

UNITED STATES DEPARTMENT OF  
**COMMERCE**

John T. Connor, Secretary

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Office of the Secretary

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REMARKS BY ALAN S. BOYD, UNDER SECRETARY FOR TRANSPORTATION, AT OPENING OF 20TH ANNUAL TRANSPORTATION AND LOGISTICS FORUM OF THE NATIONAL DEFENSE TRANSPORTATION ASSOCIATION AT STATLER-HILTON HOTEL, DETROIT, MICHIGAN AT 9:30 A.M., MONDAY, SEPTEMBER 27, 1965.

It is an honor, a pleasure and rare opportunity for me to participate in this 20th Annual Transportation and Logistics Forum of the National Defense Transportation Association.

For this distinguished group of Americans -- experts and executives in the field of transportation -- actually is in the same business I find myself in today as the Under Secretary of Commerce for Transportation.

The Office of the Under Secretary for Transportation is charged with developing policies which foster and promote the growth and expansion of the United States, policies which also will serve our Nation more than adequately in time of war or national emergency.

Reading the preamble of this organization as it appears beneath the masthead of your official publication -- THE TRANSPORTATION JOURNAL -- I note that NDTA's guiding

principle is "securing the national defense," and that your membership believes, as do I, "that efficient and economical transportation under private management and ownership is a resource vital to the welfare of our country in peace and to its survival in time of war."

Virtually every official Government order covering the activities of the various agencies involved with transportation matters directs that the matter of national defense must be reckoned with in the formulation of transportation policies.

The Nation's transportation and its security are so closely entwined that it is virtually impossible to determine which is the most important or which exerts the greater influence over the other.

Transportation represents about one fifth of our Gross National Product so its economic influence is tremendous.

But a look back into history shows the deep effect that defense -- or military requirement -- has had on the complex mixing of modes which we call our transportation system.

The aviation industry developed at break-neck speed from the experiences of World Wars I and II. The expansion of our shipping resources during the two conflicts has had a tremendous impact on our maritime policies. The trucking industry, shouldering heavier loads and hauling longer distances, also came of age during the last war. The "big inch" and "little inch" pipelines were laid down after the attack on Pearl Harbor.

Only the railroads failed to benefit from startling technological advances during these times of emergency, but this traditional workhorse of our economy has shown signs lately -- unitized trains, piggybacking and the introduction of specially designed equipment -- that indicate it, too, is ready to serve again if the occasion demands.

We are told that the next big war -- if it comes -- will be only a matter of days or hours. But that doesn't

alter our assignment. We still have to be ready for any kind of emergency.

We meet here today at a time when once again we are calling on our shipping industry to join the battle of survival.

In the current conflict in Viet Nam, the Government already has turned to private shippers to make their vessels available through the Military Sea Transportation Service.

Nearly 200 additional ships have been assigned to this emergency. Fifty are subsidized vessels, three are unsubsidized, 34 are tramp ships and 54 are tankers. In addition, 53 have been drawn out of the National Defense Reserve Fleet and assigned to general agents for service in the Viet Nam crisis.

So it seems very apparent that we still have to be concerned with older fashioned, longer-lasting conflicts.

The impact of defense needs on civilian planning and decisions in the field of transportation is readily apparent in the Interstate Highway System. Its 41,000 miles of limited access roads were built with the defense of the country in mind just as much as the commerce of the country and the convenience and safety of our motorists.

The subsidization of our merchant marine is another example.

We have been telling ourselves for years that the purpose of the maritime subsidies is to give the Nation an adequate merchant marine in time of peace and war.

But the time for this kind of generalization is rapidly running out.

We must face -- and face sooner rather than later -- the hard decision of determining just what are the defense requirements of our merchant marine.

The answer to this question is imperative if we are to arrive at sound civilian policy for shaping the development of the merchant fleet in the accelerating race to the world market places.

This problem is not confined to the maritime industry, however. We face it in various other modes which make up our transportation system as we strive to develop an integrated policy in this field.

It is fairly easy to get agreement on what the Nation's transportation objective is. It is something else again to get agreement on all the details from all segments on all problems. But we are working at it.

The objective is a transportation system which will assure the availability of fast, safe and economical services to meet the needs of our rapidly growing and rapidly changing economy. It must be able to move people and goods without waste or discrimination. It must be responsible to both public and private demands, offering services at the lowest cost consistent with health, convenience, national security and other broad national goals.

Under it, all modes must take maximum advantage of the inherent characteristics of each mode. It must connect all parts of the U.S. with all corners of the globe, and at the same time meet the economic, social recreational and other non-economic needs of the people. And its development must recognize the underlying economic and political principles which govern our Nation.

In my opinion, the national transportation system should embody the following characteristics:

First, there should be maximum reliance on unsubsidized privately-owned facilities. The system should operate under the incentives of private profit and should be subject to the checks as well as the stimulus of competition.

Second, we should rely upon competition rather than regulation to the greatest extent possible consistent with the public interest. In those areas where regulation is necessary, we should rely on the establishment of broad policy guidelines rather than detailed regulation of operations, thus leaving the widest latitude for the exercise of judgment by private management.

Third, the transportation system should be a combination of common carrier service available to the general public on a non-discriminatory basis and contract as well as private carriage.

Fourth, to the extent possible, the users of transportation services should bear the full costs of the services they use whether those services are provided privately or publicly.

Fifth, the system should operate as efficiently as possible but in such a way as to provide the minimum of interference with other social or economic activity or resources.

Sixth, the system must have the capability of supporting our national security objectives and programs in normal times as well as in times of emergency.

Our present system has come into being without such comprehensive policy guidance or direction at the national level. We are fortunate that it has served us so well. It is quite clear, however, that we can no longer be satisfied with a fragmented approach to transportation policy and planning. If we are to sustain the economic growth necessary to insure full employment and a high standard of living for our rapidly-increasing population, we must move toward a highly-efficient, fully-integrated transportation system.

We must remove both 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. It will require the full utilization of such concepts as containerized freight movement. It will require the development of new ideas and new techniques and a framework which will allow us to take full advantage of them.

The increasing pressures of competition both at home and abroad show only too well that we must take full advantage of advancing technology. Historically, the U.S. has been able to improve its standard of living and maintain its competitive position in the world by the intensive use of capital and the introduction of modern

technology. There will be great pressure upon all segments of our transportation system to continue this course.

These changes will have a direct impact on the transportation labor force. This calls for national policies to insure that the drive for efficiency will not ignore the rights of individuals. Government and private industry must be ready to deal with problems of training, retraining and dislocation. These technological advances should be treated as opportunities rather than threats to individual well-being and security.

In developing national transportation policy, it will be necessary for us to improve our understanding of the role of transportation in our society and insure that the tremendous expenditures involved bring about the most desirable results. Federal expenditures for civil transportation programs are already well in excess of \$6 billion a year. A large part of our job will be the development of better techniques for analyzing all proposed Federal expenditures for transportation to insure that each program represents the best alternative for accomplishing our highest priority objectives. This responsibility is even more important in a time when there are increasing claims from all sides for every Federal dollar. Transportation expenditures are in effect competitive with expenditures for education, for welfare programs, for recreation and for military hardware.

And with all this, we must be ever mindful and constantly alert to the needs of the nation's security.

Although we still have a lot of work to do, I think it is safe to say that we are better prepared -- or at least on our way to becoming better prepared -- for national emergency than at any other period in our peacetime history -- thanks to the work of the Office of Emergency Planning and the Office of Emergency Transportation. The latter is an arm of the Office of Emergency Planning which functions within the jurisdiction of the Office of the Under Secretary for Transportation.

The OET, as it is known in the governmental alphabet, is a little over two years old, but it has made commendable strides in its assignment which is to develop emergency preparedness plans for centralized control of civilian

transportation to meet both military and civil transport needs under varying emergency conditions.

This activity, I am sure, has touched the lives of some men in our audience here today. For an integral part of this effort is our National Defense Executive Reserve.

Under this, some of the top executives and leading experts in our transportation industry, are serving somewhat like military reserves -- only they aren't drawing any pay for it. These Executive Reserve officers are in charge of eight regional centers of operation around the country, and when an emergency strikes they will head up the command posts which may bring all of our carriers -- private, common or contract -- into a form of active service under centralized control.

Work is going forward on all fronts of the Emergency Transportation effort. It is perhaps farthest advanced in the realm of aviation.

A Civil Reserve Air Fleet, known as CRAF for short, is ready for almost instantaneous conversion from commercial to emergency service.

Twenty-two air carriers with 344 aircraft are participating in this program. The carriers have agreed to make the aircraft and flight personnel available to the military in varying degrees upon recognition of the development of international tensions, in the event of counter-insurgency activities, or the outbreak of full scale military engagement.

These aircraft are doing their usual civilian work today, but they have been modified for quick conversion, ready to take their place, when needed, alongside the operational aircraft of the military.

Fittings for specialized navigational aids and military communications are in place. Passenger seats can be removed within a matter of minutes, turning the aircraft into an all-cargo carrier.

These carriers have contracted with the Government to respond to any stage of emergency regardless of

conflicting commercial commitments.

At the same time, the War Air Service Program, known as WASP, is designed to meet the civilian needs during emergencies.

This program will be operated by the Civil Aeronautics Board. Under it, all carrier aircraft other than that employed in the CRAF system, will be used for domestic civil traffic, for moving civil and military personnel and freight.

The remainder of the airplanes in our country -- some 90,000 private planes, corporate planes, etc. -- are ticketed for services, too, under a program which is known as SARDA. This stands for State and Regional Defense Airlift. The Federal Aviation Agency will administer this phase of the air program in cooperation with the State governments which also have been requested to organize ready plans to help meet any emergency.

The Maritime Administration is ready with plans for restricting port use and requisitioning private shipping as the need arises. The Interstate Commerce Commission has issued a series of transportation mobilization orders covering rail, motor carrier and inland water operations which also would be implemented.

Our computers are busy these days running through simulated emergencies in an effort to determine the kinds of problems we might someday be facing.

But there is no substitute for actual experience. We had a taste of that earlier this month when Hurricane Betsy roared into the Baton-Rouge-Mississippi Delta area down in Louisiana.

The Office of Emergency Transportation sent a trained observer -- a former top official of the U.S. Army -- into the area for an on-the-spot evaluation of the damage left by Betsy.

His report brings home to us the value of the diversified and balanced transportation system with which we are blessed in this country, and which we must strive to maintain.



Hurricane Betsy was one of the most destructive storms ever to hit the Gulf Area of the United States, as I am sure you are all aware.

All forms of transport were inoperative into and out of the area during the storm and for varying periods after the blow. But all modes showed a remarkable resiliency. Shipping and rail facilities took the worst pounding, but these were operative and meeting essential requirements within three days after the storm. Some trains had to be rerouted over other facilities. There are five different rail lines serving the area, however, and they all pitched in and helped.

A serious problem resulted from the hurricane winds tearing routing cards from the cars, requiring slow and laborious verification and re-placarding.

Communication failures were a major problem, too -- except for those fortunate enough to have micro-wave systems in operation.

Flood and debris blocked many highway facilities, but at no time was all highway access cutoff. The Bureau of Public Roads reported all bridges in the area withstood the blow although some approaches were washed away.

The damage to port facilities was by no means inconsequential, but it did not seriously hamper the port's operational capability. Within a week after the storm hit, 43 vessels were reported working, a number somewhat higher than normal.

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Some loading facilities such as gantry cranes were destroyed and terminal buildings took a pounding. Grain barges took a beating, too, and much grain was lost. Grain shipments continued, however, with the railroads taking up the job.

All in all, shipping came through fairly well, and reportedly would have done better if the storm warnings had been taken more seriously.

Aviation, on the other hand, fared much better, primarily due to carefully drawn emergency plans of the Federal Aviation Agency, airport operators, the resources of the air carriers and the owners of private craft. Most planes were flown out to safety. Some planes in hangars were damaged. Some tied down securely rode the storm without mishap.

The airport was closed from 7 p.m., Thursday until 4 p.m., Friday. The second plane in was Air Force One, bearing President Johnson and his survey party.

Our main mission in the storm area was to learn. We are still assessing and evaluating the information, but already we have learned some lessons that will stand us well in some future emergency.

We in the Government concerned with moving goods and people and our entire transportation industry face a far more stupendous task in the years ahead, trying to keep pace with the growing and expanding economy and making sure that we continue to have the best transportation system and the most mobile society in the history of the world.

President Johnson summed it up for us, I thought, in one of his speeches outlining the aims and goals and responsibilities of the Great Society.

"In the remainder of this century," the President cautioned us, "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 that same challenge. Based on reasonable projections of freight traffic over the next 20 years, we may conclude that freight traffic and freight carrier investment will increase at least as fast as the national economy.

The Council of Economic Advisors foresees a possible economic growth of 4 percent a year. Thus, a doubling of GNP constant dollars should result in the next 20 years, leading to a doubling of freight traffic.

This means that the overall intercity ton miles will grow from the stagnant level of the late 1950's and early 1960's of about 1.3 trillion tons to between 2.6 trillion and even 3 trillion. That's three thousand billion tons, a figure beyond ordinary comprehension.

Growth of this magnitude will put pressure on our carrier capacity. It also will test the mettle and ingenuity of our investors.

For when we talk in terms of doubling transportation facilities, we are in the realm of large investment, indeed. Our railroads, for example, are valued on the books at about \$33 billion in plant and equipment with a reproduction value approximating \$75 billion.

I am sure our Nation has the resources and investment requirements of the future, but to chart a safe and sound course calls for new effort, new knowledge, new policies and new heights of cooperation by us all.

The job is big, but it doesn't promise to be dull, especially when you look back only a few short years and recall that we have harnessed nuclear energy to submarines and surface vessels, have invaded outer space and are contemplating a walk in space around the world, have landed rockets on the moon and have taken pictures of Mars.

We have seen the development of fuel cells which some day may provide exhaust-free power for automobiles, and

the perfection of the air bearing which already is taking the place of the wheel in specialized problems of movement.

The technology to meet the challenge which President Johnson has called to our attention is developing rapidly. It is up to us to see that it is used effectively and efficiently.

As I said before, it is a mammoth task, but it is heartening to know that there is an informed and dedicated group like the National Defense Transportation Association willing to help and determined as are we to keep this great Nation strong, growing and impregnable.

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