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in the desk of . . .

9/13

GARDNER ACKLEY, Chairman
Council of Economic Advisers

EXECUTIVE
Center for
Transportation

TN
7G600/T*

Joe Califano . . . 7G11-3

Here is a very
discouraging report
on the Transportation
Task Force exercise.
I thought you should
see it!

Gardner

(sent copy also to
Lee White)

→ Put with my computer
papers - Add Gardner
Attachment

UNITED STATES GOVERNMENT

Memorandum

Eno

Center for
Transportation

*
Task Force on Transportation
X

TO : Gardner Ackley

DATE: September 11, 1965

FROM : Arthur Okun

SUBJECT: Transportation Program: High Road or Low Road?

On maritime policy, the work in planning the 1966 legislative program for transportation has been fine, and it is just about complete. In the other areas, however, I am disturbed by the way things are going. Commerce seems determined to follow a sure-footed, slow-paced, cautious legislative strategy. No doubt, a case can be made for such an approach; but it is my impression that the President expects a bold imaginative transportation program which could serve as a centerpiece of his domestic legislative program for next year. Yet, delays in staffing out some of the ingredients that would enter into a full-scale program threaten to frustrate the readiness of such a program for early next year.

Things are fine on the waterfront. After considerable study and cooperative work by an interagency task force, Alan Boyd has shaped up a very promising maritime program. It returns to our conclusions of 9 months ago in deciding to pursue the Nation's interest and not to steer a politically easy course. So long as Commerce stands firm and does not let the Maritime Advisory Committee scuttle the program, the President will be able to deliver fully on a new policy for the merchant marine.

In other areas, however, the program is not shaping up to match the size and scope that the President has indicated that he wants. Back in May, I attended on your behalf a meeting with the President at which he told Connor and Boyd that he deeply regretted that we were not following through in 1965 on the pledge of the State of the Union Message to produce a maritime policy and a deregulation program. The President made it clear that he wanted a bold and imaginative program in all areas of transportation for next January, ^{and} that he was prepared to fight the difficult political battles to get such a program enacted. Otto reports that, at the initial meeting of the Transportation Task Force last month (which I couldn't attend), Commerce resisted the bold approach; and Lee White said at the close of that meeting that somebody from Commerce had better tell the President promptly that he wasn't going to get the program that he expects. So far as I know, this hasn't been done.



Meanwhile, Commerce has played its cards close to the vest: the Task Force Report went to Califano as an unevaluated set of staff studies; so far, they have not been discussed by the whole task force. Boyd had a meeting yesterday to work on the goals exercise. Here too there was the same display of conservatism and unwillingness to sign on to anything dangerous. The regulatory agencies were represented along with the members of the legislative task force at yesterday's session. Boyd asked for comments on the task force legislative studies at this meeting, and it was obviously impossible to review these things candidly in front of the regulatory people. So I shut up entirely, and told him after the meeting that we needed a good session in the proper forum for further discussion of the legislative program; he said that we would be meeting again when he got further signals from Joe Califano. Boyd said "The White House" told him to include the regulatory people in the goals exercise. In view of the generally archaic attitudes of the regulatory agencies, that was not an inspired decision.

The Commerce staff studies that were sent to Califano make proposals that go in the right direction, but they do not go far enough. They reflect the philosophy of a small, politically feasible program, except for the one bold proposal for a Cabinet Department of Transportation. They should propose the consolidation of the 3 regulatory agencies into one, and the creation of a Transportation Investment Review Board. They pussyfoot particularly on deregulation, recommending very little to change the situation on rates and nothing at all on operating rights. The President pledged himself to "heavier reliance on competition in transportation" in the State of the Union Message last January, and emphasized this at the May meeting. The proposals in the staff studies would not implement this commitment in 1966. The proposals on safety and research are not bad, but the experts outside of Commerce think we could afford to move more forcefully. The staff studies list about 50 things in the safety area that we might want to do in the future "after further study;" we ought to have enough conviction to be able to launch a few of these right now, for example, a Federal grant program on driver education. Treasury thinks we could beef up the user charge proposals, e.g. with a Presidential commission. Moreover, the staff studies are written in a detailed drawn-out undigestible style that cannot be informative to the White House.

Just a few weeks ago, in discussing our domestic legislative plans in a press backgrounder, the President once again put transportation at the head of the list. He is going to be disappointed, unless something is done to break the traffic jam. Lee White has not been at any of the meetings since the organization meeting of the task force, and I doubt

that anybody has been briefing him or Joe Califano. I think we are left with the responsibility for carrying the message to the White House.

Once Joe and Lee know where things are (or more accurately are not) going, they can decide how to proceed. They might want to remind Boyd once again that, if the President is going to get a little package, he ought to be warned of this at once; or Boyd could be asked to do a short summary of the staff studies to determine whether his program could stand as a centerpiece of our 1966 legislative program; or Boyd could be asked specifically to reconsider items previously labeled "politically unfeasible" so as to leave that decision to the President.

cc:

Otto Eckstein

Charles Taff

Lew Spellman