

102.6

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE MONDAY, OCTOBER 25, 1965

REMARKS BY ALAN S. BOYD, UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION, PREPARED FOR DELIVERY BEFORE MEETING OF THE NATIONAL FREIGHT TRAFFIC ASSOCIATION, AT BOCA RATON HOTEL, BOCA RATON, FLORIDA, AT 11 A.M., MONDAY, OCTOBER 25, 1965.

It is a pleasure for me to participate in this meeting of the National Freight Traffic Association.

I always enjoy coming back home to Florida, of course, and I also relish every opportunity these days to discuss transportation problems with experts in the field such as you represent.

For we are in the midst of a period of great and rapid change in transportation, and we need all the dialogue, all the advice, all the help we can muster to produce the kind of judgment and decision required to maintain our present position as the most mobile society in the history of the world.

In looking over some literature on your association, I note that your organization is 60 years old.

That means this group already has experienced the greatest transportation change and progress in the history of man. Over that span, the airplane has been invented and developed into a form of transportation which races the sun across the heavens; the automobile has become the most important single mode for transporting people and goods across the nation; the diesel engine has increased the efficiency of all forms of surface transport, and the atom has been harnessed to move vessels above and below the surface of the sea.

FR 0190

boydas 65-1125
2/28/69

FAA-S #1

00024

These developments, operating under the spur and incentive of a free and competitive society, have given us the greatest network of transport that any nation anywhere has ever known.

But this loosely knit system has sort of grown up around us. It has not been carefully directed and scientifically meshed into the kind of smooth-working and harmonious system of transport that it could be.

It has not been integrated and coordinated sufficiently to give us the most efficient, the most economical, the most satisfactory and the speediest transportation that our rapidly growing economy demands in the months and years ahead in this century.

The job of developing a fully integrated and coordinated system of transport is a primary assignment of the Office of the Under Secretary of Commerce for Transportation.

To achieve this will require a thorough discussion and understanding of a host of policy matters and decisions which affect not only the transportation industry but the welfare and well-being, the dreams and progress--and the prosperity--of our entire population. And what we do here may well determine the kind of world we shape for ourselves, for our children and for theirs.

The need for sensible and sane discussion was pointed up earlier this month when the Interagency Maritime Task Force, of which I am chairman, suggested a series of policy changes designed to strengthen our merchant fleet by making it more productive, more efficient and more responsive to foreign competition.

Cries of protest and charges that we were trying to wreck the merchant fleet greeted release of the report which represented weeks and months of thoughtful deliberation by representatives of at least nine different departments and agencies of the Federal Government.

This isn't the kind of discussion we need. If parts of the maritime industry don't like what we have proposed, we want them to come forth with constructive criticism, with suggestions for refining the suggested policies and making them better, or with the kind of solid arguments that persuade reasonable men to change their minds.

We want to make it clear that angry accusations will not veer us from our course. We will be pleased, however, if segments of the industry respond in a constructive manner with meaningful and constructive suggestions.

We will face this same situation in the days ahead in other fields of transport as we seek to form policies and arrive at decisions to bring full integration and coordination to the complexity of modes which make up our transportation system.

President Johnson, in setting the tone for this endeavor, has called for greater reliance on competition in guiding and regulating the nation's transport.

As we try to follow a course which depends more on broad guidelines than on detailed regulation of private operations, as we try to de-emphasize government regulation, we are going to face opposition from those segments of the transportation industry who worship the status quo, or who feel the de-regulation of one industry may work a temporary hardship upon another.

This is the time we will need that sane and sensible discussion and negotiation I mentioned earlier. This is the time when industry and government must sit down and reason together and arrive at the kind of arrangements and agreements which may be submitted to the Congress and the President and can be distilled into the kind of policy which will benefit us all.

This kind of working relationship already exists between the transportation industry and Government. In the field of research and development, for example, we are forging the kind of cooperation that promises far-reaching results in the future.

But I would rather see the private sector devoting more of its resources to the development of the technology that we must have to keep us competitive throughout the world, that we must have to provide the best possible transportation service at the lowest possible cost, in harmony with the rest of our economy and society.

I would suggest, too, that our transportation industry leaders might give more attention to the challenge of producing a physical distribution system which our shippers and receivers require in these days of rapid economic advance, a system which lays as much stress on transferring shipments within or between modes as it does on the pure transport phase of distribution, a transportation system geared to production, to inventories, to warehousing, to the simple premise of finding the best way to deliver goods from the farm or factory to the consumer.

The kind of progress which reasonable men can achieve was exemplified in an announcement earlier this month that the Union Pacific Railroad and Consolidated Freightways had reached an agreement providing for the first time coast-to-coast piggyback movement of truck trailers.

This was hailed in the industry as a breakthrough, and rightfully so. We would hope that this achievement would not be overlooked in other sections of the country where this kind of service and cooperation is noticeably lacking.

It has taken piggybacking 20 years to overcome arbitrary rules and regulations and the opposition of the defenders of the status quo, but its progress of the past 10 years demonstrates the scope of achievement possible if we can apply these lessons to other problems of transport.

Ten years ago, the railroads carried only 168,000 carloads of piggyback freight. This year the total is expected to exceed one million carloads. And with the opening up of coast-to-coast service, prospects for the future look bright, indeed.

We have witnessed an important breakthrough in another field of transportation in recent days. I refer to the use of containers in our sea-going trade. Last month an agreement was reached through the International Standards Association on hardware fittings for containers in international trade, thus ending a long, long debate which found opposing sides changing their minds on several occasions.

The container segment of our transportation industry is in about the same position as was piggybacking a decade or so ago. American shippers now have about 21,000 containers involved in oceanic trade; 7,000 of these are of a standard size as prescribed by the ISA.

We will be participating in discussions in Geneva, Switzerland, in early December looking at such container problems as:

- Customs treatment of containers, with particular emphasis on movements from inland points in the United States to inland points in Europe.
- Public health and agricultural quarantine inspections especially with regard to refrigerated cargo.
- General specifications of containers, including safety features, handling of dangerous cargo, and requirements involving the physical transfer of containers between different modes of transportation.
- Uniform markings of containers.
- Rates, including incentive rates to encourage greater use of containers.
- Regulatory problems such as registration, documentation and treatment of unitized cargoes.

The documentation dilemma represents a challenge that must be solved. A recent survey by our Maritime Administration revealed that some 810 combinations of import and 86 combinations of export documents can come into play on cargo movements entering and leaving the United States.

The attack on this paper barrier to smooth-flowing trade represents another chapter in the history of government and industry working together to solve a common problem.

The need to simplify this paper work prompted the West Coast maritime industry, under sponsorship of the Marine Exchange of San Francisco, to try to standardize and simplify an Ocean Bill of Lading and related cargo documents.

The Marine Exchange of San Francisco sought and obtained the support and assistance of the Federal Maritime Administration. In turn, the Maritime Administration received help from the General Services Administration, the Bureau of Customs, Bureau of Census, the Office of Export Control and the National Facilitation Committee. The American Merchant Marine Institute also cooperated.

The result was a standard export document package, greatly simplifying the paper work. Regional variations here at home posed some delays in acceptance of this package, and similar variations in other parts of the world are adding to the delay. But we are making progress, are nearing another breakthrough that we hope will send containers on the same upward curve that piggyback is now experiencing.

We have scheduled for early next year a pilot project in conjunction with Great Britain which we are confident will show the way for making some slashes into this paper barrier of documentation.

Container shipments which move from pier to pier in our foreign trade are moving rather well. There also is some activity on a plant-to-plant movement basis, especially by our automobile manufacturers to subsidiaries abroad. Volkswagen of Germany is active in this field, too.

But our record of container shipments from an inland city in the United States to an inland city abroad leaves much to be desired. Currently, containers must be inspected at dockside here, at dockside abroad and at their final destination. It doesn't seem like an insurmountable task to work out an arrangement wherein one such inspection should suffice.

This pilot program of through container movements should give us some idea of the possibility of cutting down these inspections, too.

The pilot operation is expected to get started in February and March of 1966. Plans are underway to consolidate and containerize commercial cargoes at Chicago and St. Louis in standard 20-foot containers. Export and import customs inspections will be made before export and following the import movements. The ports of New York, Norfolk and New Orleans have been selected as ports of exit and entry for the United States. The sites in Great Britain haven't yet been determined.

Alternative inland transport modes linking these U.S. ports with the consolidation centers have been analyzed with particular reference to transit time and cost in an effort to achieve the best possible container routings.

I think it is safe to say that this pilot operation will be watched closely in all corners of the globe. If successful, and we have every reason to believe the pilot effort will be, this, too, will represent an important breakthrough in the field of inter-modal, through-system transportation.

The containerization story represents a current but important development in the wide, wide realm of transportation with which we are all concerned.

It is but one in a collection of related activities and developments which industry and Government -- working together -- must meet and solve if we are to provide the fast, low cost, coordinated transportation service which holds the key to our continued domestic economic progress and our leadership in the world of commerce.

In the past, the United States has been able to maintain the highest standard of living and at the same time hold its competitive position in the world by intensive use of capital and the employment of the latest technology.

I am confident that we can continue to do so, but it will require a new spirit of cooperation between industry and government, working under a new set of pressures that are unlike anything we have seen to date.

President Johnson warned us of the assignment we face in a statement outlining the goals of his administration. Noting the problems of the population explosion and the torrid tempo of economic expansion, the President put the problem thusly:

"In the remainder of this century, urban population will double, city land use will double, and we will have to build homes, highways and other facilities equal to all those built since the country was first settled."

I think you men can easily translate that assignment into terms of transportation needs and requirements.

It means that you and I -- industry and Government -- must strive for new peaks in cooperative planning and execution that will keep men and goods flowing in the most modern transportation system man can build.

We need your help, your advice and counsel, your willingness to meet problems head-on with reason and logic rather than emotion and self-serving attitudes.

We already have shown the world on numerous occasions that we can measure up, that these problems, regardless of their magnitude, can be faced up to and solved by free men working with a free government in the interests of a free world.