

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 28, 1966  
Friday, 11:30 a.m.

FOR THE PRESIDENT

FROM Joe Califano and Lee White

We recommend that the following components go into the Department of Transportation:

1. From the Commerce Department
  - Bureau of Public Roads
  - Highway Safety Program
  - Policy, research and related functions in the office of the Under Secretary of Commerce for Transportation, including the Office of Emergency Transportation
  - Great Lakes Pilotage Administration
  - The Maritime Administration
2. Federal Aviation Agency
3. The Alaska Railroad from the Interior Department
4. The St. Lawrence Seaway Development Corporation
5. The Coast Guard from the Treasury Department
6. The safety functions and the car service functions of the ICC
7. The safety functions and policy control over the subsidy functions of the CAB.
8. "Nuts and bolts" research in Mass Transit from HUD.

The foregoing components of the Transportation Department are unanimously recommended by all interested agency heads with the exception of the following:

Eno  
Center for  
Transportation

*Copy sent to Dept. of Transportation*



1. Coast Guard. Joe Barr and the Commandant of the Coast Guard have urged that the Coast Guard be left in the Treasury Department. Fowler agrees, but has not signed any memorandum to this effect (I believe) because he wants to be free to support a decision to move the Coast Guard to the Department of Transportation. Bob McNamara's preference would be to wipe out the Coast Guard and fold its functions into the Navy, but he realizes this is unrealistic. He recommends that the Coast Guard be moved into the Department of Transportation and will certify that such a move at this time will have no effect on our national security.

Schultze, Lee White, Connor, Boyd, Ackley and I recommend that the Coast Guard be moved into the Transportation Department, as a single unit. 75% of the money and work of the Coast Guard is associated with civilian safety and maritime shipping (inland and off shore) problems.

2. Civil Aeronautics Board. Charlie Murphy mildly objects to moving the safety functions out of CAB, but will support a decision to do so. Murphy has strong feelings that the subsidy functions of the CAB should remain there. As you recall, the CAB subsidizes operations while FAA subsidizes airport construction and improvements.

Many people think both subsidy functions should be in the Department of Transportation; some think they should be left as they are. I believe we can resolve the problem by agreeing on legislative language to give the Transportation Department authority to give general policy guidance on operating subsidies to the CAB, leaving the application of the policy on a case-by-case basis to the CAB.

The precise division of responsibilities between the new Department of Transportation and the Department of Housing and Urban Development has been agreed upon in principle. The details of this will require additional careful staff work. The Message should therefore request the two Secretaries to recommend to you the exact details of this reallocation of responsibilities within the terms of agreement, which are:





- HUD will have over-all responsibility for planning urban facilities, including all modes of transportation. This will require shifting some responsibilities currently in the Bureau of Public Roads to HUD.
- The Department of Transportation will be responsible for the technical/engineering aspects of urban transportation. Certain activities will therefore have to move from HUD to the new Department.

We have worked out with the Corps of Engineers language which subjects their navigation projects to review by the Secretary of the Department of Transportation.

A task force has been set up and is currently working on the draft legislation and a preliminary organizational concept for the new Department. We plan to use this group as a focal point for all administration activity in support of the legislation to create the new Department.

If you approve, we will proceed along the lines indicated above. I will get papers from the appropriate officials recommending these components to the Bureau of the Budget.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

*I don't know much - Cost  
you research difference  
before fact*