

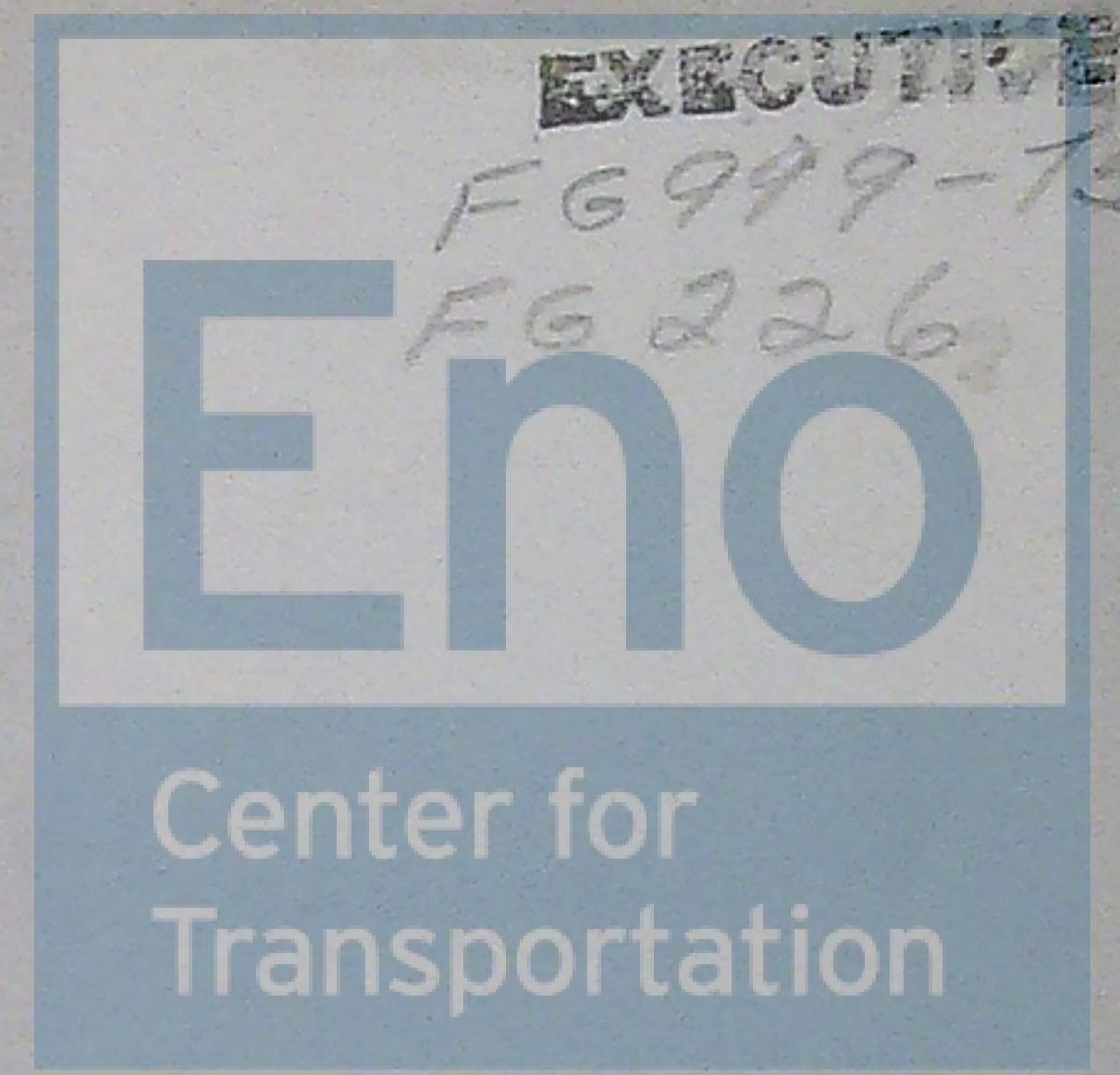
*JM*

Dec 20, 1965

FOR        Lee White  
FROM       Joe Califano

Attached are Bozo McKee's views on a  
Department of Transportation.

Attach.



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to ... 3/12/66*

## Department of Transportation

Eno

Center for  
Transportation

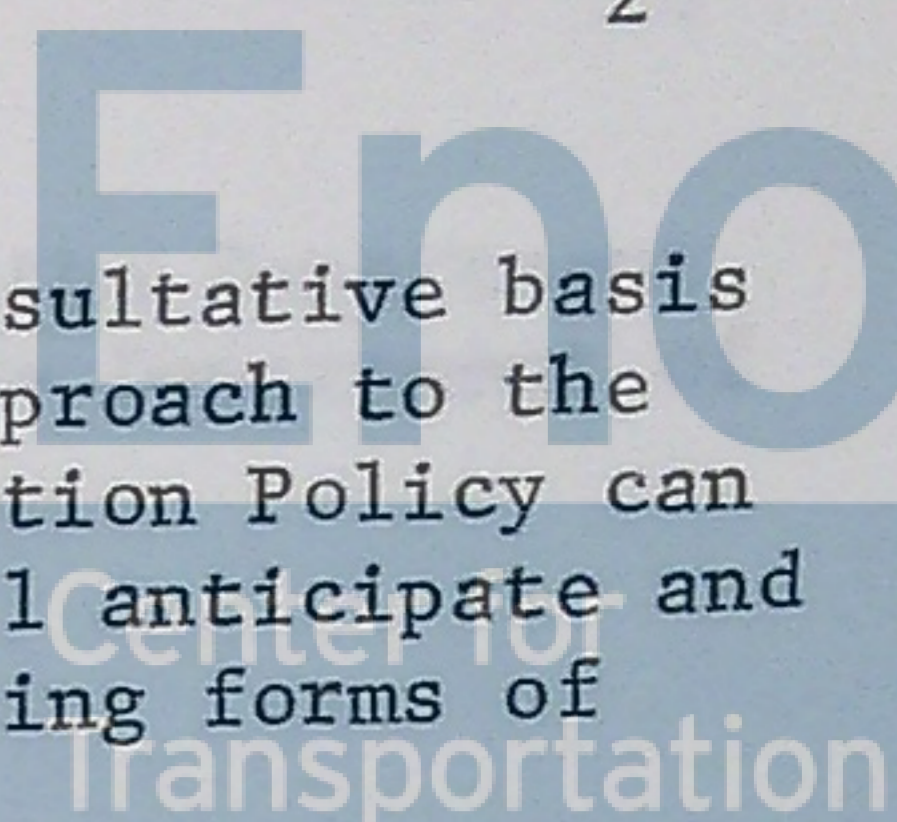
### Reasons For

1. Centralizes direction, authority and control over coordination of policy and programs.
2. Facilitates determination of priorities and Government expenditures, subsidies, and grants-in-aid, thus increasing possibility of economies.
3. Transportation affects the national economy in many ways and is important to national defense. Its many facets require unified direction and handling.
4. Transportation systems are both complementary and competitive. Their demand on Federal resources and funds should be coordinated in the interest of economy.
5. All-inclusive responsibility in a single agency will insure adequate and early attention for new transportation requirements.

### Reasons Against

1. The merit of a unified Department requires the inclusion in it of the economic regulatory agencies such as CAB, ICC, Maritime, etc., since they formulate policy and authorize services in competitive transportation modes. Political realities suggest that the Congress would be very reluctant to merge these agencies into a Department of Transportation.
2. If the economic regulatory agencies continue their independence existence, present Government organizations can do the remaining task as well as if not better than a Department with only partial authority and functional responsibility.
3. Proposals for a Department have been made previously, but have never caught on. The Senate Commerce Committee studied the problem through a special committee it set up headed by retired Air Force Major General Doyle, but neither the Senate Committee nor the Congress took any action after the Doyle group recommended creation of a Department of Transportation in 1962. Congressional disinterest might still exist.
4. Transportation is an essential element in the Nation's commerce and industry and is properly placed at the present time in the Department of Commerce, thus negating any need to create a separate Department.
5. The Under Secretary of Commerce for Transportation can be given broad authority to coordinate transportation policy in consultation with the heads of the economic regulatory boards and commissions and independent agencies in the Executive Branch. Clear and complete authority to develop

coordinated policies and program guidance on such a consultative basis is the most expeditious and effective organizational approach to the task. The Under Secretary as Coordinator of Transportation Policy can be given a directive broad enough to insure that he will anticipate and plan for new transportation needs and encourage developing forms of transportation.



6. The functional interfaces that justify reorganization exist predominantly in the economic regulatory agencies and only to a very minor extent, if at all, in the several small functional operating agencies. Lacking such functional interfaces, the possibility of integrated transportation systems development is not sufficient to justify a Department that does not include the economic regulatory agencies.
7. There is some doubt that Cabinet status is required for a field as specialized as transportation, in light of the framework of the President's Cabinet. If some form of reorganization is felt desirable, creation of an independent agency in the Executive Branch might be more appropriate as a first step. Consider, for example, that the Department of HEW was preceded by the Federal Security Agency, and that the Department of Urban Affairs was preceded by the Housing and Home Finance Agency.
8. The momentum to group everything relating to transportation in one organization tends to overlook the need for specialized attention and emphasis, including special organizational arrangements, for major problem programs and specialized systems involving still developing state-of-the-art and technology, such as those that are found in aviation and space transportation. The action of the Congress in creating an independent FAA as recently as 1958 would have to be taken into account.
9. There is more theory than documented need behind the proposals for a Department, since Government agencies work well together whenever issues arise that require coordinated action, largely through the budget process and inter-agency consultation, and very well lend themselves to continued coordination under some formally prescribed coordinating authority.
10. Major reorganization should fit validated requirements in a substantial way and not be undertaken if only peripheral results are attainable.

#### Recommendations

1. Designate the Under Secretary of Commerce for Transportation as the *Federal* Coordinator of Transportation Policy, authorizing him to develop and coordinate transportation policy, in conjunction with the heads of other agencies that have functions relating to transportation. The Under Secretary as Coordinator would therefore deal directly with the heads of such agencies as CAB, ICC, Maritime, FAA, St. Lawrence Seaway, as well as with the heads of organizations already housed in the Department of Commerce. No organizational changes would be required beyond the assignment of such functional responsibility to the Under Secretary.

2. If desirable, reorganize the Department of Commerce as the Department of Commerce and Transportation (or alternatively, as the Department of Commerce, Transportation and Communications).

#### Alternative Recommendations

1. The President can establish a Commission on Coordination of Transportation. Members -- heads of independent and regulatory agencies with responsibility for any aspect of transportation; members of the Senate and House of Representatives. The Commission would analyze all existing studies and be required to make final recommendations within two years. It should periodically publish statistics and other information in order to permit the formulation of a meaningful consensus on the manner in which transportation activities in Government should be handled.
2. Submit legislation, as a more appropriate first step, to create an independent agency in the Executive Branch headed by the Administrator in the same manner that the Federal Security Agency preceded creation of the Department of Health, Education and Welfare, and the Housing and Home Finance Agency preceded the creation of the Department of Urban Affairs.

#### Other Possible Actions

If housekeeping arrangements are desired for the smaller operating agencies in a place other than the Department of Commerce, in order to free the Office of the Under Secretary of Commerce for Transportation from administrative details and responsibilities that interfere with his prime mission of formulating coordinated policy and program guidance, consideration can be given to transferring them to the General Services Administration to operate under a Commissioner for Transportation Services.