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John T. Connor, Secretary

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REMARKS BY ALAN S. BOYD, UNDER SECRETARY OF COMMERCE FOR
TRANSPORTATION, AT THE 77TH ANNUAL CONVENTION OF THE NATIONAL
ASSOCIATION OF RAILROAD AND UTILITIES COMMISSIONERS, NEW YORK
HILTON HOTEL, NEW YORK CITY, FRIDAY, OCTOBER 1, 1965, 11:30 A.M.

I am delighted to be able to participate in this 77th
Annual Convention of the National Association of Railroad
and Utilities Commissioners.

It is like a homecoming or class reunion for me, for
as many of you know, I was member of this fine organization
for 10 years, dating back to when I served on the Florida
Railroad and Public Utilities Commission.

The NARUC is a splendid example of the State-Federal
working partnership on which President Johnson places such
great emphasis.

Your commissions work with the Federal regulatory
agencies in much the same smooth manner which marks the
relationship of the State Highway Departments and the Bureau
of Public Roads, which is an adjunct of the arm of Govern-
ment with which I am now associated.

That State and Federal partnership in roadbuilding has
given us the greatest network of highways in the history
of mankind, a network that has made automotive power the
most important mover of men and goods in our Nation.

The partnership you have achieved with the Federal Government regulatory agencies, on the other hand, has helped our private entrepreneurs to build the greatest transportation system that any country anywhere has ever known.

A graphic example of what this kind of cooperation can achieve may be noted in a piece of legislation which recently cleared the Congress. I am referring to Public Law 89-170 which deals with motor carrier enforcement and reparations.

This legislation will simplify the costly and complex pattern of certificating motor carriers that has evolved down through the years. Instead of the Interstate Commerce Commission and each of the States operating their own registration systems, a single, coordinated certification program will be established.

And your organization -- the National Association of Railroad and Utilities Commissioners -- has been assigned the task of promulgating the standardized forms to be used in this national registration process.

This assignment is a tremendous testimonial to the kind of working partnership I have been talking about. It demonstrates, it seems to me, the measure of confidence which our lawmakers have in the ability of both levels of government to work together and get things done.

This law blazes a new trail for the ICC and the State Commissions to work together in a joint administration of economic and safety regulations. It puts new and sharper teeth into the enforcement provisions.

It also will enable motor carriers, who feel they are suffering damage from illegal competition, to take their

cases directly to any Federal District Court, thus bypassing the ICC and the U.S. District Attorney offices and the delays resulting from these extra procedural steps.

The ICC's right to participate and the liability for attorney fees should help prevent capricious or harrasing law suits.

But most importantly, this legislation adds significant strength to the self-enforcement which legitimate motor carriers may now practice. This is an opportunity for the industry to police itself.

The legislation also is a step toward the equality of regulation which this administration has been stressing. It makes motor carriers and freight forwarders subject to the same damages or reparations which heretofore have applied only to the railroads and water carriers.

It also eliminates dormant water carrier rights, thus erasing long-standing abuse under which it was possible to hold rights to certain water routes whether they were being used or not. The ICC can now revoke these un-used rights.

This is legislation that has been long needed, but I want to stress that its effectiveness depends almost entirely upon the continued spirit of cooperation of your offices and the Federal establishment to which I referred earlier. I am confident that we will be able to achieve that measure of teamwork.

In your day to day work, you are concerned with helping to formulate policies and to arrive at decisions which will keep the commerce of the individual states on the move and in step with the rapidly changing and expanding economy of our Nation.

And so are we in the Office of the Under Secretary for Transportation in the United States Department of Commerce.

We both are working, it seems to me, for the same thing -- a transportation system of fast, safe and economical service adequate to meet the needs of today and tomorrow.

Such a system must be able to move people and goods without waste or discrimination. It must be responsible to both private and public demands and offer its services at the lowest cost consistent with health, convenience, national security and other broad national goals.

Our national transportation system must be the best combination of all the modes, and its development must proceed under the economic and political principles which have made this country an example to the world.

This means, as President Johnson noted in his State of the Union message, a transportation system which places "heavier reliance on competition."

It is fairly easy to get people to agree on what the Nation's transportation objective is. It is not so easy, however, to get agreement on all the details from all segments on all problems. But that shouldn't keep us from trying.

Our national transportation system, it seems to me, should place maximum reliance on unsubsidized privately-owned facilities, operating under the incentives of the profit system and subject to the checks and stimulae of competition.

In those areas where regulation is necessary, we should rely on broad policy guidelines rather than detailed regulations, thus leaving a wide latitude for the exercise of judgment by private management.

The transportation system should be a combination of common carrier service, available without discrimination to the general public, as well as contract and private carriage.

To the extent possible, the users of transportation services should pay the full cost of those services whether they are provided privately or publicly.

Our system of transport must, above all, have the capability of protecting our national security as well as serving us in normal times and in periods of varying emergencies.

Our present system has come into being without any detailed policy blueprint to guide it. And we are fortunate that it has served us so well that we now can point with pride to 55 months of uninterrupted peacetime prosperity.

But in these days of rapid change, we no longer can be satisfied with such a fragmented approach to transportation policy. If we are to sustain the economic growth necessary to insure full employment and a high standard of living for an ever-increasing population, we must have a highly-efficient, fully-integrated transportation system.

To achieve this, we must remove the technological and regulatory barriers to the free flow of passengers and cargo at the lowest possible cost, using the most efficient mode or combination of modes in each instance. This will require improvements in such things as joint rates and through routing the fullest utilization of containerized freight, and the development of new ideas and techniques along with a climate which lets us make full use of them.

The increasing pressures of competition at home and abroad make it imperative that we utilize the most advanced technology in all modes. In the past, we have been able to maintain a high standard of living at home and hold our competitive position in the world through intensive use of capital and the employment of modern technology. There will be great pressure to continue this course.

As the rate of new technology and new developments in transportation accelerate, there will undoubtedly be difficult problems involving the labor force. It is up to us to make sure that the drive for efficiency does not snuff

out the rights of the individuals affected. This is a responsibility of both the Government and private industry. We must be up to the job in the fields of training, retraining and handling the dislocation of workers. These technological advances should be treated as blessings rather than as a threat to our workers' well-being and security.

In developing our national transportation policy, we must improve our understanding of its role in our society and be sure that the tremendous expenditures involved bring us the results we need. Federal expenditures for civilian transportation programs, now totalling more than \$6 billion a year, are in effect, in competition with expenditures for education, for welfare, for recreation and for military hardware. So it behooves us to do a better and more efficient job in analyzing these programs to make sure we are getting our money's worth.

We in the Department of Commerce are about to launch a far-reaching research and development effort in the field of high speed ground transportation which is designed to help us fill some of the needs mentioned earlier.

This legislation was signed into law by President Johnson just this week.

It marks the first full-scale research and development in this field ever attempted by the Federal Government. The program is focused on the need to develop forms of transportation adaptable to regions of high population density, but it is expected to provide answers to questions that will be of benefit to the whole Nation.

One of the first answers it will seek is how the public will respond to faster, more comfortable and generally improved railroad passenger services. The Federal Government will finance most of the new equipment to be used in rail demonstration projects in the so-called Northeast Corridor -- between Washington and New York and New York and Boston. The railroads involved -- the Pennsylvania and the New Haven -- will make the major share of their capital contribution in the form of improved road beds to assure faster, easier and safer rides.

These demonstrations or market tests are expected to get underway in about a year, and through them we hope to determine whether the present excess capacity of the railroads can be put to work to help us handle soaring freight and passenger demands which are expected to increase between 150 and 200 percent before the end of this century.

A primary concern of this research and development program will be the improvement of railroad technology, but it also will be taking a careful look at possible new methods of movement -- air bearings, magnetic suspension, linear induction propulsion, underground or tunnel-type guideways, etc.

It also authorizes the first nation-wide statistical gathering program of its kind. This program reflects the needs of transportation planners for more precise data about the origins and destinations and characteristics of freight and passenger movements. It will endeavor to provide the kind of transportation data that will be much more useable for officials such as you who have to make decisions on transportation planning and spending at the State and local levels.

I don't want to get too deeply engrossed in the discussion of this subject, however, because Dr. Robert A. Nelson of our staff, who is the director of this research and development program, is scheduled to give this convention a more detailed report later on in your sessions.

The Office of the Under Secretary for Transportation is not as directly concerned with the daily deliberations of you members of the National Association of Railroad and Utilities Commissioners as are the regulatory arms of the Federal Government. But we are participating rather actively in one phase of the transportation problem which is occupying more and more of your time these days -- I refer to the growing numbers of mergers, especially among the railroads.

The recent announcement of the proposed merger of the Norfolk and Western and Chesapeake and Ohio Railroads has brought to a head the issues involved in these railroad marriages.

The railroad industry, as you know, has been undergoing a transformation, adjusting itself to the competitive environment in which it now exists. In this transformation, the industry is calling upon the resources of modern management, technology and advanced concepts of pricing and marketing. It also is trying to restructure the railroad industry, itself.

Many important merger cases have been before the ICC in the past five years, and some important decisions have emerged. Many issues remain undecided, however, the most important of which involve the application of anti-trust principles to the merger propositions. The Atlantic Coast Line-Seaboard merger is a case in point. The United States Supreme Court is expected to rule on this one in the near future, and this could become an important landmark for us.

We have not seen the end of these merger proposals by any means, but we are in better shape to handle the issues now than we were a few years ago. An Interagency Committee on Transport Mergers, under the chairmanship of the Department of Commerce, has assumed an important role in these deliberations.

One of its first assignments was the promulgation of general criteria to be used by executive agencies of government in assessing the merits of these proposed airline and railroad mergers.

These criteria included:

- The impact of the merger on transportation competition.
- The benefits to the public promised by the merger in terms of economies and efficiencies.
- The impact of the merger on the structure of the industry, including potential damage to other carriers.

The Office of the Under Secretary for Transportation also has made several specific studies on proposed rail mergers, and these studies were made available to the ICC for its consideration.

And this, to my knowledge, marked the first time the ICC ever had the opportunity to receive "third party"

evidence in proceedings of this kind.

So we are making some progress in our efforts to bring about a fully-integrated transportation policy. The road is long and fraught with difficult issues.

But a Nation that can harness the atom, can take pictures of Mars and send men soaring -- and perhaps even walking -- around the world in space, a Nation that already has developed the finest transportation system man has known certainly should be able to approach these problems with a confidence and determination that assures us that the job will be accomplished.