

007

U. S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20590

REMARKS BY ALAN S. BOYD, SECRETARY OF TRANSPORTATION,  
PREPARED FOR DELIVERY BEFORE THE BOARD OF DIRECTORS,  
AMERICAN TRUCKING ASSOCIATIONS, THE CONRAD HILTON,  
CHICAGO, ILLINOIS, OCTOBER 19, 1967, 10:00 A. M.

Gentlemen, I am honored by the invitation to speak to your Board for the first time. I am also pleased to be on the same program with Chairman Tucker. I talk with him often back in Washington but this is the first time I have every had the last word.

At the outset, in light of some of the public stands our new Department of Transportation has taken, you may be wondering just what sort of creature we are and what we mean to your important industry. Well, we aren't like the wise owl of the forest. He perched in a tree and dispensed free advice to all the other animals. He advised the squirrels to store food for the winter. He told the beavers to build dams. He told the horses to face the wind and the cows to back into it. But it finally dawned on the animals that the owl was telling them what to do but not how to do it. So they marched on him one day and said how about this. He just blinked and said, "I only make policy."

We hope to do better than the owl. President Johnson certainly did not create the Department of Transportation to mouth pious platitudes. There are more than enough of those in transportation as it is. Nor do the President and I envision DOT as an attempt by Washington to extend its power over functions properly reserved to other levels of government or to private enterprise.

(more)

Before we talk about what policies we may come up with, let me say that I fully realize that you have a good many ideas of what some of your real problems are -- section 22, agricultural co-op hauling, bulk commodity regulation or deregulation, discriminatory property taxes, size and weight limits, small shipments, LTL, the pressures of competition from other modes and from gypsy truckers. I agree that these are problems, even if I do not agree that section 22 and co-op hauling are of much serious consequence to you.

But let me voice an opinion as to what I think your biggest long-range problem is going to be. It is service. Wouldn't greatly improved service actually be the answer to many of these problems? Shippers are practical, dollars-and-cents people who are willing to switch rather than fight. Your competitors know this.

So you must not let yourselves be caught in the fatal trap of complacency or of coming to regard certain markets and commodities as your own and doing everything to hang on to them even if they become uneconomical. You remember what happened a few years ago in the auto transporting business.

We see service, though, as going far beyond technical matters like the speed or the capacity or the versatility of your trucks. Service also encompasses intra- and inter-modal coordination, through routes and joint rates, containerization. Things like that which far transcend outmoded past -- and some current -- thinking.

These represent some of the prime areas in which the Department will offer aid and comfort to transportation -- but to transportation as a system.

We intend to use government economists and transportation specialists, the best minds we can tempt away from the universities and the men within the industry who have shown imagination and who will permit themselves to be drafted for what we think is a good cause.

We do plan to make policy recommendations to the President and the Congress, but not until we are sure of our facts. Our first order of business will be to examine transportation in the United States in more detail than it has ever been studied before.

Only then will we begin to talk of policies that we think will lead to a balanced system of transportation that will bring to you and your employees a fair return and will bring to all Americans faster, more efficient and safer transportation.

(more)

As an example of the current direction of our thinking on this whole picture of service, we doubt that it makes good sense to build more highways to funnel more trucks and buses and cars into the cities without a better idea of where the trucks and buses will load and unload and where the cars are going to park.

We are taking a new look at the entire highway program. We share a rising concern about the social and environmental impact of highways as we are now using them. We believe that we can make adjustments to our present highway system and make improvements in the design of future highways that will not only help your drivers and their rigs, but will enhance the natural and man-made resources of the nation. We hope to prove our case through such experimental programs as one that is now underway in Baltimore.

In Baltimore, 23 miles of Interstate Highway will be designed not by highway engineers alone but by a team of highway engineers, architects, urban planners and others who specialize in life in the city. We are contributing 4.8 million dollars to this program because we think it may well set a pattern for designing urban highways across the nation. Baltimore's goal is a highway that does more than just carry traffic. It wants a highway that becomes a part of the city itself. And we support that concept.

As a matter of policy and public responsibility, we sometimes appear before the ICC and the other Federal regulatory commissions in the role of public defender, as it were. I stress "sometimes" because we confine our interventions to rate and route cases and maybe merger proceedings -- in which we think there are overriding broad policy implications.

You will recall an ICC proceeding this summer that resulted in rate increases for your companies. I sent a letter to Chairman Tucker asking him and the other commissioners to take a hard look at the railroads' and your proposals in light of potential side effects on the national economy. We did not oppose your increases. What we did was ask that the ICC give, and I quote from my letter, "full and due consideration to the possible inflationary impact of the various rate proposals." We said that the truck and rail increases might "add significantly to the nation's annual transportation bill and will be ultimately reflected in the cost of thousands of consumer items, food, housing and the support of our vital effort in Viet Nam." In a similar statement, Secretary of Agriculture Freeman warned the Commission that freight rate increases on farm products "would increase significantly the marketing bill of these commodities, thereby decreasing farm prices or increasing consumer prices." I do not think anyone will deny that higher freight rates, along with other costs of operation, must be passed on down the line to someone. (You

should hear Mrs. Boyd on this subject.) That was the extent of our interest in the case -- the desire to maintain reasonable national price stability and that will continue to be one of our goals.

We are now locked in debate in Washington on another aspect of this effort to keep prices down and to fight off inflation.

President Johnson has asked Congress to place a surcharge on the income and corporate taxes. Most of what you read or hear of this request is cast in terms of a political struggle between the President and the Congress. There is far more at stake.

Without a tax increase, you and your companies may well face increased production costs and excessive wage demands that would lead to a hard squeeze on profits.

You might well face an excess profits tax that would, in the long run, do more harm to the growth of the nation's economy than a general surcharge.

Inflation would mean rising prices for the goods and services both bought and rendered by the cities and states in which you operate. Those, too, are passed on to the consumer.

Specifically, inflation would hit hardest at those programs supported by taxes that do not produce higher revenues under inflation -- and the Highway Trust Fund is a prime example.

The gasoline tax depends on the number of gallons sold, not on the price paid. Thus, in an inflationary spiral, highway building programs would have to be cut back to the extent that Trust Fund revenues failed to keep pace with rising costs.

I do not come here to tell you what will happen. I come only to tell you what could happen and to ask you to look beyond the headlines from Washington to the real crisis and to look over the evidence yourself. I am sure that you -- along with other Americans -- will find that your own best interests are served by a temporary surcharge, not by a drift into inflation.

On that same subject, we asked for higher truck user fees with reluctance. In the face of increasing costs of materials and labor and of unforeseen <sup>delays</sup> ~~delays~~ in our construction timetable, we must have more money if we want to get

(more)

the Interstate System finished. This is irrefutable. We feel that the fairest way to raise the money is to ask the users -- the beneficiaries of these superhighways -- to put a little more into the Highway Trust Fund to help pay for them.

The changes the Administration is asking the Congress to enact would lay a foundation of equity on which further necessary revenue measures might be built. And they would ease to some degree the sharp disparity between costs and revenues which, unfortunately, will become even more apparent in the next few years. Raising the diesel fuel tax 2 cents a gallon is one way. The other is to change the straight annual truck user fee to a graduated tax based on the weight of heavy combination trucks.

We in the Department are acutely aware that your industry's operating ratio is running at 95 to 96 and that your profits are at only about 3 percent. As I said, I do not enjoy taxes any more than you do. But we have tried to do all we could to make these two proposals as small, as equitable and as painless for you as possible (and do not overlook the fact that we are asking for new and higher airline and barge taxes, too).

I well know that you have never quarreled with the principle of user charges in line with benefits received, and I commend you for it. I hope you can recognize the dilemma both of us face now. Gentlemen, do you realize that it costs almost three-quarters of a million dollars to build just one single mile of interstate highway out in the open country? And through urban areas the cost is 3 1/2 million dollars -- per mile. Now we know that two-fifths of that comes from truck user charges. But it is just not enough. So I hope you will consider the many economic gains your industry realizes from these super roads and thus not erect a roadblock to keep them from getting built. The choice is a simple one: Either we collect more money and build or we do not build. Which really is no choice at all.

The United States has the finest system of public education in the world, but would that have been so if our main consideration had been how cheaply it could have been done? We have the mightiest defense system in the world, but would this have been so if we had put costs foremost? We and you want the finest highway network in the world, as soon as possible. And while costs must certainly be kept as low as possible, the parallel is obvious.

(more)

It should be obvious from my discussion, gentlemen, that the Department of Transportation -- your Department of Transportation -- does not mean to sit idly by the side of the road and watch the trucks wheel by.

Let me emphasize and make as my main point today that we in DOT are going to restudy all past transportation premises and stale official definitions. We will challenge everything about the system. We will do a lot of re-thinking about transportation. Now, this does not mean we will necessarily follow up by changing everything or even a lot of things. Many parts of the system may be all right as they are, but we insist on being convinced that there is no better way.

Our most important role in the next few years in this respect will be on two basic levels. We will be collecting, collating and appraising the information that will be required to effect the kind of transportation system we will want 25 or 50 or 100 years from now. We will be testing ways to improve what we already have. Most important, however, we will be trying to find out what kind of transportation system the people want. It will be pretty much out of our hands at that stage, because then the public will have to determine how much they are willing to pay to achieve their goals.

We are also in another "business" -- research. Here we believe we can be of immense assistance to you truckers, since research is actually uneconomical for the typical trucking company. For one of you a research budget of say \$100,000 a year would be a major expenditure, but in reality \$100,000 does not go far in research these days. We intend to fill this void. DOT has been in existence only 202 days, but consider if you would this partial list of contracts in highway and vehicle research that we have already awarded: One to investigate safety standards for fuel tanks and fuel systems, another looking toward uniform safety standards for tank trucks and other trucks carrying dangerous cargoes, another to test steering systems, and still another to examine motor carrier service on new highways. The research and development people in our Federal Highway Administration tell me they expect to begin full-scale field trials within 18 months on a system to permit drivers to pass other vehicles safely on hills or curves.

There is still more that will affect you.

(more)

We have a program through which we expect to reduce rail-highway grade crossing accidents, which now tragically total 14,000 and claim 1,800 lives every year. We are working with Chairman Tucker's ICC to reduce a serious "data gap" in freight traffic information. To attack congestion, we are promoting the idea of setting aside one lane on freeways for exclusive use of buses. Even our high-speed railroad demonstration project should help you by taking some motorists off the highways. And, of course, there are the various highway and driver safety standards that we have drafted (with the fine help, I might add, of your Truck-Driver-of-the-Year). Additionally in our all-important safety crusade, we have appointed a National Highway Safety Advisory Committee consisting of 29 private citizens. We have the Safety Spot Improvement Program to seek out and then correct high-accident highway locations. And our energetic National Transportation Safety Board is studiously examining all aspects of transportation to make them more safe.

Much more than old-fashioned pump priming, these activities of ours would be all but impossible for your individual lines or even your ATA to go it alone. These activities represent the best in what the President likes to call creative federalism.

I believe from this recital that you will agree with our dedicated and highly qualified, but undermanned, DOT staff when they borrow the television commercial that goes, "We must be doing something right." And I hope that the Secretary of Transportation in the year 2067 can paraphrase for you at your 134th Annual convention the boast I see on the tailgates of so many of your trucks: "If you've got it, the DOT brought it."

But we cannot do it alone. You gentlemen in this hall are not only key trucking executives, you are leaders and shapers of opinion in your communities, in your states and in the entire field of transportation. Back at the DOT we need your energetic and effective assistance to succeed in this new venture. We learn from you. I remember well past contributions by you and your fine ATA staff, so I am confident we can count on you.

Thank you very much.

# # #