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REMARKS BY ALAN S. BOYD, SECRETARY OF TRANSPORTATION,
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It is perfectly obvious that without oil there would be little transportation and without transportation oil would have little value. That is a rather simplistic view of the interdependence of the two institutions we represent. But it is close enough to truth to give us good reason to expect a great deal of each other.

The new Department of Transportation is involved in five major issues which demand a close and constructive operating relationship with the petroleum industry. Before going into detail about those issues and the plans and prospects for their resolution, I would like to dwell on the attitude and approach which will guide our decisions and actions.

Over the past 35 years, the Federal government has clearly demonstrated what it can and should do to help advance the well-being of America -- to promote the general welfare. I would be less than frank if I did not add that it has also, at times, demonstrated what it cannot and should not do. I firmly believe we are well past the day when resorting to the rhetoric of the debates on that score is any longer productive. That is not to say that we have heard the last of the 1930's style of political oratory or that the social-Darwinists are forever silent -- that would be expecting too much. But I do know that nowadays when businessmen and government officials sit down to do business, they do so as men with common long-range interests, not as anachronistic stereotypes -- the Thomas Nast caricature of the fat-cat trust on the one hand or of the power-grabbing Federal octopus on the other.

There are still many who urge the Federal government to treat private industry as a Simon Legree who spends his time sticking pins in a consumer doll. But they are an old breed and the Federal government is well aware that corporations do, indeed, have an obligation to their stockholders. At the same time, private industry has come to realize that that obligation is not necessarily in conflict with its obligation to society. Indeed, the social obligation has proved to be excellent economics in the long run.

The Department of Transportation was created at the crest of this new wave of cooperation between business and government. This nation has the only privately owned and operated transportation system in the world and no one is foolish enough to think it should be otherwise. Therefore, the Department's policy is that the mobility of people and goods will be enhanced, not through extended Federal controls, but through extended cooperation with industry; increased planning for the economic expansion that will see our transportation needs double in the next two decades; and new emphasis on man's environment which faces serious potential disruption as a by-product of our efforts to double our transportation capacity.

It is in this context that we feel confident that the transportation problems we face are solvable.

The first of the problems which concern both your organization and the Department of Transportation is oil spillage -- including the prevention of future Torrey Canyon disasters. President Johnson has asked the Secretary of the Interior and me to study the problem of oil spillage and to make positive recommendations to him for a program that would both decrease the chances of such spillage in the future and provide a means for protecting our natural resources when preventive measures break down.

This work is in the final stages. The proposals that will be made will rely on research and technology in the petroleum industry, and cooperation by the industry. The industry's history of close cooperation with the Coast Guard in implementing the Tanker Act and assuring safety with regard to shipboard practices, offshore production and oil pollution generally, is something which augurs well for successfully handling the problem in the future.

The second issue which brings us together is that of the safety and regulation of oil pipelines. Here, again, the record speaks for itself and gives cause for optimism. With the ground rules for the regulation of oil pipelines already worked out, I am confident that the specific regulations will benefit not only the public but the working relationship between the petroleum industry and the government.

This leads me into the third major issue we both are concerned with. That is the Natural Gas Pipeline Safety Act -- which only last Thursday passed the Senate by a 78-0 vote. Productive cooperation between the Senate Commerce Committee, the States, the industry and the Department has resulted in a workable and useful bill. It is my hope that the regulations which will result from this bill can be worked out in the same way as the oil pipeline regulations -- with the industry providing the technical judgments, the Federal government assuring uniformity and assuming proper jurisdiction, and the states and local government exerting proper authority in enforcement and in the achievement of testing and inspection.

Here is a prime example of an issue which the Federal government cannot solve alone. In fact, without the complete cooperation and assumption of responsibility by the industry and state and local governments, the issue will remain unresolved.

The history of the natural gas legislation indicates the great advantages in avoiding government or business by press release and policy by inflexibility. It is my fervent hope that this sort of productive collaboration will continue as the bill makes its way through the legislative process. The government, the industry and the public will all benefit if it does.

The next issue -- and perhaps the most important of all -- that will require our attention and energy is that of pollution of the air by industry and by automobile. When you realize that our 504,000 miles of urban streets now carry 77-million vehicles at the rate of 154 every mile it makes you wonder whether it may, indeed, all end without either a whimper or a bang but with just a wheeze and a cough. And you can hear the two witches from Macbeth presiding over the finale, tears running down their cheeks, as they chant:

"Fair is foul and foul is fair

"Hover through the fog and filthy air. "

As President Johnson pointed out in his air pollution message to the Congress last January, we are losing ground in the battle against pollution. If we cannot control the problem as it exists today, then there is little hope for tomorrow when the problem will be so much worse. As he said then:

"Many sources of air pollution cannot be economically or effectively controlled by our present technology. The sheer number of motor vehicles may, within a decade or two, defy the best pollution control methods we can develop. If this proves true, surely we cannot continue to use the type of internal combustion engine now in service. New types of internal combustion engines -- or, indeed, new propulsion systems -- may be required. Aircraft engine exhausts are also becoming significant pollution problems. Sulphur compounds -- created wherever coal or oil is burned -- threaten the environment of almost every city and town in America."

The primary responsibility for controlling air pollution created by automobiles rests, of course, with the Department of Health, Education and Welfare. Our major concern with the car is to develop ways to make it safer for motorists and pedestrians. But we intend to work closely with H-E-W to make sure that we are making the car safer not only for the people inside of it but for the people outside of it as well.

I don't think the answer lies in a wholesale mad dash to the electric car drawing board with the idea of totally replacing the cars we now have. That does not seem to be feasible or practical. As I said in my testimony before Congress on the electric car, this may be an alternative which should be properly explored. But I don't think it justifies government expenditures for research on a scale so large that there is nothing left for investigating other possibilities.

Some of those other possibilities are, obviously, developing better fuels, improving exhaust systems, and making the engines themselves more efficient in consuming fuel. The Department of Transportation, with the Federal Aviation Administration, the National Highway Safety Bureau and the Coast Guard, has the means to take the lead in achieving these things. I can assure you, our role will be an active and an immediate one -- but it is not a job we plan or could hope to do on our own. We will be seeking and demanding the widest possible role for industry.

For our part, we will be looking at methods of raising money for pollution research, regulations which may affect the usage of vehicles, standards of pollution-oriented improvements to engines and exhaust systems, and feasible alternative methods of moving people and goods in congested areas.

But I do not employ the kind of knights in armor in the Department of Transportation who think the good life lies in gaining glory and losing battles. I suppose that -- as in any organization -- some of my people secretly think of themselves as knights; but they are really professionals who know how to work well with other professionals to achieve needed and reasonable goals. And I think they are the kind of people who will succeed in the fight against pollution, not only because they want to but because we need them to. For failure in this fight will result in our having to write a rasp and a rattle into our National Anthem.

There is one final issue which you, as an industry, and we in the government must face together. That involves the proper impetus to world trade as it affects our prosperity.

At the beginning, I mentioned the changing relationship of government and business over the past decades. That relationship has truly gone from separate positions to close cooperation in the past few years. It is closely tied to -- and is a major factor in -- the incredible prosperity we have enjoyed for the past 80 months.

I do not use the word "incredible" lightly. Our current span of continuous economic expansion is already at record levels. But there is every reason to think that if we act wisely, it will continue. During the past 80 months, our Gross National Product grew by 57 per cent. This reflected the combination of a 13 per cent rise in average prices and a 39 per cent gain in real production. Or, put another way, for every dollar increase in G-N-P due to higher prices, there were \$3 due to greater production.

That growth in G-N-P (corrected for price changes) amounts to \$222 billion. That many billions of dollars is hard to visualize, but consider that the gain, alone, is about one-sixth of the total national product of the rest of the world in 1966. It is roughly four-fifths of the entire national product of the Soviet Union in 1966 and is about the same as the combined national product of the United Kingdom and France for 1966.

If that recitation sounds like, "You never had it so good," you have missed the point. The point is that "No one ever had it so good." Prosperity in the past 80 months has meant the raising of our living standards -- that is real personal consumption -- by 37 per cent; has meant real business fixed investment increasing by 63 per cent; increasing incomes of individuals by 60 per cent of \$178 billion; increasing corporate profits after taxes by 91 per cent; dividends advancing 71 per cent; employment increasing by 8.9 million persons. And on it goes....

However, as a recent article in the New York Times pointed out, "prosperity seems to have been taken so much for granted that it is much like the absence of bubonic plague." I think that it is imperative -- and not in a political sense -- that we know and understand just exactly what we have achieved and how it was done.

One of the major factors in prosperity was world trade and this nation's evolving progressive attitude towards it. The key to that attitude and its resulting benefits has been flexibility. That flexibility was first developed in the world trade agreement (GATT) in 1947 and 1948. That flexibility was legislated in the Trade Expansion Act of 1963 and, under its provisions, flexibility was counted on in the recently completed Kennedy Round of negotiations at Geneva.

In the current debate going on in this connection in the nation today, many positions are included under the label of "protectionist." Some may be accurately labeled, but not all. There are sophisticated shadings of the approach to tariff reduction and restraint. One of those "shadings" involved the petroleum industry. The issue here is not whether to exclude all oil imports, but whether under existing exceptions, a certain level should be negotiated. Quite frankly, I don't think it should.

The reason for my position is the word I have emphasized -- flexibility. The track record on the proper limitation of oil imports has been good. The level that we have averaged has been the level that the Congress is now being asked to lock in with legislation. When there is no demonstrable need to do this on the basis of past performance, I think the resulting loss in flexibility would damage our worldwide approach to free trade as a factor of prosperity.

The passage of such bills now by the Congress is a damaging signal to our world trading partners and would undoubtedly result in an escalation of restraint and restriction that would place an unnecessary obstacle in the way of prosperity. This type of legislation should not be a first resort on the part of American industry. Given the productive working relationship between business and government, there is just plain a better way to go about facing the tariff issue.

This is hardly the time to return to the old ways of trying to resolve issues -- ways that characterized nothing akin to the progress and prosperity we know today, but rather the time to explore new ways, given new situations, new relationships and new hope for continuing prosperity.

Thank you.