

15
U. S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20590

REMARKS PREPARED FOR DELIVERY BY JAMES M. BEGGS, UNDER SECRETARY OF TRANSPORTATION, AT THE LAKE CARRIERS ASSOCIATION, IN CLEVELAND, OHIO, APRIL 17, 1969, 12:00 NOON

I am glad to be your guest here today and to tell you something about our plans for starting the development of a national transportation system during the coming years. I think these plans will be of interest to you because of your strategic position plying the world's largest inland ocean. I do not intend to speak directly to your own immediate interests, but to those larger matters which determine the conditions and prospects of your operations.

I think we would all concur that the time has come to study our transportation problems seriously and objectively and from the standpoint of the national interest rather than the interest of any one mode. It would also be agreed that only a systems approach can begin to give us an overview of our transportation network.

Note that I said network, not system. We do not have a transportation system in this country and we won't have one until we stop looking at transportation as an aggregation or congestion of trucks, buses, barges, cars, planes and freighters, and start to think of it in terms of how the parts mesh into an integrated, coordinated system for meeting the national interest.

We have the technical capacity through research and systems analysis to create such a system. We are acquiring an ability to predict the consequences of any given decision throughout the transport realm. We can tell which of several investment alternatives can provide the greatest benefit in terms not only of modal profitability, but in terms of speed, safety, comfort, and impact on human beings and their environs as well.

We have acquired these skills none too soon.

We face a true crisis in transportation services during the next generation. The word "crisis" is often overused, but in this case it is justified by the facts. Let's take a look at where we are headed.

By 1975 our present population of 205 million will rise to nearly 230 million. More than 75 percent of our citizens will be urbanites and about half will be crammed into three megalopolis-- Atlantic, West Coast, Chicago-Cleveland -- zones. As we urbanize, our economy will expand dramatically and become much more complex.

In constant dollars the Gross National Product will increase by 50 percent in the next eight years. The twin factors of growth and urbanization will put a tremendous strain on our ability to move goods and passengers efficiently. I believe it can be predicted with some certainty that the demand for transport services will rise more sharply than the economy as a whole because of shorter work weeks, longer vacations, more frequent holidays, and changes in recreational fashions.

Instead of being a means to facilitate economic activity, traditional transport practices could become bottlenecks in the economy. By the turn of the century, they could reduce us to total paralysis compounded by intolerable pollution and irremediable social decay. Our struggle to save the natural environment could be lost.

Is this mere doom saying? I think not. Today there are 80 million cars in this country. By 1975 there will be 100 million plus 20 million trucks and buses. The volume of auto traffic should increase by about 40 percent over the next 8 years and the 3-car family will be the trend. Yet intercity passenger travel will rise even more precipitously. Commercial air will expand by almost 300 percent during the next 6 years. By 1975,

119

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REMARKS PREPARED FOR DELIVERY BY JAMES M. BEGGS,
UNDER SECRETARY OF TRANSPORTATION, AT THE FIRST
NATIONAL AVIATION SYSTEM PLANNING REVISION CONFERENCE
L'ENFANT PLAZA, WASHINGTON, D.C., APRIL 23, 1969

I want to welcome you to the Department of Transportation --
and L'Enfant Plaza. Unfortunately, the Department doesn't own
L'Enfant Plaza. But General Quesada -- our first FAA Administrator
does. It looks like Jack Shaffer has a very bright future.

I want to congratulate you leaders of the aviation industry
and the people at our Federal Aviation Administration for arranging
this conference. It represents sound government-industry cooperation
at its best. Secretary Volpe was, in fact, so impressed with the
plans for this meeting that he asked that the date be postponed to permit
all the members of our new Transportation team to participate. He
wanted them to be part of this meeting. I think all parties will benefit.
I might mention our new Transportation team is very much aviation
minded. Paul Cherington heads our policy staff and Secor Browne is
in charge of our research and development. And Jack Shaffer you
all know.

I also want to mention Ben Darden who heads our new FAA
Office of Aviation Policy and Plans. Ben just came to us from New
York where he was a member of Mayor Lindsay's staff charged with

formulating air transportation policies. Before that he was on the city's Planning Commission. He's young -- 32 -- a veteran FAA air traffic controller and a lawyer. And we think that's a good combination of experience.

My advice to you can be stated directly -- think big! There is no other way!

The prime assignment President Nixon handed us in January was to prepare a long-range plan for meeting the Nation's growing transportation needs. The first projections of our Nation's future growth are beginning to come in. They are absolutely astonishing! Certainly, you in aviation are familiar with the expansion in your own industry. But we look to tremendous growth in every mode of transportation.

One of the main reasons for this growth is of course, population increases. Twenty-four hours from now -- at 9:45 tomorrow morning, America's population will be some six thousand souls greater than it is right now. But transportation demand is increasing faster than the population and one of the consequences is that there will be seven thousand more airline passengers tomorrow than there are today. Another -- and this is not your problem but it is certainly one of mine -- tomorrow there will be ten thousand more vehicles on our Nation's highways than there are today. But in the face of this, I still submit that our future is bright indeed; so let me suggest as a theme for this meeting a section of the famous quotation of James Burnham that one airline publicized a few years back, I quote: "Make no small little plans; they have no magic to stir men's blood. Again, gentlemen -- think big. There is no other way!

We would also urge that you leaders of the aviation community use your time here together to discuss informally among yourselves another matter -- a matter that is the natural consequence of your deliberations here.

We have for the past month had the opportunity -- along with some pain -- to work on the national budget. We have been looking deep into the government's cash drawer. We know what is in there now. We know what expenses we have coming up. We know what income we can expect. And I tell you frankly, gentlemen, the government under existing arrangements, cannot provide the facilities needed to support the predicted growth of your industry. Additional funds are needed, and they are simply not going to come wholly from the Federal Government. The money must come from those who

derive special benefits from these new airport/airways facilities.

It is no secret -- especially to this group -- that the Department of Transportation shall be sending up to the Congress within a very short time new legislative proposals urging the adoption of a number of aviation user charges -- funds which will be used to provide needed new facilities. I cannot discuss the details of our proposals but I certainly want to emphasize their importance.

One of the best indications of the significance of these proposals is that President Nixon listed improvement and expansion of our airports and airways as one of his ten top legislative priorities.

We feel fairly confident that there can be agreement in all segments of the industry that some form of user charges are necessary. If there is no such universal agreement, then we are in very bad shape -- of that I am sure. I am not so confident, however, that there is full agreement in the industry on how these charges should be allocated! This concern of yours is understandable and I am hopeful that there will be debate and discussion concerning this. We solicit your ideas.

The danger, however, is time. General aviation is feeding about 150 planes into the system every week. During the same seven-day period, you carriers are adding about fifty thousand new passengers new passengers to your lists -- the seven thousand a day I referred to a few moments ago.

Every day spent in debate and argument thus only compounds the size of our difficulty. I remind you that there is a tremendous lead time involved here before our plans become physical realities. The interval from the day Congress passes new user charge legislation to the actual operation of a newly purchased I. L. S. (instrument landing system) must be measured not in weeks -- but months, many months.

In addition to the time-factor danger, gentlemen, there is, again, the danger that in the inevitable necessity for compromise we might come up with too little. Any restriction of flight operations is objectionable even today. Given the ever growing demand for air travel, any additional restriction of operations in the future would be intolerable. Again, I urge you to think big.

Let me here make my own position clear. I favor no one type or mode or means of transportation. Nor am I against any. My purpose is only to insure that everytime the government spends a dollar, it secures for the American people, a full dollar's worth of well-reasoned value. And that we are working toward a balanced transportation system for all our people.

Gentlemen, I wish you well in your deliberations. I am looking forward to studying the results of your conferences. They will be carefully considered in our planning.

Thank you.

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22-S-69

REMARKS BY JAMES M. BEGGS, UNDER SECRETARY OF TRANSPORTATION,
PREPARED FOR DELIVERY BEFORE THE RAILROAD ELECTRIFICATION
SYMPOSIUM, ZANESVILLE, OHIO, ON MAY 27, 1969.

I am honored to have the opportunity to participate in this meeting and to discuss with you some of the important considerations which we believe must be evaluated in planning the future of transportation for this country. More than this, I am particularly pleased to see the evidence of cooperation and interest displayed by the representatives of the great industries who are meeting here this evening. Bringing together the utilities, the railroads, the government, and the key suppliers to explore our transportation needs and how they can best be met through cooperation is indeed noteworthy.

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Both the railroads and the utilities are playing a very important role in fostering our economic growth. The utilities, of course, because they supply the energy necessary to spur this growth -- while reducing the amount of human effort required to maintain the high standard of living we enjoy -- and also the railroads, by providing the necessary transportation -- both efficiently and economically.

So it is only logical that two of the great movers of our country -- the utilities, whose job is to move energy, and the railroads, whose job is to move goods and people -- should meet to discuss how each might help the other to better accomplish the tasks of expanding and improving our transportation capabilities. There are great opportunities in this area. But, there are also great challenges. I would like to explore with you the size of the task ahead and some thoughts on how, through mutual effort, we can meet these challenges.

It is said that the man who ignores history is condemned to live it over again. With this in mind, perhaps it would be well for us to look at what has been happening recently in transportation.

Some idea of the future needs of transportation can be gained by looking at the record for the period of time spanning the most recent 10% increase in population -- the past seven years. During this short period, goods transportation increased by 39%, and the passenger transportation furnished by public carriers increased by 70%! These statistics illustrate the exponential growth of the task. The population increase, plus improvements in living standards, have resulted in a growth of goods and passenger movement much greater than the percentage population increase. One may expect this pattern to continue in the years ahead.

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We also may expect to see that certain areas will develop more critical needs for improved service than others. For example, as our urban populations increase, the standards of living are raised, the movement of goods and people into the cities will become even more difficult. Several programs are underway to improve passenger travel in the city. Some better ways must also be found to move goods traffic.

Other areas which will require special attention are the sections of high-population concentration, such as the Northeast Corridor. There will be new corridor areas, and they will similarly need improved transportation for both passenger and goods movement.

So the challenge for the future is to meet the requirements of --

- A) Growth in volume.
- B) Improvements in service.
- C) Solutions for special-area problems.

Returning to the question of how these challenges are to be met, we must ask ourselves if they can be met by the technological advances that are currently being implemented.

We have another new generation of aircraft -- much larger in capacity.

Our interstate highway system construction continues, with presently authorized work scheduled to be completed in the middle seventies.

The railroads continue their technological progress in efficient movement of goods. And waterways and pipeline developments will also progress.

With this outlook, can we project improvements in capacity and service to match the needs? Can we rely on these improvements to handle the entire growth?

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Is there a lesson to be learned by noting how this growth was handled by the transportation industry? The major factors were --

- a) The new interstate highway system.
- b) The utilization of a new generation of aircraft, with the jet superseding the piston engine in all major airline operations.
- c) A railroad system which has been markedly improved through the application of new technology in operations and equipment.
- d) An expanded waterways system -- notably the St. Lawrence Seaway.
- e) Larger and more highly automated ships.
- f) Added pipeline capacity.

Along with the growth in volume, there were also improvements in performance in response to shipper and customer needs. For example, one railroad now offers 40-hour service from Chicago to the west coast. In 1961, the scheduled time was 72 hours. The interstate highway system makes possible overnight truck service between points 500 miles apart. Coast-to-coast air cargo service overnight is readily obtainable. These are dramatic improvements. But, will it be possible to maintain this rate of progress or accelerate it--to handle future growth?

Let's look at what has been predicted for the future. By 1970, population is forecast to increase by 18% over 1968; goods traffic, by 67%; and passenger traffic by 210%! So, here again, one sees population growth combining with improved living standards to produce a synergistic growth in goods and passenger traffic.

Along with these very significant projected growths in volume, we may expect to see continued pressure for improvements in service standards.

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The answer seems to depend on our ability to accomplish the following:

- a) Develop and demonstrate new technology -- providing a new standard of what constitutes the best;
- b) Bring total system performance closer to the best we are capable of doing;
- c) Base our transportation investment decisions on only those systems which offer the greatest potential for efficiency and service.

I would like to consider each of these points in relation to the rail industry.

When you consider the future role of railroads, we see that they have some major assets, including:

- a) The ability to move significantly more volume with a minimal consumption of resources -- land, capital, and manpower -- when compared to other transport alternatives. As a rich nation, we have often been wasteful in the use of our resources, but I think it is obvious that we can no longer continue this luxury. Resources are limited, and in future transportation decisions, efficiency will be of prime importance.
- b) The ability to offer a high-quality service. Freight trains could be operated at 100 m.p.h. or more -- a speed well above the potential of other ground modes.

The problem isn't therefore, in the inherent technology of the mode. There are significant areas for improvement before the physical limitations of the mode are reached.

The railroads, then, have no inherent characteristics which would prevent their meeting the greatly increased transportation demands of the future.

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The first challenge for the rail industry is to translate the natural strengths of the mode into new services which will meet future transportation demands. The railroads have made significant strides in the past decade, in unit trains, in TOFC (Trailer on Flat Car), in the handling of finished automobiles, in new terminals. Much of this was made possible by new technology -- high-capacity cars, the development of the rack car, advanced computer systems. And, yet the relative position of the rail carriers has declined. Ton-mile market share has dropped from 46.0% in 1958 to 40.7% in 1968. This suggests that the rate of change, impressive as it has been, has not been adequate to keep ahead of changes in the demand for transportation.

The rate of change must be faster in the next decade.

Railroads must accelerate the quest for new technology and must translate new technology into new services.

In the area of bulk transportation,, the Muskigum Electric Railway represents another step forward in railroad technology. It provides -- not as an abstract concept but as an operating system -- a high standard of efficiency in bulk movement, and also a completely automated operation. This raises the critical issue of how less efficient operations can be brought up to comparable standards of performance.

We have other examples of significant strides in rail technology. As I mentioned at the outset, a TOFC train runs from Chicago to Los Angeles in 40 hours. I am told that prior to inaugurating this service a test run was made from New York to Los Angeles in 54 hours -- a 59 m.p.h. average start to stop, compared to 35 m.p.h. over the same run on regular service. With the demand for transportation becoming more service-oriented, I would think performance like this could be an essential tool in meeting the demands of the future.

In the passenger area, the metroliners are now in limited service. This, too, represents a significant step in achieving the full technological capabilities of the mode.

These are some examples of what can be done -- low-cost bulk service, container trains averaging 60 m.p.h. or more, 150 m.p.h. passenger trains. The challenge to the rail industry and its suppliers is to translate the technological capabilities of the mode into bold programs which spell out in tangible terms -- services and prices -- just what modern railroads can perform for the Nation's shippers and passengers. All the abstract numbers on rail efficiency remain just that -- abstract -- until translated into specific programs.

This is the challenge which must be met -- spell out in service and prices just what new technology can do. Give us a better realization of what the future can offer.

The challenge does not end there. Bold new programs must be carried through to full operational capability. Somehow the gap between what is possible and what represents the average in system performance must be closed.

This is not a problem unique to railroading. Every time an aircraft is delayed because of airport and airways congestion, every time a truck movement on an interstate highway is slowed to a crawl by congestion -- a gap between the possible and the actual is created.

Bringing average performance up to a level more in line with the best is one of the critical challenges which must be faced -- by all modes -- if the demands of the future are to be met.

Closing the gap between the best and the average requires imagination -- and capital. And it is here that the future role of the government becomes crucial.

Government makes capital available for a major portion of the transportation facilities in this Nation. Users defray much of this investment, and we are hoping to increase this "pay-as-you-go" ratio through assessment of fair user taxes -- such as we are proposing for airports/airways improvements. Even with complete repayment, however, the funding of transport investment by government does give those modes using such facilities a considerable advantage because major expenditures are made outside the capital structure of private companies -- making funds available for other programs.

It is not realistic to expect that this will change any time soon. What is essential, however, is that all transport alternatives be considered before public investment decisions are made. We are resource-limited in this country, and in planning for transportation growth we must observe fundamental principles having to do with resource allocations for land, manpower, and capital requirements. The policies which the government establishes in these and other critical areas may well influence the development of various modes. But national interests transcend those of any particular mode. One must compare alternative approaches to providing growth capacity from the point of view of their effectiveness in utilizing -- or conserving -- national resources.

As a start toward rationalizing transportation investment decisions, we in government stand ready to consider and study alternative transportation solutions. You in the rail and associated industries must provide us with positive alternatives directed at solving the transport needs of this country. We need your vision of the future -- tangible plans and operations which will move us forward. You must implement programs, which, even if limited in scope because of capital resource constraints, demonstrate the full potential of the rail mode.

Present us with new standards -- such as the efficiency of this new railroad -- by which we can measure our transportation alternatives of the future.

We in the Department of Transportation are anxious to consider your new alternatives -- your vision of the future. This is why the Department of Transportation was established -- to recognize the interrelationships of all modes of transportation and to focus on what transportation is all about -- namely, movement of goods and people from a point of origin to a point of destination, using the best of the available alternatives. These alternatives must be provided by private industry. We in government have neither the capacity nor the desire to be all-knowing in the generation of new and better transportation ideas and systems. What we can and will do is evaluate carefully the alternatives among all modes and also within any given mode. By doing this, I am confident we can start building a more efficient transportation system, based on sound investment decisions.

In closing, I should like to compliment all of you who are here to learn about and evaluate the prospects for railroad electrification. We in government are glad to see the kind of high-level attention which this symposium is receiving. We are vitally interested in any creative ideas you may develop to advance rail transportation.

I am looking forward to the big Muskie visit tomorrow and to the proposals which you will be discussing. It is most encouraging to us that industry is motivated toward these ends. I can assure you that we in the Department of Transportation will do our best to encourage and support this kind of private initiative.

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