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REMARKS BY ALAN S. BOYD, UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION, PREPARED FOR DELIVERY AT THE NATIONAL TRANSPORTATION INSTITUTE OF THE TRANSPORTATION ASSOCIATION OF AMERICA AT NOON, WEDNESDAY, JANUARY 12, 1966, AT THE WALDORF-ASTORIA HOTEL, NEW YORK, N.Y.

If there is one thing we know about transportation these days, it is that we don't know enough.

This lesson was brought home rather vividly the other day during a discussion of the High Speed Ground Transportation Research and Development assignment which has been delegated to the Office of the Under Secretary of Commerce for Transportation.

As you know, one of the first steps we are taking in this field involves demonstration projects on the Pennsylvania and New Haven railroads to determine how the public will respond to faster, improved and more frequent rail passenger service.

These demonstrations are, in reality, market tests.

So what we are planning to launch late this year is a market test of a product or service which actually is about 125 years old.

This doesn't mean that it has taken us more than a century to get around to assessing the railroad passenger transportation problem.

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But it does serve to point up the need for constant study, constant re-assessment, constant improvement of our transportation facilities.

It also provides an answer to the status quo fraternity, who, perhaps because of the season of the year, seem to have adopted this stance:

"We have the greatest transportation system in the history of the world, so why tamper with it?"

Our transportation system, admittedly, is great, especially when you compare it to countries like Russia and Red China.

But the real test as far as we are concerned is whether that system is good enough to meet the demands of today and tomorrow in such a way that will enable us to maintain and improve our high standard of living and our leadership in world commerce.

In appraising our transportation facilities, we must ask ourselves, for example:

Do our shippers have the opportunity to move their goods in the most efficient manner possible? Do they have a choice in the matter? Or should they be satisfied with whatever facilities or modes happen to be available to get their products from door to store?

Can people move more freely? Or are they facing more time-consuming and expensive delays in changing from mode to mode to get where they are going?

Can we continue pouring more and more automobiles into the streets of our already harassed cities?

Is it necessary to kill 50,000 people or more each year on our highways?

Will today's air control facilities be adequate and safe if we continue to put more and more airliners in the skies?

And what about the railroads? Will they be in a position to handle their share of the future passenger demand -- and freight?

These are admittedly rather fundamental questions. But they are questions for which we must find answers if our transportation industry is to measure up to the demands of the future.

As President Johnson has cautioned us, the Nation's population -- and all the service needed to keep it healthy and growing -- will double by the end of this century.

Transportation growth undoubtedly will far exceed that pace. If it merely stays in stride with our economic growth, the transportation haul figures to double in the 20 year period ending in 1980. That leaves 20 more years in this century. Does that mean transportation will have to double again?

Economic forecasts indicate the freight haul alone will total 3 trillion ton miles a year by 1980. That's about double today's tonnage.

I'm sure this audience appreciates what this magnitude of growth and expansion and development means in terms of investment and planning by the private transportation industry -- and in terms of policy decisions on the part of Government.

Our railroads today move some 45 per cent of our overland freight. A chart recently circulated by the Association of American Railroads shows 1965 was a pretty good year for the rails. Net income was up 12 per cent and spending for improvements was up 15 per cent.

This sounds pretty impressive, but I'm told this capital spending won't do much more than enable the rails to keep pace or hold their own, especially when you take into account the abandonments, the diminishing trackage and the growing demands.

Our railroads today have a book value of approximately $30 billion -- a replacement value estimated at $70 billion.

To handle the freight of the 1980s and beyond will require a quickening of that investment pace. This not only applies to railraods. It applies, generally speaking, to all modes.

Historically, however, our transportation industry has been inclined to roll with the short term market. There is no tradition of far-sighted or long-range planning. This is understandable. The strides our economy has been making in recent years make it a full-time job and then some just to keep on top of current things.

The Government does have a responsibility here, however. It is its responsibility to develop an overall transportation policy which will assist private industry in this kind of planning, which will provide the knowledge and data required for such decision making, which will lend a hand in the costly research and development of the new technologies that will be needed to keep our Nation mobile and free.

President Johnson already has laid the cornerstone of this policy. He insists that more reliance be placed on competition than on detailed rules and regulations.

It is our goal to develop the kind of transportation policy which will:

-- Place maximum reliance on unsubsidized privately-owned transportation facilities, operating under the incentives of private profit and subject to give and take of free markets everywhere;

-- Substitute broad guidelines for detailed rules and regulations, thus giving management more freedom and flexibility to meet the demands of tomorrow;

-- Require users of transportation services, both private and public, to bear the full cost of those services to the extent possible;

-- Operate our transportation systems as efficiently as possible but with a minimum of interference with other social or economic activity or resources;

-- Maintain a system adequate to our national security demands in normal times and in times of emergency.

To accomplish these aims will demand new effort and new peaks in the promotion of policies and programs to help remove the technological and regulatory barriers to the free flow of passengers and goods at the lowest possible cost.

We will need new ideas, new techniques, new policies, and a framework which will enable us to take full advantage of the wonders of this age of nuclear energy and space travel and computerization of man's problems.

This calls for research and development efforts on an unprecedented scale. For we simply must know more about where the economy is going and when and what effect its growth and expansion will have, how this will affect the various modes of transportation.

The Federal Government already is heavily involved in this field, and much of this research is centered in the Office of the Under Secretary for Transportation.

I have already mentioned the High Speed Ground Transportation Research and Development effort which is looking into all forms of transport with an eye to how it will measure up to the demands of 1980.

This will include a national statistical gathering effort which will make available to planners and decision makers at all levels the kind of data required for prudent management and investment.

Besides exploring ways of updating current technology, it will be looking into the fields of possible new systems that may be required before this century runs out. You may have read of some of these ideas in the Sunday supplements -- viehicles which travel on guided pathways, tunnels or troughs, on bearings of air at speeds competitive with today's airliners.

We also are working with leading universities and private authorities in all corners of the nation on such problems as:

-- Trying to establish the feasibility of putting all freight rates -- which now number in the trillions -- onto computers.

-- To develop the kind of administrative systems required for cost accounting for control and decision making for the various modes. This will include procedures and techniques for the collection, classification and analysis of expenses and revenues.

-- Development of a general-purpose transportation simulator that will permit application of a systems analysis approach to a wide variety of transportation problems. This may concern different modes, different traffic and environment situations in any combination.

-- To determine the cost of shipping selected commodities in ocean-going trade and to seek an understanding of the factors influencing the level of those costs;

-- To investigate the possibilities for transportation companies to expand the offering of coordinated or multi-modal services and thus improve the system through reduced cost or improved service.

This latter study is investigating the extent to which expanded coordination can provide benefits to the national economy and at the same time create profit opportunities for carriers and suppliers as well as savings in shipping costs. It also is reviewing the effects of regulatory legislation on coordination.

Coordination is a word we bandy aroud rather loosely in the transportation world. But just what are we talking about when we use it? Is it something we really need? Are we making any use of it today?

Man has been coordinating his transport since the early cave dweller felled an animal with a rock or a club, hoisted the quarry onto his shoulder and put it on some sort of sled or raft to haul or float it home for food and fabric.

In more modern times, the movers of bulk cargo -- ore, grain and petroleum -- have shown us how to put together several modes of transportation for the most economical haul. This demonstration has been going on for more than half a century.

The concept of piggybacking was established back in the early days of railroading when Conestoga wagons became the first "trailers on flat cars."

It has taken us more than 100 years, however, to make this piggybacking service available on a coast-to-coast basis -- one railroad and one trucking company having arranged -- or "coordinated" -- this breakthrough only a couple of months ago.

We are on the verge of another "coordination" breakthrough in the ocean-borne movement of containers. Within a month or so, the United States and Great Britain will launch a pilot project on the movement of containers from inland city to inland city between our two Nations.

Some containers have been moving on a port-to-port or factory-to-factory basis, but the traffic to and from interior cities has been practically nil. This pilot project is designed to expose and provide solutions to the problems inherent in such undertakings -- to show our shippers and our carriers the possibilities for progress and profit.

After that, the decisions will be largely up to them.

That's the primary role of government in this whole picture -- to show the way, to provide the data, to establish the guidelines, to help with the development of costly new techniques, to be a sort of "coordinating" partner, always willing to help but never to dictate or dominate.

This attitude, or philosophy, is one of the things that has brought our Nation to the position of world leadership which it enjoys, and is shouldering, today.

Historically, the United States 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 -- along with the freedom for man or company or corporation to put that money and those ideas to work in response to the demands and the pressures of a free economy.

To do this requires constant adjustment and readjustment, assessment and re-assessment, organization and reorganization; never-ending dissatisfaction with results no matter how good they may look on the surface.

Complacency and self-satisfaction are poor investments for our Nation's future. We prefer the pursuit of knowledge and developments as required by facts.

It is not a comfortable, smug and easy path, but I'm sure most of us would not want it any other way.

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