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STATEMENT OF JOHN A. VOLPE, SECRETARY OF TRANSPORTATION, BEFORE THE SENATE COMMERCE COMMITTEE REGARDING S. 2425, THE PROPOSED "NATIONAL TRANSPORTATION ACT OF 1969", WEDNESDAY, APRIL 15, 1970.

Mr. Chairman and members of the Committee:

I appreciate this opportunity to discuss S. 2425, a bill which would authorize long-range, comprehensive regional planning. The bill addresses a very important issue -- the need for effective transportation planning. It would authorize the Secretary of Transportation to designate "major transportation regions" and encourage the States within those regions to establish multistate regional commissions. The commissions' functions would be to develop plans and projects for balanced and coordinated regional transportation development; review Federal, State, and local transportation plans for their effectiveness and compatibility in the region; foster interregional and interstate cooperation in carrying out transportation programs; and provide for and encourage financial participation by State and local governments and private industry. Up to 90% of the administrative expenses of the commissions and up to 90% of the cost of any regional plans, programs or projects would be funded by the Federal Government.

I believe we can all agree with the findings set forth in S. 2425 to the effect that present transportation facilities and transportation planning and development are inadequate to meet current and future needs and that systematic and coordinated planning and development of balanced transportation facilities is essential. It is for this reason that the Administration has proposed, and the Congress is well on the way to enacting, two landmark

pieces of legislation designed to provide the transportation capacity this Nation needs. I refer, of course, to the airport/airway bill and the urban mass transportation bill. Together, they represent a commitment to a Federal transportation investment of 20 billion dollars during the next decade, all of which would be in addition to our multi-billion dollar Federal highway program.

The magnitude of the proposed Federal investment in facilities underscores the urgency of our other need -- the need to plan for a balanced transportation system. Before discussing any possible new directions in planning, I would like to review the nature of the present transportation planning system.

Two factors ought to be identified at the outset which pose very real, albeit very necessary, constraints on national or regional transportation planning. The first is the fact that much of our transportation system is privately-owned and, therefore, privately planned. The second is that the privately-owned system is publicly regulated by three major Federal economic regulatory agencies and scores of such agencies at the State and local level. The decisions of these agencies very significantly affect transportation, but are seldom made within a planning framework.

Much of our transportation planning is done at the State and local, or metropolitan area, level. Each State, of course, is involved in the development of State highway plans and some in the development of State airport plans. Transportation planning at the metropolitan area or local level is generally undertaken within the context of comprehensive area or community planning. Various Federal agencies participate in this process

through functional grant-in-aid programs. The transportation grant programs generally require, as a condition to Federal assistance, that capital projects be developed in the context of a transportation system plan for the area or locality and that they be consistent with the plans for the comprehensive development of the locality or area.

Governmental planning at every level is largely facility planning and the impetus for the development and execution of these plans is the Federal capital grant. One of the principal reasons for the creation of the Department of Transportation was a clearly recognized need to coordinate the several Federal transportation grant-in-aid programs. In creating the Department, however, the Congress did not go so far as to consolidate these programs. The grant programs were continued on a modal basis and, necessarily, so was the planning. Our task, therefore, is to obtain coordination of planning within a modal framework. I do not wish to discuss at this time the issue as to whether this is the proper framework, but I would make the observation that the development and implementation of intermodal plans can never be wholly successful without much more flexibility in the allocation of investment funds among the various modes of transportation.

My experience as Secretary of Transportation would certainly confirm the initial premise of the Department of Transportation -- the basic problem in transportation planning is finding ways to successfully integrate modal plans and programs at both Federal and local levels. I am convinced that our inter-city transportation system does not usually involve geographic

characteristics that would make a regional planning approach such as that proposed by S. 2425 particularly attractive.

There are also some serious problems involved in defining transportation regions. First, the definition of workable boundaries for a transportation region is very difficult. Regions for river basin planning are easy because watersheds are well known. Regions for economic development can be set up to cover areas of below average income, or above average unemployment, or the location of certain natural resources. None of these considerations, however, is necessarily relevant to designing transportation regions. Worse yet, appropriate transportation regions can be drawn differently for freight problems than for passenger problems, for air versus surface transport, land versus waterway, and a host of other possible combinations.

Second, there is no commonly accepted "theory of regionalism". For example, should we prefer a national development policy which encourages regional specialization on the basis of their respective comparative economic advantages, or a policy which encourages each region independently to seek "balanced growth" within its own boundaries? The latter policy could lead to investment by some regions in economic activities that can be done much more efficiently by others. This could be very costly to the Nation as a whole. Regional units are not necessarily going to see what their best contributions are, and this is true for transportation facilities planning no less than for other industries. In short, it has not been established that institutionalized regional transportation planning is

conceptually superior to the more traditional approaches of the Federal, State, and local governments.

Third, even if the proposed regional transportation planning commissions did know what should be done, they could not easily carry out their designs. Many key matters are well beyond their control. Economic regulation of transportation, tax policies and trust fund decisions are just three significant examples. And, of course, under S. 2425 the planning commissions would not have operational authorities of any kind. Under these circumstances, commission activities might degenerate to an interregional competition for available Federal funds, without a corresponding contribution to effective transportation planning.

Fourth, with respect to public planning agencies of all kinds, there is wide disagreement on the issue as to whether they should be multi-purpose or single-purpose in nature. Is transportation too narrow a subject to be singled out and given special treatment at the regional level? Or is it better to treat it in the context of comprehensive regional planning, which includes a broad range of economic, environmental and human resource development matters? I do not think we are in a position to make conclusive judgments.

And this leads to my fifth point. Given all these uncertainties, we should be very reluctant to carve up the country into yet another set of regional boundaries and to establish another series of permanent bureaucracies. There are already numerous regional planning agencies and commissions. Where regional development organizations are already in

existence, the establishment of regional transportation commissions might confuse and actually complicate the problems of regional planning. Probably new organizations should not be set up without the elimination or consolidation of some of those that exist. It is difficult to say at this point which comprehensive, functional and regional planning organizations should remain.

While I am very skeptical about the effectiveness of a regional approach to transportation planning, I understand and fully share the concern which prompts the proposal. Therefore, I would like to suggest some of the alternatives we are now pursuing to achieve the purposes of S. 2425.

First, I have initiated plans to organize the field representation of the Department in accordance with the ten administrative regions established by the President across the country. Our first regional representative is now in place. I think this organizational streamlining, which will greatly facilitate cooperation and coordination with our colleagues in HUD, HEW, Labor and OEO, is a major step forward in rationalizing the Federal presence in the field.

Second, I have authorized the preparation, for the first time, of a national assessment of transportation investment requirements on a completely intermodal basis. We expect to seek the assistance of the States in attempting this complex and ambitious job. Solicitation of transportation requirements jointly, covering all the modes, represents a promising step in the movement toward improved transportation planning.

Third, we have begun steps to improve the state of knowledge about the economics of regionalism. To this end, the Department is in the final planning stages of a conference to focus some of the Nation's best informed specialists in the fields of transportation economics, regional planning, trade and location theory, and economic development on the issues we are discussing here today. The product of their efforts should provide much-needed information about the potential of regional transportation planning.

Finally, we are trying in several ways to come to grips with some of the hard core problems of intermodal transportation planning. Let me cite three examples of the types of problems I have in mind: (1) the intricate linkage relationships in heavily populated areas between an airport or airports, rail passenger lines and highways; (2) the proper spacing of small or medium-sized airports throughout a region and their connections with surface transportation; and (3) the notion of a national net of major regional freight terminals, linked by unit-container trains in conjunction with fast trucking service, air freight service, and so on.

We want to test out some of these concepts, as relatively untried as they may be. Given the uncertain state of our skill in planning complex, intermodal transportation projects, we would select one or two projects on a test basis. New organizations might be established or existing ones recognized, on an ad hoc basis, as conditions warrant. I believe that we can attempt this within existing authorities, perhaps with a minimal amount of re-programming of funds. If future prospects are promising, or if it is clear that more direct action is needed, I shall not hesitate to request

greater authority and funding. I believe this approach will remove the risk involved in establishing a network of permanent transportation planning institutions prior to knowing with any degree of confidence that they hold out the promise of success.

One further point. We also ought to give attention to strengthening intermodal transportation planning at the State government level. Many of the functions to be served by regional transportation planning commissions could be accomplished at the State level, if improved intermodal planning were instituted there. For this reason, the Department favors the establishment by the States of departments of transportation.

In summary, Mr. Chairman, we fully support the objectives of S. 2425 but do not believe the evidence available today clearly supports the establishment of an institutionalized regional transportation planning system as the best method for achieving those objectives.

This concludes my prepared statement. I shall be pleased to answer any questions the Committee may have.