

MEMORANDUM

ENO

Center for  
Transportation

THE WHITE HOUSE

WASHINGTON

Saturday, October 1, 1966

1:30 p.m.

EXECUTIVE  
FG 999-15  
(J) FG 155-11  
FG 400

MEMORANDUM FOR THE PRESIDENT

FROM: Henry H. Wilson, Jr. *HHW*

I want to give you a few thoughts on the subject of the conference on the Department of Transportation Bill.

Just as a matter of perspective, I take it that it is agreed that with the exception of the inclusion of the Maritime Administration, the House bill is infinitely better than the Senate bill.

Put another way, the House bill contains 4/5ths of the original proposal in excellent shape, and the Senate bill contains 4/5ths of the original proposal in bad shape.

I take it that it is at least equally important that the conference report as to the remainder of the Department be as near as possible to the House bill as it is that the conference report contain the Maritime Administration.

I say this with the full realization that it is essential that the conference report contain the Maritime Administration.

I understand that Jim Reynolds is very near to negotiating out an agreement on the Maritime issue along lines that will not unduly tie your hands and that will not constitute a surrender on your part.

If this is the case, and we should know in a day or two, and if, as a result of this the Maritime issue is effectively put to rest as a source of contention between the conferees, then the House conferees will be in far stronger position to bargain effectively with the Senate conferees to make the balance of the Department as good as possible.

The less Congressional controversy to flare up at the moment over the Maritime issue, the better off we will be.

It could be important which House first considers the conference report and thus which House permits a motion to recommit the conference report. And it is, therefore, important which House first ask for the conference.

It would be my estimate that if we now attempt to position Holifield and the Speaker to insure that the Senate first act on the conference report with the obvious implication that the conference report would contain Maritime language and which would be presented to the House on the basis of accepting or rejecting the total conference report, the reactions would be strong enough so that even if satisfactorily resolved they would effectively make Maritime the dominant issue of the conference.

And then you still would have to negotiate with the lobbyists to get the conference report adopted.

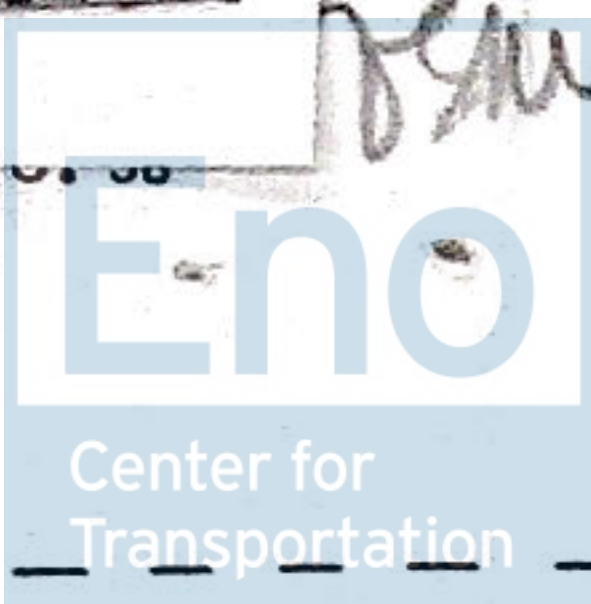
My suggested solution, at least for a couple of days, is to preserve options by asking that neither the House nor the Senate ask for the conference in the hope that meanwhile Reynolds can resolve the Maritime issue.

If so, then the conference could move constructively.

I will pursue this course through Monday and Tuesday unless you instruct me to the contrary.



*Handwritten signature*



**ROUTE SLIP**

(Fold Here)

**EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET**

DATE 10/5/66

TO: Mr. Levinson

FROM: Chas. Zwick

**REMARKS:**

Per our discussion.

RECEIVED  
MAR 27 1967  
CENTRAL FILES

EXECUTIVE

FG 175  
FG 120  
TN  
NR7

DEPARTMENT OF THE ARMY  
OFFICE OF THE CHIEF OF ENGINEERS  
WASHINGTON, D.C. 20315



Center for  
Transportation

IN REPLY REFER TO  
ENGCW

5 October 1966

Honorable Stanley R. Resor  
Secretary of the Army

Dear Mr. Secretary:

On 29 September 1966, the Senate passed a bill (S. 3010 as amended) to establish a Department of Transportation, and for other purposes. Section 7(a) of this bill reads, in part, as follows:

"The Secretary (of Transportation) shall develop \* \* \* standards and criteria consistent with national transportation policies, for the formulation and economic evaluation of all proposals for the investment of Federal funds in transportation facilities or equipment, except such proposals as are concerned with \* \* \* (5) water resource projects. \* \* \*

"The standards and criteria for economic evaluation of water resource projects shall be developed by the Water Resources Council established by Public Law 89-80. For the purpose of such standards and criteria, the primary direct navigation benefits of a water resource project are defined as the product of the savings to shippers using the waterway and the estimated traffic that would use the waterway; where the savings to shippers shall be construed to mean the difference between (a) the freight rates or charges prevailing at the time of the study for the movement by the alternative means and (b) those which would be charged on the proposed waterway; and where the estimate of traffic that would use the waterway will be based on such freight rates, taking into account projections of the economic growth of the area."

In the report on the bill (Report #1659) submitted by the Senate Committee on Government Operations, the following explanation of intent or language in Section 7(a) is given (page 14):

FOR WATERWAYS  
WRITES IN  
PRE-1964  
CRITERIA  
AS STANDARDS  
FOR INVESTMENT  
IN TRAMS,  
PROJETS

SAVINGS TO SHIPPERS / EST. TRAFFIC  
↓  
WHAT ARE SAVINGS  
IN OTHER MODES?  
↓  
WHAT ARE NOW PROPOSED  
CHANGES FOR

ENGCON  
E No

Honorable Stanley R. Resor

5 October 1966

Center for  
Transportation

COMP  
ROZAS  
LIMIT TO  
AREA IV  
Which  
WATERWAY  
MAY BE  
LOCATED,

"In connection with the definition of primary direct benefits,  
\* \* \* the Committee desires to make it abundantly clear that  
in estimating navigation benefits, the Corps of Engineers is  
to use the rates prevailing in the area under consideration  
in the survey report and is not to introduce a freight rate  
applied in some other area, even though it may have limited  
application in the transportation of commodities from other  
regions to an area that could be served by the proposed  
development."

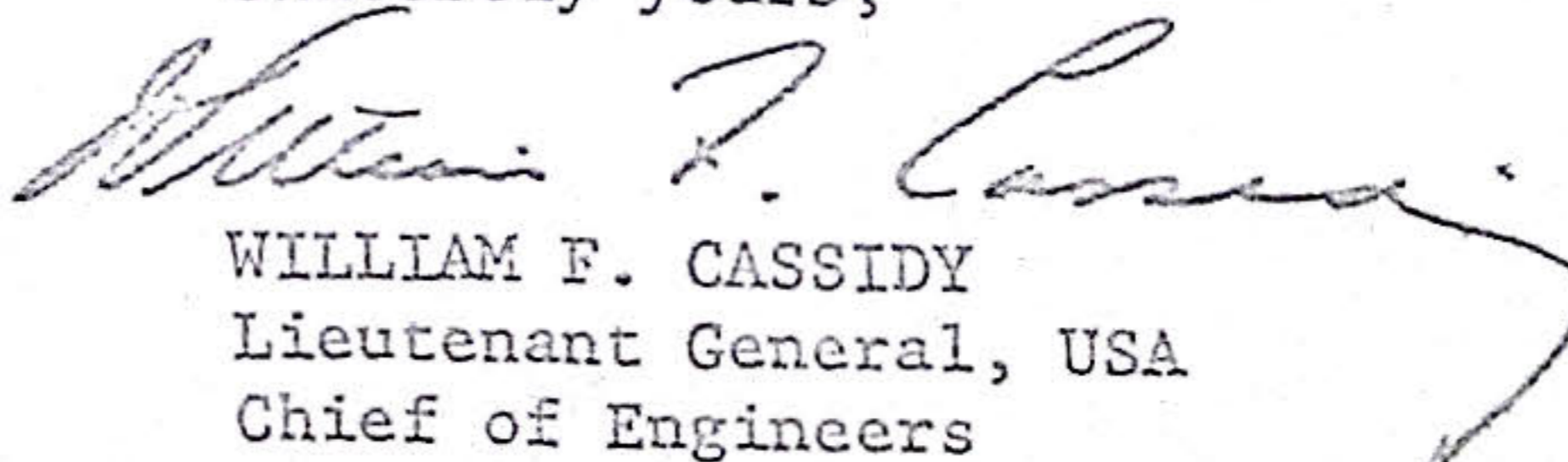
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Over a period of many years the Chief of Engineers has submitted to  
the Congress reports on proposed navigation improvements in which benefits  
were estimated based on existing freight rates. The Corps has used current  
published rates being applied in the area served by the proposed project  
for movement of the type and volume of each commodity considered as poten-  
tial traffic for the waterway wherever such rates were available. When such  
rates were not available, the Corps has generally used current published  
rates being applied in other areas of the country for movement of the type  
and volume of commodity being considered. Rates used have been selected  
to be representative of current practice in the transportation industry,  
taking into account such factors as existing technological improvements,  
modern operating methods, and where applicable, the use of incentive rates  
for multiple car and large volume movements.

The Senate bill, as amplified by the Committee report, would require  
the Corps to change its procedure for evaluating navigation benefits. We  
would be permitted to use only those rates prevailing in the area under  
consideration at the time of the study, and would expressly be prohibited  
from introducing a freight rate being applied in any other area, even  
though such a rate may have application in the area under study. Our  
experience has shown that these restrictions will seriously jeopardize,  
and sometimes preclude, sound economic evaluation. For example, the Senate  
restrictions would often result in use of relatively high single car load  
rail rates for evaluating benefits on potential high volume bulk commodity  
movements, even though there is ample evidence that railroads have and will  
materially reduce their rates for handling such movements. This means that  
estimated savings to shippers using the waterway would be overstated in  
many cases.

The problem lies with the Committee report as quoted above rather than  
with the definition of primary direct navigation benefits as expressed in  
S. 3010. The definition in the Act is in consonance with present procedures.  
The amplifying language of the Committee report would produce savings which  
would not have been derived on an economically sound basis.

Sincerely yours,

  
WILLIAM F. CASSIDY  
Lieutenant General, USA  
Chief of Engineers

MEMORANDUM

Eno

Center for  
Transportation

THE WHITE HOUSE

WASHINGTON

9:15 a.m., Thursday  
October 6, 1966

EXECUTIVE

76 175  
SP 2-3/1966

FOR THE PRESIDENT

FROM Joe Califano *Califano*

Attached are the quotes on the Transportation Department from the major sources you mentioned in your Transportation Message.

- The Hoover Commission Task Force on Transportation (1949).
- President Eisenhower's Budget Message (1961).
- A Special Study Group of the Senate Commerce Committee (1961). The committee consisted of Magnuson, Pastore, Monroney, Smathers, Thurmond, Lausche, Yarborough, Bartlett, Hartke, McGee, Cotton, Case, Morton, and Scott. In a Foreword to the Report, Maggie pointed out that the recommendations were neither approved nor disapproved by the Committee.

Attachment

THE WHITE HOUSE  
WASHINGTON

October 6, 1966

Eno  
Center for  
Transportation  
From Charlie Zwick:

It was the Doyle Report, submitted to the Interstate and Foreign Commerce Committee, of which Magnuson was and is Chairman.

The other members: Pastore, Monroney, Smathers, Thurmon, Lausche, Yarborough, Engle, Bartlett, Hartke, McGee, Chappell, Butler, Cotton, Case, Morton, Scott.

However, Mr. Zwick points out that Magnuson put a Foreword in front of the report saying:

"I wish to emphasize that the conclusions and recommendations incorporated in this staff report, and which are extremely controversial, represent the views of the members of the Special Study Group and have neither been approved, disapproved nor considered by the Senate Interstate and Foreign Commerce Committee."

Lora

Eno  
Center for  
Transportation

QUOTATIONS FROM SOURCES CITED IN THE  
PRESIDENT'S TRANSPORTATION MESSAGE

1949 - The Hoover Commission Task Force on Transportation

"Primary administrative responsibility for maintaining a national transportation system should be centralized in the executive branch of government. All programming, operating and management activities should be centered in an executive agency. Promotional and administrative activities now lodged in regulatory agencies should be transferred to the executive in order to free the regulatory process from these encumbrances and to make it possible for the executive branch of government to carry out its constitutional responsibilities."

1961 - Budget Message of President Eisenhower

"A Department of Transportation should be established so as to bring together at Cabinet level the presently fragmented Federal functions regarding transportation activities."

1961 - Special Study group of the Senate Committee on Commerce

"In considering what would be a desirable organizational structure for economic and safety regulation and promotion of transportation, we recognize that the greatest degree of efficiency probably would be obtained through assignment of all these functions to a single agency."

"Application of the concept of organization by major purpose to the executive agencies having responsibilities for transportation activities inexorably leads to the need for a focal point which should be responsible directly to the President for coordinating the administration of promotional programs in the public interest, and for the conduct of related functions, including executive leadership in the formation of a national transportation policy and the development of an integrated national transportation system. We recommend that this focal point be a Department of Transportation."



EXECUTIVE

FG175

SP

EF  
Eno

October 12, 1966

3:30 p.m.

Center for  
Bob Hardesty:  
Transportation

In accordance with our talk, would you prepare a draft in the event the President wants to sign the Transportation Department Bill tomorrow.

Attached is a draft from Under Secretary Boyd of Commerce. It was given us by Larry Levinson.

I should appreciate it if you could have this material in by 11:00 a.m. tomorrow, Thursday, October 13. Please feel free to use Mr. Schoen. <sup>NOON</sup>

Robert E. Kintner

Attachment

Draft statement for the signing of the DOT Act

REK:gt

THE WHITE HOUSE

WASHINGTON

October 12, 1966

2:45 p.m.

Eno

Center for  
Transportation

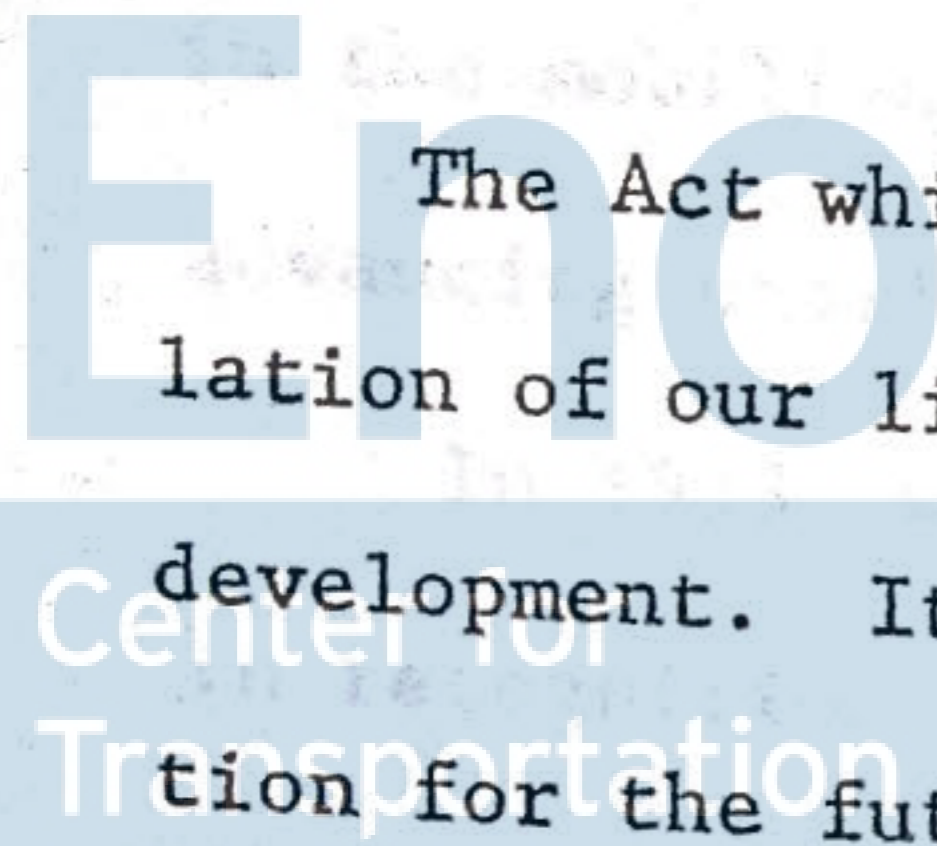
Mr. Kintner:

Larry Levinson said that there may be a chance to squeeze in a Signing Ceremony tomorrow for the Transportation Department Bill.

He offered this draft as grist for the speech writers' mill -- indicating his feeling that it needed considerable work.

Dick Copaken

STATEMENT FOR THE SIGNING OF THE DOT ACT



The Act which I sign today is the most important transportation legislation of our lifetime. It is a logical result of our Nation's growth and development. It is one of the essential building blocks in our preparation for the future.

Creation of a new Cabinet Department is always an historic occasion. Each new Department is a significant milestone not only from the standpoint of a new area of national life receiving recognition, but also from the standpoint of substantive progress in that area. Transportation has truly emerged as a significant part of our national life.

As a basic force in our society, its progress must be accelerated so that the quality of our life can be improved. A Department of Transportation is required if we are to achieve this end.

This is the first time in our history that one Congress has created two new Departments of Government. It is no coincidence that the creation of a Department of Transportation follows so soon the creation of a Department of Housing and Urban Development. They are a recognition of the progress of American society.

Today the city and its metropolitan environs reflect a national way of life. This advanced civilization together with the highest standard of living the world has ever known is founded upon the dynamic movement of goods and people--from the farms to the cities, within the urban area, among the metropolitan centers of the Nation, and from our Nation to other countries throughout the world.

Creation of the Department of Transportation is thus a major step

in the mobilization of society's resources to meet the needs of our advancing civilization.

In 1953 we formed the Department of Health, Education, and Welfare in recognition that the Government has a stake in the well-being of its citizens, a function which had transcended the capacity of the family and neighborhood.

Earlier, in 1913, the Department of Labor was formed in the interest of the workers in modern industry. The creation of the Department of Commerce and Labor in 1903 symbolized the maturity of American business and industry and was a harbinger of our present urban predominance.

The creation of the Department of Agriculture in the middle of the last century was part of the same involvement in an advancing civilization--recognition that a great resource and a great industry should be improved through Government promotion for the benefit of all citizens.

Earlier in the 19th century the Department of the Interior was formed to administer our great natural resources and foster the economic and social unity of the Nation.

A definite pattern of political evolution has emerged in the Federal Government organization. Upon the foundation of the historic original Departments of Government dealing with foreign affairs, defense, finance, justice, and postal services, has risen a series of Departments suited to the social development of the country.

The creation of the Department of Transportation recognizes transportation as one of the most significant forces in our society. Transportation is imposing greater obligations upon our Federal Government and opportunities for greater service to the economy, well-being and

defense of the Nation. With the signing of this Act today, we assure ourselves that the Government will be in a position to meet its responsibilities. But the major force in Transportation will continue to be free private enterprise.

Each new Department has been a specialized agency. But this does not mean that each special interest is represented in our Government by its own department. Far from it. The urban dweller has benefited substantially from the Government's agricultural improvement programs; the whole country has benefited from western development fostered by the Department of the Interior; and the well-being of labor has improved business income and the opportunities of all.

The programs of the Department of Transportation will likewise bring benefits to the general public and to industry far in excess of the benefits to those directly involved in transportation.

We have created this Department because of the vast and rapidly increasing transportation responsibilities of Government. It includes:

1. The Office of the Under Secretary of Commerce for Transportation.
2. The Bureau of Public Roads and the Federal-aid highway program it administers.
3. The Federal Aviation Agency.
4. The Coast Guard.
5. The St. Lawrence Seaway Development Corporation.

The logo for the Eno Center for Transportation, featuring the word "Eno" in a large, light blue, sans-serif font.The text "Center for Transportation" in a smaller, light blue, sans-serif font, positioned below the "Eno" logo.

6. The Alaska Railroad.
7. The Great Lakes Pilotage Administration.
8. The safety functions of the Civil Aeronautics Board.
9. The safety functions of the Interstate Commerce Commission.
10. Certain minor transportation-related activities of other agencies.

The Congress has followed my recommendation to create within the Department a National Transportation Safety Board independent of the operating units. It will assure that the safety of the public will receive expert attention and dedicated service.

Just a few weeks ago it was my pleasure to sign into law two Acts relating to highway safety. These Acts will be administered through a National Traffic Safety Agency which will be an integral part of the Department of Transportation.

This brings under one management the greatest part of the promotional programs and transportation responsibilities of the Federal Government. Even in areas not directly under his jurisdiction, the Secretary will have an important influence. The Civil Aeronautics Board is required to consider the Secretary's position in airline subsidy matters. The Secretary will contribute to the rivers and harbors program through his membership on the Water Resources Council. The urban transportation programs will require close cooperation between

the Department of Transportation and the Department of Housing and Urban Development.

Establishment of the Department of Transportation means that for the first time there will be:

- One Cabinet officer who will be the President's principal transportation adviser;
- One center of authority for the major Federal transportation programs;
- One man the transportation industry can look to, a man with both responsibility and authority for transportation;
- One man responsible for coordinating all the Government's research and development efforts in transportation.

I expect the Secretary of Transportation to take the responsibility for leadership in all matters affecting transportation--domestic and international--which are the concern of the Executive Branch.

I expect all the other Departments and Agencies of the Executive Branch to look to the Secretary on transportation matters and to respond to his leadership.

I expect the transportation industry to look to the Secretary as the Government's spokesman on transportation.

Let us look for a minute at some of the areas that will require urgent attention of the new Secretary.

- Vigorous administration of the new highway safety legislation in order to reduce the intolerable death and injury on our highways.
- Leadership in developing a new highway program for the post-1973 period after the Interstate Highway System has been completed.
- Upgrading and modernization of railroad service in this country. The good work begun under the High Speed Ground Transportation Act enacted last year should be accelerated and extended through the industry, with full cooperation of private enterprise.
- Development of an air transportation system--airways, airports, and aircraft--that takes full advantage of the headlong rush of technology. This includes SST's and large subsonic jets for both passengers and cargo.
- Improved maritime safety to make major maritime disasters a thing of the past.

In addition to these individual programs under the Department, there will be assignments involving broader areas of transportation policy. Many of these responsibilities will involve cooperation and coordination of other Departments of Government and I expect the Secretary of Transportation



to be the leader in this process of policy formation. Here are some examples:

-- The Secretary's best efforts will be required to end the congestion throttling our cities. He must develop a coordinated policy and program for transportation in our great metropolitan centers, involving highway construction, programs for mass transportation, and the coordination of continuing transportation plans and programs with comprehensive planning processes for metropolitan areas.

-- He must give close attention to the environmental and aesthetic aspects of transportation programs. The problems of air pollution and noise, especially aircraft noise, require action.

-- I am especially concerned with international transportation policy and I shall expect strong leadership from the Secretary of Transportation in making our transportation policy more effective in the international sphere. He will work with the Secretary of State, the Secretary of Defense and other appropriate agencies and I expect him to formalize this coordinative process throughout the Federal Government for increased effectiveness.

-- In the promotion of transportation safety by all modes, I shall expect leadership from the Secretary of Transportation to insure that the transport safety activities of other agencies be coordinated under his leadership.

-- Defense and emergency transportation planning must continue to receive thorough attention in the new Department and be actively coordinated with military and defense planning agencies.