

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

13)
Office of the Secretary

FOR RELEASE WEDNESDAY A.M. DECEMBER 29, 1965

REMARKS BY ALAN S. BOYD, UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION, PREPARED FOR DELIVERY AT THE SIXTH ANNUAL MEETING OF THE TRANSPORTATION RESEARCH FORUM AT CITY SQUIRE MOTOR INN, NEW YORK, N. Y., TUESDAY, DECEMBER 28, 1965 AT 7 P.M.

This is the week of the year-end review. It is the time of year when the nation's editors -- and this includes our researchers and economists as well as our journalists -- begin laying down for us reviews of the past 365 days.

It has become a tradition for us to re-assess our work of the past year -- our accomplishments and our failures -- in order to re-set our sights for the days, months and years ahead.

This is especially true in the Federal Government. For this also is the eve of another session of Congress, and it signals the approaching deadline for the Administration to put the finishing touches on its report to the people on the State of the Union and on its programs for carrying on the peoples' business for the next 12 months.

The transportation industry, at this juncture of history, is especially sensitive this year to these traditional reviews and deadlines.

US Comm--DC--3523

For as we enter the second half of the decade, which was so aptly tagged in the beginning as the "Soaring Sixties," we face a future so full of challenge that it is almost impossible of comprehension -- even with the help of today's computers.

President Johnson has warned us on several occasions of its implications. He has noted time and again that in the balance of this century we will experience a doubling of our population and all the facilities required to service it.

Our transportation industry, the greatest collection of mobility that man has ever known, will have to move faster than that -- if our economic prognosticators are correct.

It has become somewhat of an established national policy that our economy should continue growing at around the 4 per cent per year mark. At this rate, our transportation requirements will more than double in 20 years -- 15 years before the end of the century brings that doubling of the population.

Our economic forecasters tell us that freight transportation alone may aggregate as much as 3 trillion ton miles annually by the year 1980 -- that's 3,000 billion as compared to today's figure of around 1,500 billion ton miles a year.

I'm sure that this audience can appreciate what this magnitude of growth and expansion and development means in terms of investment decisions by the private transportation industries and in terms of policy decisions on the part of the Government.

In an effort to bring this challenge into sharper focus, let's take a look at the investment problems it poses for the workhorse of our overland transportation system -- the railroads.

Our railroads today are moving around 45 per cent of the overland freight, and the comeback they have made recently indicates they will continue to haul their share.

Those railroads today have a book value of some \$30 billion with a replacement value of an estimated \$70 billion.

If doubling them were the answer to future freight demands, it would mean that the railroads should be investing at least \$3.5 billion a year for 20 years. Between 1946 and 1964, the railroads spent \$20 billion on capital investments. They've been averaging about \$1.5 billion a year over the last decade. Currently they have programmed about \$1.7 billion.

Technological advances will have an important bearing on this picture, but it seems rather apparent that this investment pace will have to quicken to assure us sufficient capacity for hauling the freight of what might be called the "amazing eighties" -- if we are still putting handles on our decades 15 years from now.

The challenge in the trucking industry poses even more complex problems. Trucks currently haul some 300 billion ton miles of freight per annum. Doubled in 20 years, this will mean 600 billion ton miles of freight coursing over our highways.

Think of what this portends in terms of road construction and maintenance, in the field of highway safety, and in Government policy and regulations.

Experience in the trucking industry points up, I think, the wisdom of this Administration in striving for a future transportation policy which will place more stress on competition than on regulation and fiat.

Government regulation has a tendency to create little pockets of activity -- certain types of vehicles over certain kinds of routes hauling certain kinds of commodities. This tends to weed out and exclude competition and adds to the cost of moving the nation's freight.

A recent study of the for-hire transportation of non-manufactured agricultural commodities in interstate commerce discloses that exempt truckers are investing more -- and more wisely -- in new equipment than the regulated haulers. It shows, too, that exempted carriers are more competitive and that their rate structures are patterned more closely on the costs of providing the services.

These are keystones of this Administration's transportation policies -- more reliance on competition than on regulation, and transportation charges pegged more realistically to the cost of providing the services.

Other cardinal principals under which our future transportation policy will develop include:

-- Maximum reliance on unsubsidized privately-owned transportation facilities, operating under the incentives of private profit but subject to the pulls and pushes of free competition.

-- Substitution of broad guidelines for detailed regulations, giving management more freedom and flexibility to forge the kind of decisions required to sustain the great system of transport which is our heritage.

-- Continuation of common carrier service available to the public on a non-discriminatory basis but amenable as well to contract and private carriage.

-- Requiring the users of transportation services -- both private and public -- to bear the full cost of those services to the extent possible.

-- Operation of our transportation system as efficiently as possible but in such a way as to produce a minimum of interference with other social or economic activity or resources.

-- And finally, maintaining a system that will always have the capacity of supporting our national security objectives in times of normalcy and in times of emergency as well.

Our present transportation system -- great as it is -- has evolved without any such comprehensive set of guidelines or direction. We are fortunate that it has served us so well.

We no longer can depend on evolution, however, to shape tomorrow's transportation system. We need planning, organized and coordinated planning by all segments of the industry and all segments of Government which play a role in this vast empire which represents one fifth of our Gross National Product.

This calls for new effort and new peaks in the promotion of policies and programs which help to remove the technological and regulatory barriers to the free flow of passengers and goods at the lowest possible cost, employing the most efficient mode or combination of modes. This will require refinements and improvements in such things as joint rates, through routing, containerization, improved terminal facilities and vehicles, better cost accounting methods -- the whole range of the whole transportation business.

We will need new ideas, new techniques, new policies and a framework which will allow us to take full advantage of the wonders of the age of space and nuclear energy and computerization.

This demands research and development efforts on an unprecedented scale, for we must know more about where the economy is going and when and what effect its growth and expansion will have on the various modes which make up the system.

The Federal Government already has embarked on a stepped up research and development program. (This will be reviewed later in the program of this forum by several representatives of the Office of the Under Secretary of Commerce for Transportation who are directly responsible for some of this intriguing work).

After two years of effort in a formal transportation research program, we have established an administrative organization, have inaugurated an outstanding project for the Northeast Corridor, and have received Congressional approval for a long-range and detailed look into High Speed Ground Transportation Research and Development.

This latter is the effort which has been attracting most attention in the press in recent days and weeks. This is perfectly natural, of course, for it is looking into such fascinating technological possibilities as vehicles which travel on bearings of air at speeds competitive with today's airliners.

Hardware research is, of course, always the most dramatic type of research. Most of this "hard" research is concentrated in a few industries such as the chemicals, electronics, aviation and automotive industries. In Government, it is centered in military activities.

Transportation's hardware research and development in recent times has been mostly in the form of spinoffs from these basic R&D activities, and most particularly from military R&D.

"Soft" research, on the other hand, may not be so dramatic, but it is probably more important to the development of our future transportation system.

More soft research is what industry and government at all levels must have in the years of multiplying transportation demands which lie ahead. Economics, sociology, political science, law, statistics, and psychology are not, moreover, areas in which we can expect major spinoffs from military R&D. Those of us involved in transportation must do the work ourselves -- or it will not be done. And it is in this field that the Federal Government may logically be expected to make its greatest contribution.

It is the knowledge from soft research which we must have if we are to achieve:

- Coordinated and integrated transportation service on a mass scale;
- Regional planning for such coordinated transportation development;
- Public and private policy-making based upon sound estimates of program effectiveness;
- Administrative decisions to match the technological advances and other outputs;
- Specific means of meshing industrial and official regulatory policies, and as an offshoot of this:
- Private and public coordination in the field of safety, especially highway safety.

When we consider the highway safety problem, we are not talking about the future. We are talking about a problem that has been with us for a long, long time, and one that may be expected to attract a lot of attention in the coming session of Congress.

From the mid 1930's until three years ago a multitude of effort on the national, state and local scenes by a host of public and private groups and organizations was able to keep paring down the death rate on our highways on a per-mile basis.

It dropped from a high of 15 deaths per 100 million vehicles miles in the mid '30s to 5.2 in 1961. Since then, it has been slowly on the rise, and when the year-end review on this chapter of American life is released, it will become apparent once more that this is one of the most immediate problems in the whole realm of transportation.

For the death toll will be around the 50,000 mark, the injured nearly 1.75 million and property damage in excess of \$8 billion for the year.

Despite our experience with something like 12 million accidents a year, it is surprising to learn how little we know about the cause of those mishaps.

The President has described this as a national problem, calling for a national effort, and I think it safe to predict that the coming session will hear that call loud and clear.

In the Department of Commerce, we have been taking a new look at the problem, a systems analysis approach, and I would hope that we could ultimately apply to it, the same sense of urgency which marks our virtually accident-free efforts in the conquest of outer space.

The problems we face in the highway field are not much different than those we face in other segments of transportation -- in the maritime industry, in aviation and in the various modes of surface transportation.

It is largely a question of determining where we are headed, how fast we are going to get there, and what we have to do to complete the journey in the most free and most economical way possible.

If that sounds like oversimplification, so be it. For that after all is our intent -- to establish priorities we can define and work from, to simplify instead of complicate, to evolve broad guidelines rather than detailed regulation, to give our transportation managers and entrepreneurs the widest latitude for decision to assure the continuation and growth and expansion of a network of transport that will assure our position of leadership and help in the quest of peace and freedom in the world.

STOP-29 C
E A STROMBERG
RM 811
MAT BLDG
SEC-ADDR