MR. FLEMMING: We can make a Bureau of Defense
10 Transportation.

11 MR. ROWE: Do you want to make it a Bureau of -- what
12 is it, John?

13 MR. FLEMMING: Maybe it is purely a staff office.

14 MR. BROWN: That's right.

15 MR. BRASSOR: Supposed to be a planning and record
16 business where, in case of emergency, they can turn to it
17 and know where they can get this stuff.

18 MR. FLEMMING: We are in agreement on the fact
19 that this thing is a service and these various breakdowns
20 are bureaus with the exception of this, which is probably an
21 office.

22 MR. ROWE: I have forgotten my nomenclature.

23 MR. FLEMMING: I think I agree with the Aiken report.

24 CHAIRMAN HOOVER: On the railways, I think we might
25 leave in paragraph (a) and (b) and (c).

1 MR. BROWN: No; (c) would be a separate office in
2 the Transportation Service.

3 In other words, Office of Defense Transportation
4 will deal with railroad, highway, and other, but it will
5 be a minor thing except in time of war.

6 MR. MANASCO: That is a war emergency agency anyhow.

7 MR. ROWE: Are you talking about (b) or (c)?

8 MR. FLEMMING: That comes out of there.

9 CHAIRMAN HOOVER: And you take out (b) above.

10 MR. ROWE: I am not sure it is accurate to describe
11 it as in the White House Office now, under OEM; is that
12 still in existence?

13 MR. BROWN: But you mention Defense transportation
14 somewhere else, so you may have to make a notation or some-
15 thing there in addition to the above services -- the Office
16 of Defense Transportation, which in peacetime- -

17 MR. ROWE: Stand-by or staff agency cutting across
18 everything.

19 CHAIRMAN HOOVER: Well, then, we put that down under
20 the National Security and Transportation problem is that
21 right?

22 MR. FLEMMING: That's right.

23 CHAIRMAN HOOVER: All right; go on with national
24 security.

25 MR. POLLOCK: Under (c), Highway Transportation Service,

1 administration of grants-in-aid would be a function of the
2 Department of Works and Resources. Is that stricken out?

3 MR. ROWE: What do we do with our airport grants?
4 Don't they go in here somewhere?

5 MR. FLEMMING: Under Civil Aviation Service.

6 MR. ROWE: But we have not mentioned them yet.

7 On Page 13, I think we agreed to change (a) to
8 say, the name of CAA should be changed.

9 CHAIRMAN HOOVER: Yes.

10 MR. ROWE: So their grants-in-aid would be there
11 anyway; so I am not sure it is necessary to mention it.

12 MR. BROWN: Airport development and maintenance.

13 MR. ROWE: Mr. Chairman, I would like to raise a
14 point and I have no answer. I don't know whether safety
15 in ICC is at all complicated in the same sense it is in
16 aviation. I don't think it is.

17 CHAIRMAN HOOVER: It is a complete separate division
18 and an executive function; we were anxious to get these
19 executive functions straightened out.

20 MR. BROWN: They check regulations just the same as
21 the others and I think, certain equipment.

22 MR. ROWE: Do those cases ever go up to the ICC?

23 MR. BROWN: I think where they put in safety orders or
24 regulations.

25 MR. ROWE: Regulatory problem to distinguish them

1 from others.

2 CHAIRMAN HOOVER: Separate bureau in ICC.

3 MR. ROWE: I wanted to make sure we were consistent
4 on that.

5 MR. BRASSOR: Bottom of page fourteen. (Reads)
6 Relation of National Security and Transportation. * * *
7 after reviewing --

8 MR. POLLOCK: What does that mean. It is not done in
9 this draft.

10 MR. FLEMMING: We may have reviewed it as a Commission.

11 MR. BROWN: Do you say, a high-quality service?

12 CHAIRMAN HOOVER: No.

13 MR. BROWN: Developing and charging one department
14 with responsibility for transportation is an obvious necessity
15 for the peacetime goal of developing a high quality service.
16 Do you have that word, instead of quality?

17 How about "integrated service?"

18 MR. BRASSOR: (Reads) After reviewing the role of
19 civil aviation * * * time of war.

20 MR. ROWE: Do we know that statement is correct?
21 The land transportation system would not be sufficient.

22 It came awfully close to breakdown during the last
23 one, didn't it?

24 MR. POLLOCK: Our task force report says it will
25 break down during the next one.

MR. BR

Center for
Transportation

1 MR. BROWN: The only reason it did not suffice
2 during the wartime was not because of the system, but it
3 was because of the fact that you took away from the operating
4 units a lot of their manpower and you even took away a lot
5 of the cars and shipped them overseas, and a lot of their
6 engines.

7 MR. ROWE: Wasn't that all part of war? Wouldn't
8 that happen again?

9 MR. BROWN: Yes, but that is not the fault of the
10 system.

11 MR. FLEMMING: We are not saying that the system
12 is adequate for peacetime.

13 MR. ROWE: What we are really saying is that the system
14 as it now is --

15 MR. BROWN: If it is adequate in peacetime, it will
16 ordinarily suffice for the physical requirements of war,
17 in this country, of course. You can't take the railroads
18 up and carry them off and then say that they are all right.

19 MR. ROWE: I yield.

20 MR. BROWN: We have got Pennsylvania Railroad engines
21 scattered over hell and creation. They just took off these
22 railroads and shipped them someplace and then they wonder
23 why.

24 MR. POLLOCK: I have seen them all over Europe.

25 MR. BROWN: And great crews of operating personnel

1 from these railroads and shipped them overseas.

2 MR. POLLOCK: Then gave them to the French afterwards.

3 MR. BROWN: Yes, and cars; thousands of railroad cars.

4 Then you shut down on the production of this equipment in
5 this country. The reason why we are short of railroad

6 cars today is that we were shipping about 4000 cars out
7 of new manufacture to Europe every month. We were shipping
8 those because they have not steel to make up because they
9 tore the steel plants down and shipped them to Russia.

10 Smart people we are; outsmarting ourselves every day.
11 It is not the fault of our own economy here in this country.
12 If you want to put in blame, place it --

13 (Discussion off the record)

14 MR. BRASSOR: (Reads) Continuing on page 15, item
15 three.

16 CHAIRMAN HOOVER: Number two. In general, a land
17 transportation system adequate for peacetime needs will
18 ordinarily suffice for the physical requirements of the
19 war, but this is not equally true of air and maritime
20 transport in time of war.

21 MR. ROWE: I have no objection to that.

22 MR. BROWN: I think it is absolutely clear. Just
23 says, ordinarily.

24 CHAIRMAN HOOVER: I would like to say on the last one,
25 the consolidation of above agencies into the Department of

1 Commerce would permit more adequate studies and cooperation
2 with the National Defense, or adequate -- I don't care -
3 show what we are doing.

4 Go on with Fishery Activities.

5 MR. POLLOCK: I think that ought to be in the
6 Department of Natural Resources. But I have said my piece.
7 I don't think you can say, as you do at the bottom of that
8 page, that the task force on Natural Resources recommends
9 that commercial fishing be separated from game fishing.
10 I thought they recommended that fisheries be separated from
11 wild life.

12 MR. BROWN: Fish is wild life.

13 MR. ROWE: The Natural Resources committee had a
14 weak moment out in Denver when they decided to separate
15 the two of them. They could not think of any good reason.

16 MR. BROWN: I would not want to destroy the
17 commercial fishing activities in Montana, but I think
18 commercial fishing is a great industry, ranks way up.

19 MR. POLLOCK: At least two members of the Natural
20 Resources Committee told me that they did not mean to
21 separate commercial fishing from game fishing.

22 CHAIRMAN HOOVER: Our task force on Natural Resources
23 recommends that this essential industry should be more
24 actively developed as an important contributor to the nation's
25 food supply.

1 MR. BROWN: You can't object to "adequately develop
2 them," can you?

3 MR. ROWE: Not a bit.

4 CHAIRMAN HOOVER: This recommendation also provided
5 that the proposed wild life bureau of the Department of
6 Agriculture --

7 MR. BROWN: I don't think you need that paragraph.

8 CHAIRMAN HOOVER: No, we don't need that.

9 MR. POLLOCK: The one that begins, "This recommendation."

10 CHAIRMAN HOOVER: Yes; that is all confused. That
11 is not the Department of Agriculture anyhow. We will fight
12 this out a little later.

13 Go on with Commodities.

14 MR. BRASSOR: (Reads) Commodity Studies.

15 * * * initial processing.

16 MR. POLLOCK: You indicate dissent on that one
17 section anyway, do you?

18 MR. BROWN: Yes.

19 MR. ROWE: We are going to have a new draft before
20 the full commission.

21 CHAIRMAN HOOVER: Yes.

22 MR. BROWN: On that last paragraph, why not strike
23 out the word in the third line, "commodities as raw materials
24 up to the time of initial processing."

25 You talk about commodities in the same sentence, then

1 repeat yourself.

2 CHAIRMAN HOOVER: All right.

3 MR. BRASSOR: (Reads) It is impossible to draw a
4 hard and fast line * * * strengthened.

5 MR. POLLOCK: I have seen no report on that, Mr.
6 Chairman. I presume that is our own judgment and that is
7 why it was put in there.

8 CHAIRMAN HOOVER: We have a report on it.

9 MR. POLLOCK: I have seen no report.

10 MR. ROWE: Is there a task force report on that?

11 CHAIRMAN HOOVER: I saw one somewhere.

12 MR. BROWN: I think it is a good idea whether we have
13 a report or don't have a report.

14 CHAIRMAN HOOVER: Dr. Kline and Mr. Fox of our staff
15 have been asked to study this Bureau of Foreign and Domestic
16 Commerce.

17 MR. ROWE: Are they going to give us copies of the
18 report?

19 CHAIRMAN HOOVER: I got one; wasn't it distributed?

20 MR. POLLOCK: I did not get one.

21 CHAIRMAN HOOVER: All right; we will send it out.
22 I could state this on my own responsibility if any-
23 body wants me to.

24 MR. POLLOCK: That is what I am asking. I will not
25 accept anything unless somebody accepts responsibility for

1 its inclusion.

2 CHAIRMAN HOOVER: I do, and these Commodities Divisions
3 which at one time were able to advise the whole government
4 were torn into pieces and they have been weakened down by
5 absorption to the point where they are not of secondary
6 utility. That is one reason the State Department goes to
7 work and builds up a lot of Commodities Divisions, because
8 they had no place to go.

9 MR. ROWE: Do they have Commodities Divisions in
10 State?

11 MR. BROWN: And we have an awful problem knowing
12 who to get in touch with.

13 CHAIRMAN HOOVER: State Department recommends they
14 get out of the business and the departments be strengthened
15 so they can give adequate advice.

16 MR. ROWE: Seems to make sense to me.

17 MR. MANASCO: This was done when Henry Wallace was
18 impressing his belief --

19 MR. POLLOCK: Just wanted to know the paternity of the
20 proposal.

21 MR. BROWN: I would like to add a word or two to accent
22 something. Without the present duplication of effort and
23 expenditures, because it also costs a lot of money.

24 CHAIRMAN HOOVER: All right.

25 MR. BRASSOR: (Reads) Foreign Affairs Activities of

1 the Department. * * * removed.

2 MR. MANASCO: Does that mean Mr. Stalin?

3 MR. BROWN: I am for that, too.

4 MR. ROWE: What are these impediments.

5 Does that mean State reporting is bad, which I am told
6 it is?

7 CHAIRMAN HOOVER: What really happens there is that
8 this Commercial information is picked up by the consuls and
9 others and it does not now reach the Department of Commerce
10 for weeks and months and too late for use.

11 MR. ROWE: That is the usual criticism. Couldn't
12 we say that, sir? I think it is true, but when you just see
13 that sentence, you wonder what we mean.

14 MR. BROWN: Would you want to say that impediments
15 in the State Department or in the transmission?

16 CHAIRMAN HOOVER: This is a quotation from the State
17 Department report.

18 MR. ROWE: I know, but when put in this report, it
19 sort of stops us.

20 MR. BROWN: Put a parenthesis there after "impedi-
21 ments."

22 The only thing you can do is --

23 MR. ROWE: When you read it in the State Department,
24 you know you are talking about the consuls.

25 MR. BROWN: Say, in State Department administration and

1 put that in quotes, and that shows there is something else.
2 That it is explanatory.

3 MR. ROWE: That would do it.

4 MR. BRASSOR: (Reads) Field Organization. * * *

5 MR. POLLOCK: May I ask there what the evidence is
6 and where the evidence is found? You say there is some in-
7 dication. Is that in the report you refer to?

8 MR. MITCHELL: The Field Services report states that
9 very vividly.

10 MR. BROWN: You tone it down a little here.

11 MR. POLLOCK: Your Foreign and Domestic Commerce.
12 Did they investigate their field offices in this country?

13 CHAIRMAN HOOVER: Yes.

14 MR. MITCHELL: They are the ones we are talking
15 about.

16 MR. POLLOCK: In the Field Service report, then.

17 CHAIRMAN HOOVER: Yes.

18 MR. BROWN: I would like to see that word "overly"
19 changed to "too."

20 MR. BRASSOR: (Reads) Sufficient use * * * the size
21 of others.

22 CHAIRMAN HOOVER: I may tell you that the number of
23 field offices, domestic field offices in the department,
24 have been increased from fifteen to seventy-five and most of
25 those minor offices could be handled entirely by local

1 Chambers of Commerce or by State agencies.

2 MR. ROWE: I quite agree. The last time the Congress
3 tried to close them down, the Chambers of Commerce screamed
4 bloody murder and lobbied the Congress terribly.

5 CHAIRMAN HOOVER: We used to make the Chambers of
6 Commerce pay the cost of distribution and now they make us
7 pay it.

8 MR. MITCHELL: On the other hand, we have a
9 questionnaire that was sent out by some organization to
10 all of the business men in about fifty towns where the
11 Bureaus of Foreign and Domestic Commerce had offices,
12 asking whether they were any good to them and nobody did.

13 MR. POLLOCK: I don't know what happened to the
14 Weather Bureau.

15 MR. ROWE: As I remember, we took it out in the
16 discussion of marines.

17 MR. BROWN: Largely concerned with departments
18 already there. Their activities are presently in the
19 department, on page three or four there.

20 CHAIRMAN HOOVER: I am wondering if our committee
21 can work on and close up that report on Executive Services.

22 (Discussion off the record)

23 (A recess was taken at 12:30 p. m.)

24
25