



DEPARTMENT OF TRANSPORTATION

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EXCERPTS OF REMARKS BY SECRETARY OF TRANSPORTATION JOHN A. VOLPE TO THE INTERNATIONAL TRADE CLUB OF CHICAGO, GRAND BALLROOM, CONRAD HILTON HOTEL, CHICAGO, ILLINOIS, THURSDAY, SEPTEMBER 17, 1970, 7:00 P.M. C.D.T.

It is indeed a pleasure to be with you this evening. This is a most distinguished gathering, and I am honored to be your speaker at this first meeting of the season. I am well aware of the outstanding work done by the International Trade Club of Chicago -- as you inspire a better understanding of the significance of the world trade to our national economy, and as you work to increase shipment of U.S. goods to foreign markets.

The future of this country depends critically upon what happens in transportation in the Seventies. Not only in international trade -- where transportation is an intrinsic part of the equation -- but in domestic prosperity as well.

Listen to these figures: If our forecasts are accurate, truck tonnage will increase fifty percent in the next decade. The railroads, despite their problems, are carrying an additional 15-million ton-miles every day. St. Lawrence Seaway tonnage this year so far is almost 45-percent over the same (but strike-ridden) period in 1969, and some 10-percent over the excellent year of 1968. And air freight -- while still a small portion of the total tonnage -- is increasing steadily at about 10-percent each year.

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Now there are a lot of things you can say while waving statistics around. But by simple extrapolation it's pretty obvious that the challenges to be placed on this nation's transportation network in the coming years are absolutely phenomenal. In fact, our researchers came to me and said that we'll have to double our transportation capacity in the next two decades.

Faced with this great demand for transportation of people and goods, our first commitment must be that we are not going to simply build twice as many highways, twice as many cars and trucks, twice as many airports and airplanes, or twice as many boxcars. (Although that last idea is not such a bad one, shippers tell me!)

Rather we shall have to double our transportation capacity by doubling (or tripling) our ingenuity, our creativity, our imaginations. We shall have to make far better use of facilities already in place. We shall have to design and implement transportation systems that give us a bigger "bang for our buck" -- transportation systems that are balanced, intermodal, and take advantage of the great technical capability we have developed over the years.

And yes, we must double our transportation capacity at a time when transportation has become a major social and environmental issue.

It is against this backdrop of intense activity that the future of trade in the Chicago area and elsewhere must be calculated.

Certainly, a great deal of creative thinking will be required to take full advantage of your opportunities, and we in the Department of Transportation intend to provide an environment in which creative business imagination can flourish. Our perspective must be the national system of distribution as a whole.

It may interest you to know that the first assignment President Nixon gave me when I came to Washington 20 months ago was to get my experts together and produce a national transportation policy to guide us over the next 20 or 30 years. It won't be finished for several months.

But one thing is already clear; the future vitality of our economy and our ability to compete for international markets will depend upon the real-time integration of rails, highways, air freight, and ocean shipping. They will depend upon healthy competition, intermodality, sensible regulation, and sophisticated transportation planning.

No mode of transportation can stay healthy or competitive for long unless it enjoys a consistent and forward-looking attitude on the part of government. We need policies that anticipate the future instead of merely reacting to crises as they arise.

In aviation, for example, where the volume of traffic has risen so fast that it now warrants certification of two U.S. round-the-world carriers, the President has issued a new statement of International Aviation Policy to guide us in the coming decade. I am proud of the fact that the Department of Transportation chaired the inter-agency committee that recommended that statement. The policy statement establishes new guidelines concerning a number of outstanding questions about the relative roles of scheduled and charter air services, and addresses itself to such touchy problems as air fares, competition, carrier liability, safety, and so on.

This policy statement will help assure that U.S. passengers and shippers will share in the benefits of improved services and reasonable fares throughout the world. U.S. carriers will be assured of an equal opportunity to compete with foreign lines.

There is no question in my mind that government interest in and support of transportation in most of the modes will increase rather markedly over the coming years.

First, we can expect an investment in air traffic control and navigation of over 10-billion dollars -- pay as you go -- over the next 12 years, now that President Nixon's Airports/Airways Act has passed Congress and been signed into law.

That bill passed in the nick of time. We have to get ready now for an age of mass air travel far surpassing what we have seen develop in the 60's. We will need a mix of aircraft to meet complex travel needs and that includes the SST, the Supersonic Transport

The SST will be a vital convenience for businessmen, officials, international conferees, and even tourists bent on maximizing vacation time. That is why other nations are pressing ahead to complete development and bring the aircraft into service.

But the SST's efficiency as an aircraft is far from the only reason supporting its development.

We cannot afford to willingly surrender our leadership as builders and exporters of aircraft. If we do, the British, the French, and the Soviets will run away with the market. Period. And it's a market we simply cannot afford to lose.

To me, the SST is inevitable because on balance it is a desirable innovation. The environmental impact of the plane has been substantially exaggerated and I assure you that production of the plane will not be started unless all environmental factors are licked. I might add, however, that its enormous importance as a dollar earner, as a source of employment, and as a symbol of national accomplishment have, in my opinion, been under-rated by the critics. Yes, we need the SST.

Now let me turn to another area of innovation. Let me submit this to you tonight -- that government support for public transportation in our urban areas is bound to be an increasing fact of life.

President Nixon's public transportation bill would invest \$500 million on research and development in urban transportation and it would obligate for spending over the next 5 years \$3.1 billion to upgrade existing systems and build new ones.

I can't think of a single area where a breakthrough could be more important for the quality of urban existence. Successful public transit -- by rail, or by efficient bus operations -- cuts pollution, relieves congestion, boosts business productivity and makes the city a more convenient and attractive place to work, shop, study, and have fun in. This Administration looks on urban mobility -- public transportation -- as a public responsibility, such as public safety, public health, and so forth.

The bill has already passed the Senate and is awaiting action in the House. When it passes -- and I am confident it will -- we will see the beginning of a renaissance in public transportation in this country.

And now a third point, I think that government aid to preserve vital railroad operations is inevitable in one form or another. We have approached this problem from several angles; let me address myself to the passenger side first, as it all ties together. This Administration has presented legislation to Congress calling for the creation of a quasi-public, COMSAT-type

corporation to take over intercity rail passenger service. This will accomplish several things. First of all, it will place railroad passenger service in the hands of management that is there for the sole single purpose of worrying about rail passenger transportation. It should bring about some of that creative thinking I referred to earlier -- it should be able to address itself to the passenger problem without having to get involved with the other aspects of the railroad business. It will put a halt to the drain on freight revenues that passenger service has inflicted on the privately-owned railroads for far too many years.

At the same time, we will be under way with new technologies, new ideas in high speed ground transportation. A case in point is the "TACV", the tracked air cushion vehicle, which floats on a thin cushion of air within a concrete guideway, is powered by a linear induction motor which means no pollution and no noise, and will move out at speeds of up to 300 miles-an-hour in some advanced modes we are studying. This is not a pipe dream. We have already contracted with the Los Angeles Department of Airports to build a "TACV" system in California which should be in operation by late 1972 or 1973. We have the technology, we have the ability; we felt that it was time to take the plans down off the shelf and get an experimental system underway. We have great confidence that this system will soon become a major segment of the nation's ground passenger transport system. In fact, it may even be applicable to the movement of high-priority freight.

Developing separate systems such as this for passenger movement will relieve our conventional rail systems for the job they do best: the efficient, inexpensive movement of large quantities of bulk goods and low-to-average-priority carloads of manufactured products.

And just in case you weren't aware, let me tell you how important our conventional rail system is. The system now carries approximately 40-percent of the nation's total freight manifest. If the rails were to suddenly close down, the other modes would be hard-put to pick up even 10-percent of the load. I know it; you know it; everyone in the materials distribution field knows it. Yet despite their tremendous importance to our economy, despite their obvious necessity, the rails are in trouble, and so the time may very well be here when we have to start thinking about fundamental changes in the structure of railroad rates and the development of a new kind of revenue procedure. Although it would be premature for me to discuss such matters in detail here tonight, I can assure you that our Office of Policy Development -- working with the ICC and other relevant government agencies -- is taking a long, hard look at the rail revenue situation. Whatever

we propose, however, you will find the railroads earning their just profits while the shipper, the customer, is still getting a dollar's worth of value for every dollar spent. Our rail freight system has too much potential, too much importance, for us to let it slide down the loss column into oblivion.

While such action is still in the drafting stages we in the Department are taking a number of steps to improve service right now -- all of which have the potential of lowering shippers' costs. We are closely studying the economics of freight car distribution and use. We are exploring ways to forecast the location of cars which means keeping tabs on their movements and assignments. At the suggestion of several shipper groups, I am going to hold a conference this fall on the entire car service problem to make sure that shippers' needs are met on a timely basis.

I'm sure it is also of interest to exporting industries that President Nixon and the Maritime Administration have sent to Congress far-reaching proposals to restore the Merchant Marine of this nation to its once dominant position in the shipping lanes of the world.

The Nixon Administration's bill to amend the Merchant Marine Act of 1936, would enable the industry to approximately double the average production of the past 3 years, thus breaking the cycle of low production rates and high unit costs. With a long-range building program to depend upon, builders could standardize ship design, introduce mass production techniques, and establish themselves in the world market. Then we could afford to replace and expand our largely obsolete merchant fleet.

So I believe you will want to support this bill. I solicit your support and urge you to contact your Senators and Members of the House.

Earlier in my remarks I mentioned that better prospects appear to be in view for the Seaway. It is one of our Department of Transportation operating administrations and we are convinced of its potential.

Already in just 11 years it has had a profound impact on the economy and export capability of the industrial heart of the country. It has been discharged as the fourth seacoast. It has provided many thousands of jobs in the Great Lakes region, and given hundreds of communities more convenient and less expensive access to the high seas.

However, we all know that relative under-use has been a recurring problem on the seaway. To ensure its effectiveness as a major outlet we are studying ways to extend the shipping season, improve scheduling, and increase the speed of passage through the locks.

But that's not all. The large seaway debt is seriously retarding its development. Clearly, an increase in tolls in order to service that debt would discourage traffic and the growth of the Midwestern Economy. So the Nixon Administration has decided to ask Congress for authority to cancel interest payments on the debt. Such a step will help assure the future of this vital artery of national commerce.

Exporters and importers will be equally well-served by our Trade Simplification Act which we sent to Congress last year to permit carriers in all modes to publish joint rates for international shipments. It would begin the assault on the entrenched forces of the paper empire by encouraging carriers to issue a single through bill-of-lading for the whole trip, portal to portal. And it would facilitate uniform arrangements for carriers to assume full responsibility for damages.

Yet we are not waiting for legislation to get a start toward the new era of automated paperwork. We announced on July 17 that we had reached agreement with the Economic Commission For Europe to start using a single computer form for through bills of lading and 12 other commercial and governmental forms, including export declarations, delivery instructions, arrival notices, dock receipts, insurance policies, certificates of origin, commercial invoices and the like.

Known as the "U.S. Standard Master For International Trade", it can be used as the format for any kind of shipment -- export or import, domestic or international, break-bulk or container, intermodal or single mode.

The new system will apply to all surface cargo movement throughout the world and will cut documentation by 25-50 percent. That means a saving of at least \$500 million per year, every year from now on for both shippers and carriers.

My friends, I have discussed in some detail here this evening some of the steps we are pursuing to modernize transportation. Yet no reform can be complete unless implemented in the context of changing social requirements. The newest factor that must now be cranked into the equation is public demand for a better deal.

The public today demands that we design an integrated, modally balanced system for moving people and commodities that will be safe, clean, reliable, fast, and above all else, environmentally responsible. That is a big change in public sentiment.

The people of this country know very well that we need cars, trucks, trains, ships and planes to ensure maximum opportunity for self-fulfillment in jobs, in education, and in leisure activity. I don't think any responsible voice has ever called for us to stop growing in the sense of improving our productivity per man, which is the essence of our prosperity!

Rather, what the American people, young and old, black and white, are now calling for is that we plan our growth rationally -- that we stop or control our tendency to concentrate in super-cities, that we end air pollution and oil spills, and that we invigorate urban public transportation systems for convenience and comfort. We must put a lid on jet noise, we must make all forms of transportation absolutely safe, and we must control the shipment of hazardous materials. Further, we must locate highways so as to enhance the landscape instead of spoiling it, cut back on billboards and screen junkyards, and protect our heritage of natural beauty, parks, and historic places.

It is a big order, of course -- and expensive. But one might ask whether any price is too high to pay for the survival of decent conditions for the human race as it rapidly industrializes everywhere. If we act wisely, we can set an example that will influence the world. And such influence, I submit, is the ultimate export from one nation to another. But in any event, since we cannot -- and are not inclined to -- escape the challenge of change, I know we must welcome it.

I am convinced that when we look back on this period in our national life we will not remember it merely for its turbulence, but as a period of unprecedented opportunity for the bold. Through efforts of leaders like yourselves, we are building an international community based upon peaceful exchange and prosperity. We intend to give you every possible support in creating transportation systems equal to that challenge.

I appreciate this opportunity to be with you this evening. I am sincerely confident that working together we shall do much to improve the quality of not only our lives, but the lives of generations to come.

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