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REMARKS BY ALAN S. BOYD, UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION, PREPARED FOR DELIVERY AT THE KANSAS STATE UNIVERSITY TRANSPORTATION CONFERENCE AT THE KANSAS STATE UNION, MANHATTAN, KANSAS, WEDNESDAY, FEBRUARY 23, 1966, AT 12:30 P.M.

Five short years ago, a group of distinguished scholars and executives delved deeply into the Nation's transportation problems and issued a report for the United States Senate which has become a sort of encyclopedia for transportation economists and students.

It is known as "The Doyle Report" -- after the illustrious Air Force officer, Major General John P. Doyle, who headed up the staff for the Senate's Committee on Commerce.

The experts who prepared the report represented Government, private industry, the investment and academic communities and various transportation experts.

They examined all phases of transport. Five years ago, they expressed major concern over two big problems:

-- A serious and continuing decline in railroad business, and

-- An accompanying threat, or fear, that common carriers, which offer transport services to the general public, would disappear from the scene of American transportation.

Discussing this and other related subjects, the authors of the report composed one eight-word sentence that spoke volumes. It said:

"Prosperity is the cure to many a complaint."

The United States now is entering the sixth year of an unprecedented peacetime span of uninterrupted prosperity, and the threat to railroads and common carriers today appear as things of the past.

Our big transportation worry today is whether we have the facilities, the know-how, the wisdom and the political courage to meet the future challenge of mobility, to make sure we will be able to haul the people and goods that the markets of tomorrow will demand of us.

I cite this quick change of events primarily to emphasize the need for the Nation to have a dynamic and viable transportation policy that will enable it to keep on top of such swift changes, that will enable us to know where we are and where we are going.

President Johnson recognized this need in his State of the Union message when he called for the creation of a Cabinet-level Department of Transportation terming it a necessity "to bring together our transportation activities." The President noted that 35 Federal agencies currently are involved in transportation matters, and added that this "makes it impossible to serve either the growing demands of the Nation -- the needs of the industry -- or the right of the taxpayer to full efficiency and frugality."

The President's proposal for a Department of Transportation prompts us once again to review and discuss the the national transportation policy. This is not an easy subject to discuss. It can become rather elusive at times, down right paradoxical on other occasions.

For purposes of discussion here, however, let's first take a look at what Mr. Webster has to say on the subject. His definition of policy:

"A definite course or method of action selected (as by a government) from among alternatives and in the light of given conditions to guide and usually determine present and future decisions."

That is a neat and tidy definition, but in today's governmental complex it doesn't always work out that conveniently.

The Department of Commerce -- and the Office of the Under Secretary of Commerce for Transportation -- are charged with the basic responsibility to foster, promote and develop the foreign and domestic commerce and the shipping and transportation facilities of the United States.

This obviously is a very large order. The Office of the Under Secretary for Transportation was established to provide a focal point for transportation policy matters of Government-wide scope and to administer certain transportation programs which were assigned to the Department of Commerce.

In theory, with this kind of an organization, it should be possible for the Government to develop comprehensive transportation policies suitable to the long-range needs of a growing economy. In practice, the system has not worked nearly so well as one might have hoped. One of the principal difficulties has arisen from the fact that the responsibilities assigned to the Under Secretary far exceed his authority for carrying out those responsibilities. Theoretically, it may be possible to develop policy positions, have them coordinated, approved, and subsequently implemented within an organizational structure whose principal characteristic is fragmentation. But this has not proved to be a workable mechanism in the real world of transportation.

The organization of the Federal Government in the field of transportation has been the subject of a great deal of study for nearly a century. We have had no shortage of recommendations, and it is my guess that it would be possible to find that a special task force working at the highest levels of Government has supported almost any conclusion one might reach as to the best organizational cure for our transportation ills.

All too often the response to organizational studies has been the assertion that we should develop the policy first and then create the organization to carry it out. As a matter of fact, we have done neither.

We do not now have adequate national transportation policies, and the Federal Government is not presently organized to develop them or to implement properly the policies which do exist.

By no stretch of the imagination would I suggest that governmental organization is the panacea. I share the fear which many people have of the management expert whose stock in trade leads him to believe that whenever we are confronted with a new problem the first thing we should do is reorganize. Viewed from the other side, however, I am thoroughly convinced that it is possible to have an organizational structure which makes it virtually impossible to do the substantive job which is called for.

This, in my estimation, is the situation which now exists in transportation.

There is presently no mechanism within the Federal Government which provides for a continuous review of the entire area of transportation, identification of the problems needing attention, analysis of those problems and development of alternative solutions and a framework for presenting these alternatives to the proper Government officials for policy resolution and implementation. While this may sound like a large order and the immediate reaction may be that this is asking too much, it is really nothing more than a description of the elementary process of data collection and analysis for decision-making which private management uses all the time. This type of process must exist in any organization, whatever its size or complexity, if management is to function properly and act on an enlightened basis.

In practice, policy making in transportation in the present system is typically ad hoc and reactive. The pressure of day to day crises is so great that there is little time for the appropriate staff of management personnel to engage in long-term planning of policy formulation. Certainly one of the causes of our present dilemma is the fact that rapidly advancing technology and the population explosion have combined to increase Government involvement at such a rapid pace that we have simply not been able to keep up. There are undoubtedly

many other good and sufficient reasons but a cataloguing of them at this point would serve little purpose.

Policy formulation by reaction to crisis can take a number of forms. One commonly used method is the formation of a task force hopefully composed of experts in the field who are charged with studying a problem area and making recommendations. This is the procedure that was followed last year in the maritime field. In that situation, an interagency task force was formed with representatives from the agencies of Government who are interested in or might be affected by all the various aspects of Federal maritime policies or programs.

As a working unit the task force functioned well. It performed its analytical functions and made its recommendations. Unfortunately the decision-making process which would normally be expected to pick up where the task force left off has not operated in such a way as to produce a new maritime policy. This is not necessarily the fault of any of a large number of individuals involved. In large measure the difficulties we have had in trying to get a resolution of the major policy issues involved are an outgrowth of the fact that the problem was left unattended for too many years. While I am personally confident that we will ultimately have a resolution of the issues involved and a new policy which better serves the public interest, the problem has certainly been made more difficult because we were forced to deal with it in an atmosphere of crisis.

Another form of reactive policy formulation arises in connection with the budgetary process as it now exists. All too often major issues involving transportation policy, and indeed policy in all fields, must be made in the light of urgent and unforeseen budgetary requirements in unrelated fields. While it would be foolish to suggest that policy could ever be considered outside the framework of budgetary restraints and the need for efficient allocation of resources, I would certainly hope that we could improve substantially on the procedures which now exist. Again I am optimistic for in this case we have at the President's direction begun work -- Government-wide -- of a planning, programming and budgeting system that could revolutionize decision-making.

The Executive Branch of the Federal Government is not the only policy maker in Washington, however. Much of our transportation policy today rests in legislation enacted by the Congress. Our National Transportation Policy as it now exists is housed in the statutes covering the Interstate Commerce Commission.

The various Highway Acts, which have given us the greatest network of roads in the world, also have an important bearing on transportation policy. So, of course, does the Merchant Marine Act, the laws governing the other regulatory agencies, and so on.

This scattering of laws and rules and regulations can produce some strange paradoxes. For example, one of our principal goals in the Office of the Under Secretary for Transportation is to strive for the utmost in coordination and integration among the various modes of transport.

This can be quite difficult of achievement. In the first place, the men who run our various transportation systems, railroaders, truckers, aviators, mariners, etc., are not necessarily devotees of the idea of coordination.

They are, after all, human beings, in business, trying to make their companies succeed. They want to handle the hauls, themselves, if possible. They are not looking around for someone to share their business with.

Also, our laws covering the regulation of the transportation industry aren't exactly coordination-minded, either. These laws stem mostly from the fears of yesteryear when railroads threatened to monopolize the transportation business in the country. They prohibit, or discourage, one transportation mode from becoming involved in the operation of another mode or modes.

It doesn't take much imagination to see that coordination would be much more easily achieved if you had an all-encompassing transportation company which operated railroads, trucks, airlines, barges, ships, etc. Coordination would come pretty fast. It already exists in this manner, as a matter of fact, in the oil industry which operates its own ships, pipelines, trucks, tank cars, etc.

But no one is proposing that we try to apply this formula to our entire transportation industry.

The Department of Transportation, as proposed by President Johnson, does not include the independent economic regulatory agencies of the Federal Government. It does attempt, as President Johnson suggested, to bring into harmony the various other agencies of the Federal Government which are involved in transportation.

And it will attempt to bring about better coordination among the modes, simply because we will have to have more coordination to meet the challenge of mobility of the future.

That's one reason why we think a Department of Transportation is a must. The problems we face are of great magnitude, and the more we can simplify the approach to them, the more order and knowledge and data we can bring to bear on them, the better chance we have of accomplishment.

Let's look briefly at the size of this challenge.

The Nation's population is expected to double by the end of this century, meaning all facilities needed to service that population will have to double, too.

Transportation, on the other hand, will have to grow faster than that. If transportation keeps pace with our economic growth, the demand will double in the 20-year period ending in 1980. That leaves 20 years in this century, and transportation's capacities might well have to double all over again.

Rapid technological advance indicates we may need new tools and new approaches for molding transportation policies in the future, too.

For example, research and development is going forward on surface effect ships which will travel on bubbles of air on the very surface of the water at speeds of 100 knots per hour. When perfected, these ships actually will lift off and fly altitudes rather than skim on top of the water. They will be, literally, half ship and half plane.

Where would they fit in today's governmental administrative set up? Under the jurisdiction of the Maritime Administration? Or the Federal Aviation Agency? Or the Navy?

The same thing is true in the field of containerization where today's most important breakthroughs in transportation are occurring. When the kinds are all worked out and containers become as routine as piggybacking, which in itself is a form of containerization, this cargo will move by rail, truck, plane, ship, and barge, sometimes, perhaps, utilizing all these modes. How do we categorize this under today's fragmented approach?

We think the proper administrative approach to tackling these problems lies in a Departmental set up.

We don't suggest that a Department, in itself, will solve all of these problems. But we do contend it will put us in a better position to achieve what we have to achieve and still keep our **transportation** system free -- privately-owned and **privately-operated**, subject to the pushes and pulls of profits under free competition, and functioning not within narrow and detailed rules and regulations, but within broad guidelines that will give management the widest flexibility to make decisions which will enable the industry to grow and prosper.

We see the Department of Transportation as an instrument which will help provide industry reliable information for intelligent decisions; mobilize scientific and technical capabilities to maximize the advantages of all modes; clear away institutional and political barriers which impede adaptation and change, and centralize leadership to support broader social, economic and national security objectives.

In short, the job of leading and inspiring our transport industry to gird itself to meet the future challenge is a very complex and staggering assignment.

We need the best administrative machinery possible along with all the talent, all the knowledge, all the data, all the cooperation that is possible to muster.

There is more at stake here than our own Nation's well being and security. The future of the whole free world may, in the final analysis, depend on how well we carry out the task.