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The Proposed Department of Transportation

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Mr. Boyd took the oath of office of Under Secretary of Commerce for Transportation on June 1, 1965. Before his appointment to Under Secretary, he had been serving as Chairman of the Civil Aeronautics Board. He was first named to membership on the CAB on November 16, 1959, and was reappointed by President Kennedy to a full six-year term beginning January 1, 1963. Mr. Boyd also is a former Member of the Florida Railroad and Public Utilities Commission in Tallahassee and served as its Chairman in 1957-58. Mr. Boyd completed his formal education at the University of Florida and the University of Virginia. After receiving his LL.B. degree in 1948 he practiced law in Miami. He was appointed by Governor Collins in 1954 as Chairman of a civilian committee for the development of aviation in Florida; and served as General Counsel for the Florida State Turnpike Authority in 1955. He is a member of the American Bar Association.

A NEW Department of Transportation has been proposed by President Johnson to gather up the loose ends in government in a quest for more efficiency and better long-range and continuous planning and development. This proposal comes at a very significant point in the history of transportation. The United States is in the midst of a population explosion which will place unprecedented pressures and demands between now and the end of this century on our facilities for hauling goods and people.

As President Johnson has warned us: "In the remainder of this century, urban population will double and we will have to build homes, highways and other facilities equal to all those built since the country was first settled."

Transportation faces an even greater challenge than that. It will have to double its facilities every 20 years to keep pace with the country's economic growth. To get an idea of the challenge of mobility which faces us in the closing years of the twentieth century, one has only to look back at what has happened here since the horse-and-buggy days of the early 1900's. We have had at least four new systems of transportation—the automobile, the truck, the airplane,

and the pipeline—appear on the scene to give us the greatest mobility that man has ever enjoyed.

Automobiles account for more than 90 percent of the personal travel in the country now. Trucks move about 24 percent of the 1.5 trillion ton miles of intercity freight each year. Pipelines carry nearly 17 percent of the haul. And our airlines are flying more than a billion miles a year with their growing cargo business reckoned in the hundreds of billions of tons.

It is hard to visualize a series of such new systems appearing on the scene in the immediate years ahead to help us meet that challenge of mobility. There may be some new systems, of course, but the challenge ahead leaves no doubt that we will have to do a better job utilizing the land, sea, inland water, and air facilities already available to us.

It is within this framework of challenge that President Johnson has asked the Congress to give the nation a new tool—a Department of Transportation—for coping with the tremendous problems of coordinating and integrating all modes of transport to provide the best means of moving people and goods in the most economical manner.

As the President said in his March 2, 1966 Message to Congress on the new department:

America today lacks a coordinated transportation system that permits travelers and goods to move conveniently and efficiently from one means of transportation to another, using the best characteristics of each.

The role of the proposed department, he added, will be to:

Coordinate the principal existing programs that promote transportation in America;

Bring new technology to a total transportation system, by promoting research and development in cooperation with private industry;

Improve safety in every means of transportation;

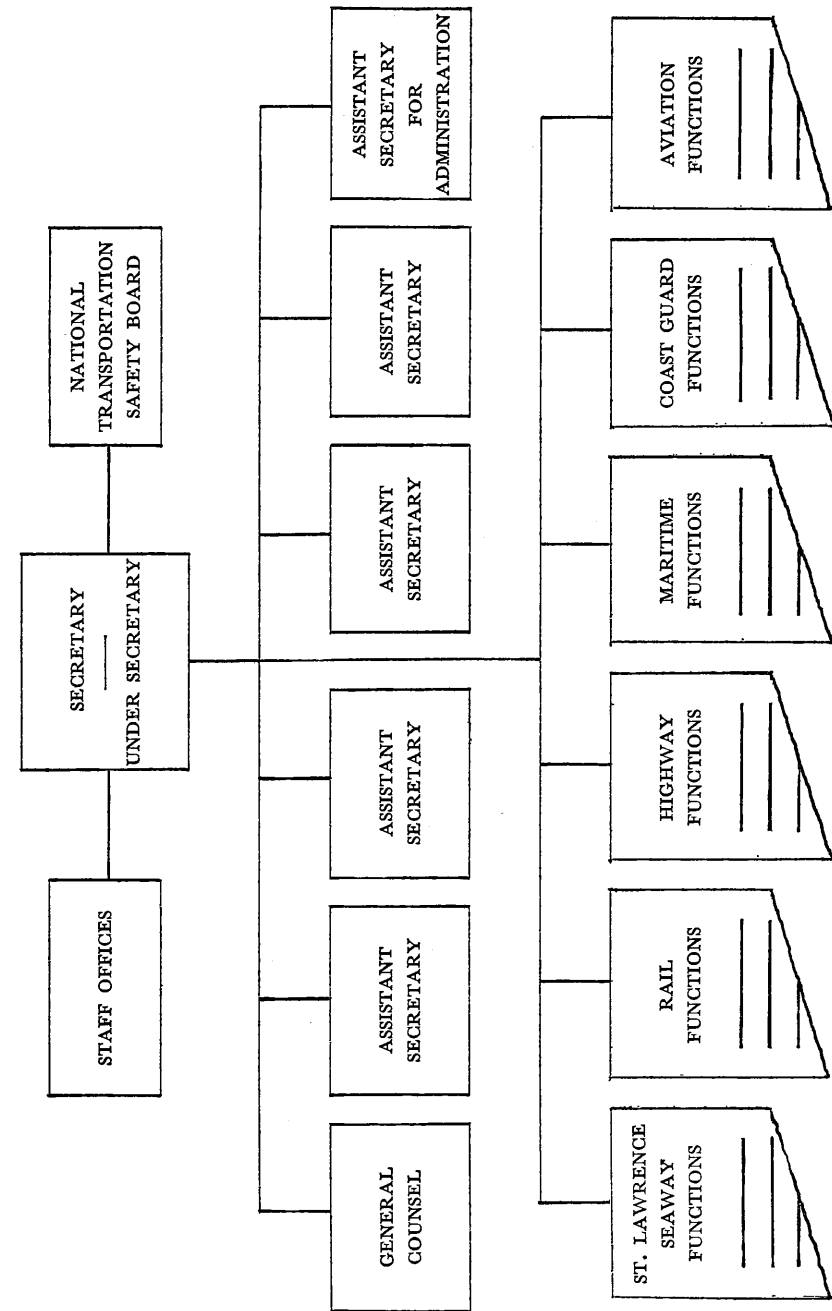
Encourage private enterprise to take full and prompt advantage of new technological opportunities;

Encourage high-quality, low-cost service to the public;

Conduct systems analyses and planning, to strengthen the weakest parts of today's system; and

Develop investment criteria and standards, and analytical techniques

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to assist all levels of government and industry in their transportation investments.

AGENCIES AND FUNCTIONS

As a first step toward achieving these goals, the President sent to the Congress legislation which would create a new Department of Transportation and place under it the following agencies and functions concerned with transportation:

1. *The Office of the Under Secretary of Commerce for Transportation*, and its policy, program, emergency transportation and research staffs.
2. *The Bureau of Public Roads* and the Federal-Aid Highway Program it administers.
3. *The Federal Aviation Agency*, with its functions in aviation safety, promotion, and investment, will be transferred in its entirety and will continue to carry out these functions in the new Department.
4. *The Coast Guard*, whose principal peacetime activities relate to transportation and marine safety. The Coast Guard will be transferred as a unit from the Treasury Department. As in the past, the Coast Guard will operate as part of the Navy in time of war.
5. *The Maritime Administration*, with its construction and operating subsidy programs.
6. *The safety functions of the Civil Aeronautics Board*, the responsibility for investigating and determining the probable causes of aircraft accidents and its appellate functions related to safety.
7. *The safety functions and car service functions of the Interstate Commerce Commission*, principally the inspection and enforcement of safety regulations for railroads, motor carriers, and pipelines, and the distribution of rail car supply in times of shortage.
8. *The Great Lakes Pilotage Administration, the St. Lawrence Seaway Development Corporation, The Alaska Railroad*, and certain minor transportation-related activities of other agencies.

None of the economic regulatory agencies of the federal government—the Interstate Commerce Commission, the Civil Aeronautics Board, or the Federal Maritime Commission—was included in the proposal for a Department of Transportation.

The President did suggest, however, that “appropriate and intimate relationship” be established between the new department and the following:

1. *The subsidy functions of the Civil Aeronautics Board*—Aviation subsidies—now provided only for local airline service—clearly promote our domestic

transportation system. But subsidy awards are an integral part of the process of authorizing air carrier service. This is a regulatory function.

Therefore the airline subsidy program should remain in the Civil Aeronautics Board. The Secretary of Transportation, however, will develop principles and criteria which the Board will take into consideration in its proceedings. In this way the subsidy program will be coordinated with overall national transportation policy.

2. *The Navigation Program of the Corps of Engineers*—The Corps of Engineers—through its construction of locks and harbor facilities and its channel deepening and riverbank protection work—makes a major contribution to water transportation. The Department of Transportation should not assume the responsibility for that construction, but its Secretary should be involved in the planning of water transportation projects.

With the approval of the President, the Secretary of Transportation should also issue standards and criteria for the economic evaluation of federal transportation investments generally. In the case of transportation features of multipurpose water projects, he should do so after consulting with the Water Resources Council.

3. *International Aviation*—The Secretary of Transportation should provide leadership within the executive branch in formulating long-range policy for international aviation. While foreign policy aspects of international aviation are the responsibility of the Secretary of State, the Secretary of Transportation should insure that our international aviation policies are consistent with overall national transportation policy.

Subject to policy determinations by the President, the Civil Aeronautics Board regulates international aviation routes and fares as they affect the United States. This function has far-reaching effects on our foreign policy, our balance of payments, and the vitality of American aviation. The Secretary of Transportation should participate in Civil Aeronautics Board proceedings that involve international aviation policy.

4. *Urban Transportation*—The departments of Transportation and Housing and Urban Development must cooperate in decisions affecting urban transportation.

The future of urban transportation, the President noted, depends upon wide-scale, rational planning. He placed the primary responsibility for such an approach in the Department of Housing and Urban Development, but requested its Secretary and the new Secretary of Transportation to report to him within one year on how these two departments might tackle the joint problems of intercity and intracity transportation.

In the same message, President Johnson called for new and un-

precedented efforts in the field of traffic safety and recommended that the program contained in his Traffic Safety Act of 1966 be included eventually in a total national transportation safety program under the Department of Transportation.

The Traffic Safety Act calls for expenditures of some \$700 million over a six-year period to give greater financial support to state efforts in the field of highway safety; to establish a national highway research and test facility for deeper research into highway accident causes and remedies. The Act also provides for the government to set safety performance standards for automobiles, but it gives the industry itself two years to establish its own standards.

As a part of the total national transportation safety effort, the President also proposed that a National Transportation Safety Board, an independent body which would be housed in the new department for administrative purposes, be created to review investigation of accidents and seek their causes. "No function of the new Department—no responsibility of its Secretary—will be more important than safety," the President asserted.

Of the 105,000 Americans who met accidental death last year, more than half were killed in transportation accidents: 49,000 in highway traffic, 1,300 in aircraft, 1,500 in ships and boats, and 2,300 involving railroads.

The best job in accident investigative work in the transportation field has been achieved in the aviation industry. It should be possible to wed some of these safety techniques with the other modes, and this is a basic idea behind a total national transportation safety approach.

RESEARCH AND DEVELOPMENT

Another major role of the new Department of Transportation will be in the realm of research and development. The federal government already is deeply involved in this work and may be expected to become more and more involved as we strive to meet that future challenge of mobility.

It is hard to imagine a major new system of transportation coming into being without federal participation on a large scale in the research and development end of it. Where, for example, would the aviation industry be today without such participation?

Generally speaking, this vast and complex system of transportation which makes us the "tradingest" nation in the history of the world is made up of small businessmen rather than giant corporations, and the small operators can't afford this kind of research work. By the same token, they are hard put simply to keep abreast of the latest developments which may be of vital concern to their business. We see this dissemination of knowledge and data to the whole industry as a major role of the new department.

Indeed, it appears imperative that we establish such communications if we are to achieve the kind of coordination and integration of modes that will be required in the future. This kind of data is essential, too, to the investment community which will have to provide the funds for expansion on an unheard-of scale in the years and decades ahead.

To give you an idea of the kind of investment referred to here, let's take a look at the workhorse of our inland transportation system—the railroads. Railroads today have a book value of some \$30 billion, a replacement value of \$70 billion. The railroads today are spending something like \$1.5 billion a year on capital improvements, but this would appear to be far short of what is needed.

Technological advances may help the rails gear up for a doubling of service and it seems certain that much more can be done in making more efficient use of present equipment and facilities. Unquestionably, the railroads can and must do a better job of getting more work out of the freight cars now available. In 1955, for example, railroads in the East had their freight cars moving under load only one hour and 20 minutes out of every 24 hours. Today, the cars are moving loaded an hour and 21 minutes out of each day.

The cost of providing a car—not moving it, just providing it—consumes about 20 percent of the total freight revenues of our railroads.

The maritime industry faces a similar dilemma. The greatest cost here is in handling goods in ports and warehouses.

Surely, in these days of the computer and automation we can do a better job than that, and we see a role for the new Department of Transportation here—to provide research and development assistance that will show the way toward achieving such efficiencies.

Some work in this direction already is under way in the Office of

the Under Secretary of Commerce for Transportation, but we will need to do much more. Leading universities, private transportation experts and consultants are helping conduct studies in such areas as:

Trying to establish the feasibility of putting all freight rates—some one trillion, in all—onto computers.

Developing the kind of administrative systems required for cost accounting for control and decision-making for various modes. This includes procedures and techniques for the collection, classification, and analysis of expenses and revenues.

Development of a general-purpose transportation simulator that will give us a systems analysis approach to a wide variety of transportation problems. This may concern different modes, different traffic and environmental situations in varying combinations.

Determining the cost of shipping selected commodities in ocean-going trade and seeking an understanding of the factors influencing the level of those costs.

Investigating the possibilities for transportation companies to expand the offering of coordinated or multimodal services and thus improve the system through reduced cost or improved service. This effort also will try to determine the extent to which expanded coordination can provide benefits to the national economy and create profit opportunities for carriers and savings for shippers. It also will review the effects of regulation on coordination efforts.

The last session of Congress also authorized us to take a far-reaching look into the problems and possibilities of high-speed ground transportation research and development. To carry out this assignment means we also will have to look at, and be aware of, all developments in all other modes—sea, air, inland waters, pipelines.

The Bureau of Public Roads has a wide range of research effort under way in cooperation with the state highway departments. The Maritime Administration, too, is involved on a more or less moderate scale. So are many of the numerous other governmental agencies which are charged with transportation responsibility.

It seems only logical that these efforts should be more closely aligned, more compatible and more comprehensive—and we believe that the managerial efficiency that would evolve from the creation of a Cabinet-level Department of Transportation would help us achieve that kind of cohesion.

This emphasis on research and development promises to produce technological changes and advances which demand that we maintain a constant awareness of what is going on at all times, in all spheres of transportation, and how these changes fit into the various services.

For example, our Maritime Administration is currently involved in research and development of surface effects ships. These are vessels which ultimately may skim over the ocean on bubbles of air at speeds of 100 knots an hour. At the higher speeds, these craft will be designed to lift off and glide a few feet above the water. They will, in fact, be about half-ship and half-airplane.

And where would we categorize them in today's fragmented governmental approach—a responsibility of the Maritime Administration or the Federal Aviation Agency? Or perhaps the Navy?

The same dilemma faces us in the containerized movement of freight where we are in the midst of a series of breakthroughs: the standardization of container sizes, the standardization of hardware fittings for handling, etc., and in the whole broad field of international exchange and commerce. The United States and Great Britain are engaged in a pilot project designed to iron out details and problems in moving containers from inland cities here to inland cities abroad. This modern, efficient through system of transportation represents one of the most important developments of our time. When perfected, these containers will move by truck, by rail, by inland waterways, by sea, and by air.

How do we propose to categorize and promote this kind of activity within the federal government?

A Department of Transportation seems like a logical tool for tackling such problems.

HISTORY OF THE IDEA

The idea of a Department of Transportation is not new. Some 17 proposals for such an organizational approach have been before the Congress down through the years. A Senate Select Committee on Government Operations recommended it back in 1936. The Hoover Commission did likewise in 1949. And President Eisenhower called for it in his final budget message in 1961. The only thing new about the idea at this point in history is the urgency that

surrounds it—that challenge of mobility that the future years hold for us.

President Johnson's proposal for a twelfth Cabinet post to help establish policy and keep the Chief Executive informed on transportation problems won instant approval in leading newspapers around the country. Among the major publications expressing editorial approval were:

The New York Times, New York Herald Tribune, St. Louis Post-Dispatch, Houston Chronicle, Providence Journal, Chicago Daily News, Washington Star and Post, Philadelphia Inquirer, Detroit News, and many others.

An oft-occurring theme in many of the editorials was "why has it taken so long" for the idea to become a reality. The *Akron Beacon Journal's* comment was typical: "The only thing surprising about this idea is that it didn't become a reality years ago."

There was general approval among transportation industry spokesmen, too. A writer from one national journal who tried to seek out opposition to the idea reported he was unable to find it.

A Department of Transportation, when created, will not bring immediate solution to any of the problems we face. But it will provide a hopeful beginning.

This Administration is committed to the cardinal principle that our transportation system should remain privately owned and profit-oriented. And it believes that the best way to accomplish this is by establishing broad guidelines, rather than detailed rules and regulations, under which management will have the widest flexibility in decision-making, investment, and operation. The problem of achieving greater coordination and integration of modes emphasizes the complexity and delicacy of the task we face.

In the first place, most men in the transportation business today—if they are worth their salt to their business—are against coordination. They want their company to get all the business it can. They don't want to share it with anyone else if they can help it. And we all applaud this kind of zeal. At the same time, the main thrust of our by-laws in the transportation field also is aimed in the opposite direction from coordination, having been drawn up back in the days when fear of railroad monopoly was the overriding issue.

This country simply doesn't have giant, far-flung transportation

companies which operate under one corporate mandate—ship-truck-rail-air and warehouse facilities. Some industries, notably petroleum, do achieve coordination in moving their products by ship, rail, barge, truck, pipelines, etc., and our large corporations achieve it by hiring the best traffic experts in the world to work it out for them. But this kind of efficient service is limited at best, and the challenge of the future demands simply that we have more of it available to more and more people and shippers.

The proposal to create a Department of Transportation is designed to give the country an organizational setup which can help some of these things come to pass.

The Office of the Under Secretary of Commerce for Transportation currently is assigned the job of advising the Administration on policy and transportation problems. It attempts to do this—to keep on top of an industry which represents about one-fifth of our Gross National Product—with a staff of experts numbering less than a dozen.

The proposal to establish the Department of Transportation does not suggest any vast, new spending programs or any massive bureaucratic expansion. It simply proposes to give the country the wherewithal to do the kind of a job that must be done to help us meet that future challenge of mobility in the most economical and efficient and sensible manner possible.