

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

11) 8
Office of the Secretary

FOR RELEASE FRIDAY, A.M. DECEMBER 3, 1965

REMARKS BY ALAN S. BOYD, UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION, PREPARED FOR DELIVERY BEFORE THE 40TH ANNIVERSARY OF THE TRAFFIC MANAGERS CONFERENCE OF CALIFORNIA AT BILTMORE HOTEL, LOS ANGELES, THURSDAY, DECEMBER 2, 1965, AT 8 P.M.

It is a pleasure to participate in this 40th anniversary of the Traffic Managers Conference of California.

In glancing over some of the literature covering the aims and purposes of your organization, I note that your guiding statement of principle says, and I quote:

" . . ."to foster sound, economical, and adequate transportation policies and practices, in the public interest, and in the interests of shippers, receivers and carriers."

This sounds like it might have been lifted right out of the policy manual which provides the guidelines for the Office of the Under Secretary of Commerce for Transportation.

For this is our mission. And in the days and years ahead, it looms as a very important mission in the growth and prosperity which all of us cherish and are determined to maintain.

To foster sound, economical and adequate transportation policies and practices is more than a high-sounding phrase, however.

It is a mammoth job which rests more in the hands of private management, in the final analysis, than it does with Government.

U.S. Comm--DC--3509

We have today, something like 100 million different pieces of equipment -- railroad rolling stock, trucks, ships, barges, airplanes and automobiles -- involved in the greatest system of transport the world has ever seen.

And as President Johnson has warned us on several occasions, in the remainder of this century our population -- and all the things required to service it -- will double. By 1975, the number of automobiles and trucks alone is expected to total 116 million.

If all we had to do was double the numbers of the moving vehicles, it would be a comparatively simple matter. But we know that is not going to happen. We already have on the drawing boards, for example, plans for giant cargo airplanes which can carry from 700 to 1000 passengers as compared to the 180 or so that today's big jets speed across continents and oceans.

Technology is advancing rapidly in other transportation fields, too. It is no longer considered "way-out dreaming" to talk of merchant ships which can race across the ocean on bubbles of air at speeds in the neighborhood of 100 knots per hour.

And we are on the verge of breakthroughs in other systems of transportation -- have already achieved some of these breakthroughs in recent weeks and months. These promise to revolutionize transportation as we have come to know it today.

Even with today's marvelous computers, it becomes readily apparent that no one can sit down and chart a future course which could cover all the ramifications and future developments in the field of transportation.

The best we can hope to do is to adopt broad guidelines of policy and regulation which will give transportation management the kind of freedom to develop and adjust and innovate that has marked the progress of this nation from its very beginning.

President Johnson already has set the tone for developing these policy guidelines. He insists that more reliance be placed on competition than on Government regulation and fiat.

It is easy to get agreement on this precept. It is something else, however, when we get down into the complicated details.

The objective, of course, is as your organization has stated it: ". . . sound, economical and adequate transportation."

The decisions we make today will have to bend some in the future to keep in tune with new technologies, but basically our transportation policies

will place maximum reliance on unsubsidized, privately-owned facilities, operating under the incentives of private profit and subject to the checks and stimulus of competition.

We will require regulation, of course, but this should rely more on broad policy guidelines rather than detailed rules and regulation, thus giving private management the widest latitude of judgment and operating decisions.

Our transportation system must continue to be a combination of common carrier service available to the general public without discrimination, but offering contract as well as private carrier service.

And to the extent possible, the users of our transportation services should bear the full cost of the services they use.

The system should operate as efficiently as possible, but with a minimum of interference with other social or economic activities and resources.

It also must always have the capability of supporting our national security objectives in times of emergency.

The Government can play a large role, of course, in channeling our transportation resources along these paths, but as I said earlier, the big decision-making, the final determining judgments rest in the hands of you people who buy the transportation and those who sell it and operate it.

It will be your decisions which determine the success of such technological advances as piggybacking, containers, high-speed nuclear or surface effect ships, jet cargo planes, air busses, etc.

The Government's primary role is becoming more and more that of a coordinator, or an integrator, of the various systems of transport, functioning under the broad policy guidelines mentioned earlier.

To keep abreast of these challenges, the Office of the Under Secretary for Transportation is becoming more and more research-oriented -- seeking answers of how to handle these new developments and problems, how to coordinate existing facilities with the miracles of tomorrow in an orderly and continuing fashion.

And we are seeking out the best brains and talent in the Nation to help us in this work. We have an important research effort underway right now with the University of California here in Los Angeles.

In the abbreviated terminology of the computer set, this project is known as TRANSIM -- TRANS for transportation and SIM for simulator.

The objective of this effort is two-fold -- to develop a generalized computer simulation methodology with which urban freight interchange problems could be approached on a systems basis, and to demonstrate it by application to specific interchange situations.

Chosen for case studies were an all-container integrated ship-truck service in Southern California, and a railroad classification yard where determination of benefit-cost considerations for a proposed addition of a rail piggyback ramp facility was sought. Phase 1 of this effort already has been completed.

In Project TRANSIM, we are trying to develop a general-purpose systems analysis method that can be applied to a wide variety of different transportation problems involving different modes, traffic, and environments in varying combinations.

The end product of this effort will include a user's manual and standard program documentation which will permit general use of this analytical tool by both industry and government.

We have another research project in the field of transport coordination currently underway with the University of Pittsburgh. This one is designed to supply our transportation industry with the kind of knowledge that will provide encouragement to expand the offering of coordinated or multi-modal services which will improve the performance of the transportation system through reduced cost or better service.

The Pittsburgh study is giving special attention to the avenues through which coordination can be effected, including through routes-joint rates, containerization, rail piggybacking, and the freight forwarder as a "middleman."

In still another research endeavor, we are seeking to determine the feasibility of putting freight rates -- trillions of which currently are on file in Washington -- onto computers. The Battelle Memorial Institute has been at work on this for nearly two years now, and results to date are very encouraging.

The Congress recently authorized a three-year \$90 million research and development program in high speed ground transportation which should be of great interest out here where the West Coast appears to be developing rapidly into the longest strip-city in the world.

We will be launching railroad demonstration projects under this program within a year or so, testing the response of passengers to faster, more comfortable and improved service on railroads in the Washington-New York-Boston corridor.

This will include a nation-wide statistical gathering program designed to help private industry and government make decisions on the problems of today and tomorrow, and it will provide information not heretofore available in this field.

It also will be looking into all forms of ground transportation with an eye to their place in the system of tomorrow. It will delve into forms of ground transport not yet on the drawing boards -- new kinds of fixed-path guideways -- tunnels or troughs -- through which vehicles can move on cushions of air at speeds competitive with airplanes.

Not all of our sights are set so far into the future, however. We are dealing on a day-to-day basis with other important technological advances or breakthroughs, some of which have been developing for some time, others just now coming into being.

This is especially evident in the field of containerized shipping.

Railroad piggybacking is the most successful form of containerization in use today. And it has grown in the short span of 10 years from an annual haul of 168,000 carloads to a volume which will surpass one million carloads this year.

And the recent news that this service is becoming available on a coast-to-coast basis represents a breakthrough of major importance.

The use of containers in our ocean trade also appears poised for rapid development in the months and years immediately ahead of us. Earlier this fall, agreement was reached through the International Standards Organization on hardware fittings for containers in international trade, climaxing long, long years of negotiation and discussion and compromise by reasonable men representing reasonable nations.

Later this month, the United States will be participating in discussions in Geneva, Switzerland, looking at such container problems as customs, health, specifications, safety, uniform markings, rates and regulatory procedures, and especially documentation.

This documentation dilemma, alone, poses a major problem. There are as many as 810 combinations of import documents which can become involved in shipments entering the United States. On outgoing trade, there may be as many as 86 such documents.

The attack on documentation already is underway, and it offers heartening evidence that industry and Government, working together in a free society, can meet the gigantic and complex challenges of the future.

The impetus in this documentation battle actually started out here on the West Coast. The Marine Exchange of San Francisco sought and obtained the support and assistance of the Federal Maritime Administration. A number of other Federal agencies and the American Merchant Marine Institute also cooperated.

They worked out a standard export document package, greatly simplifying the paper work. We are encountering some delay, of course, in winning universal acceptance of this package, but we are working at it. And when it finally is achieved, it will represent a breakthrough of major importance, indeed, in international commerce.

We have scheduled for early next year a pilot project with Great Britain which is aimed at this very problem.

Container shipments on a pier-to-pier basis in our foreign trade are moving rather smoothly these days. There is some activity, too, on a plant-to-plant basis, especially of automobiles and automobile parts.

But our record of container shipments from inland cities here to inland cities abroad leaves much to be desired. The pilot project with Great Britain will, we are confident, show us the way toward some real progress in this category of containerization.

Currently, containers must be inspected at dockside here, at dockside abroad, and at their final destination. It seems reasonable to assume that arrangements could be worked out so that one inspection would be sufficient.

The pilot program with Britain is scheduled to start in February or March of next year. Containers will be stuffed in inland cities, moved by ground transportation, including rail piggybacking where appropriate, to port cities for shipment abroad.

I think it is safe to say that this will be an experiment on which the eyes of the world will indeed be focused. For its success will represent real progress in the flow of goods in world trade.

This containerization episode represents a current development in a wide, wide realm of transportation that is undergoing dynamic alterations from day to day.

It is but one in a collection of related activities and developments which industry and Government -- working together -- must meet and solve if we are to maintain the "sound, economical and adequate transportation" which represents the guiding principle of your organization.

How well we do with this assignment may well provide the key to our continued domestic economic progress and our position of leadership in the world of commerce.

In discussing such a wide-ranging subject as transportation, it is easy to soar off into the wild blue yonder of lofty phrases and high-sounding principles and techniques.

- 7 -

To put it in more simple terms, what we really are trying to do is develop a transportation policy and a transportation system which will be of the greatest benefit to shippers. For after all, there is no better reason to have a transportation system.

Given this, our various modes of transportation will have little difficulty in finding their own place in our economy and our society.

And the end result, I am confident, will be a continuation and expansion of the greatest transportation system that the world has ever seen.

- 0 -