

*Conference*

On The

Eno

Center for  
Transportation

Department of Transportation  
Proposal

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*Conference*

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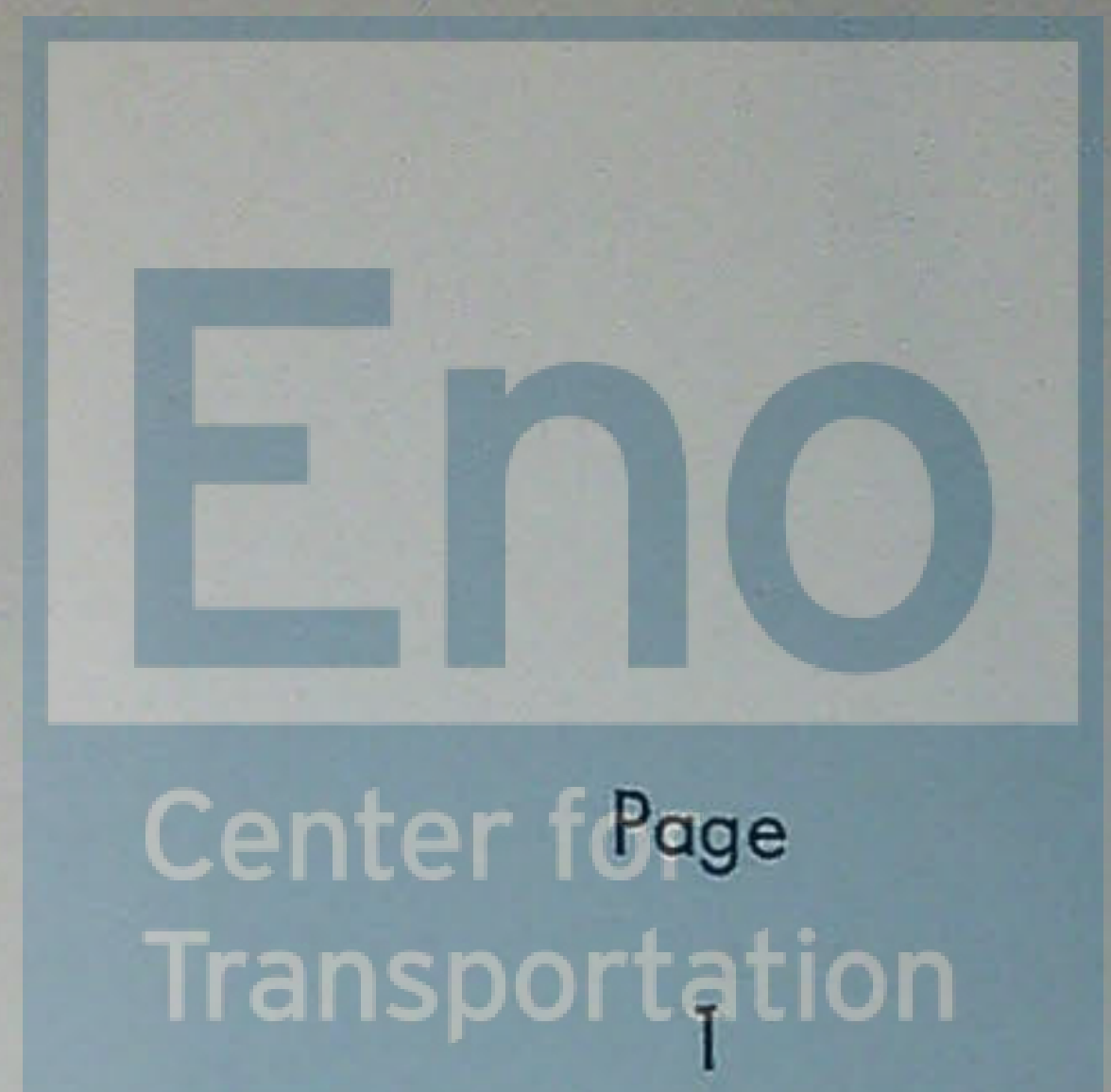
Transportation Association of America



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## Foreword

The question of whether or not there should be a Department of Transportation has come to the fore several times in the last thirty years. Little if any momentum for these proposals ever materialized, however. But because the present Administration has put the full force of its office behind the most recent proposal, the issue now has come into full bloom.

In the absence of a TAA policy position on the Department of Transportation proposal, and recognizing that hearings by the Senate Government Operations Committee on legislation designed to establish such a department were scheduled for March 29-30, the Transportation Association of America sponsored a special one-day conference to help focus on the pros and cons of the proposal. Some two hundred top-flight industry leaders from all parts of the nation were invited.

The morning program consisted of statements from eight distinguished industry officials followed by a discussion and question-and-answer period with audience participation. During the afternoon luncheon session Alan Boyd, the Under Secretary of Commerce for Transportation along with his deputy assistant Lowell Bridwell, spoke and answered questions addressed to them by the audience.

Because the different elements of the transportation industry were in the throes of analyzing the specifics of President Johnson's Department of Transportation proposal and were working to determine what position they would take, it followed that the individual views presented by the conference panel members proved to be very significant and most helpful to the entire industry.

## Conference Digest

HON. ALAN S. BOYD, Under Secretary of Commerce for Transportation

The nation's transportation system represents too large and too important a segment of the economy to permit government related transport activities to drift in a state of disorder and chaos. Such is the situation now. Something must be done and the proposal for a Department of Transportation is a step in the direction of good-government. It will, in the longrun, benefit all transportation and the public. It will result in better management functions in the Federal transport complex.

The new department would operate under the mandate given to it by Congress and it would not become involved in the managerial functions of industry.

As for taking over the regulatory responsibilities of the FMC-CAB-ICC in later years, this is unlikely. It is an accepted and long standing principle of government that economic regulation is a function of the Legislative Branch and not Executive Branch. This works -- and it is better this way.

The establishment of a Department will result in: (1) more effective management in the establishment and development of a coordinated policy within the Executive Branch; (2) greater coordination and more effective and equitable implementation of government transport programs; (3) a centralized approach in the gathering of transport statistical data and information to better determine nature and intricacies of transport elements and problems of concern to the general public; and, (4) a stronger emphasis on transportation safety generally and the mechanism through which all government entities can work together on this problem.

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W. J. BARTA, PRESIDENT, Mississippi Valley Barge Line Company

The broad objectives of the President's Transportation Message and its proposals on public safety, effective use of economic and natural resources to achieve national goals are beyond doubt. But the real significance of the message is in what has been left unsaid. Burning issues of the day, i.e., common ownership,



rate deregulation, and user charges, must be met. "The exclusion of even one of these problems from the broad area of transportation reorganization leaves one with the sense of waiting for the other shoe to drop. Their omission will tend to make every mode wary of the present message...fearful that establishment of a Department of Transportation will ultimately be followed by official pronouncements from the cabinet level that policies involving these problem areas have been established and will be obeyed". Many questions, i.e. the effect of the President appointing the ICC Chairman, have to be answered before a position for or against is reached by the speaker.

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MORRIS FORGASH, Chairman of the Board, Universal Carloading & Distributing Co.

We are left only with the question of when a Department of Transportation should be established--not whether or not. "I contend that in the march of time there already has been created a vastly scattered, totally unorganized, completely disoriented, Transportation Department within the Executive Branch, each segment of which tends to become a self-perpetuating hierarchy". But, unity of government activities alone is not all that is needed. The prestige, dignity and importance of such a Department is warranted by the importance of transport in our economy. The Constitution provides a logical basis for establishing this new Department in order to give the President the means for discharging his duties. Many prominent transport authorities have recommended a Transportation Department; logic requires it. Such a Department will not infringe upon the functions of regulatory agencies as shown by the forceful statements of Administration and Congressional leaders. Some changes probably should be made in the bill introduced, but the principle of a new department "I support".

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WELBY M. FRANTZ, President, Eastern Express, Inc.

Questions falling into four categories apparently concern the trucking industry. These are: (1) the effect of transferring from ICC to Secretary of proposed Department of all authority over motor carrier safety; (2) the enunciation of another national transportation policy and its relation to existing transportation policies; (3) the ramifications of transferring all Bureau of Public Roads functions from Secretary of Commerce to the Secretary of Transportation; (4) the significance of establishing certain "Investment Criteria" to be used as guides to determine relative federal investment in transport facilities. The trucking industry, it now appears, will want definite answers especially on these four questionable areas before a positive position for or against the proposal is taken.

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RICHARD D. HILL, Executive Vice President, The First National Bank of Boston

"Transportation by practice and regulation has been made into a highly technical affair which is little understood by the public and correspondingly by many of its representatives in Congress". Only railroad passenger service discontinuance seems to evoke concern by the public. Generally, however, only the traffic manager seems to know the jargon and what is going on in the field. This "aura of technical mysticism" may be a reason why federal transport activities have become fragmented. "This is why I believe that the mere fact of the elevation of transportation to full cabinet level status may serve to dramatize some of the industry's problems and thereby gain a measure of enlightened public understanding". A for instance is the parcel post size and weight issue which probably could have been settled by a Secretary of Transportation at the cabinet level. A department "will coordinate, popularize and streamline the transportation industry--and investors are bound to appreciate this".

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JERVIS LANGDON, JR., Chairman and President, Chicago, Rock Island and Pacific Railroad Company

"This proposal is sound and should be enacted--and enacted promptly". It represents good government to put all of these related transport functions under one roof. Furthermore, it will provide for a firm "national" policy which we do not have now even under the so-called national policy of the Interstate Commerce Act which applies to only 60-65% of our transport capability. The legislation has two good



substantive provisions. One would give the new Secretary authority to evaluate federal investment programs in transport equipment and facilities and the other would require federal investment programs to be prepared on the basis of certain criteria established by the Secretary of Transportation. "For once the right hand in our government is going to know what the left hand is doing". Efficient transportation is bound to be encouraged. The transfer of car service jurisdiction from the ICC to the new department is, however, a matter of concern. Industry should be given one year to work this out before the new department does it for the industry. Appointment of the ICC Chairman is also of concern--but that is a side issue and should not detract from the need to establish a Department of Transportation.

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MAJ. GEN. E. C.R. LASHER, President and Chief Executive Officer, North American Car Corporation

Because of the importance of transportation to the economy--as reflected by the fact that it amounts to more than 20% of the gross national product--it therefore follows that minimization of the resources (i.e. costs) devoted to producing the transportation required by our economy works disproportionately to improve total performance of the economy. Transport sector exerts a powerful leverage on the economy. Therefore, anything which promotes improved resource allocation in transport ought not to be left undone in the United States. A Department of Transportation, with its authority and prestige, will help us do what we have tried, but failed, to do over the past 20 years namely, promote long-run efficiency in the transport sector. For instance, it will: (1) assure for the first time that cross-modal comparisons of efficiency will be made in the development of broad national policy; (2) focus attention on the secondary effects of regulatory and promotional policies and decisions; and, (3) place national emergency transport planning on an effective basis.

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WILFRED J. McNEIL, President, Grace Line Inc.

The proliferation of government departments should be of some concern to all of us taxpayers. It would appear that a Department of Transportation would change little, if anything. Other departments and agencies of government such as GSA, DOD, and the State Department, would continue to have transportation staffs. As for the ocean-shipping industry, the proposed department does not hold much promise of correcting the basic difficulties outlined in the President's transportation message, such as the \$15 million ship lying idle in port because of a manning dispute. I am puzzled as to the real need for a separate department and wonder what might be accomplished by it that could not be accomplished by a division of the Department of Commerce with an Under Secretary in charge. Moving boxes around on an organizational chart has never been a panacea for basic problems. If, however, the Government feels that a separate department is essential to the better conduct of its business, the occasion should be used to spell out more clearly the specifics of the Department's role in achieving the worthwhile goals outlined by the President.

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W. K. SMITH, Director of Traffic, General Mills, Inc.

A politically-neutral Department of Transportation: (1) could add coordination and greater economic consideration behind proposed government-financed and maintained transportation facilities; (2) could equitably apply government promotion to competing modes of transportation; and, (3) might keep "hands off" the Commissions--such as the ICC. However, it would not be politically neutral regardless of who is in power--and no matter how much coordination and planning would be achieved under a new department, there would still be political influence over federal research and development programs, etc. Conversely though, a department could give transportation more influence--and importance. But the nation's security, economic welfare and future growth must be the basis for determining the need for a new department. This means the encouragement of fast, safe, efficient, convenient and low cost transportation. But, how can a new department advance or improve transport services (i.e., railroad car supply shortage) and transport economics? Furthermore, it could mean more people on the federal payroll. It could become involved in the regulation of transportation. But--what are the other alternatives? A department--distinctly separated from the ICC regulatory matters--would nevertheless be possible of support.



# Summary of President Johnson's Transportation Message

ESTABLISH NEW DEPARTMENT OF TRANSPORTATION -- WITHIN WHICH PRIMARY FUNCTIONS RELATING TO TRANSPORT PROMOTION AND SAFETY ARE TO BE CONSOLIDATED, TO INCLUDE:

- Office of Under Secretary of Commerce for Transportation, with its policy, program, emergency transportation, and research staffs
- Bureau of Public Roads and the Federal-aid Highway Program
- Federal Aviation Agency, with its safety, promotion, and investment functions
- Coast Guard (transfer as a unit from Treasury, but be under Navy during war)
- Maritime Administration, with its construction and operating subsidy programs
- Civil Aeronautics Board's present functions relating to aviation safety
- Interstate Commerce Commission's present safety and car service functions, principally inspection and enforcement of safety regulations for railroads, motor carriers, and pipelines, and rail car supply distribution
- Great Lakes Pilotage Administration
- St. Lawrence Seaway Development Corporation
- Alaska Railroad (transfer from Department of Interior)
- Certain minor transportation-related activities of other agencies

I. CREATE NATIONAL SAFETY TRANSPORTATION BOARD (Within New Department, but independent of its operating units) to:

- Review investigations of accidents to seek their causes, determine compliance with safety standards, examine adequacy of safety standards, and assume safety functions transferred from the ICC and the CAB.

I. ESTABLISH APPROPRIATE AND INTIMATE RELATIONSHIPS BETWEEN NEW DEPARTMENT OF TRANSPORTATION AND OTHER TRANSPORTATION AGENCIES OF THE GOVERNMENT, such as the:

Civil Aeronautics Board - CAB should retain its aviation subsidy responsibilities, but should "take into consideration" principles and criteria developed by the Secretary of Transportation to assure over-all coordinated policy.

Corps of Engineers - The Corps should retain its rivers and harbors development responsibilities, but the Secretary of Transportation "should be involved in the planning of water transportation projects." With Presidential approval, the Secretary of Transportation should also issue standards and criteria for the economic evaluation of Federal transportation investments generally, consulting with the Water Resources Council on transportation features of multi-purpose water projects.

CAB-State Department - While the State Department should retain responsibility over foreign policy aspects of international aviation, the Secretary of Transportation should provide leadership within the Executive Branch in formulating long-range policy for international aviation to insure they are consistent with over-all national transportation policy. While the CAB should retain its regulatory responsibilities over international aviation routes and fares, the Secretary of Transportation should participate in Board proceedings that involve international aviation policy.





Department of Housing and Urban Development (HUD) - While HUD should continue to bear the principal responsibility for a unified Federal approach to urban problems, it should do so with "the counsel, support, and cooperation of the Department of Transportation." The two Secretaries, within a year, should recommend the means and procedures to achieve this cooperation.

#### IV. PROMOTE HIGHWAY SAFETY BY:

- Establishing a major highway safety unit within Department of Commerce (to be transferred to the Department of Transportation), to increase Federal funds for research, accident data collection, improved emergency medical service, driver education and testing, and traffic control technology.
- Enacting Traffic Safety Act of 1966 (\$700 million, six year program) (1) to permit development of state highway safety programs, under standards approved by the Secretary of Commerce, for driver education and licensing, advanced traffic control techniques, regular safety inspections, and policy and emergency medical services; (2) to improve automobile safety performance by giving the Secretary of Commerce authority to determine the necessary safety performance criteria for all vehicles. Adequate voluntary standards are to be set in two years or nation-wide mandatory safety standards will be set and sale of new vehicles in interstate commerce not meeting standards will be prohibited; (3) to expand federal highway research efforts--by constructing research and test centers to study human, highway, and vehicle factors which cause death and injury and to develop effective counter-measures; and, (4) to establish safety standards for motor vehicle tires sold or shipped in interstate commerce (approve S. 2669 permitting Commerce Secretary to set standards).

#### V. UNDERTAKE RESEARCH TO DEVELOP:

- 2,000-mile-per-hour prototype supersonic air transport (for which \$200 million is requested);
- advanced vessel concepts, including high-speed, large capacity containerships, ocean going surface effect ships, and nuclear propulsion to merchant marine ships (the Secretary of Commerce, with the Secretary of Defense, the President's Scientific Advisor, and the Atomic Energy Commission are directed to do this);
- guidance and control mechanisms to increase highway capacity and safety and to investigate the potential of separate roadways for classes of vehicles, to stimulate mass transport;
- programs to help resolve the problem of jet aircraft noise.

#### VI. GIVE PRESIDENT AUTHORITY TO DESIGNATE ICC CHAIRMAN AND TO STRENGTHEN CHAIRMAN'S EXECUTIVE FUNCTIONS (legislation to this effect will be introduced).

#### VII. IN INTERNATIONAL TRANSPORT TO:

- press for increasing the minimum financial liability of international air carriers from present \$8,300 limit for a passenger's death to a limit of \$100,000; and,
- eliminate unnecessary paperwork that inhibits U. S. imports and exports (the Secretaries of Treasury and Commerce and the Attorney General are directed to do this).



## Background

Federal transportation activities run the whole gamut. That is, the federal government regulates (routes, rates and service), uses, promotes and operates transportation facilities in the United States. To carry out these functions, some thirty federal agencies involved spend, it was stated by President Johnson, almost six billion federal dollars each year.

It is no wonder, then, that there have been appeals down through the years aimed at bringing the scattered federal transport activities into a more harmonious pattern. That there is need for greater coordination is generally conceded by the nation's transport leaders; particularly so today as the trend towards a greater proliferation of government activities increases. The big question is, however, over the degree of coordination needed and the mechanism through which it can be achieved.

Certain past proposals to bring about greater coordination would have lumped all federal transport activities into one ball of wax and put it under the aegis of the Executive Branch. This would have included the regulatory functions of the three independent transport commissions (CAB, ICC and FMC) as well as all other related activities. There appears to be very little support for this approach mostly because it would destroy the independence and quasi-judicial nature of the three agencies involved -- which are considered to be the offspring of Congress and not the Executive Branch.

The more acceptable plan to industry leaders seeking greater coordination would not involve tampering with the regulatory agencies. But certain of these industry leaders are divided on the way coordination can or will best be achieved. That is, one position holds that greater coordination of non-regulatory federal transport activities can be effected within the existing government organization by giving the Under Secretary of Commerce for Transportation more authority and a clearer mandate under which to operate.

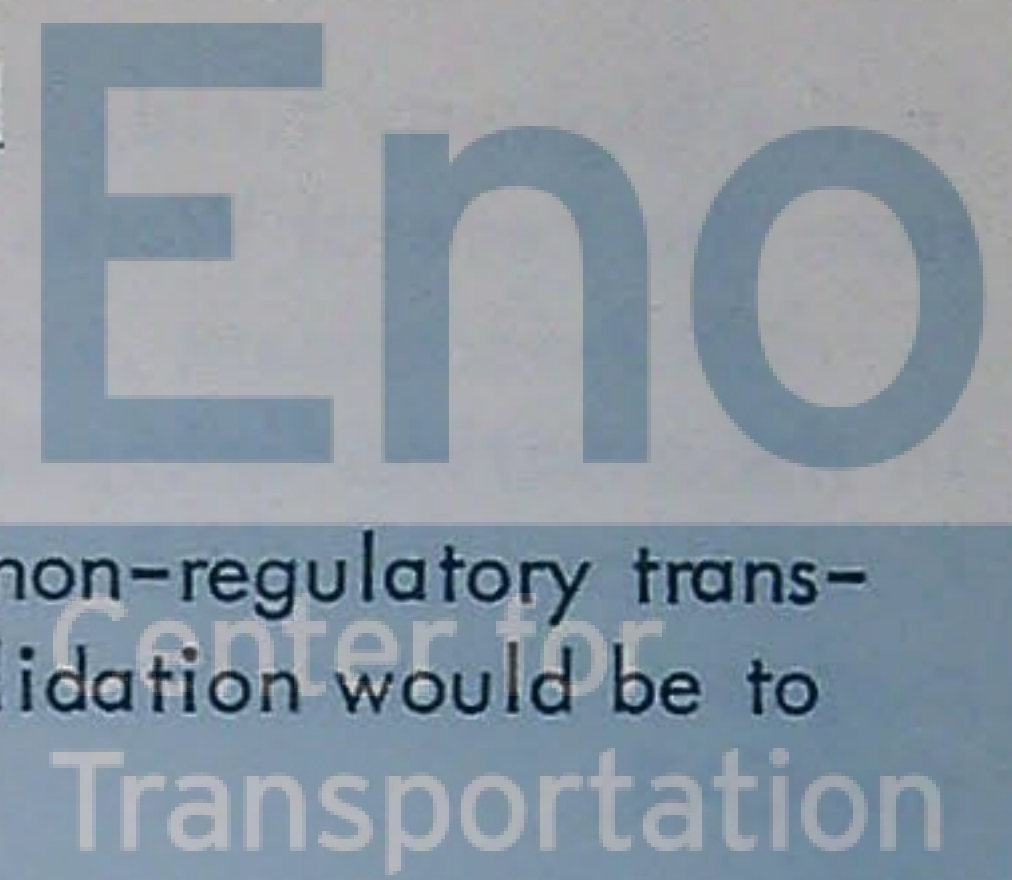
The other position is that in order to properly and effectively mesh the non-regulatory transport activities within the Executive Branch, it will be necessary to construct an entirely new mechanism from the existing parts and to have it function at the top level of government -- to wit, establish a Cabinet level Department of Transportation.

The first Congressional proposal in the direction of a transportation department goes as far back as the 43rd Congress (1874). Similar approaches have been regularly advocated by certain members of succeeding Congresses right up to and including the 89th. Very little action -- if any at all -- was taken on any of these bills. There were, however, many prominent industry and government officials who loudly applauded the principle advocated in the bills. In addition, various studies in and out of government have recommended a Department of Transportation.\*/ The listing of individuals and official studies making this recommendation at various times since the end of World War II is quite impressive. The most important of these are identified and briefly treated in the following section of this booklet. As for the situation prior to 1941, a more elaborate discourse on the Department of Transportation recommendations made (President Johnson mentioned the Senate Select Committee study of 1937 as one of these) can be found in the report cited in the footnote below.

\*/ U. S. Congress, Senate, "National Transportation Policy", S. Rept. 445, 87th Cong., 1st Sess., June 26, 1961, pages 93 - 100 (the "Doyle Report").



# Historical Review of the Department of Transportation Proposal



## Hoover Commission Report (1949)

This study called for grouping within the Department of Commerce the major non-regulatory transportation activities of the Federal Government. The purpose of such a consolidation would be to coordinate transport policies, programs, and research.

As to changes in the organizational makeup of our transport regulatory agencies, the Commission recommended that the ICC, CAB, and FMB be retained as separate bodies, but that purely executive type functions be transferred to the Department of Commerce. Such functions included, in part, such things as the ICC's responsibilities over motor carrier safety, rail car service and safety, and railroad consolidation plans.

The Secretary of Commerce, under the Commission's plan, would be assigned the duty of making over-all route programs for air, land, and water transportation. He would be able to indirectly influence actions of the regulatory agencies by initiating action before them when he deemed it necessary.

## Brookings Institution Transport Policy Study (1949)

The emphasis in this study was on clearly separating the administrative and programming aspects of transport agencies' responsibilities from the regulatory aspects such as rates and standards of service.

The Brookings' study recommended that the administrative and promotional functions be consolidated into a Department of Transportation. The Department, of course, would be headed by a Secretary of Transportation, who would serve in the President's Cabinet.

## Sawyer Report (1949)

While the Congress was actively considering improvements in the government agency organization, Secretary of Commerce Sawyer issued a special report to the President on the government's transportation program.

On federal promotional and research activities, the Sawyer Report concluded that there was an absence of any over-all program and, thus, there should be a critical re-examination of federal activities in this area.

On federal regulatory agencies, the report recognized some advantages to accrue from consolidation of regulatory functions, but questioned whether they outweighed the special considerations which led to the establishment of separate agencies for shipping and air transport.

## Results of These 1949 Studies

As a result of these studies, a number of changes were made in the organizational structure of the government's transport agencies. For example, the independent Maritime Commission was separated into two parts, an independent regulatory agency to be known as the Federal Maritime Board, and an administrative and promotional agency to be known as the Maritime Administration, placed under broad policy control of the Department of Commerce because the same man served as Chairman of both agencies.



In the highway field, the Public Roads Administration (now Bureau of Public Roads) was transferred from the Federal Works Agency to the Department of Commerce.

In the aviation field, the Civil Aeronautics Administration remained within the Department of Commerce, the CAB was put under the Department for "housekeeping" or budgetary clearance purposes and the President was given authority to appoint, on an annual basis, the chairman of the CAB.

The transfer of these added transport responsibilities into the Department of Commerce brought about the creation of the Office of the Under Secretary of Commerce for Transportation, with its own staff. The over-all effect was to concentrate an increased amount of transport promotional programs within one executive department, such as those covering airways, airports, highways, and merchant marine subsidies.

These changes started 15 years ago and show a trend toward greater concentration of direct transport policy responsibility within the Department of Commerce, and indirectly within the Executive Branch through the Presidential power to appoint chairmen of the regulatory agencies other than the ICC.

#### Second Hoover Commission Report (1955)

A major contribution of this study of federal transportation operations and practices was the stressing of a definite need for "redefining the National Transportation Policy to take account of the Government's own policies and activities as an important user of commercial transportation." This report pointed out that many of the government agencies, including the Post Office Department, consider they have little or no responsibility for implementing the National Transportation Policy.

#### Curtis Report (1957)

Even though the Department of Commerce had responsibility over aviation promotion and development programs, the President, in 1957, directed that "an independent over-all study of this national problem" be undertaken because of the "revolutionary possibilities and the all-embracing character of aviation development." The Curtis Report urged formation of a separate executive agency to meet the needs for safety and efficient navigation and traffic control of all civil and military aviation, excepting military operations peculiar to warfare. Thus FAA was born, assuming all previous responsibilities of the CAA, plus certain air safety functions previously handled by the CAB.

#### Rockefeller Report (1958)

This report was made at the request of President Eisenhower, and dealt with economic problems. It concluded that:

Nowhere in the executive branch of the government is centered responsibility for formulation of over-all transportation policy.

The report urged the creation of a single focal point within the federal government - a Department of Transportation - to develop over-all national transportation policy designed to serve the best interests of the public.



### Eisenhower Proposal (1961)

President Eisenhower, in his outgoing Budget Message of January, 1961, made a recommendation that a Department of Transportation be created. The incoming Kennedy Administration did not adopt this proposal, however, and it was never seriously considered.

### Doyle Report (1961)

A congressional study group of the Senate Commerce Committee concluded in 1961 that Congress is no better equipped to deal with major issues of national transportation policy today than it was prior to the enactment of the Legislative Reorganization Act of 1946. Thus, the report urged creation of a Joint Congressional Committee on Transportation to undertake continuous studies of transportation policy, problems and issues.

The Doyle Report also called for establishment of a Department of Transportation of Cabinet status to take over all transport promotional functions now performed by agencies such as the FAA, BPR, St. Lawrence Seaway Development Corporation and the Corps of Engineers -- as well as the executive-type functions now performed by the ICC, CAB, and FMB.

This Report also called for creation of an independent Federal Transportation Commission, with 15 members serving ten-year terms, to assume the economic regulatory functions of the ICC, CAB, and FMB. A proposal was then made that a specialized Transportation Circuit Court of Appeals be set up to assume appellate jurisdiction over decisions of the Transportation Commission, subject to review by the U. S. Supreme Court.

### Maritime Reorganization Plan (1961)

Congress, in 1961, approved a Presidential Reorganization Plan that dissolved the Federal Maritime Board and established in its place a five-member Federal Maritime Commission. The major change was the transfer of authority over maritime subsidies from the old FMC to the Secretary of Commerce.



# Major Arguments Supporting and Opposing a Department of Transportation

## Arguments in Support

- Need to channel, coordinate, and harmonize the fractionalized policy-developing processes under a single executive body.
- Give transportation, which as an over-all economic function accounts for about 20 percent of the nation's Gross National Product, the recognition it deserves in the Executive Branch.
- Permit transport policy problems to be attacked on a broad, rather than a "bit-by-bit", basis.
- Help close the "policy gap" in the transport field, under which we have different policies for individual modes of transport.
- Provide better for the general interest, rather than special interests, to be represented by the Executive Branch.
- Permit the transfer of all non-regulatory functions from the transport regulatory agencies to an Executive Department better geared to perform such administrative duties.
- Supply a going organization capable of assuming immediate responsibility in administering a wartime transportation program.
- Facilitate planning and development of national transport policy and eliminate duplication and conflict of activities.

## Arguments in Opposition

- Raise the cost of government, since more personnel would be sought, plus necessary house-keeping expenses.
- Create more government and encourage more bureaucratic control over, or interference with, business.
- Bring politics into transport policy making and development even more than at present.
- Seek unneeded changes since the same objectives could be obtained in the Office of Under Secretary of Commerce for Transportation.
- Would give too much power to a single person and thus encourage him to exercise what could be a harmful influence in transport policy matters; e.g. the wrong man in such a role could prove very harmful.
- Would encourage the transfer of all non-regulatory functions now handled by transport regulatory agencies to the new Department, despite their relationship to the regulatory functions; e.g. ICC safety functions.
- Could encourage greater interference in transport regulatory matters; e.g. regulation of international air and water transport.
- Would not necessarily accomplish more than at present in changing transport policies that must first get Congressional approval.



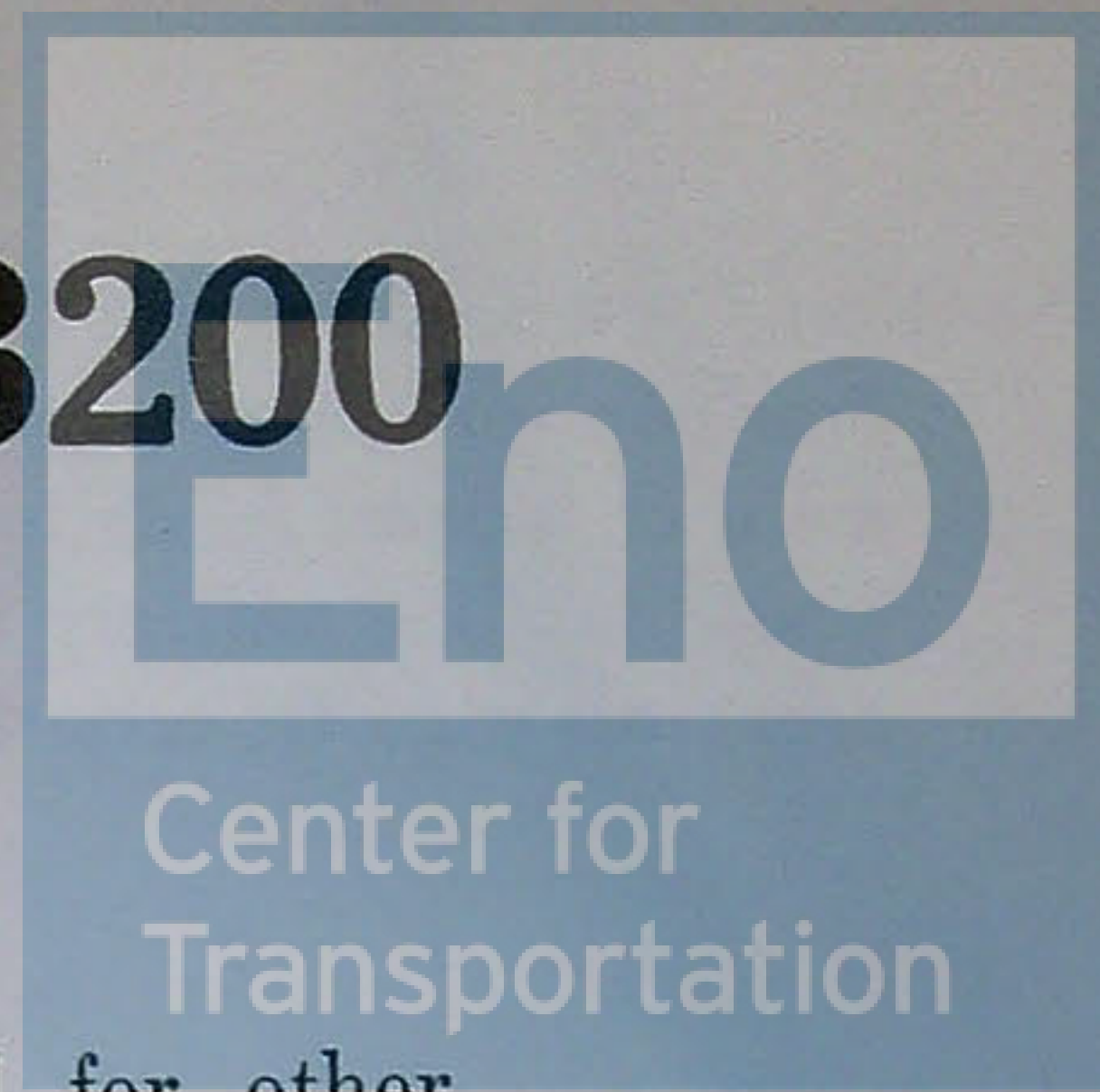
Summary of . . .

# S. 3010 & H. R. 13200

89<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

## A BILL

To establish a Department of Transportation, and for other purposes.



Section 1. - Department of Transportation Act

Section 2. - Congress would declare need for policies and programs to stimulate good transportation and that a Department of Transportation is necessary to this end.

Section 3 - would establish such a department and provide for a Secretary to be appointed by the President with advice and consent of Senate. Positions for officials below Secretary are also provided.

### GENERAL PROVISIONS

Section 4. - Secretary would be responsible for all phases of national transportation policy development and implementation. Transition to new department is provided. Authority for emergency transportation activities is provided. The Secretary could accept gifts of money, make special statistical studies (on reimbursable basis), and appoint advisory committees. Secretary's orders and actions would be subject to judicial review. All functions transferred to Secretary shall give him same powers.

### NATIONAL TRANSPORTATION SAFETY BOARD

Section 5 - would establish a National Transportation Safety Board within Department -- to determine cause of transportation accidents with regard to the review on appeal of the suspension, alteration, modification, revocation, or denial of any certificate or license issued by the Secretary. It would be independent of Secretary. Criteria for appointment to and tenure on Board is set forth. Powers to carry out its functions (i.e., issue subpoenas, etc.) are described.

### TRANSFERS TO DEPARTMENT

Section 6 - would transfer to the Secretary of Transportation all of the transport functions, powers, and duties of the Secretary of Commerce now carried out by the Under Secretary of Commerce for Transportation including, the high-speed ground transportation program, the aviation loan guarantee program, the aviation war risk insurance program, the Great Lakes Pilotage Administration, the Maritime Administration and the Bureau of Public Roads. The Coast Guard would also be transferred to the new department. Emergency transportation provisions are also included. The Federal Aviation Agency in its entirety would be transferred to the new Secretary. The safety functions of the CAB would become the responsibility of the Secretary. Also, the safety functions of the ICC -- including those relating to railroad car service -- would be transferred to the new department. In addition, the Secretary would be given the ICC's functions of setting geographical limits of standard time zones in the U. S. Certain functions of the Secretary of Army (drawbridge regulations, toll bridge rates, bridge locations, etc.) would also come under the department.



## TRANSPORTATION INVESTMENT STANDARDS

Section 7 - would require the Secretary of Transportation to develop standards and criteria, subject to Presidential approval, for the formulation and economic evaluation of all proposals for the investment of federal funds in transportation facilities or equipment, with certain listed exceptions. This would include military transport investments also (i.e., MSTs, MAC, Panama Canal and AID). All proposals must fit criteria developed by Secretary.

## AMENDMENTS TO OTHER LAWS

Section 8 - would amend Federal Aviation Act of 1958 to require CAB to consider standards and criteria with respect to air carrier subsidy established by Secretary. The new Secretary would be given jurisdiction over Appalachian Regional highway program. Various sections of the ICC Act and Fair Labor Standards Act of 1938 would be amended to transfer transport related functions to the new Secretary.

## ADMINISTRATIVE PROVISIONS

Section 9 - would set forth conditions, grades, etc., for hiring of needed personnel (military and civilian). The Secretary would be authorized to delegate functions and issue appropriate rules and regulations. All personnel, assets, liabilities, and appropriations which relate to the functions that would be transferred to the Secretary are listed. Existing offices would be dissolved. A working capital fund (for administrative purposes) would be authorized.

## CONFORMING AMENDMENTS TO OTHER LAWS

Section 10 - would place the Secretary of Transportation in the line of succession to Office of President of the United States. Technical amendments to other related laws would be made. Salary levels for the Assistant Secretaries (four), General Counsel, Assistant Secretary for Administration and a Chairmand to the National Transportation Safety Board would be set. Other changes relating to salaries and personnel would be made. The transfer of related functions (i.e., vessel operating revolving fund) to the Secretary are provided.

## ANNUAL REPORT

Section 11 - provides for an Annual Report.

## SAVINGS PROVISIONS

Section 12 - provides for statutory continuity and order in the transition period.

## SEPARABILITY

Section 13 - provides for a standard separability clause.

## CODIFICATION

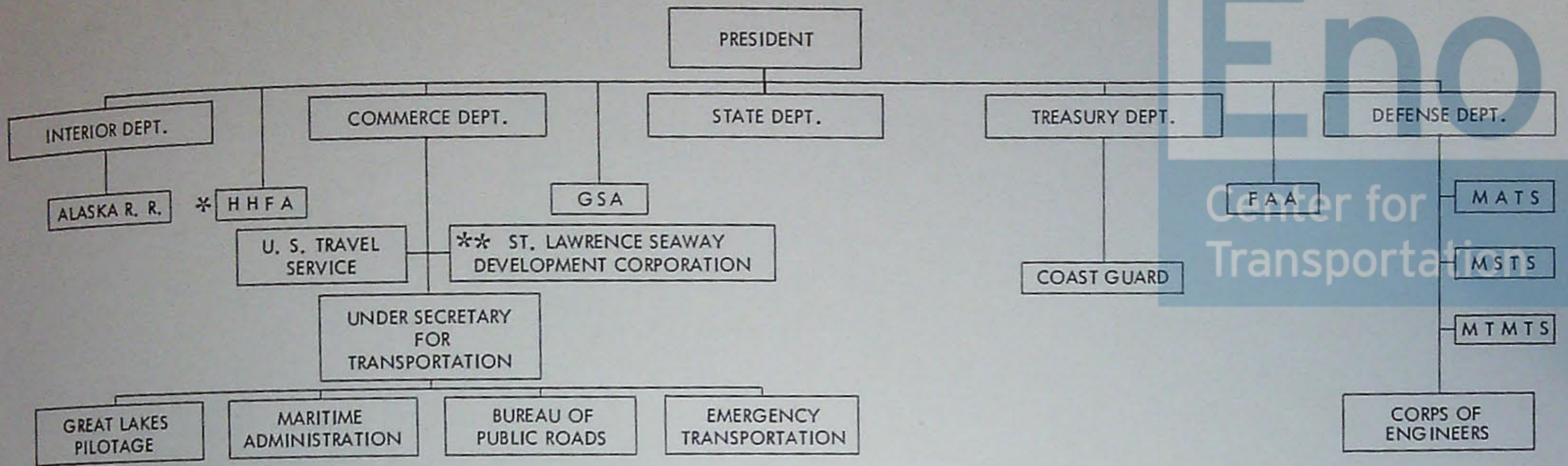
Section 14 - would direct the Secretary to submit to the Congress within two years from the effective date of Act, a codification of all laws transferred to the Secretary by this Act.

## EFFECTIVE DATE

Section 15 - would authorize the President to nominate and appoint the Presidentially appointed officers at any time after the date of enactment of the bill. All other provisions would take effect 90 days after the Secretary first takes office, or on such prior date after enactment as the President prescribes in the Federal Register.



# Present Structure of Executive Transport Agencies



OFFICE OR AGENCY	RESPONSIBILITY
President	Rules on matters relating to international air transport by U. S. air carriers and foreign air carrier operations to the U. S. Appoints members of Federal agencies, and appoints chairman of CAB and FMC.
Department of State	Advises on negotiations with foreign governments for air routes and services and on international shipping.
* Housing and Home Finance Agency	Administers a variety of federally aided housing and community development programs including grants and loans to improve urban mass transportation systems and facilities.
Department of Commerce	Fosters, promotes, and develops U. S. transport facilities. Advises on Federal transport policy and programs. Develops over-all policies on emergency transport control and allocation. Responsible for activities of the following:
** St. Lawrence Seaway Development Corp.	Administers the operation and maintenance of the U. S. portion of the St. Lawrence Seaway, including rates of tolls.
U. S. Travel Service	Promotes travel to U. S. by residents of foreign countries.
Office of Under Secretary for Transportation	Serves as principal advisor on transport policy with the Department and on overall transport policy in the Executive Branch, including mobilization. Exercises policy direction over the following organizations:
Office of Emergency Transportation	Develops and coordinates over-all policies for the provision of centralized control of all modes of transportation in an emergency, including the proper apportionment and allocation of the total civil transportation capacity.
Bureau of Public Roads	Administers Federal highway construction, research planning, safety programs, and Federal-aid highway funds.
Maritime Administration	Promotes merchant marine; determines ocean services, ship requirements, and national defense features; awards and administers subsidies; grants mortgage insurance. Maintains National Defense Reserve Fleet.
Great Lakes Pilotage	Controls a system of mandatory pilotage on certain U. S. waters of the Great Lakes and St. Lawrence Seaway.
Department of the Interior	Supervises and controls the functions of the Alaska Railroad. Develops and coordinates policy for oil and gas (including pipelines), and provides for a standby Emergency Petroleum and Gas Administration.
Federal Aviation Agency	Promotes civil aviation generally, including research and promulgation and enforcement of safety regulations. Develops and operates the airways, including facilities. Administers Federal airport program.
Military Sea Transport Service	Provides ocean transportation for personnel and cargo of the Department of Defense and, as directed, for other agencies and departments of the United States.
Military Air Transport Service	Provides air transportation for personnel and cargo for all military services on a world wide basis.
Military Traffic Management and Terminal Service	Procures commercial transportation service for DOD passengers and freight within the Continental United States; and manages and operates common-user ocean terminals.
Corps of Engineers	Constructs and maintains river and harbor improvements. Administers laws for protecting navigable waterways.
Coast Guard	Provides navigational aids to inland and offshore water and trans-oceanic air commerce; enforces federal maritime laws; and regulates maritime safety, including approval of plans for vessel construction and repair.
General Services Admin.	Provides and procures transportation services, including motor vehicle management, for the executive agencies.

\* Now part of new Department of Housing and Urban Development  
 \*\* Now administered by Undersecretary of Commerce for Transportation



Eno

Center for  
Transportation

**T***eamwork*  
**A***ssures*  
**A***ction*

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