

MEMORANDUM

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FOR THE PRESIDENT
Center for Transportation
FROM

THE PRESIDENT
Joe Califano and Lee White

THE WHITE HOUSE
WASHINGTON

Tuesday, 2:00 p.m.
February 1, 1966

Agent for vehicle 2/1

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SUBJECT: Transportation Message

The few remaining issues of what should be in the Department of Transportation are virtually resolved.

On the proposal to have the ICC Chairman appointed by the President from among the Commission members, at least six members of the eleven-man ICC support it. According to this year's Chairman, Jack Bush, at least one more member can be pulled over to support, and he is confident that the Commission will formally support the change. Maggie and Staggers support it, as do the rails and trucks. We recommend this change be a part of your program and be in the message.

Approve 1 Disapprove _____

Although the industry is generally behind the departmental bill, it is clear that any proposals to change significantly the standards to be used by the ICC in approving routes and rates would be backed by the railroads, but opposed strenuously by trucks and inland waterways. In this category are:

- (1) making cost the dominant factor in establishing rates,
- (2) extending the exemption for those who carry agricultural commodities to a much larger range of products that can be hauled on return trips,
- (3) shifting the burden from those who propose rates to shippers or the ICC itself who wish to oppose, and taking away the right of competing means of transportation to protest.

Some less controversial changes might be proposed. Although not as meaningful, they are at least steps in the right direction. They include:

- (1) encouragement of through and joint rates among various modes of transportation,
- (2) requiring rail and motor carriers to accept shipper-owned or leased equipment on a nondiscriminatory basis,

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(3) simplifying railroad abandonment procedures, and,

(4) reducing the period rates could be suspended by protests from seven months to 60 or 90 days.

The three alternatives are:

1. Go for the whole package of reforms -- Although the railroads would be happy, the trucks and waterways would be so irritated as to jeopardize the departmental bill, and realistically there is no possibility of getting them this year.

2. Send up the easier, less controversial package -- This would follow the direction you ultimately expected to go and some of the proposals might even get through. There would be criticism, however, that the Administration was not willing to really try to solve the basic transportation problems. In addition, some of these items which the various modes would like to have, might well make the tougher ones more acceptable if they were offered as a total package next year.

3. Wait with all of these until next year -- This, too, would be criticized as an unwillingness to face the tough problems. However, it does make sense to establish the department this year and have it be the spear-head for regulatory reforms next year since it will possess greater stature and authority in the field when it is in existence. Maggie is openly opposed to any changes and Stagers said that there is a history of not getting anywhere on them although he believes they make sense.

We believe the real choice is between the last two alternatives and recommend the third, a view shared by Alan Boyd.

Alternative 1 _____

Alternative 2 _____

Alternative 3 _____

Other _____