

Eno

Center for
Transportation

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S ADVISORY COMMITTEE ON GOVERNMENT ORGANIZATION
WASHINGTON 25, D. C.

September 29, 1959

MEMORANDUM FOR: General Goodpaster

SUBJECT: Transportation Organization

It occurs to us that the attached memoranda, with their far-reaching proposals, might provide interesting reading for the President on his forthcoming trip.

If so, he might decide to make available to Secretaries Anderson, McElroy and Mueller, and to Administrators Quesada and Barnes, copies of the more-detailed memorandum (dated September 23, 1959), in preparation for a meeting with those officials on his return.

Mindful of the President's October 15 deadline for development of such a proposal, our Committee has looked forward to an early opportunity to discuss it with the President. However, if he has a chance to read these papers during his trip, it may actually be more convenient for him and save time. Of course, he still may desire to meet with this Committee on his return, before holding the suggested discussion with interested department and agency heads.



A handwritten signature in black ink, appearing to read "A. Kimball".

Arthur A. Kimball

Attachments

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S ADVISORY COMMITTEE ON GOVERNMENT ORGANIZATION
WASHINGTON 25, D. C.

September 24, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Reorganization of Federal Transportation Functions

Pursuant to your request of July 31, 1959, Mr. Stans has developed a proposal for the more effective organization of the activities and facilities of the executive branch concerned with transportation matters. We have discussed the proposal and are in agreement with it.

The proposed reorganization would:

1. Establish a new Department of Transportation headed by a Cabinet-level Secretary.
2. Transfer authority to determine the present and future transportation needs of the Nation now implicit in statutes as the responsibility of the Interstate Commerce Commission, the Civil Aeronautics Board and the Federal Power Commission (with respect to natural gas pipelines) to the Secretary of Transportation, to the end that the day-to-day decisions of those agencies will accord with over-all national transportation policy.

3. Transfer the following organizations and activities to the Department of Transportation and vest the

functions involved in the Secretary of Transportation:

<u>Organization or Activity</u>	<u>Present location</u>
Bureau of Public Roads	Department of Commerce
Coast and Geodetic Survey	Department of Commerce
Coast Guard	Department of the Treasury
Defense Air Transportation Administration	Department of Commerce
Federal Aviation Agency	Independent
Federal Maritime Administration	Department of Commerce
Railroad and Motor Carrier Safety	Interstate Commerce Commission
Loan Guarantees for Railroad Equipment purchases and for Railroad maintenance	Interstate Commerce Commission
Loan Guarantees for Aircraft purchases	Civil Aeronautics Board
Division of Marine Administration, Bureau of Customs	Department of the Treasury
Weather Bureau	Department of Commerce

Eno
Center for
Transportation

4. Transfer the following responsibilities from the Secretary of Commerce to the Secretary of

Transportation:

- To foster, promote and develop the shipping industry and the transportation facilities of the United States.
- To supervise and direct the Saint Lawrence Seaway Corporation.
- To provide policy guidance to the Federal Maritime Board with respect to maritime subsidy functions.
- To designate one member of the Board of Directors of the Panama Canal Company.

5. Establish the Alaska Railroad as a Government Corporation subject to the supervision and direction of the Secretary of Transportation.

6. Transfer the Small Business Administration to the Department of Commerce and vest its functions in the Secretary of Commerce.

We have previously discussed various transportation reorganization proposals with former Secretaries Weeks and Strauss, Secretary Anderson, and Mr. Quesada. Now that we have

reached the conclusion that a Department of Transportation

Center for

Transportation

should be established with the authority and functions as

indicated, we believe we should discuss this further with you before attempting to obtain the concurrence of the agency heads principally affected. In view of the far-reaching nature of the reorganization, you may wish to discuss it personally with Secretaries Mueller, Anderson and McElroy, and Administrators Quesada and Barnes. Indeed, we urgently recommend this and of course we stand ready to help in any way we can.

Since the last Congress did not extend the Reorganization Act of 1949, it appears advisable to transmit the proposal to the Congress in the form of proposed legislation rather than to wait for a possible extension of the Reorganization Act at the next session of the Congress.



There is attached hereto a detailed memorandum which includes a discussion of each element of the proposal, illustrative organization tables and charts, and a description of the functions of most of the organizations and activities concerned with transportation.

Recommendation

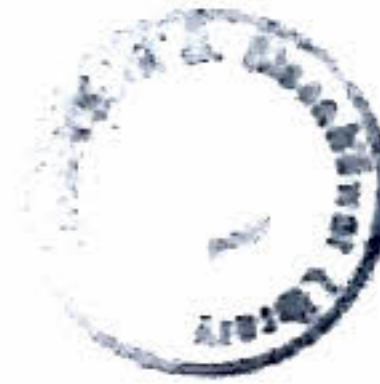
We recommend that establishment of a Department of Transportation, as outlined above, be given high priority in your reorganization program for 1960.

Maurice H. Stans

Maurice H. Stans
Director, Bureau of the Budget

Arthur S. Flemming

Arthur S. Flemming
Chairman



Attachments

Eno

Center for
Transportation

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S ADVISORY COMMITTEE ON GOVERNMENT ORGANIZATION

WASHINGTON 25, D. C.

September 23, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Organization of Federal Transportation Functions

Pursuant to the President's request of July 31, 1959, this memorandum proposes a more effective organization of Federal transportation functions designed to establish a generally recognized focal point of responsibility for transportation within the executive branch. In addition to a discussion of the individual issues involved, there are included several illustrative organization tables and charts based on the recommendations made, and also an appendix containing brief descriptions of the functions of the various organizational units affected.

1. Major organizational alternatives

Fundamentally, there are two organizational alternatives with respect to the establishment of a focal point of responsibility for transportation: (1) a new department devoted exclusively to transportation; or (2) a new combined Department of Commerce and



Transportation. The major considerations which bear on those alternatives are as follows:

The Federal Government is heavily involved in many phases of transportation. It promotes, regulates, services, finances, patronizes and provides transportation. The amount of money involved is considerable. The number of Federal employees which would be included in a Department of Transportation exceeds 54,000 on the basis of current strengths, and might well be considerably augmented in the future. Federal transportation problems range from a multitude of routine operations to complex policy decisions. There is, therefore, little question that the size and nature of the Federal Government's transportation activities justify the establishment of a department devoted exclusively to them.

A major problem in the establishment of a recognized focal point of responsibility for transportation is identification. A combined department presents a problem of satisfying transportation and non-transportation interests, both in and out of Government, in the selection of a Secretary and the identification of the department with their interests. The arrangements contemplated in this paper would vest so much responsibility for the Government's transportation activities in a single official that it is extremely doubtful that one Cabinet officer could be identified with both the commerce and the transportation functions.



Eno

Center for
Transportation

For the same reason, a combined Department of Commerce and Transportation presents a possible serious conflict of interest in that the Secretary would be involved simultaneously with the interests of the large individual users of transportation and with the transportation industry itself.



One year ago the Congress, with the full support of the President, created the Federal Aviation Agency as an independent agency. That was accomplished mainly by separating the Civil Aeronautics Administration from the Department of Commerce. It would appear to be much less of a reversal of policy if the Federal Aviation Agency were to be transferred to a Department of Transportation than to a Department of Commerce and Transportation. Furthermore, aviation functions would of necessity occupy a less prominent position in a Department of Commerce and Transportation than they would in a Department of Transportation. That consideration would be important to individuals and groups with a particular interest in aviation.

It might be contended that the creation of a separate transportation department would leave the Commerce Department with insufficient program responsibilities to warrant continued departmental status. Of the approximately 13,000 persons (including the Small Business Administration) who would be in the Department, 10,000 are in three bureaus whose problems rarely require Cabinet-level attention. 1/

1/ National Bureau of Standards, the Census Bureau, and the Patent Office.

However, the Commerce Department is the focal point of the Nation's business -- a tremendously significant segment of our economy. The problems in that field frequently involve policy questions which should receive attention at the Cabinet level. The number of employees remaining in the Department would be far in excess of the number in the Department of Labor.

It should be noted that the concentration of transportation functions in the Department of Commerce is a comparatively recent development. In the past, the Department of Commerce has been recognized as a full-fledged department with no specific transportation responsibilities. Furthermore, much of the effort to locate transportation functions in the Department of Commerce has been intended as a preliminary step to their transfer to a Department of Transportation.

With regard to the effect of the proposal on the Department of Commerce itself -- the issue is not whether some functions should be taken out of the Department and placed elsewhere. The issue involves the fundamental nature and purpose of the Department. The alternatives are the continuation of a Department of Commerce concerned predominantly with the nation's business, or the creation of a large, dual purpose department in which programs concerned with commerce would involve only 20 percent of the employees and an even smaller proportion of dollar resources.



The establishment of separate Departments of Commerce and Transportation would more nearly conform to the accepted principle of executive branch organization of grouping related functions together under a single department head, than does the alternative of a combined Department of Commerce and Transportation.

Recommendation No. 1. It is recommended that the focal point for Federal transportation responsibilities be provided for through the establishment of a Department of Transportation separate and apart from a reorganized Department of Commerce.

2. Small Business Administration

The Small Business Administration is an independent agency, the Administrator of which reports directly to the President. The functions of the agency include the provision to small business concerns of counsel and advice, loans, and assistance with Federal procurement contracts. Those functions are similar to responsibilities now vested in the Secretary of Commerce. The transfer of the Small Business Administration to the Department of Commerce could most suitably be made concurrently with the establishment of the Department of Transportation and the reorganization of the Department of Commerce.

Recommendation No. 2. It is recommended that the Small Business Administration be transferred to the Department of Commerce, and that the functions of the Administrator be vested in the Secretary of Commerce.



3. The transportation regulatory agencies

It is unrealistic to assume that the President can carry out his responsibility for establishing and maintaining national transportation policy in all aspects (which include national defense, development of foreign and domestic commerce, and postal needs) independent and apart from the day-to-day actions of the agencies with regulatory responsibilities in this field. Neither can those regulatory agencies, responsible as they are also for the same national transportation policy, effectively carry out their responsibilities in isolation from Presidential plans and action.

The goal set by the President of the establishment of a focal point of responsibility within the executive branch provides a means of resolving the dilemma.

In order to achieve that goal, an arrangement must be devised whereby all agencies of the Federal Government will, as coordinated by the President (or a designated official responsible to him), conduct their affairs in conformance with the detailed national transportation needs determined by the President within the general policy standards established by the Congress.

The Civil Aeronautics Board, the Interstate Commerce Commission, and the Federal Maritime Board are the regulatory agencies principally concerned with transportation. In addition,



natural gas pipelines are subject to rate regulation by the Federal Power Commission. The Commission also makes determinations of public convenience and necessity for the construction, extension or abandonment of natural gas pipelines. This latter function affects the magnitude and effectiveness of the Nation's transportation system in the same manner as changes in railroad trackage or airlines coverage.

Recommendation No. 3. It is recommended that:

(a) Authority be centered in the Secretary of Transportation to furnish such guidance to the Interstate Commerce Commission and the Civil Aeronautics Board in the form of detailed national transportation needs as he deems necessary.

Those detailed needs should be considered as being within the overall national transportation policy and public interest which the regulatory agencies are directed by statute to take into account in their day-to-day operations under the statutes which they administer. ^{2/}

(Note: No action of this nature is required with respect to the Federal Maritime Board because the authority to provide direction is already vested in the Secretary of Commerce.)

2/ For example

The Federal Aviation Act of 1958 provides:

"Sec. 102. In the exercise and performance of its powers and duties under this Act, the Board shall consider the following, among other things, as being in the Public interest, and in accordance with the public convenience and necessity: (a) The encouragement and development of an air-transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense; . . ."

(continued next page)



USCIB

Eno

Center for
Transportation

(b) The authority to be centered in the Secretary of Transportation to determine national transportation needs include natural gas pipelines.

4. Transportation functions now located within the Department of Commerce.



a. Coast and Geodetic Survey. The Coast and Geodetic Survey performs minor non-transportation functions such as seismology, and has some major functions which serve both transportation and non-transportation purposes. Other major functions such as coast surveys serve transportation purposes almost exclusively. The First Hoover Commission recommended locating the Coast and Geodetic Survey with the transportation functions of the Department of Commerce. The Coast and Geodetic Survey is now supervised by the Under Secretary of Commerce for Transportation along with the other transportation functions.

2/ (Continued)

The basic statute dealing with the Interstate Commerce Commission has a similar provision. It is the function of spelling out these present and future needs to the extent deemed necessary by the Secretary to develop and carry out the national transportation policy which is to be centered in the Secretary of Transportation.

b. Weather Bureau. The Weather Bureau provides service to aviation, the merchant marine, agriculture, and the public generally. A large fraction of its resources (at least one-third) is devoted to aviation, and its physical facilities and personnel are intermingled with those of the Federal Aviation Agency. The Weather Bureau was transferred to the Commerce Department in 1940 in order to provide better coordination with commerce generally and with aviation in particular. The first Hoover Commission recommended that it be located among the transportation functions of the Department of Commerce. It is now supervised by the Under Secretary of Commerce for Transportation along with the other transportation functions. The principle of associating weather and transportation functions together has been widely adopted by governments throughout the world.

c. The Federal Maritime Board. The Federal Maritime Board is independent of the Secretary of Commerce with respect to its regulatory functions (which include review of rates applicable to foreign trade). The Board makes a final determination on ship construction and subsidy contracts in accordance with the general policies of the Secretary of Commerce. While there has been some question regarding the relationship of the Board to the Secretary in these matters, it is believed that a vigorous reiteration by the President of the Secretary's authority would clarify the situation.



d. St. Lawrence Seaway Development Corporation. The St.

Lawrence Seaway Development Corporation, a U. S. Government corporation, in cooperation with Canada, maintains and operates the

St. Lawrence Seaway. While the Corporation is not in the Department of Commerce, the President has given the Secretary of Commerce specific authority to direct and supervise the Corporation.

e. The Maritime Administration, the Bureau of Public Roads, and the Defense Air Transportation Administration perform functions solely related to transportation. Their inclusion in a grouping of transportation functions is a logical and obvious step in the development of a focal point of Federal transportation responsibility.

f. Department of Commerce organic legislation assigned to that department the duty of fostering, promoting, and developing the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries; and the transportation facilities of the United States. The portions of that assignment relating to the shipping industry and the transportation facilities of the United States should be the responsibility of the Department of Transportation.



Recommendation No. 4. It is recommended that:

(a) The Coast and Geodetic Survey be transferred to the Department of Transportation and its functions vested in the Secretary of Transportation.

(b) The Weather Bureau be transferred to the Department of Transportation and its functions vested in the Secretary of Transportation.

(c) The Federal Maritime Board be transferred to the Department of Transportation and the same authority over the Board be transferred to the Secretary of Transportation as is now vested in the Secretary of Commerce.

(d) The authority for the direction and supervision of the St. Lawrence Seaway Corporation be transferred from the Secretary of Commerce to the Secretary of Transportation.

(e) The Maritime Administration, the Bureau of Public Roads, and the Defense Air Transportation Administration be transferred to the Department of Transportation and the functions involved be vested in the Secretary of Transportation.

(f) The functions of the Department of Commerce of fostering and promoting the shipping industry and the transportation facilities of the United States be vested in the Secretary of Transportation.

5. Transportation functions located elsewhere than in the Department of Commerce.

a. The Federal Aviation Agency (Independent). Federal Aviation Agency has a large number of purely operational responsibilities that pertain wholly to aviation. At the same time, the Administrator is charged by law with responsibilities which are integral to the development and consummation of the national transportation policy. It is



Eno
Center for
Transportation

believed that a reorganization designed to establish a focal point which will enable the Federal Government to develop and carry out a national transportation policy can be accomplished only by placing responsibility

for all transportation policy clearly and unequivocally in one official.

The most effective means of accomplishing this with regard to aviation is to vest the Secretary of Transportation with all the functions now vested in the Administrator of the FAA.

b. U. S. Coast Guard (Treasury Department). The principal responsibilities of the Coast Guard are to provide aids to maritime navigation and to air navigation over the seas; to promote the safety of the American merchant marine; and to protect and save life and property at sea. The historic role of guarding the coasts and apprehending law violators is a comparatively minor one.

c. The Panama Canal Company (Secretary of the Army). The Panama Canal Company, a U. S. Government corporation, maintains and operates the Panama Canal. The President by letter of July 2, 1959, requested the Secretary of the Army to appoint a designee of the Secretary of Commerce as one member of the Board of Directors of the Panama Canal Company. In this manner national transportation policy considerations can be brought to bear on such matters as tolls, measurement policies and expansion plans.

Eno

Center for
Transportation

d. Loan guarantee functions of the Civil Aeronautics Board and the Interstate Commerce Commission. The Civil Aeronautics

Board and the Interstate Commerce Commission are authorized to guarantee loans to airlines and railroads respectively for the purchase of capital equipment. In the marine field, this function is performed by the Maritime Administration (not the Maritime Board). Government loan guarantee programs elsewhere in the Government are administered by non-regulatory agencies and are acknowledged executive functions. The vesting of loan guarantee functions in regulatory agencies such as the CAB and ICC creates the possibility of a conflict of interest which could seriously interfere with the objectivity traditionally cited as being requisite to the exercise of quasi-judicial functions.



e. Safety functions of the Interstate Commerce Commission.

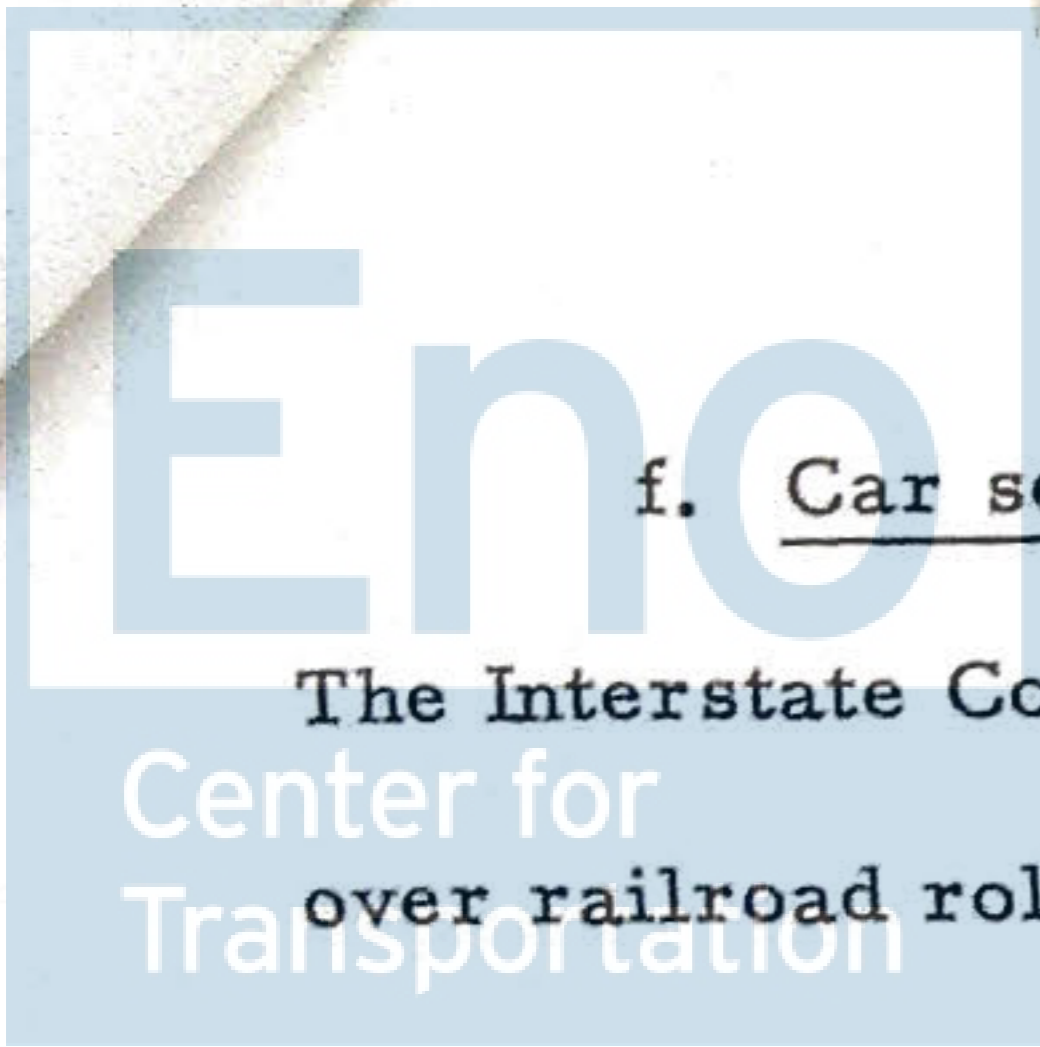
Safety functions relating to interstate trains, trucks, and buses are the responsibility of the Interstate Commerce Commission. Safety functions relating to aviation, however, are the responsibility of the Federal Aviation Agency, and those relating to ships are the responsibility of the Coast Guard. Although safety regulation has many of the aspects of economic regulation, it appears to be a predominantly executive function. The first Hoover Commission recommended that the safety functions of the Interstate Commerce Commission be grouped with the transportation functions of the Department of Commerce.

f. Car service functions of the Interstate Commerce Commission.

The Interstate Commerce Commission exercises extensive jurisdiction over railroad rolling stock. Under certain conditions such as shortage of equipment, congestion of traffic, or other emergency, the ICC is authorized to issue orders regarding the use, control, supply, movement, distribution, interchange and return of locomotives, cars, and other vehicles used in the transportation of property.

This function appears to be predominantly executive in character, even though the actions taken do have an effect on private property rights. The first Hoover Commission recommended that this function be transferred from the Interstate Commerce Commission to the Department of Commerce.

As an additional consideration, it should be noted that the Interstate Commerce Commission has a field organization to perform this function which is acquainted on a day-to-day basis with the supply and demand situation of railroad rolling stock. At this time, there is no regular Government agency designated to assume mobilization transportation functions in the event of war. It is contemplated that the Department of Transportation upon establishment would be designated to perform this function. The transfer of the car service organization of the Interstate Commerce Commission to the Department of Transportation would round out the field organization available to the Secretary to carry out mobilization responsibilities and thus make feasible the assignment of emergency responsibilities in advance.



g. The marine functions of the Bureau of Customs (Treasury)

have little relationship to the regular functions of the Bureau of Customs.

Eno
Center for
Transportation

They were transferred from the Department of Commerce to the Treasury Department at a time when Commerce had no other transportation functions and consequently little interest in transportation. Some of the functions involved are: admeasurement of vessels, entrance and clearance of vessels, and the protection of steerage passengers.

h. The Alaska Railroad (Interior) is a Government-owned railroad serving military and civilian requirements in Alaska. Since its inception the project has, by Presidential direction, been the responsibility of the Department of the Interior. During the past session of the Congress an administration-sponsored bill was introduced (but not acted upon) to establish the Railroad as a government corporation. With the admission of Alaska to Statehood, there remains no reason why the Railroad should not be supervised by the Secretary of Transportation.



i. Civil transportation functions of the Corps of Engineers (U.S. Army).

The Corps of Engineers has a number of functions affecting civil transportation. Proposals regarding the provision or improvement of navigable waterways are important to the national transportation system. However, proposals in this area can be made to accord with a determination of transportation needs by a modification of existing administrative procedures. The remaining transportation functions of the Corps are not vital to the concept of a focal point of transportation responsibility.

Recommendation No. 5. It is recommended that:

(a) The Federal Aviation Agency be transferred to the Department of Transportation and the functions of the Administrator of the FAA be vested in the Secretary of Transportation.

(b) The U. S. Coast Guard be transferred from the Treasury Department to the Department of Transportation and its functions be vested in the Secretary of Transportation, and that existing provisions relating to transfer to the Navy Department in time of war be retained.

(c) The authority to designate one member of the Board of Directors of the Panama Canal Company be transferred from the Secretary of Commerce to the Secretary of Transportation.

(d) The loan guarantee functions of the Civil Aeronautics Board and the Interstate Commerce Commission be transferred to the Department of Transportation and vested in the Secretary of Transportation.

(e) The safety functions of the Interstate Commerce Commission be transferred to the Department of Transportation and be vested in the Secretary of Transportation.

(f) The car service functions of the Interstate Commerce Commission be transferred to the Department of Transportation and vested in the Secretary of Transportation.

(g) The marine functions of the Bureau of Customs now performed by the Division of Marine Administration be transferred to the Department of Transportation and be vested in the Secretary of Transportation along with those of the Coast Guard.



(h) The Alaska Railroad be established as a Government Corporation and that the President place the Corporation under the supervision and direction of the Secretary of Transportation.

(i) The reorganization not include the transfer of any civil transportation functions of the Corps of Engineers. These functions should be reviewed at such time as the total activity of the Corps is to be considered for reorganization.

6. Illustrative Organization Charts

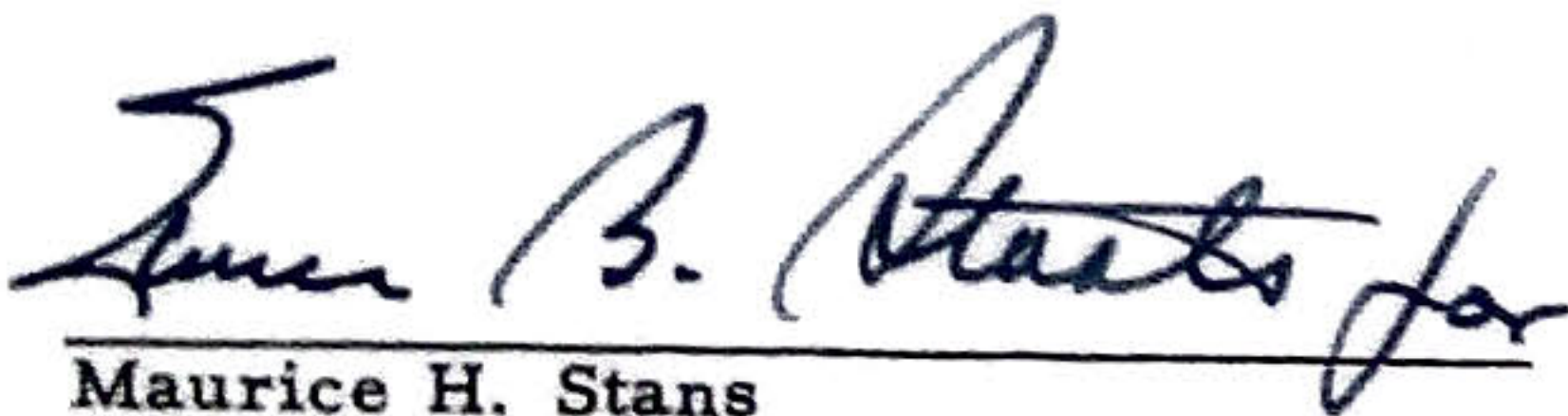


On the basis of the foregoing recommendations, the Department of Commerce would encompass the functions and organizational units shown in Table A. The Department of Transportation would include the functions and organizational units shown in Table B. Organization charts C and D are included for illustrative purposes only. The internal organization of the Departments should be the prerogative of their Secretaries. However, the following suggestions are made regarding the Department of Transportation.

The concept of a focal point for transportation requires that the Secretary of Transportation make all decisions in the light of our total transportation requirements. In that connection, two points should be stressed. First, the Secretary will need to place great reliance on a competent and objective staff to assist him in determining the Nation's transportation needs and to develop and evaluate programs and policies in the light of transportation requirements as a whole, rather than in

the individual aspirations of single media. That need of the Secretary is the motivation for the organizational unit labeled, "Office of Research and Planning" reporting directly to the Secretary.

The second point involves the roles of the Assistant Secretaries. If these Assistant Secretaries are identified with individual transportation media or groups of media (e. g., Assistant Secretary for Air, or Land, or Water, etc.), their roles would be merely that of super bureau chiefs. That arrangement would deny the Secretary the objective advice and assistance which he will need and it might well defeat the basic purpose of the reorganization. The Secretary will need assistants around him with assignments involving agency-wide functions such as research or legislative liaison.



Maurice H. Stans
Director, Bureau of the Budget



Arthur S. Flemming
Chairman



Attachments

Eno

Center for
Transportation

Table A

**ILLUSTRATIVE
DEPARTMENT OF COMMERCE**

Number of Personnel *

Business and Defense Services Administration	808
Bureau of Foreign Commerce	536
Bureau of the Census	4,633
National Bureau of Standards	3,166
Office of Business Economics	150
Patent Office	2,210
Office of the Secretary including the Advisory Committee on Export Policy, and the Office of International Trade Fairs	637
Small Business Administration	1,695
Total	13,198



*** As of January 1, 1959**



DEPARTMENT OF COMMERCE

ILLUSTRATIVE ORGANIZATION

SECRETARY
UNDER SECRETARY
ASS'T SECRETARIES

ADMIN.
STAFF UNITS

ADVISORY
COMM. ON
EXPORT POLICY

OFFICE OF
INTERNAT'L
TRADE FAIRS

BUREAU OF
FOREIGN
COMMERCE

BUREAU OF
THE CENSUS

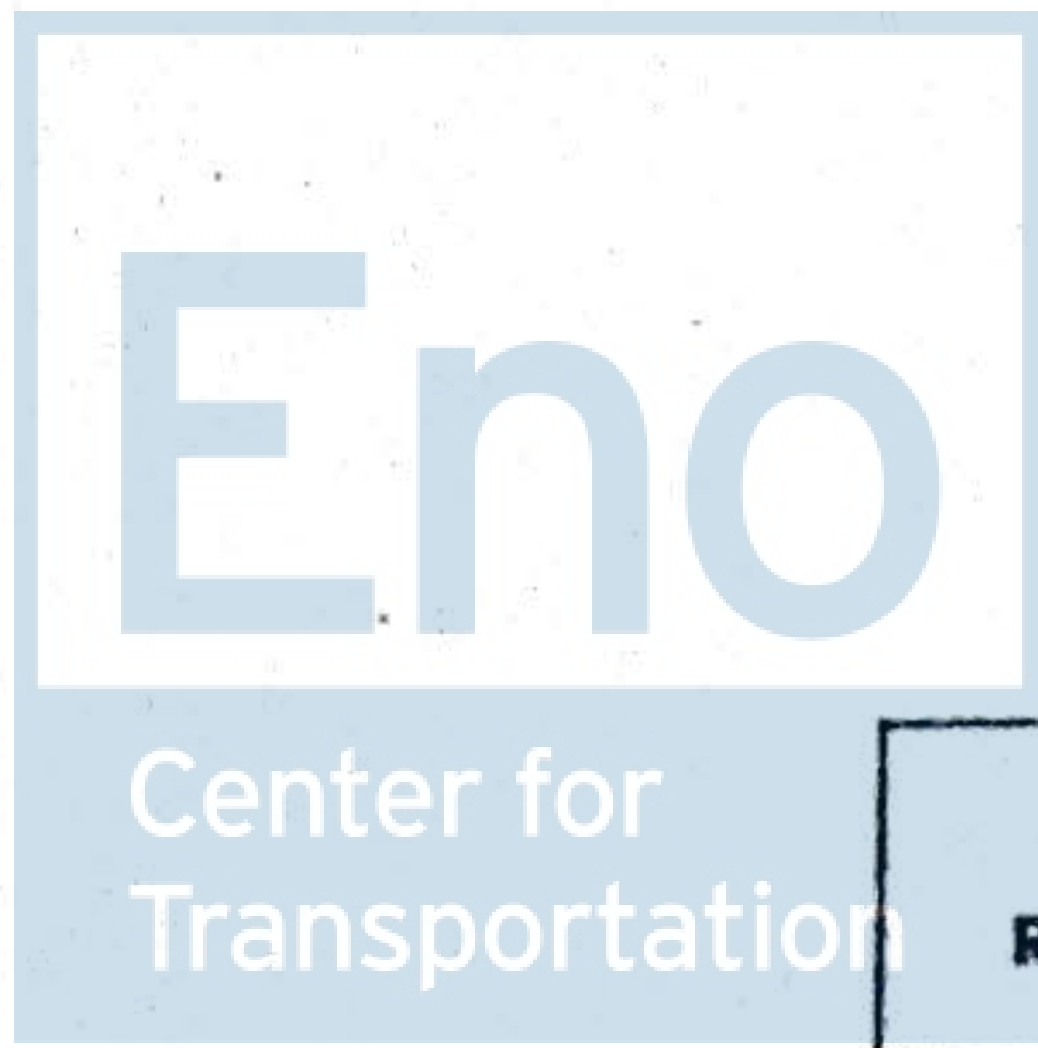
BUSINESS AND
DEF. SERVICES
ADMIN.

NATIONAL
BUREAU OF
STANDARDS

OFFICE OF
BUSINESS
ECONOMICS

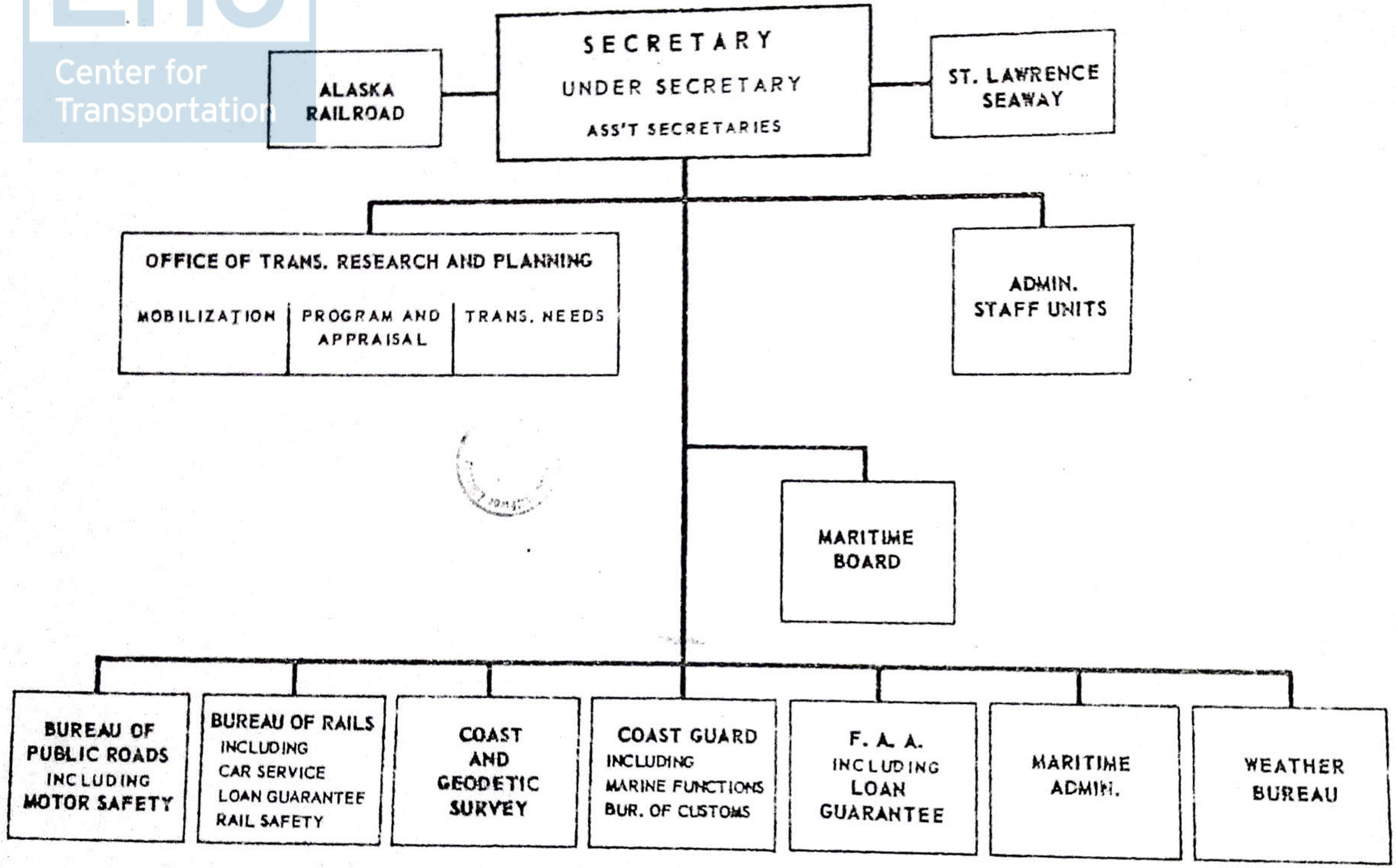
PATENT
OFFICE

SMALL
BUSINESS
ADMIN.



DEPARTMENT OF TRANSPORTATION

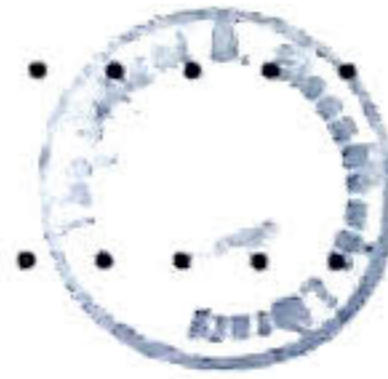
ILLUSTRATIVE ORGANIZATION



Description of Transportation Agencies and Functions
According to Present Organizational Location

TABLE OF CONTENTS

	<u>Page</u>
I. <u>Within the Department of Commerce</u>	1
a. Coast and Geodetic Survey.	1
b. Bureau of Public Roads.	2
c. Defense Air Transportation Administration.	2
d. The Federal Maritime Board.	3
e. Maritime Administration.	3
f. Saint Lawrence Seaway Development Corporation.	4
g. Secretary of Commerce.	5
h. Weather Bureau.	5
II. <u>Elsewhere than in the Department of Commerce</u>	6
i. The Alaska Railroad (Interior).	6
j. Car Service Functions of the ICC.	6
k. Civil Transportation Functions of the Corps of Engineers (Army).	7
l. United States Coast Guard (Treasury).	7
m. Federal Aviation Agency.	9
n. Loan Guarantee Functions of the ICC and CAB.	10
o. Marine Functions of the Bureau of Customs (Treasury) .	10
p. Pipeline Regulation (FPC and ICC).	11
q. Panama Canal (Army).	12
r. Safety Functions of the ICC.	13
s. Small Business Administration.	14



Eno

Center for
Transportation

Description of Transportation Agencies and Functions
According to Present Organizational Location

I. Within the Department of Commerce

a. Coast and Geodetic Survey. The functions of the Coast and Geodetic Survey may be divided into three categories:

- (1) functions related directly to transportation;
- (2) functions with transportation and non-transportation applications; and
- (3) general geophysical scientific functions.

Those functions related directly to transportation include (1) survey, compilation and publication activities directed to the production of hydrographic and aeronautical maps and charts; (2) tidal, current, and related observations (for use on charts); and (3) geomagnetic measurements with application to mapping, charting, and navigation.

The establishment of geodetic control points, another major function of the agency, provides information essential to the preparation of maps and charts. Geodetic control points are also essential for non-transportation purposes such as surveying and missile control.

General geophysical scientific functions with little direct application to transportation include general geophysical and oceanographic research, gravity studies, and seismology.

Those functions have been carried on at a comparatively low level, but there is ever-increasing pressure for their expansion.

- b. Bureau of Public Roads. The Bureau of Public Roads administers Federal programs providing for the improvement, in cooperation with the States, of roads on the Federal-aid primary, secondary, and interstate highway systems; for the survey and construction of roads on the forest highway system; for survey and construction of the Inter-American highway; and for the construction and maintenance of highways in Alaska. It cooperates with other agencies in the construction of roads in national forests, parks, and other Federal areas. The agency conducts a program of research on all phases of highway improvement and highway transport as a basis for the development of progressive highway engineering.
- c. Defense Air Transportation Administration. The Defense Air Transportation Administration develops and administers preparedness measures relating to the air transportation industry. These include policies and programs for current defense activities as well as readiness measures for any future mobilization of the industry, both domestically and internationally.



Eno

Center for
Transportation

d. The Federal Maritime Board. The Federal Maritime Board is independent of the Secretary of Commerce with respect to its regulatory functions which include review of rates applicable on foreign trade. The Board does, however, review shipping conference agreements and has the power to prohibit rate wars, discriminatory rates, etc. The Board has no control over intercoastal shipping, this being the province of the Interstate Commerce Commission. The Board controls shipping between non-contiguous areas of the United States, such as Puerto Rico and Guam, and also has the authority to control the maximum and minimum rates between the non-contiguous areas.



Subject to the general policies of the Secretary of Commerce, the Board makes final determinations on ship construction and subsidy contracts; makes determinations as to whether the bare-boat charter of Government-owned ships is required in the public interest; and establishes and furnishes to the Secretary of Commerce the value of ships under water risk insurance provisions.

e. Maritime Administration. The Maritime Administration is responsible for investigating and determining ocean services, routes and lines essential to the foreign commerce of the United

Eno


Center for
Transportation

States, and the requirements of ships to provide adequate services on such routes. It recommends to the Federal

Maritime Board construction and operating differential subsidies and administers the provisions of all subsidy contracts entered into by the Federal Maritime Board. The agency constructs, reconstructs, and reconditions ships for Government account, maintains National Defense Reserve Fleets of Government-owned ships essential for defense, operates the Merchant Marine Academy, administers construction reserve funds, and controls the transfer of ships to aliens.

- f. Saint Lawrence Seaway Development Corporation. The Saint Lawrence Seaway Development Corporation is a U. S. Government corporation owning and operating the U. S. portion of the Saint Lawrence Seaway. Supervision and direction of the corporation is vested by law in the President or his designee. The current Executive Order on this subject (E. O. 19, 771) provides that the Secretary of Commerce shall exercise this direction and supervision except for construction activities which are supervised by the Secretary of Defense. Day-to-day management of the corporation is the responsibility of the Administrator appointed by the President.

The Seaway is an important segment of our transportation facilities. The policies governing its operation are of great significance to shippers, to other transportation media, and to numerous American cities.

- g. Secretary of Commerce. "It shall be the province and duty of said Department to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries, and the transportation facilities of the United States;..." (emphasis supplied) 5 U. S. C. 596.
- h. Weather Bureau. The Weather Bureau performs both general weather forecasting services and specialized weather services (e. g., hurricane warning, fruit-frost service, climatological service, marine forecasting, and aviation forecasting) which draw heavily upon both the observational data and manpower engaged in general weather forecasting. Of these specialized weather services, aviation weather service is by far the largest, utilizing approximately 1/3 of the Bureau's resources. Marine weather service involves a small additional staff and the weather services for land transportation are simply a part of general weather forecasting.
- 

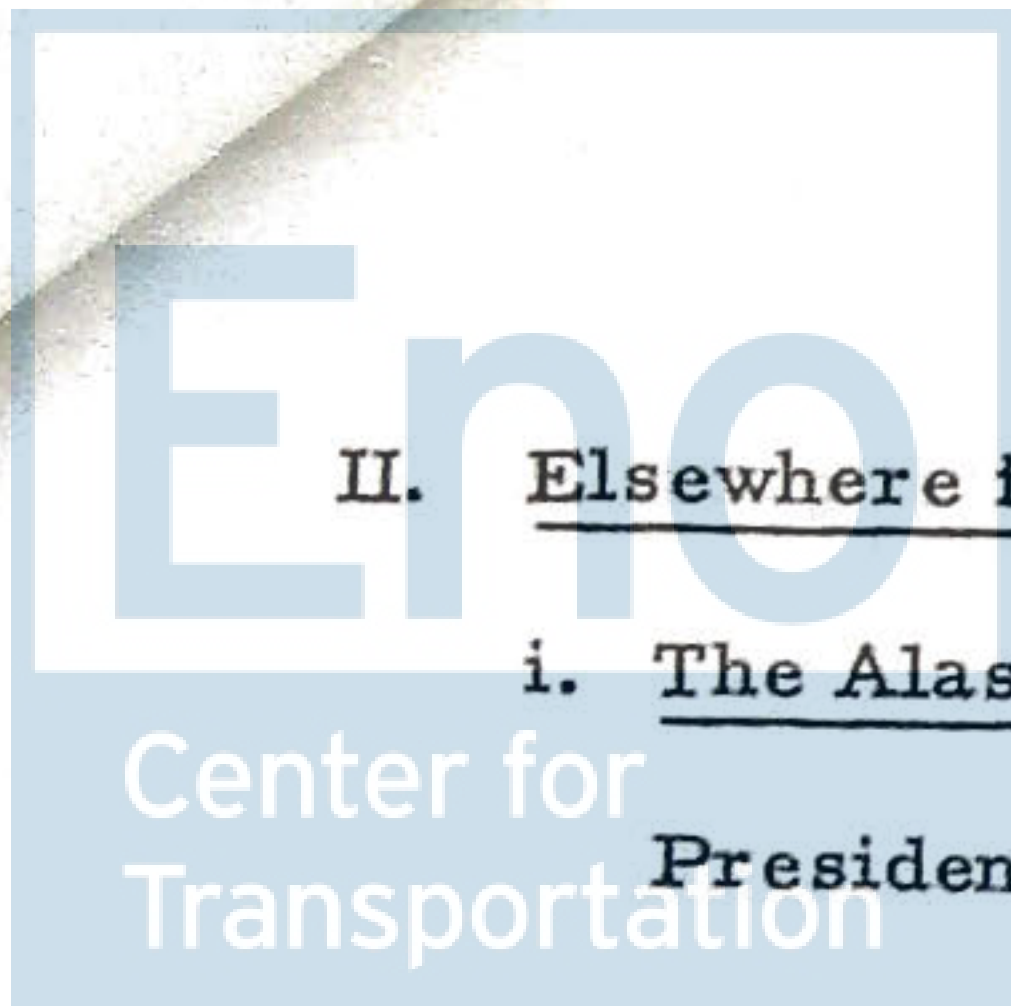
II. Elsewhere than in the Department of Commerce

- i. The Alaska Railroad. In 1914 Congress authorized the President to locate, construct, and operate railroads in the Territory of Alaska. The principal activity of the Alaska Railroad which was built under that authorization is the operation and maintenance of a rail line between Seward and Whittier, the southern terminals, and Fairbanks. Total track mileage exceeds 500 miles.

Since its inception the project has, by Presidential direction, been the responsibility of the Department of the Interior. In 1948, an extensive rebuilding program was authorized, and Congress directed that the Railroad henceforth be managed and operated as a business enterprise. Although some of its difficulties can be traced to the defense requirements which it must fulfill, it should be noted that the principal competitors of the Railroad are subsidized airline and truck carriers.

Administration endorsed legislation (S. 2514) is now pending which would establish the Railroad as a Government corporation under the supervision of the Department of the Interior.

- j. Car Service Functions of the ICC. The car service functions of the ICC make possible the allocation of railroad rolling stock on a priority basis when shortages of equipment, seasonal



demands, or other emergencies necessitate such action.

Activities include the issuance of regulations and emergency orders regarding the use, control, supply, movement, distribution, interchange, and return of locomotives, cars, and other vehicles used in the transportation of property.

Orders and regulations are policed by field agents who work directly with individual railroads and industries.

k. Civil Transportation Functions of the Corps of Engineers,

U. S. Army. The Corps of Engineers has a number of functions affecting civil transportation. These include the construction, operation, and maintenance of navigable waterways including locks thereon; construction and maintenance work on rivers and harbors; approval of plans for bridges, dams, and causeways across navigable rivers; establishment of harbor lines, anchorages, etc.; collection of statistical data relating to inland water and harbor traffic; and surveys of the Great Lakes.

- l. United States Coast Guard (Treasury Department). The functions of the Coast Guard broadly fall into three categories: (1) maritime safety and services; (2) law enforcement on the high seas and navigable waters; and (3) training its personnel for military readiness. The functions embodied in the first of these categories stem mainly from the transfer of two former water transportation



bureaus of the Commerce Department -- the Bureau of Lighthouses (1939) and the Bureau of Marine Inspection and Navigation (1947) -- and comprise by far the major part of the work of the agency. In addition to the maintenance and operation of aids to navigation, such as lighthouses, beacons, and loran, it includes: (1) establishment of safety standards for construction and operation of ships engaged in commerce; (2) establishment of safety standards for the operation of non-commercial vessels and light craft; (3) ship inspection; (4) examination and licensing of ship personnel; (5) life saving; (6) rescue service; and (7) iceberg patrol. Much of its law enforcement work also relates to the navigation laws.

The principal working relations of the Coast Guard are with the Maritime Administration, Federal Aviation Agency, the Weather Bureau, and the Department of the Navy.

The Coast Guard relationships with other parts of the Treasury Department mainly involve; (1) cooperation with the Bureau of Customs and Narcotics in preventing smuggling; and (2) airplane spotting of stills for the Alcohol Tax Unit of the Internal Revenue Service. While the prevention of smuggling was the historic purposes of the old Revenue Cutter Service, it is now a relatively minor part of the work of the Coast Guard, performed

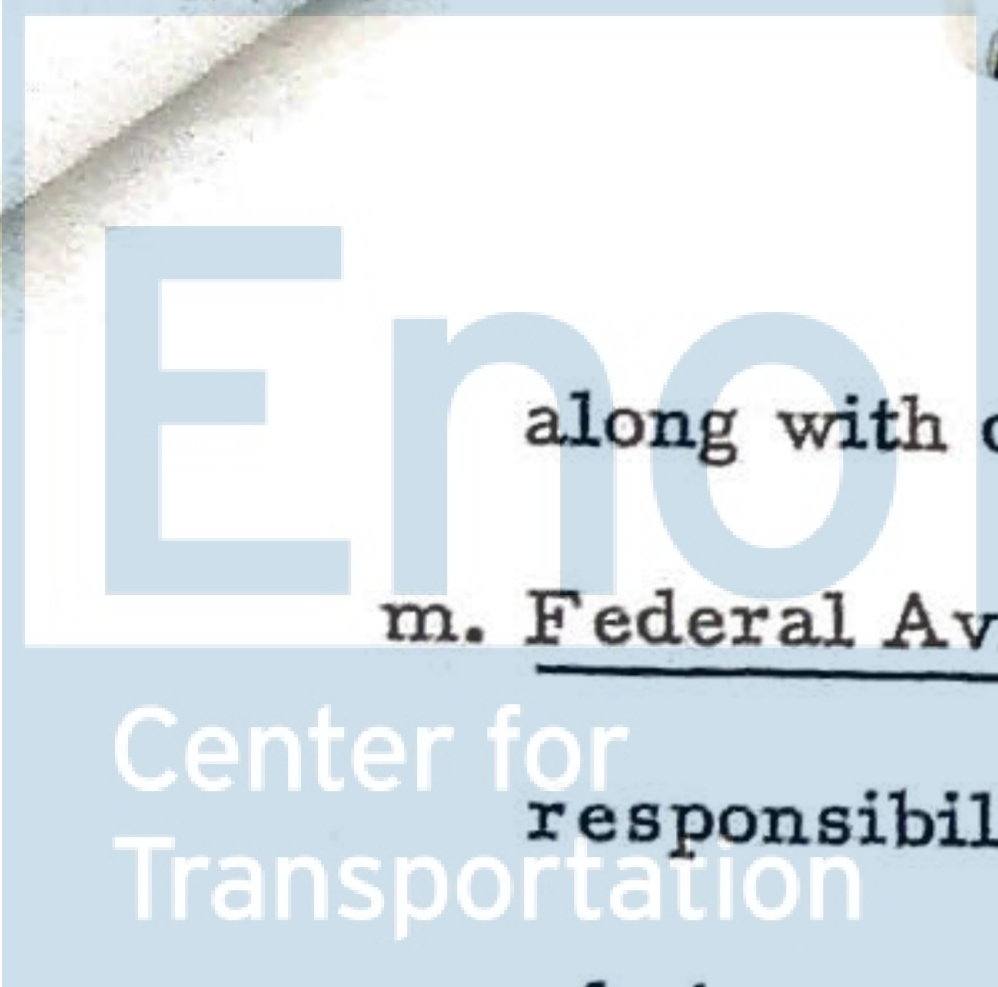


along with other maritime patrol and service functions.

m. Federal Aviation Agency. The Federal Aviation Agency's responsibilities with respect to the regulation and promotion of air commerce include: (1) safety regulation of personnel, equipment, and facilities; (2) research related to equipment and procedures necessary for safe and efficient flight, navigation, and traffic control; (3) the establishment and operation of air navigation facilities and airports; (4) the administration of the Federal airport grants-in-aid program; (5) the management and regulation of civil and military air traffic and navigation to insure safety and the efficient utilization of airspace; and (6) the allocation, under the defense production program, of priorities for civil aircraft and civil aviation requirements.

In the performance of those functions the Administration is required by statute to consider the following, among other things, as being in the public interest:

- "(a) The regulation of air commerce in such manner as to best promote its development and safety and fulfill the requirements of national defense;
- "(b) The promotion, encouragement, and development of civil aeronautics;



Eno

Center for
Transportation

- "(c) The control of the use of the navigable airspace of the United States and the regulation of both civil and military operations in such airspace in the interest of the safety and efficiency of both;
- "(d) The consolidation of research and development with respect to air navigation facilities, as well as the installation and operation thereof.
- "(e) The development and operation of a common system of air traffic control and navigation for both military and civil aircraft." P.L. 85-726, Sec. 103.
- n. Loan Guarantee Functions of the ICC and CAB. The ICC was authorized by the Transportation Act of 1958 to guarantee loans from private sources for the financing of capital expenditures or maintenance of property. Loan guarantees may not exceed \$500 million. The authority to guarantee loans except for pending applications expires March 31, 1961.
- CAB has similar loan guarantee authority. To date, guarantees of approximately \$30 million have been extended to given air carriers.
- o. Marine Functions of the Bureau of Customs (Treasury). The Bureau handles the registry, enrollment, and licensing of vessels; admeasurement of vessels; collection of tonnage taxes; entrance

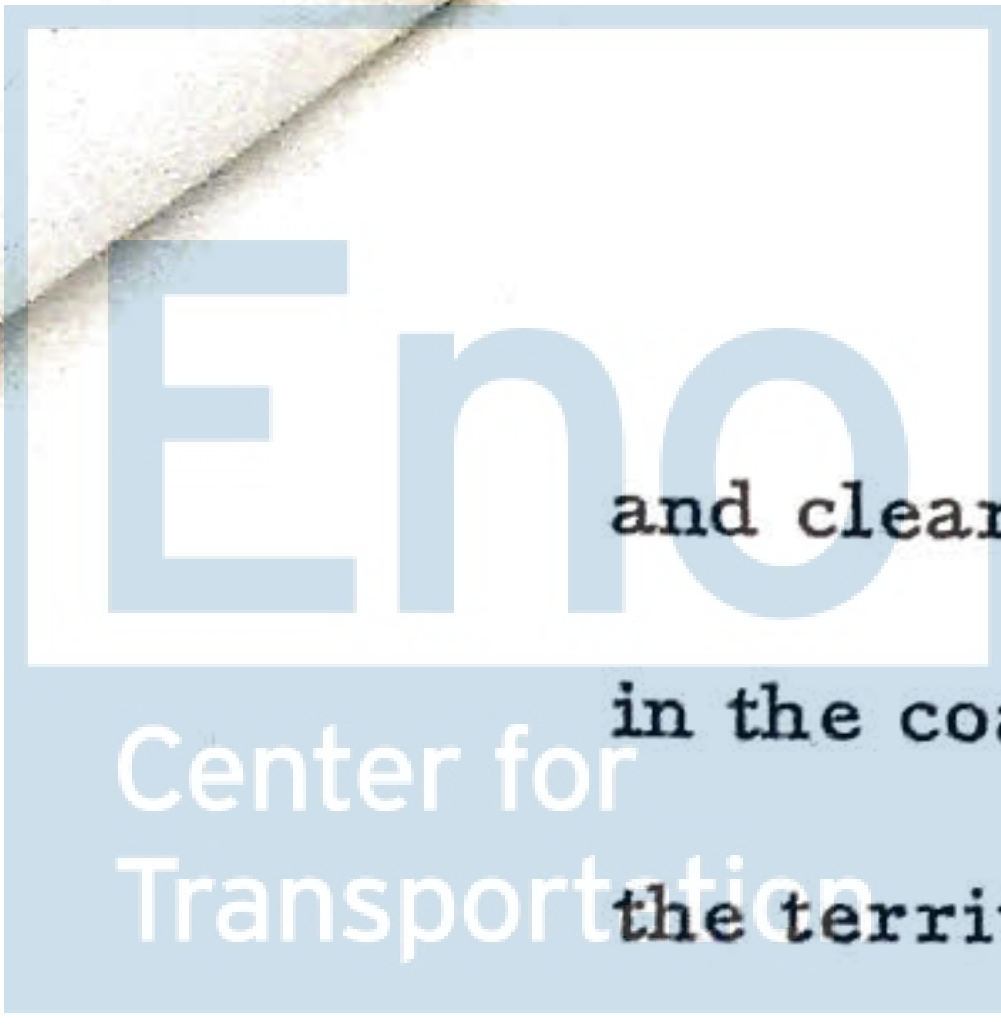


and clearance of vessels and aircraft; regulation of vessels in the coasting and fishing trades; use of foreign vessels in the territorial waters of the United States; recording of mortgages and sales of vessels; protection of steerage passengers; and the remission and mitigation of fines, penalties, and forfeitures incurred under the laws governing these matters.

The Division of Marine Administration, which is the division within the Bureau responsible for the marine functions enumerated above, also supplies data to the Department of Commerce upon request. This service constitutes a significant portion of the Division's workload.

- p. Pipeline regulation. Natural gas pipelines are subject to rate regulation by the Federal Power Commission. Furthermore, the Commission issues certificates of public convenience and necessity for the construction of interstate pipeline facilities. It may also order the extension of lines under certain conditions, and its permission for abandonment of lines is required.

Petroleum pipelines are regulated by the Interstate Commerce Commission only with respect to rates, and standards of accounting and reporting.



q. Panama Canal. The Panama Canal is a transportation facility of tremendous importance not only to water transportation but also to other transportation media. The effect of economic decisions, such as toll rates and ship measurement criteria on shippers, transportation agencies and shipbuilders is readily apparent.

The purposes, organization, and operations of the Panama Canal Company are closely interwoven with those of the Canal Zone Government. In addition, the Company performs various administrative, fiscal, and logistic functions for the Canal Zone Government and U. S. military forces in the area. The Governor of the Canal Zone is by law also the President of the Company. Accordingly, it would be difficult to transfer supervision over the Panama Canal Company without at the same time transferring supervision over the Canal Zone Government.

The management of the corporation is vested in a board of directors appointed by and holding office at the pleasure of the stockholder (the Secretary of the Army by designation of the President). The President of the Corporation, who is also the Governor of the Canal Zone, is the chief executive officer of the corporation.



r. Safety Functions of the ICC. The ICC has general and specific statutory responsibilities with respect to safety devices, regulations, and procedures which that agency stipulates

for the operation of carriers. These functions are organized as follows:

- (1) Safety functions relating to rail carriers are performed in the Bureau of Safety and Service. The primary work of this Bureau includes inspection of safety appliances, signal and train control installation, and locomotives; and enforcing compliance with car-service regulations.

The Bureau contains the Office of the Director and sections for Car Service, Locomotive Inspection, and Railroad Safety. The primary function of the Locomotive Inspection Section is to determine that required inspections of locomotives are made by the carriers; that the defects thus disclosed are repaired, and that general design, construction, and repair practices comply with Commission requirements. The Railroad Safety Section is concerned with such matters as safety appliances, hours of service, accident reports, signals, and regulations and orders for the packaging and transportation of explosives and other dangerous articles by rail, highway and water (the Railroad Safety Section also polices the movement of such articles by rail).



(2) Safety functions relating to motor carriers are performed by the Bureau of Motor Carriers. There is a Motor Carrier Safety Section in Washington which proposes safety regulation rule-making proceedings and interprets those regulations of the Commission concerning qualifications and hours of service of drivers, and the safety of operation and equipment of motor carriers. It also analyzes safety compliance and accident reports, and recommends (to the Bureau of Safety and Service) changes in regulations applicable to motor carriers dealing with explosives and dangerous articles. The section has no authority over safety inspections or other field employees.

The Field Service Section inspects for compliance with Commission regulations regarding safety, unlawful transportation for compensation, rates and charges, records, identification of vehicles, leasing, insurances, unclaimed shipments, service, etc. All of these functions are performed by each field office (which often consists of one man).

s. Small Business Administration. The principal responsibilities of the Small Business Administration to aid and assist small business concerns include: (1) the provision of loans for the



acquisition of facilities or materials, or for replacing property damaged or lost in natural disasters; and (2) assistance regarding Government procurement.

Other responsibilities of the Administration (all related to small business) include: (1) production assistance; (2) management advice and counseling; (3) research and training grants to States and specified State-chartered institutions; and (4) the chartering and licensing of small business investment companies.

