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TUESDAY, OCTOBER 31, 1967, AT 2:00 P.M.

I am pleased to be here today with the people who have helped engineer the resurgence of the South. I only wish I could live up to the advance billing your chairman has given me. With a single exception, I bring no information that could properly be called an innovation in transportation.

The exception is a device about which we still know very little. We know it is capable of vertical takeoff and perhaps supersonic speed; that it has been tested in peak-hour conditions without known accident; and that it is adaptable to single-passenger or commuter use.

Unfortunately, the broomstick will fly only one night a year, which limits it for general use. And the fact that tonight is the night provides little comfort for us between now and next halloween.

Even without word of radical new technology, I hope you will accept us as new partners in your work as builders of the fastest growing regional economy in the nation.

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You have not waited for new transportation breakthroughs to do heroic things with the economy of the South. You have built new industry, expanded your universities and turned what 20 years ago was primarily a rural economy into an urban economy that is increasingly a part of industrial America. To the staples of tobacco and textiles, your efforts have added aircraft, automobiles, petrochemicals and aerospace hardware to the products of the South.

Much of the success of the South has been based on better highways, more competitive railroad rates, new and bigger airports -- in short, on breaking the barriers to growth which inadequate transportation creates.

This has been possible because of large investments of Federal money and even larger investments of your own taxes in better transportation.

The investment has led to growth. But there is no guarantee that it will continue to do so. Progress is not the automatic result of large public expenditures on transportation.

Without careful analysis of all relevant factors, without thorough planning and coordination, transportation investments are at best speculative.

One of the prime purposes of the Department of Transportation, besides disbursement of money, is to help the public and private investors in transportation decide where to put their chips.

In the long run, this has to be a matter of both fundamental research and experimentation in the applied areas. In the short run, it has to be a matter of finding better ways to use the transportation tools already at hand.

The jumbo jet is a prime example. These new planes will have three times the capacity of the jets now in general service. But they will still be airplanes, requiring runways to land and take off and traffic control systems for safe flight.

The Federal Aviation Administration has recently completed a survey showing how these big jets -- along with other factors of growth in aviation -- will affect the airport requirements in 21 of the large air hubs of the nation.

It should make you smile to know that six of the twenty-one large hubs surveyed are in cities represented by your council. The smile may fade, however, as you begin adding up the cost of expanding facilities to make way for the growth in the next eight years.

Miami, for example, handled just under 3,000,000 passengers in 1965. By 1975, it must be prepared to handle 9,400,000. Twenty per cent of its traffic will be jumbo jets. Its cargo will increase by five times during those years.

The story is much the same for the hubs at Houston, New Orleans, Dallas-Fort Worth, Atlanta, and Washington, D. C. Passenger traffic is generally expected to triple and cargo will increase by as much as six-fold.

I have said before that, while we often call the sky the limit, the real limit is the ground. This report demonstrates that clearly.

And it raises a number of questions about the future. Can we deal with these increases merely by building more ticket counters, widening the aprons, adding parking spaces for automobiles and paving new roads to the airports?

Or must we start all over again, take a new look at the present system for handling aviation on the ground and think in terms other than mere expansion of present facilities?

There are strong indications that the answer is that we cannot count on mere doubling and tripling of old facilities.

One is a survey conducted by one of the major airlines of its runs between Boston and New York. It found that in 1965, using prop-jets, the trip took 61 minutes from the time the cabin door closed until it opened again. In 1967, the airline was using newer and faster pure-jets. And the average time is now 76 minutes. The study also found that, while the more efficient pure-jet cut costs at cruising speeds, the costs of handling planes and passengers on the ground had nearly doubled.

Last month, President Johnson asked the Department of Transportation to develop a long-range, comprehensive plan for facilities that will meet the future needs of aviation.

We are now at work on that plan. I cannot tell you how it will look when it is finished. I can tell you how it looks at the beginning. It is a step-by-step challenge of everything we now do in making reservations, ticketing passengers, and getting them and their baggage onto an airplane.

The formal name for this sort of study is systems analysis, but it is a process familiar to every child and to every parent who has been asked by a child: "What are you doing?" And who, after telling the child, has been asked: "Why?"

We will apply the same process to all transportation in the course of carrying out President Johnson's mandate to give the United States safer, more efficient and better coordinated means of traveling and shipping goods.

This will be particularly true in urban areas, where transportation has a profound effect upon the kind of city people will live in. Transportation can hinder city development as well as help it, and it is important that people be presented with reasonable transportation alternatives as they move about their city.

The benefits of modern mass transit, whether it be rail or bus, frequently cannot be discovered on profit and loss statements. But while many such systems have not distinguished themselves at the fare box, they nevertheless have a salutary effect on the total city and its inhabitants.

Traffic congestion and air pollution will be abated and parking problems will be eased. And even though Americans will continue to rely primarily on their own automobile for urban transportation, they will have a choice they have not previously enjoyed.

There is another transportation dilemma that hangs over most of the Southeast. It has to do with the future of smaller cities. It has to do with industry location. It has to do with capital expenditures and modernization and enlargement of transport facilities.

I foresee a great accession of knowledge and sophistication is going to be demanded of us. In order to meet that emerging challenge successfully, we're going to have to get in training as transportation philosophers.

Not long ago, a firm in England attracted considerable attention in the business world by running an advertisement saying it wanted to hire "a one-armed economist." The company was trying to find an expert who, whenever he was asked for an opinion, would be unable to say, "On the one hand . . .but on the other hand . . ."

In the same spirit, I wish it were possible to make some simple, unqualified statement about the effects of transportation investment on metropolitan and regional development. We have learned, however, that this is not a simple process in a free and abundant society such as our own.

Transportation is a force in our lives that often pulls and pushes, simultaneously. In geographical terms, it can be pulling people together at the same time it is pushing them farther apart. It can be dispersing industrial activity at the same time it is concentrating that activity. This is happening at the present moment in every large city in America.

I suppose there are times when those opposite tendencies are evenly balanced and cancel each other out. But usually there is a net effect that can be observed over a period of months and years. Usually, you can see a trend in one direction or another, expressed as a transportation advantage.

Sometimes that trend will be a microscopic one, or beyond human powers of detection. But even when the net effect is obvious, there are always contrary motions below the surface, cross-currents and undertows that careful planners and investors should take into account.

On the one hand, our highway technology has burst open the central city. It has not only siphoned off growth and capital to the contiguous suburbs, it has carried away large segments of the core population and industry, and set them down in the far-out countryside. We have watched trucks and automobiles eliminate many of the exclusive advantages of giant cities, and turn the smaller, more isolated communities of the region into industrial and residential competitors. We have wondered whether or not the mighty municipalities have been made obsolete by pneumatic-tire transportation.

On the other hand, some of the recent and impending advances in rail, maritime and air transport technology seem likely to favor - - if not the giant city itself - - then the major metropolitan area. I am thinking now of unitized trains, containerships and jumbo jets which offer economies of scale beyond the reach of all but perhaps the thirty or forty largest American cities.

Ships and trains and planes need greater volumes to hold down their costs. Under this pressure, they are all expanding their capacities.

Ocean carriers are getting larger all the time. The volume and draft requirements of the largest ships now on the drawing boards will almost certainly bring about a greater concentration of traffic in fewer ports having the massive facilities needed.

What are we going to do about Elizabeth City and Wilmington, Charleston and Savannah, Brunswick and Jacksonville, Panama City and Mobile Bay?

Railroads are discontinuing service to more and more of the smaller communities. Lines are abandoning, merging, consolidating. Trains, meanwhile, are getting longer and larger. As a result, only the major users of bulk commodities and mass shipments will derive the full cost-benefits.

What, if anything, should we do for small towns and industries who are unable to gain the rate advantages that accompany an ability to purchase, let us say, a unitized trainload of coal?

Should we be concerned about the fact that the advantages of piggyback are confined to those relatively few places where the volume of traffic is large enough to justify the high terminal costs?

Planes, also, are getting bigger all the time. The continuing development of larger aircraft almost inevitably favors the large-city airports. And the SST, when it comes, may possibly yield its greatest benefits to the major metropolitan centers on both coasts.

If so, what does the future hold for the large inland airports at Memphis and Atlanta?

In truth, even the highway mode is showing a tendency to reach for economies of scale. In trucking, the emergence of double- and triple- bottoming can be viewed as another development in favor of major urban centers. And, though the Federal Interstate Highway system has improved access to many small communities along the way, the system as a whole benefits the larger cities.

The argument for concentration is a strong one. For where there is a greater volume of movement, whether of freight or of people, there is more frequent service. There is also a greater variety of service in terms of carriers and routes. Under these circumstances, other businesses are attracted to the transportation center. And the presence of a large number of diversified activities, in a compact urban area, automatically gives rise to many other kinds of advantages, including availability of skilled labor and specialized financial and legal services. And a new cycle of attractions and benefits may be set in motion.

It is not my purpose to explore every stage in this elaborate tug-and-pull process. You have to assume that a spatial reorganization is continually underway, not only within the metropolitan complex but over the entire Southeast region.

The challenge to you - - your obligation as industrial developers - - is to understand this process, make money from this process, and help us guide this process in the public interest.

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