U. S. DEPARTMENT OF COMMERCE
Washington 25, D. C.

STATEMENT OF THE HONORABLE JOHN J. ALLEN, JR.,
UNDER SECRETARY FOR TRANSPORTATION, BEFORE THE
SUBCOMMITTEE ON ROADS OF THE HOUSE PUBLIC WORKS
COMMITTEE, MARCH 3, 1960

Mr. Chairman and Members of the Committee, I am very pleased to have this opportunity to appear before you and discuss H.R. 10495.

This bill would authorize the appropriation of funds for fiscal years 1962 and 1963, in order to permit the orderly continuation of the Federal-aid highway program and certain Federal domain road programs. It is necessary that the Congress give consideration to the enactment of legislation similar to H.R. 10495 during this session.

While the enactment of legislation to authorize funds for some of these purposes is in accord with the program of the President, certain features of H.R. 10495 are not in accord with Administration recommendations submitted to the Congress. Consequently, the Department of Commerce opposes enactment of the bill in its present form.

H.R. 10495 would authorize the appropriation of $925 million for each of the fiscal years 1962 and 1963 for the construction, reconstruction and improvement of highways on the Federal-aid primary and secondary systems, including the extensions of those systems in urban areas, commonly referred to as the ABC program. The amount of these authorizations is not in accord with the program of the President, since he has recommended that authorizations for this program be $900 million for each of the fiscal years 1962 and 1963.

Third, estimated receipts of the Highway Trust Fund are not currently adequate to meet the expenditures attributable to Federal-aid highways which would result if the full amounts authorized by the Congress were apportioned to the States. Under the provisions of section 209(g) of the Highway Revenue Act of 1956 it has been necessary to apportion to the States less than the full amount authorized by the Congress for the Interstate System for fiscal year 1961, and under the budget proposals the same necessity will exist with respect to apportionment of funds authorized for fiscal year 1962. Also, as you know, it has been necessary to ask the Congress to provide for repayable advances from the general fund to the Highway Trust Fund under the provisions of section 209(c) of the Highway Revenue Act of 1956, in the amount of $359 million for fiscal year 1960 and $200 million for fiscal year 1961, in order to permit prompt reimbursement to the States for their expenditures on Federal-aid highway projects.

Under these circumstances, it is felt that authorizations for the ABC program should be $900 million for each of the fiscal years 1962 and 1963, rather than $925 million as provided in H.R. 10495. The small reduction proposed in this program, as compared with the authorization of $925 million for fiscal year 1961, would keep the ABC program more in balance with the Interstate highway program, which has been reduced to conform with current Highway Trust Fund receipts.

H.R. 10495 would authorize the appropriation of $33 million for forest highways for each of the fiscal years 1962 and 1963, and $3 million for public lands highways for each of these fiscal years. This is in accord with the program of the President, and I might comment that if the Congress enacts the proposed authorizations for forest highways, it is expected

that the funds will be apportioned to the respective States in the same percentages as the amounts apportioned for expenditure in each State for the fiscal year 1958 and prior fiscal years.

However, under existing law, the funds which would be authorized for forest highways and public lands highways by H.R. 10495 would presumably be appropriated from the general fund.

The President, in his Budget Messages for both fiscal years 1960 and 1961 recommended that appropriations for forest highways and public lands highways be made from the Highway Trust Fund, and that in the future amounts derived from the Highway Trust Fund be expended only in connection with those forest highways and public lands highways which are on one of the Federal-aid systems. This recommendation is based upon the fact that the Highway Trust Fund was established to meet obligations of the Federal Government attributable to Federal-aid highways, and, therefore, the Trust Fund should be used for financing the construction of all classes of highways which are on a Federal-aid system. Legislation authorizing the appropriation of funds for forest highways and public lands highways should include provisions implementing the recommendation of the President. We would oppose enactment of H.R. 10495 without such provisions.

In connection with the subject of forest highways and public lands highways, it is noted that section 4(b) of H.R. 10495 would amend 23 United States Code, section 203, by substituting the phrase "Funds authorized" for the phrase "Funds now authorized." This amendment would establish as permanent legislation the contract authority relative to funds authorized for Federal domain road programs, which heretofore has been included as part of the fund authorizing legislation, enacted biennially. This provision

is not considered appropriate, since the Administration is not requesting new contract authority in biennial legislation for Federal domain roads other than forest highways and public lands highways. With respect to forest and public lands highways, it is felt that contract authority should be continued as part of the fund-authorizing legislation, enacted biennially, rather than established as permanent law. Accordingly, it is recommended that section 4(b) of H.R. 10495 be deleted, and that a section be inserted providing for contract authority only for the funds authorized in the bill for forest highways and public lands highways.

H.R. 10495 contains provisions authorizing funds for forest development roads and trails, park roads and trails, parkways, and Indian reservation roads and bridges.

The Departments of Agriculture and Interior have provided further information with respect to these items. The President in his Budget Message pointed out that contract authority is available to finance planned construction of parkways, roads, and trails in the national parks and forests and on Indian lands during 1961. It was added that the Budget contemplates that beginning in 1962 this construction should be financed by direct appropriations.

Section 4(a) of H.R. 14095 would amend 23 United States Code, section 129(c), which relates to Federal participation in the cost of projects approaching toll roads, bridges and tunnels. This amendment would eliminate the present restrictive application of the subsection to only the expenditure of funds authorized to be appropriated under the Federal-aid Highway Act of 1958 and previous acts. The amendment is considered to be a proper and desirable one.

An additional amendment to title 23, United States Code, which is not included in H.R. 10495 but would be an appropriate part thereof, is an amendment to 23 United States Code, section 305. This section now authorizes the use of "Funds authorized to be appropriated under the Federal-aid Highway Act of 1956" for archeological and palenontalogical salvage in connection with highway construction. The objectives of this section are desirable and important, and it is considered advantageous to extend the authority granted by the cited section to funds authorized by acts enacted subsequent to 1956.

Draft legislation incorporating all of the suggestions which I have discussed has been submitted to the Congress. I have a copy of that draft legislation here with me, and would like to submit it to you for your consideration. If H.R. 10495 is amended so as to be consistent with our draft bill, it would be in accord with the program of the President.

Mr. Tallamy, the Federal Highway Administrator, is here to assist me in answering any questions which the Committee may have.

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UNITED STATES DEPARTMENT OF
COMMERCE
Frederick H. Mueller, Secretary Washington 25, D. C.

Under Secretary for Transportation

For Release at 12:00 Noon, Thursday, April 14, 1960 (PST)

THE TRANSPORTATION POLICY AND PROGRAM OF THE UNITED STATES

TEXT OF ADDRESS OF THE HONORABLE JOHN J. ALLEN, JR., UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION, AT A SPECIAL TRANSPORTATION LUNCHEON SPONSORED BY THE COMBINED CHAMBERS OF COMMERCE AND TRANSPORTATION ASSOCIATIONS OF THE OAKLAND-SAN FRANCISCO METROPOLITAN REGION,* ATHENS ATHLETIC CLUB, OAKLAND, CALIFORNIA, THURSDAY, APRIL 14, 1960, 12:00 NOON, P. S. T.

It is a pleasure to respond to your Chairman's words of greeting as I return to Oakland, and I join in a cordial welcome to those of you who have come across the Bay for this occasion. This is truly an East-West summit meeting of this area's transportation.

I'm very pleased to be making this talk in Oakland. It is my first public discussion of the recent report of the Secretary of Commerce to the President on transportation policy and program, a report which has been a major activity of my office for the past year or more. It is appropriate that such a presentation should be made here. Oakland and the East Bay has long been a transportation center. It was here that the first transcontinental railroad terminated. It was here that one of the first major airports in the nation was established. It is here that major highways converge, and the highway users center their terminal operations. It is a major seaport, and the pipelines of several major oil refineries terminate on the East Bay shores.

It is here that the Army and the Navy have established major ports of embarkation through which flowed most of the supplies which fed the forces in the Pacific and in Korea during the last two major conflicts.

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*Sponsoring groups include the Oakland Chamber of Commerce, the San Francisco Chamber of Commerce, the Oakland World Trade Club, the San Francisco World Trade Association, the Traffic Club of Oakland, the National Defense Transportation Association, the Pacific Maritime Association, and the Pacific-American Steamship Association.

It is here where rail and truck meet water and overseas air that the coordination between modes of transportation can, and has already made great progress. In this area, which owes its progress and prosperity to the transportation center established here by nature, a discussion of this subject should always be timely.

What does a report and study of this character accomplish that could not be done by other means? Could not the policy decisions of our government be settled out of the knowledge and experience of our political and business leaders and done more quickly than through the means we have chosen? It would be nice if transportation policy decisions could be reached by these simple means, but they cannot. If the solutions were simple and free from controversy not to mention conflicting interests involving billions of dollars and thousands of people, we would not have needed a transportation report.

Our transportation report is typical of the kind of attention that must be given to major problems facing the public, and which involve both government and private enterprise.

In our society we do not have centralized management of transportation policy. It is inevitable that the various forces, private and public, in so complex a field would have hauled in different directions, and some very badly coordinated results have become evident. There has been lacking for many years adequate authority and adequate staff to coordinate Federal policies. This report is a preliminary effort to provide a better understanding of what is involved in national transportation policy and its administration.

We cannot stop at this report. We must go on to provide the resources to carry out the recommendations.

The problems are complex and must receive the benefit of expert analysis. In the second place the public interest involved is substantial and the research and conclusions must be understood by those with authority, with power to act responsibly in accordance with our conception of popular government.

Without the sponsorship and advocacy of those in power, we would have just another report "gathering dust on the shelves." Unless we have the expert analysis we will find that those in authority will not be fully informed and the quality of their decisions will suffer. The history of transportation shows examples of both kinds of failings.

The work of the Department of Commerce in transportation under this Administration shows the best combination of expert study and authoritative sponsorship. In addition to the present report we have had the previous report of the Presidential Advisory Committee under the Chairmanship of Secretary Weeks. Both reports dealt comprehensively with transportation as a public policy issue.

Unless we evolve an orderly process of policy planning reports, the making of decisions in government becomes a haphazard process. Vital interests become neglected, favoritism is easily possible, and sometimes outright injustice is a result. Often policy has been made in the old doctrine that the "wheel that squeaks loudest gets the grease." As a result we have neglected vital things because the pressure was in some other direction. In certain other cases vital parts of our economy have become politically expendable. In the economic sphere this is a dangerous pitfall, because the very fact of efficiency can cut an industry off from some of the vested interests which generate political support. Conversely, the advancement of many vital economic activities can generate a storm of opposition which the government executive may not wish to face.

The unfortunate processes of decision-making just discussed inevitably lead to a third unfortunate kind of decision-making, the crash project or crash decision which neglect all too often forces upon a government. We cannot formulate the nation's transportation policy by a process of crash decisions.

In the field of transportation we are making a tremendous step forward with our transportation study report. In one document policies affecting investment of public funds in transportation have been assessed at the same time and in the same terms as regulatory policy. Our report has also measured the impact upon transportation of general governmental policies; such as labor, taxation, national defense, and government procurement. In all, the report makes 78 fundamental recommendations for policy changes in transportation covering the entire comprehensive field.

The process we used to make the study illustrates the type of rational development we need as a regular part of our government structure if we are to govern wisely in matters affecting complex economic areas. If we had made provision for coordinated administration in the past, we would not have needed so comprehensive a report at this time.

The foundation of the report is a series of technical studies prepared by outstanding specialists in each of the sub-fields of transportation who were retained from universities and consulting firms. Some 15 of these technical reports were prepared. During their course of preparation the consultants received the aid and advice of the staff specialists employed regularly by the Department, many of them long-time government employees with extensive experience in dealing with public policy issues.

When the consultant reports were finished they were reviewed by panels of practical men from transportation industry who participate in the Department's Transportation Council. The Council prepared a series of commentaries on the various reports. In addition, a special panel of the Department's Business Advisory Council was kept informed of the report's progress at all times, and they gave us the benefit of their counsel against their background in the American business community.

These steps were all repeated in the preparation of the final reports; preparation by a consulting staff, review by permanent staff, review by the Transportation Council for the point of view of transportation industry, and review by the Business Advisory Council for the point of view of the general business community. Departmental officials participated in this review process. Both the Secretary and I attended some of the panel meetings with the Transportation Council and the Business Advisory Council. I also discussed the draft of the final report with my permanent staff in a special meeting held for that purpose.

I describe this process to indicate the combination of technical capacity, practical knowledge, and executive responsibility that went into the making of the transportation report. There is a school of thought, I know, which believes decisions of public policy are made by getting the rival interests together and reaching a concensus of their positions. We have rejected that approach. While all have been consulted, this is a report of the Secretary of Commerce. His recommendations are intended to be decisive. They are meant to solve long-standing problems, not to reconcile conflicting interests. Our research and consultative process did not admit of doctrinaire positions. We dealt with individuals and experts, not interest representatives. We based our thinking on the public interest rather than the interest of the transportation industry or any part of it.

Our researches and consultations disclosed many serious and complex problems affecting all areas of transportation and raised a great issue of policy. Is the fundamental problem of transportation political or economic? Should the problems be solved by political means, which imply more direct governmental action and regulation, or should the normal workings of the economic system be utilized in resolving the problems? Due to the extent of existing governmental activity, any further advance in the political direction would involve a major exercise in paternalism.

Our choice in favor of greater economic freedom was based, not so much on our dislike of governmental activity, as it was on our finding that the basis of transportation issues has become economic. In the past, regulation was imposed to secure a political objective; the protection of certain groups against exploitation. It was continued to protect the carrier groups, first against ownership by the government itself, and second to help other groups become established in the transportation field, even to the extent of subsidization. We have now passed through that stage. We are faced with the needs for transportation by a growing economy. We want to perform our transportation job with the utmost conservation of resources. To do these things transportation can rely on the same methods and principles with which other industries have taken advantage of economic opportunity.

All of our 78 recommendations were made in the light of this most significant finding. They may be divided conveniently into four categories: regulation, public investment, American flag operations in international

transportation, and general governmental policies, such as labor, defense, taxation, and government procurement, which affect transportation.

In tackling the issue of economic regulation of transportation we are in a sensitive subject. Economic regulation applies today in a very comprehensive manner to the rates and the business structures of all forms of transportation. Regulation came about in the first instance to deal with specific social issues. The political sentiment surrounding this fact still exists, and the old, out-dated political issues are still raised whenever anyone tries to modify regulation to conform to more modern economic needs.

Moreover, the past pattern of regulation has created many vested interests in a status quo. All forms of transportation, however, have now reached a mature stage and it is time to allow future patterns of growth to be determined by the free choices of the sovereign customer rather than the sovereign government.

In the movement of freight, the ultimate decision on what price to pay and what carrier to use is vested in the shipper or his traffic manager. In the case of passengers, the traveler or his agent makes the decision. The combination of all these decisions makes the market for transportation services. This is similar mechanism to that which works in other forms of industry. The market sets the price and encourages businesses to make investments or extensions of service.

In transportation regulation often comes between the carriers and the market. Originally regulation was imposed to protect the shipper against monopoly, but transportation today is competitive with no one mode dominating the business. In fact, competition is increased by the fact that the shipper himself can provide much of his own transportation if he is not satisfied with carrier services.

Under modern regulation, the standards of competition have become the main focus. If a carrier loses business to another, he is not encouraged to meet the rate or to improve his service. Instead he can protest the rate to the regulatory commission who may hold up his competitor's rate and return some of the business to him.

In a similar way, if a new man wants to enter a transportation business, or if an established carrier wants to expand; permission must be sought for every detail of the transaction from the regulatory commissions. In almost every case, competitive carriers intervene and seek to use the powers of government to protect their vested markets.

Regulation is particularly restrictive when one carrier seeks to expand into another form of transportation. The present laws also fall unequally upon the various forms of transport in this respect.

With every individual rate potentially the subject of regulatory action, along with every move made by thousands of carriers in expanding or contracting their businesses, it is not surprising that the regulatory bodies have become bogged down in detailed casework. This attention to minute detail has prevented the regulatory bodies from concentrating on major policy decisions affecting the progress of transportation.

The main problem of transportation is no longer the protection of the public from monopoly, for we have competition. It is no longer the protection of developing carriers, for they have all reached a high state of development. Today our problem is a national one of economic expansion and financial stability. Transportation must grow and make its contribution to the expanding economy. Transportation must contribute to our other national objectives such as financial stability and the conservation of resources. It is the modern job of regulation to guide the industry toward these goals. Constructive work is needed in technical developments and their applications, in the study of carrier costs and their application to pricing, in the growing need for carrier services of different kinds and the type of carrier organizations that can best supply them. The regulatory commissions must be relieved of their detailed chores, and given the resources to guide transportation along fundamental policy lines.

I do not in any way criticize the operations of the regulatory commissions. They are apparently doing the job the law requires of them. But the law should permit them a more constructive role in guiding the carriers to meet the economic challenge ahead. This cannot be done under the heavy case workload which now burdens every one of them

In our transportation report we recommended a steady, time-phased elimination of detailed control by regulatory bodies over rates and over the conduct of carrier businesses. We would retain sufficient protection to the public against unreasonable acts and discrimination, and allow the regulatory authorities broad latitude to guide and assist in the development of the transportation industries. We would decrease their detailed caseload, and increase their resources for research to these ends.

In addition to regulation, public investment in transportation facilities is a second great area of transportation policy. We have used the term public investment as a shorthand expression to cover the use of public funds in the provision of highways, inland waterways, ports and harbors, airports, airway facilities, and other public properties used in transportation.

It is a distinctive feature of modern developments in transportation that the newer forms require public facilities upon which to operate. The operation of motor carriers, water carriers, and air lines depends on public tax moneys invested in such things as highways, river and harbor improvements and airports and air navigation aids. So ordinary an event as a trip in your private automobile could not take place without a public investment program.

In the public investment side of transportation we find a division of function among governmental units. Waterways, harbor improvements, and the provision of air navigation aids is a direct responsibility of the Federal Government through such agencies as the Corps of Engineers and the Federal Aviation Agency. In the highway field, on the other hand, we find State government providing the main facilities, with many thousands of miles of local roads and streets administered by local and municipal governments, usually with substantial State aid. Federal participation in the highway program is through grants-in-aid to State highways, rather than through direct construction activity. In the case of airports and port terminals facilities we find a partnership of municipal government and private enterprise. Federal funds are granted regularly to aid municipalities in the construction of airports.

The Federal role in the provision of investment funds for basic transportation facilities is very substantial; either through direct construction expenditures or the granting of hugh amounts to aid the States and localities for highways and airports. What significance does this kind of government expenditure have for transportation generally?

Most obviously, the users of publicly-provided transportation facilities such as highways, airports, or waterways, are in competition with forms of transportation, such as railroads or pipelines which do not receive the use of such publicly-provided facilities. The railroad, for example, runs on its own track for which it pays its own cost of improvement, maintenance, interest, and taxes. If the user of the public facility does not pay an equitable share of the cost to the government, he in effect receives a subsidy to compete with a privately-financed investment. Moreover, if public facilities are overdeveloped we may find government engaged in a long-run policy of encouraging the growth of some forms of transportation at the expense of others.

If government is to be fair or at least neutral in the competitive struggle among carriers of different modes, some using public facilities and some not, it must do two things; it must assess user charges for the cost of the facilities it provides and it must program its long-range investment in these facilities so as to recognize the contributions to overall transport which private investment can make possible.

Both of these steps are difficult undertakings in view of the variety of ownership of the public facilities. The only leverage we have is the participation of Federal funds in this kind of activity.

If user charges are assessed for the use of publicly-provided transportation facilities, the rates charged for transportation will reflect the true cost of doing business including the cost of the public facilities. There is an uneven application of user charges among the several public investment programs. State highway programs are financed by special highway user taxes on motor vehicles, and to the extent that these are equitable competition of highway vehicles with other forms of transportation is equalized. The Federal aid highway program is financed by Federal user taxes.

In the provision of inland waterways and ports and harbors, no user payments are required by the Federal Government. The result is that an asset of great commercial value is given away to commercial interests in competition with private investment. Government-provided airway facilities in like manner are valuable facilities for which no charge is made by the Federal Government.

Our transportation report recommends the extension of user charges on a consistent basis to all publicly-provided facilities.

A second problem of public investment is programming. How do we know that the expenditure of funds on a project is actually needed? Could not the same funds be used more profitably on some other kind of activity? This vexing problem has faced public management for centuries and has been solved in varying manner. For many years the ugly word "pork barrel" clung to public works activity. More recently there have been vast improvements in the methods of project evaluation, so that comparatively little money today is spent on capriciously selected projects. We are ready to move one step forward in the programming of public moneys for transportation facilities.

What we propose in our transportation report is that the programming of Federal funds for publicly-provided transport facilities be coordinated in one department, that this coordinated program be submitted to the President, and then submitted to the Congress as the Administration program through the Federal Budget.

This is being done today, but on a piecemeal basis with little coordination among programs, and with no recognition of the contributions made by private industry.

In international transportation we face our greatest difficulty in applying sound economic principles. We are faced with the competition of foreign flag airlines and merchant marines, and we have no sovereign control over their activities in international transportation. In the international sphere we are faced with our most pressing non-economic problems, and we expect our international carriers to assist with these international political objectives. We need a national merchant marine for strategic purposes. Air transportation is assuming a similar strategic role.

With so many factors outside the normal economic disciplines, we cannot escape a major element of governmental participation in international air and water transportation. We must subsidize where necessary to achieve our national diplomatic and strategic aims.

Past programs of international air and merchant marine promotion must be continued. We must stimulate research in cost-saving methods and in new vehicles which increase the service potential of our national carriers.

This brings us to the fourth concern of the transportation report; the impact of general policies of government on transportation. We take the position that transportation should be affected by other public policies to the same extent as industry generally. Transportation should receive no special favors from the influence of non-transportation policy; neither should it incur any special disabilities. Public policy of whatever nature should fall equally upon all industrial interests.

Many public policies of taxation, of government procurement, of labor management relations, or of national defense have had an impact on transportation more severe than in other industries. Moreover, these impacts have fallen more heavily on some forms of transportation than on others.

A good example of an unequal burden for transportation is in the provision of transportation to the government at free or reduced rates. Government has not always paid a fair price for its transportation. Often its special position under Section 22 of the Interstate Commerce Act enabled the government to obtain secret and unduly preferential rates. As a result of the Weeks Report, we obtained legislation requiring the publication of government rates generally. In the present transportation report we recommended further development of a rational rate policy by the government procurement agencies.

With respect to tax policy by the various levels of government, we find the main problem here is unequal burden falling on the competing forms of transportation. Distinguishing between taxation for general purposes and user charges for government facilities, the report concludes that certain Federal taxes and tax regulations should be repealed or modified, that the social service burdens of the railroads be equalized with industry generally, and that more research effort be given to the impact of local taxation on the railroads.

In labor management relations the problem of work rules appears to be the outstanding one for transportation as an industry. We have recommended continuing cooperation of both labor and management in solving the work rule problem. We have also recommended the use of the good offices of the Federal Government to expedite solution in some instances.

In national defense we recognize that a healthy common carrier industry is the best guarantee of adequate defense transportation. We have recommended against the use of government-owned transportation which would jeopardize in peacetime the common carrier services needed in time of emergency. This is a policy similar to the mobilization base concept used for industry generally, and we believe that adequate defense transportation can be obtained through general mobilization policies.

As you have probably already concluded and as the Secretary said when he transmitted his report to the President, his primary responsibility was to and his primary interest was in the 180 million Americans who use the transportation facilities of the nation. Its objective is to keep available the facilities that are needed now and in the future.

It expresses the desire that this should be done in the traditional American way. During the past hundred years the modes of transportation, as we know them now have come into being at different times, and each has been assisted and encouraged as it grew. At varying times, each has grown to maturity, and now, with minor exceptions, all are mature. Now, no one of them has a hold or monopoly on any part of the transportation business. In the American way, we desire that there should be freedom of competition so that each transportation service may be handled by him who can do it best.

The program plays no favorites. It is based on the premise that the public knows what it wants and is competent to judge the service it desires and the price it wants to pay. Whether the service is by rail, highway, water, air or pipe, whether it is through the use of public or private facilities, whether it involves service by commercial carriers or private operators or whether it is by any combination of any of these things, the public who use these facilities are competent to judge their needs. We would like the influence of the Federal Government to be as neutral between all carriers as we can make it and to allow the judgment between the services offered to be made in the market place.

We do not wish to be wasteful. We have tremendous resources in transportation on hand. We have the skills and welfare of thousands who labor in the industry in which the investment of lifetimes has been made. We wish to discard no resources, to waste no skills or put no one out of business. We propose to establish a trend and to gradually work toward the end we wish to accomplish.

The American public is the travelingest and shippingest people in the world and can pay for what it wants. Except in unusual mitutations, involving other than economic conditions, there is no reason why any transportation should be subsidized. There is no reason why the American public cannot have anything in the transportation field that it wants and is willing to pay for.

The objective of the Transportation Policy and Program recommended to the President is to achieve a healthy, versatile, unrestricted, progressive transportation facility, operated by American citizens as a part of the free enterprise of the nation and having the same opportunities to grow and prosper that are now enjoyed by other industries.

UNITED STATES DEPARTMENT OF
COMMERCE
Frederick H. Mueller, Secretary Washington 25, D. C.

Under Secretary for Transportation

For Release at 2:30 P. M., Monday,
August 1, 1960

ADDRESS OF THE HONORABLE JOHN J. ALLEN, JR., UNDER SECRETARY FOR TRANSPORTATION, SCHEDULED FOR DELIVERY BEFORE THE TRANSPORTATION CONFERENCE OF THE NATIONAL ACADEMY OF SCIENCES, WOODS HOLE, MASSACHUSETTS, MONDAY, AUGUST 1, 1960, 2:30 P. M.

I welcome this opportunity to meet with you in this notable conference dedicated to transportation. The officials and associates of the National Academy of Sciences are not strangers to the Department of Commerce or its transportation agencies. Only two months ago the National Academy furnished us with a critique of the entire scientific effort in the Department. This was the Kelly Report, named after the Chairman of the National Academy Committee, Mr. Mervin J. Kelly. Some phases of this report touched transportation research and development, although in the general context of the scientific responsibility of the Department of Commerce.

Coming closer to home, in transportation, the National Academy has been intimately associated with our two largest transportation programs, those dealing with highways and maritime promotion. The Highway Research Board has operated for about 40 years as a means of coordinating public and private research efforts in the highway field. The Maritime Administration and the National Academy have worked together for some years now in various phases of cargo handling research and development.

The present conference, dealing with all transportation, is an appropriate follow-through for the specialized work the Academy has done so much already to advance. Now is the time to seek a unity of scientific purpose in transportation, a unity that must match the unity of policy purpose that is being sought intensively by all official and public spirited groups today.

Even before this scientific collegium had assembled, public policy had

come face to face with the issue of unified transportation. In 1949 the Hoover Commission had recommended better coordination of the transportation administration in the Executive Branch of the Federal Government. As a result, there was assembled in the Department of Commerce a number of transportation agencies and the Office of Under Secretary for Transportation was created. Since then the Department has served to advise the President and the Executive Branch generally on the issues of transportation policy.

As a part of this responsibility, the Department issued last April a complete study of transportation policy entitled, "Federal Transportation Policy and Program." This report was issued after a one-year study made at the request of the President. Paralleling the study of the Executive Branch, the Legislative Branch, through the Senate Committee on Interstate and Foreign Commerce, is engaged in a study of general transportation policy. In this political year both parties have recognized the importance of transportation policy, in their platforms and in the programs of their leaders.

Concern for transportation policy has gone beyond official circles. Public spirited groups have taken up the challenge of transportation policy. They have issued comprehensive studies, have sponsored conferences and lectures on the subject, and have evidenced the concern of public-spirited citizens for solutions to one of our outstanding National problems. Not least among this group is the National Academy of Sciences, who, for the first time, have brought the fully mobilized resources of the scientific community into the search for solutions.

Science has a vast responsibility for the future of transportation. Part of this responsibility derives from the past, for transportation as we know it today has been created by science. Another part of this responsibility derives from the present trend of science in transportation, a trend which is leading toward the creation of a unity out of diversity.

Certainly, diversity has been the main theme of transportation in our lifetimes. This diversity grew out of scientific research and development which discovered and sought to exploit the potentials of new transport modes. The invention of the automobile and the airplane are outstanding examples. Not so evident was the continuous developmental work which perfected each individual mode, making it a dependable instrument for public service. Following research and development, a host of businesses, investments, facilities, occupations, and, if you please, government agencies, grew up to serve and be served by each individual form of transportation.

This emphasis on diversity was an appropriate course so long as research problems remained unsolved, so long as the full potential of each transport form required investment in complete transport systems, and so long as the gain in public benefit from new services exceeded the waste and dislocation caused. In the most recent past, transportation progress was to a large degree identified with diversity. Those who promoted diversity identified themselves with progress.

Whatever merits diversity may have had in the past, it is no longer the main emphasis of scientific work in transportation Scientific progress today tends toward transport unity. Those who promote diversity for its own sake today are not in the van of progress; defense of diversity today is reaction, frequently a vested interest reaction.

The science that has created diversity has completed that part of its job, and has moved on to a unifying theme. Each specialized transport mode has been brought to an advanced stage Each mode now has a fully articulated system of facilities and investments, each capable of rendering a large public service In a majority of instances, the services are substitutable one for another The scientific challenge has become a search for service quality, for efficiency and economy, and the combination of the attributes of each special service into new transport service concepts.

All of the new scientific discoveries are leading toward a unity of transportation; new sources of power, new developments in vehicles and service devices, new methods of systems control, new processes of management. Application of all these elements to transportation can be extended to all modes, giving emphasis to transportation as a single function rather than, as in the past, to differentiation. For example, atomic energy is being developed to apply to ships, to aircraft, to locomotives, and to highway vehicles. New freight containers are designed for use interchangeably to highway, rail, air, and water facilities. Advances management and control techniques apply across the board to all transport services. And these examples represent only the beginning.

So pronounced now is this scientific trend toward a unity of function and policy, that future research and development in the specialized modes will be relevant only in relation to a unified transport function. This trend must be made a self-conscious objective of scientific research. Part of the responsibility of the scientific community is the creation of institutions to coordinate objectives and research policies among the activities of government, private transportation business, and the public spirited institutions.

The scientific community is to be complimented for its initiative in bringing about this conference in recognition of its fundamental responsibility toward transportation.. Your search for scientific direction will be conducted openly and objectively in the true spirit of science. In behalf of the Department of Commerce and the Executive Branch generally I offer some suggestions for appropriate scientific coordination in transportation.

In practical terms, we have three groups concerned; namely, government, private industry, and public spirited groups such as the universities, the foundations, and professional associations. Each group has its own broad objective and its own sphere of research consistent with its objectives.

Government has two research roles; concerned first with its responsibility for public policy formulation, and second with its function to supply certain transportation facilities such as highways, waterways, airways and airports. Researches necessary for public policy formulation should be under the direction of the government as was the case with the Commerce Department study and is the case with the study of the Senate Committee. The government should also foster researches in highway, waterway, and airway matters, as is being done today in the intensive studies of highway cost allocation and in the Illinois road test where the collective State highway departments have assumed primary responsibility.

This does not mean that all research in these matters need be done by government employees or even exclusively with government funds. It does mean, however, that government should be the prime mover in research work necessary to carry out its own objectives.

Government has a further responsibility which embraces, but may transcend its public policy and operational functions. Government has a duty toward science as such. It must provide a certain fundamental impetus toward scientific progress. In the United States this has generally taken the form of underwriting certain basic scientific services, of which the Weather Bureau, the Coast and Geodetic Survey, the Geological Survey, and the Bureau of Standards are outstanding examples. In the field of transportation we have the government financed highway planning surveys which provide a basis and impetus for all research in highway transportation. A Census of Transportation is another potential government contribution.

Private industry has two responsibilities in transportation research. Its first responsibility, as an industry affected with a public interest, is to provide an appropriate and constructive response to explicit public policy developed by government. In fact, transportation industry and government have a reciprocal responsibility to develop sound explicit policies in the public interest. One of our troubles has been the failure of both sides to recognize this reciprocal responsibility.

Transportation cannot simply take a given statement of public policy and then go about its business of operating its facilities. At best, government policy is couched in terms of broad public interest, inevitably missing the expert knowledge of service conditions to be found in the transportation industry. From transportation industry we expect a constructive reaction to public policy, based on research conclusions and close to the realitities of its own operations.

We must remember that transportation industry itself has a public interest side and this implies a more intelligent reaction to public policy developments. Your conference would do well to explore this area of responsibility in detail and to suggest specific areas of research to transportation industry. Such subjects as the relation to regulation of cost finding procedures, technical trends in service, industrial demands for transportation could be researched by transportation industry itself.

This research might lead to constructive industry positions on regulatory policy.

Transportation industry also has the further responsibility for research in areas affecting its own operations. Not all of this research need be done by the carriers themselves. They could, as they have in the past, rely on their suppliers for a great part of their development work. But the carriers should not place complete reliance on this source. They should make their own appraisals of scientific trends, make some of their own developments, and give overall guidance to their suppliers. Above all they should indulge in some self-examination and satisfy themselves that their scientific house is in order in these respects.

We come next to the public-spirited groups who are in a sense the keepers of our consciences. They should, as they have been doing so well, make fundamental studies of public goals in transportation, and see how their research results compare with the performances of official groups and transportation industry. When public policies are announced, the public-spirited groups should give them an independent reading. They should also appraise the performance of industry in its public interest aspects.

But the public-spirited groups have a function going beyond criticism. They have fundamental services to perform in behalf of science, services necessary to preserve the integrity of science.

To the public-spirited groups falls the duty of reviewing all the results of science; to see that it is following a path consistent with its own logic, that all scientific sources are recognized, and conversely pseudo-science is exposed. The scientific community must observe the relations of science to institutions. They must supply institutions necessary for scientific progress and fight institutional relations which hamper science.

In our country public-spirited associations aid science by providing institutions for professional ethics, for scientific standards, and for coordination of scientific effort in many fields. They maintain free outlets for scientific results through their learned journals and their scientific conferences.

We have examples of such public spirited work in transportation. We have need for more of it, a need which the National Academy through this conference may want to suggest.

I offer these suggestions in a scientific spirit as ideas to be freely examined. You will have observed that these ideas are in terms of objectives rather than scientific content. I have not, for example, made any point about any distinction between social and physical sciences in relation to transportation. More important is the recognition of the need for economy of effort in achieving public objectives through scientific work. Equally important is the recognition by the scientific community of its responsibility to assist in achieving these objectives.

When these things are recognized, the appropriate discipline and content will be found.

You have important work ahead of you. The Nation and its public will be indebted to your foresight, your energy, and above all to your scientific discipline and integrity.

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UNITED STATES DEPARTMENT OF
COMMERCE
Frederick H. Mueller, Secretary Washington 25, D. C.

Under Secretary for Transportation

For release September 15, 1960,
Thursday, 1:00 P. M., E.D.S.T.

ADDRESS OF THE HONORABLE JOHN J. ALLEN, JR. UNDER SECRETARY FOR TRANSPORTATION, BEFORE THE ANNUAL CONVENTION OF THE AMERICAN SOCIETY FOR TRAFFIC AND TRANSPORTATION, GRAND BALLROOM, STATLER-HILTON HOTEL, CLEVELAND, OHIO, SCHEDULED FOR DELIVERY THURSDAY, SEPTEMBER 15, 1960

Industry Goals and Career Objectives in Transportation

I must open by paying tribute to the American Society for Traffic and Transportation for its contribution to the standards of education in transportation. Because of your efforts, there are thousands in all branches of our field who have gained an insight into the broad professional interest that exists in transportation. They have learned that there are items of importance to them beyond day-to-day problems, that transportation is a field of wide ramifications and that in transportation there is intellectual challenge for every field of learning. Above all your members have discovered that over and above the individual types of transportation there is a field of general transportation interest that, while poorly cultivated in the past, is moving to the center of the transportation stage in the present era.

Our experiences in the Department of Commerce with respect to general transportation policy have necessarily brought us into contact with the world of education. In our recent report on Federal Transportation Policy and Program it was our good fortune to have working for us many of the leading minds in the field of transportation today. The great universities of our land made available to us their experts of transportation, and our report reflects their dedicated and independent thinking. Not least among these was your Society's distinguished educational director, Dr. Virgil Cover.

During the past month the Department of Commerce, along with many of

you, participated in the Transportation Conference of the National Academy of Sciences at Woods Hole, Massachusetts. Here we saw in the making a scientific foundation for transportation that may benefit an entire generation of transportation development.

Indeed it is encouraging to see the progress of such leading educational forces such as the A.S.T. & T. and the National Academy of Sciences in seeking the same transportation objectives as we in the Department of Commerce. Speaking for the Department, I could state these objectives simply as follows:

1. Unbiased policy, not favoring any one form of transport over another, but allowing each the role indicated by its inherent advantages.

2. Encouragement of the modern trend toward coordination and integration of transport services, allowing new services to develop from the combination of the several individual modes.

3. Formulation in the public interest of policy developments suitable to modern transport coordination.

Inevitably the present trend in transportation leads to a coordinated National policy, not only among government agencies but among the transportation industries themselves. Just to mention the potentialities of coordinated container services, such as piggy-back, is to open a universe of new policy development; in scientific effort, in operations by industry, in regulation, and in the public promotion of transportation.

Developments in physical science will be reinforced by social developments, such as increasing population, increasing industrial output, regional growth, and continuation of the trend toward urbanization. These factors make evident to the public the need for better transportation coordination, both in industry operations and in public policy.

We are living among these forces, we see their actions every day. We cannot escape the necessity of new policy developments if we are to realize their benefits. To set in motion the kind of policy revision needed in our times and for the future, the President directed us to make a fundamental study of National transportation policy in which we were so fortunate in obtaining the services of so many eminent independent research authorities.

Our Commerce Department study has outlined the broad general direction which transportation must follow. But the revision of policy in line with modern trends is not just a problem in defining and outlining a course toward solution. In so important and large a field as transportation, solution of our problems will be a lifetime job for many thousands in government, in industry, and in our educational institutions. The transformation of policy will require in particular the active participation of transportation industry itself; first to do the research necessary to determine its own direction of development, and then to follow through with basic program.

Some of these basic programs will have to do with scientific trends in physical facilities such as vehicles, motive power, sources of energy, methods of operation and maintenance. Others will have to do with administrative matters such as cost finding, operations control, data processing, or training. Still others will be concerned with the market for transport service, and finally there will be the impact of all these elements on basic investment trends and industry goals.

Education will have an important role in carrying out this change of transport policy, a transformation now anticipated in public statements of the Executive and Legislative branches of our Federal Government, and even in the platforms of our two major political parties.

This transformation will eventually reach into every staff and operating department of transportation, if it has not reached there by now. There must be executives and managers who are familiar with the service and cost features of a combination of transport modes. There must be solicitors and traffic managers familiar with the concepts of marketing research, particularly long-range service policy for mass production and processive industries. Clerks and accountants will have to be transformed into analysts of operating and business conditions. New staff services will be needed along with executives trained in their use.

In Government there will be needed persons who can translate modern transport developments into better programs of public facility investment. Each new airport, harbor, inland waterway improvement, and super highway must reflect the kind of service inherent in a growing economy. Transport coordination will be necessary to make the most use of public facilities. Regulatory standards will also be affected, as regulation takes as its new objective the assurance that the potentials of modern transportation will be available for a growing economy.

We do not have an adequate number of this kind of people today. Furthermore, not all of this need for trained people will be met out of those with practical experience in the uncoordinated transportation we know today.

It is obvious that the talents necessary for the new transportation policy must be created by an educational process. Today we have railroad men, motor carrier men, air industry men, and so forth. This specialization even characterizes the public service, with separate emphasis on highways, aviation matters, waterways, merchant marine, or the techniques of regulation. There are very few general transportation men anywhere, at least with the executive capacity for taking over a general transportation system.

New men must be trained in new transportation methods and ideas. Many men now in transportation, with practical experience, will want to be retrained to take better positions under the transportation policy of the future. In short, there must be an educational policy to match a revised National transportation policy. This need was pointed up by a recent editorial in Traffic World, which showed that transportation is being deserted as an object of study by the modern student.

We are thus facing a paradox. With a growing need for trained generalists in transportation, we are being deserted by the students. Why have the challenging problems of our industry, so large they have aroused the President of the United States and the platform writers of both political parties, not aroused the enthusiasm of our youth?

Before I would blame youth for lacking in enthusiasm I would search for those objects which might be worthy of arousing that quality.

Enthusiasm will be aroused when youth discovers that new talents are needed to solve pressing and emergent problems. The application of new found talents to challenging problems in transportation will take us away from dull established routine and toward the long-range contemplation of key transportation issues.

Youth will respond to the new functional emphasis in transportation which takes us away from the emphasis on each compartmentalized mode. In the new emphasis will be opportunity for exciting, creative action.

Education reflecting career objectives is to a great extent a function of the policy goals of industry. In an age of rather full employment, with a whole world grown smaller and in need of reform, and the reaches of outer space presenting new worlds to conquer, transportation industry must put forth a new policy effort if it is to maintain its ranks. It will find its effort rewarding and worthy of our best younger minds.

If we are to correlate industry goals with career objectives we must look critically at the transportation function itself and our present methods of preparing ourselves to understand it.

We have noted earlier that the modern concern with transportation is with the function itself rather than the various means whereby the function is performed. A useful function whether it be transportation or something else, cuts across a series of specialized processes or areas of study such as economics, marketing, administration, law or engineering. To become an expert in a functional area necessitates some knowledge of all the key processes required to perform that function.

Needless to say, under these conditions a true expert in transportation would require a good liberal education prior to his effort to specialize. Probably the transportation expert of the future would begin his specialized training in graduate school or his later college years.

In most of our colleges and universities a specialist in a functional subject is required to master the processive subjects which contribute to his functional speciality. At the same time he is required to become an expert in his own right in one of the processive subjects over and above its relation to the specialized function.

This pattern would fit the training of transportation specialists. A man would study economics, management, engineering, law and other subjects

insofar as they relate to transportation. At the same time he would select one of these areas as a major subject, becoming in his own right an economist, manager, engineer, or lawyer. In this way the transportation specialists would bring the full benefit of each branch of knowledge to bear on transportation policy, in the full knowledge of the contributions of other branches of knowledge.

One of the handicaps of our field is the lack of transportation knowledge on the part of many professionally trained men. An economist, asked to discuss a transportation issue, will reply, "I know nothing of transportation operations." Frequently the operating man in transportation does not comprehend the problem of marketing transportation services. How often have we heard the operating man exclaim that the traffic man knows nothing about railroading, trucking, airline operations, and so forth. In this attitude operations becomes activity for its own sake, divorced from any market service policy.

The function of transportation will never be developed as a challenging subject through training and executive development stressing each processive comportment. The accountant and traffic man will have to get out on the line to see how it operates in a physical sense. The engineer and operator will have to go into the counting house and the sales office to appreciate how they affect the physical activities of the transportation properties. Another educational experience for the operating specialist would be to participate in a few cases before the regulatory commissions to appreciate the impact of regulation on company policy. Too often concern with regulation is a specialized interest of a few, the many in transport operations have no first-hand knowledge of how it works.

Educators face a challenge to develop men trained in transportation policy, meaning first, appreciation of transportation as an economic function and second, the relationship of each processive activity to the performance of that function. But the educators cannot be effective without the appropriate response from industry or government which must supply the career opportunity.

Transportation policy change today is in the air we breathe. The present environment is favorable to progress and much study and attention have been given already to new courses of action. The new courses do not follow exactly from the old experience. Thus any further progress will require the actions of men with imagination, training and energy.

Considering the complexity of the subject under modern conditions, the reformation of transportation policy in industry and in government will require the services of very well-educated individuals. Not only must this education comprise the liberal elements which everywhere have provided the basic training for leading executives, but there must be a new specialization, a specialization of function rather than process.

The exact lines of this new specialization must be worked out by people such as yourselves who have been dedicated to the task of improving

the personal equation in transportation. Here is a job worthy of an entire generation of effort. Your past and present efforts in providing accreditation for specialists in transportation represents progress. You have made a good beginning. You are in a good position to take up the further work of preparing transportation industry for the new policy problems.

From your beginnings you will continue your interest in the more profound problems of transport education, a true functional specialization which will open opportunities to our very brightest students. You will follow them through their experiences from the college, to the specialized courses, and into industry where their talents will be improved by appropriate executive development. In each case you will provide the motives and the standards to guide the new development of transportation policy.

This is a goal worthy of your numbers and your energies. It is a logical follow-up of your beginnings in the field of transport education. You must succeed if the Nation's expectations for a new transport policy is to be realized.

UNITED STATES DEPARTMENT OF
COMMERCE
Frederick H. Mueller, Secretary Washington 25, D. C.

Under Secretary for Transportation

For Release Thursday, November 17, 1960

TEXT OF ADDRESS OF HONORABLE JOHN J. ALLEN, JR., UNDER SECRETARY FOR TRANSPORTATION, SCHEDULED FOR DELIVERY BEFORE THE 10TH ANNUAL ROADS AND STREETS CONFERENCE, LIBERAL ARTS AUDITORIUM, UNIVERSITY OF ARIZONA, TUSCON, ARIZONA, THURSDAY, NOVEMBER 17, 1960, 10:00 A.M.

I am privileged to be the guest of the highway group in this fine State where sunshine and progress go hand-in-hand. Highway people generally are to be complimented for their efforts to combine practical experience with educational work. The type of activity you have here has become typical in many of our States; a joint effort of highway personnel in the State with the State University.

While some of the subjects you may discuss here will be of immediate practical importance in highway engineering and administration, you can take advantage of this opportunity to reflect on the course of highway policy during the past few years. You can also reflect on some of the future problems facing the highway field, and what can be done about their solution. For great issues will face the nation in the highway field during the next session of the Congress.

Arizona is a particularly good place to discuss the past and future of highway policy. In this State major attention has been given to the problem of systematic highway administration. Your procedures for sufficiency rating analysis, for instance, have been adopted in a majority of the States and by the Federal Government in some aspects of highway programming. Recently it was my privilege to represent the United States at a United Nations conference on transport planning in the Far East. While I was there I was asked to explain some of the methods you have developed in this State for highway planning.

In this State you have also shown an awareness of the need for long-range planning for highway and other public works improvements. While much of your earlier creative work in the highway field was useful in rural areas, recent growth in your urban areas has also acquainted you with the problems of building highways in major metropolitan areas. You thus cover the entire range of highway problems. Your problems generally reflect the highway concerns of the nation as a whole.

During my time in office as Under Secretary for Transportation the highway program was one of my major responsibilities. Certainly the progress made in the field of highways is one of the landmarks of the Eisenhower Administration. When that Administration came to power, the country's highway plant, in actual physical terms, had barely recovered from the effects of the Second World War. In fact, studies of highway investment analysis show the year 1952 as having about the same net investment in highways as the year 1941. As a result of the accelerated highway program brought into being through the President's message to the Governors at Bolton Landing, New York, net highway investment has, for the first time in many years, been increasing at a faster rate than traffic growth.

This monumental accomplishment has been achieved without deficit financing of any kind, it has been achieved within the framework of a national transportation policy, and in the course of our achievement we have taken giant strides to make the highway a good neighbor to other activities in our urban areas.

There is great promise that these achievements will be continued on into the future because the public has approved our policies and will insist upon their continuance. In so great an activity as highways, there will be other great decisions to be made in future years. But I am confident that they will be made in the context of the principles we have already established.

I want to discuss three great highway issues that will face the Federal and State highway administrators during the coming year. These issues are:

1. Long-range finance,

2. The future scope of highway development,

3. Relating highway planning to urban and land use planning generally.

The Problem of Highway Finance

When the Congress passed the Federal-Aid Highway Act of 1956 they wisely put first things first, and got an urgently needed program underway under a system of provisional financing. They also wisely provided for a system of studies that would enable the Administration and the Congress of a future date to provide a more definitive system of financing. They provided for regular examinations and reports on the cost of the Interstate program. They provided under Section 210 of the 1956 Act for a report on taxation and cost responsibility. With the results of these two studies we will be able to know how much money we will finally need to complete the Interstate System to the standards provided in the law, and at the same time to apportion the tax burden equitably.

The future envisaged by those members of the Congress, and I can tell you that I was one of them at the time, will soon be upon us. We now have reliable information on the cost of the Interstate System. As a result of two consecutive cost studies we have given our methods an elaborate test, and we know that the cost figure has become stabilized. In fact, our current estimate of the cost of the Interstate System agrees substantially with our last one; so that critics can no longer make the statement that the costs will probably go sky high.

At the same time the Section 210 study will provide valuable information on how the highway tax burden should fall on different classes of persons and users. Because of the quality of the information we will have, there will be no excuse for faulty decisions in the field of highway finance as a national policy.

It is plain now that the funds provided in our initial and provisional system of highway finance will not be sufficient to complete the Interstate System in the time provided by law. The decision inherent in this situation is simply this: Either revise the original plan for the Interstate System or provide a rational financial plan for the present completion schedule.

One part of the financial decision that will have to be made is the question of pay-as-you-go versus some form of deferred payment. I feel strongly that the general public still prefers the pay-as-you-go arrangement. The public indicated that preference during the summer of 1959 when the highway program had been allowed to slip into an uncontrolled deficit position due to the highway legislation passed in 1958. This legislation was an unwise reaction to a period of economic recession. We must avoid another such crisis. While deficits generally are not good, nothing is worse than deficit by default. Highway planning standards have gone beyond the point where we have to live on a month-to-month basis to meet our cash requirements.

In the future, I sincerely hope that the highway financial issue is met head-on. I believe that the future financial plan for our national highway program should be based on an honest recognition of the scope of the program with respect to the completion date of the Interstate System. Given a policy in this respect the revenues should be provided from an equitable system of user taxes.

The Federal Government has the prime responsibility for maintaining orderly financing in the highway field because of the pivotal role of Federal finance in the accelerated program. Under an orderly system contractors, engineering consultants, and State highway departments can plan their work with confidence. Such confidence will mean savings in time and money in ultimate cost, and with the more orderly completion of highways, the public will benefit from better service. Without a sound long-range financial plan, there will be a feast or famine situation, such as developed in 1958 and 1959. This made for ipcomplete projects, contractors with idle capacity, and uncertainty in the work load of the State highway departments.

The Future Scope of Highway Development

I cannot underestimate the importance of the financial decisions we must take in the highway field next year. Important as they are, however, they cannot overshadow the longer-range consideration of future highway programs and their relationship to a national transportation policy.

During President Eisenhower's first term in office his transportation program was dedicated to the meeting of specific crises that had been allowed to develop. His highway message in July 1954 was one part of the concern with the need to do something dramatic to meet a chronic situation. Similar actions were taken for the Saint Lawrence Seaway, the merchant marine, aviation, and the regulation of our common carriers. The progress already made in the highway

field, unparalleled since the early 1920's, epitomizes the success of the President's early transportation program.

But the most important job is to see that orderly progress continues to be made and that new crises do not occur. For this reason the President, during his second term in office, sought to combine the work of the separate parts of Federal transportation effort into a consistent transportation policy. He charged the Secretary of Commerce with the task of formulating the basis for such consistent Federal transportation policy. The Secretary has already acted on the President's directive and has submitted a plan for comprehensive transportation policy development.

The Secretary's plan looks to future development in accordance with consistent planning standards. It is intended as the basis for separate but consistent planning in each of the forms of transportation, whether under public or private auspices.

Let us illustrate the need for a continuing policy planning approach by turning again to the highway field. The present plan for the Interstate System provides that it be designed for 1975 traffic service, and that the system be completed by 1972. We know full well that in the magical year 1975 all of our highway problems will not then come to rest. Even before that year arrives, we must make plans for the period beyond 1975.

A simple illustration of this involves the present joint financing arrangements. Present law provides a 90-10 matching ratio for all Interstate projects designed to 1975 standards, but is silent on post-1975 standards. Now we design highway facilities at least 20 years ahead, so that, even now we are in a period when we must design facilities for the later 1970's and before long, all designs must anticipate the service requirements of the 1980's. What should our continuing financial policy be? Should we continue to provide the 90-10 matching for all Interstate routes beyond 1975, or should we revert to a more balanced type of financing for those design features to accomodate post 1975 service requirements?

This question must indeed be dealt with in the light of a consistent national highway planning policy.

A more fundamental planning problem is the future extent of the Interstate System itself. Continuing population changes make necessary the revision and extension of Interstate routes if the purposes of that system are to be maintained. For example, the Interstate System is largely based on the population pattern as displayed by the 1940 and 1950 censuses. The census of 1960 has added many new metropolitan areas. Projected future growth of our population will bring about the development of other metropolitan areas. The layout of the Interstate System must be re-appraised in the light of these and other factors.

It is an interesting exercise to superimpose the present Interstate System on a map showing the location of the standard metropolitan areas expected in the year 1980. A number of new route configurations become obvious

from such a comparison, and this is some indication of the type of planning challenge we face in the highway field.

The need for this type of planning, however, should not be used as an excuse for indiscriminate additions to the Interstate System. During the past several years the Department of Commerce and the Administration have fought against piecemeal additions (in some cases subtractions) from the system by means of particular legislation. It has been our strong contention that highways should be considered as an integral part of our transportation system and that they should be developed through consistent national planning standards. These standards should be used to provide for the system's legitimate growth through the same process by which it was originally planned.

It is my purpose solely to point out the further opportunities possible in the future through such planning. A related question concerns connections between the 48 contiguous States and Alaska. The Alaska Rail and Highway Commission on which I have the honor to serve, is in process of formulating recommendations for this future need, of vital importance to all Western States.

Of course the Interstate System, important as it is, is not the entire highway problem, just as the highway problem is not the entire transportation problem. Our future national growth will be accompanied by a growth in the need for highway transportation services, and this will imply a continuing need for highway improvements on a large scale. This will provide continuing employment for the capacity of our contractors and construction engineers and in addition there will be an assurance of some growth element.

The problem of long-range highway planning is to measure more precisely our needs. Highways are and will continue to be the largest area of public investment in transportation. We will need more precise measures of need than we have been using. These measures of need must take into account the contribution to transportation need we might expect from other forms of transportation.

In recent years statements of highway needs have spiraled upward. Part of this was due to the imperfect means employed in measuring earlier need and the subsequent improvement in method. But as time passes and extensive highway improvement takes place, can we not expect some stabilization in the scope of highway needs? Could we not expect these needs to be related consistently to other economic indicia. These questions pose the challenge to the highway policy planners of the future.

A second reason for more stability in highway needs is the impact of other forms of transportation. Air transportation continues to grow and is absorbing an increasing proportion of the nation's total inter-city transportation. In our very largest metropolitan centers, congestion and high values demand a greater development of mass transportation to supplement and take some of the load off our expressway facilities. These elements and others must be reflected in more precise measures of highway need.

We called attention to this general problem of public investment in transportation in our recent study of transportation policy. We advocated more general studies of transport need, related to economic indicators. These studies would be detailed enough to form the basis of overall Federal policies for all transportation development.

From what I have been saying, it would appear that in highway transportation we face two policy issues, one of consistent financial policy, and a long-range planning policy for future transportation needs. I have discussed each in some detail, outlining possibilities for future actions and decisions in each area. I have also related these considerations to actions that have been taken by the present Administration.

Relating Highway Planning to Urban Planning

While the activities I have been discussing are within the framework of highways and transportation, there is also a serious planning problem involving external relationships of highway building and other types of activity. I refer, of course, to the impact of intensive highway development to the urban planning and land use problem.

Highway people have come in for a lot of criticism because of the close relationship of their activity to the general pattern of urban living. Highway activity on the scale we have initiated causes disruption, disruption causes irritation, and due to irritation many recriminations have been voiced.

While many of the criticisms aimed at the highway program have been due to irrational feelings over specific projects, there is behind this feeling a legitimate planning problem. This problem is recognized by most people in the highway field, and as the highway program advances, more and more general planners and community leaders are seeing the genuine scope of the highway planning problem in relation to community objectives. We have been trying to do something to meet this planning need.

Coordination of the use of Federal funds for general community planning and urban renewal, with the funds available for highway and transportation planning, appears to be imperative.

We are facing in this country two massive social forces affecting community development. The automobile is causing the spreading out of our major metropolitan areas with its impact on land uses and values. At the same time we are redesigning our cities under the leadership of an extensive urban renewal program, whose full impact has not yet been felt and will not be for a number of years to come. It is essential that the layout of our urban arterial transportation be consistent with our national policy toward urban renewal and urban planning generally. It would be the greatest folly if the two kinds of plans, both supported heavily from Federal funds, should work at cross-purposes.

To avoid the long-range possibility of such an event, the Secretary of Commerce and the Administrator of the Housing and Home Finance Agency have

been working together to coordinate the use of Federal planning funds in the two fields. A program for coordination must take advantage of local initiative in planning administration, and encourage further development in local planning.

Under such a procedure, a metropolitan community in cooperation with its State highway department would apply jointly to the Housing and Home Finance Agency and the Bureau of Public Roads in the Department of Commerce for joint financing of a combined planning project covering general planning needs as provided under the Housing Act and in the use of the 1½ per cent planning funds provided in the Federal-Aid Highway Acts.

It is sincerely hoped that metropolitan communities and the affected States will recognize the advantages in such coordinated planning. Both the Department of Commerce and the Housing and Home Finance Agency stand ready to assist communities in defining their long-range objectives and helping them organize the means for achieving them. It would be desirable for such planning to be used as a precedent for wider coordination of various kinds of programs in the metropolitan environment.

The highway today is the most dynamic element in the environment of our communities. It is hoped that the way will be opened toward improving the highway as a good neighbor and removing a source of criticism that has been leveled at us. We ask all highway people and all local community planners to give our proposal a fair trial, and help us improve it as we move along.

We can be optimistic that highway people will meet the problems facing us in the future; problems affecting sound and consistent finance, long-range planning objectives, and the planning and environmental influence of highway development.

These challenges are intellectual as well as administrative and strictly technical. A joint effort by State highway people and State universities to improve the processes of highway planning and policy making is a sign that highway people have not been caught napping by the new, emerging problems. Instead they have sought the most logical means of learning about them and discussing their solutions.

We are coming into an era where the intensely intellectual and intensely practical aspects of serious problems are becoming one and the same. By combining thought and practice in the highway field you and others in many States will be ready for the challenge ahead.

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UNITED STATES DEPARTMENT OF
COMMERCE
Frederick H. Mueller, Secretary Washington 25, D. C.

Under Secretary for Transportation

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ADDRESS OF THE HONORABLE JOHN J. ALLEN, JR., UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION, BEFORE THE DINNER MEETING OF THE NATIONAL TRANSPORT POLICY CONFERENCE, THE GEORGE WASHINGTON UNIVERSITY, ROGER SMITH HOTEL, THURSDAY, DECEMBER 8, 1960, 6:00 P.M., EST

POLITICS AND ECONOMICS IN TRANSPORT POLICY MAKING

I am grateful to the Dean and Faculty of the George Washington University for this opportunity to participate in your interesting Conference dealing with the background of transportation policy. By providing a forum for discussion of leading political and economic issues here in our Nation's capital the University is performing a needed service to our community, making possible our more active contribution to National life.

Transportation has always been a great public issue in our National life. It has necessarily mixed politics and economics, and will continue to do so as we face great future decisions of policy in this field.

I came to the Office of Under Secretary for Transportation from a political background. I believe that a knowledge of practical politics is essential for any official dealing with transportation policy.

I do not, however, want to leave the impression that I would overstress the so-called practical side of things to the neglect of formally developed knowledge in the field of transportation. It would be furthest from my thoughts, in this University-sponsored Conference, to play the role of the practical politician, arriving from the real world to give his lecture on the facts of life. My own experience as Under Secretary for Transportation and as a member of the Congress has demonstrated that the solution of practical problems requires thought, that thought requires formal discipline and research, and that these require education.

I have found that in transportation, theory and practice have run together. Some of my most constructive opportunities to discuss policy have been with groups interested in education and research. I have had the opportunity to talk with practical highway people attending educational conferences in their

State universities, with business management people in the training institutes of the American Management Association, with both traffic men and educators in meetings of the American Society for Traffic and Transportation, and with the National Academy of Science group interested in the research foundations of transportation policy. During my time in office it was also necessary to conduct an extensive research study in transportation policy, drawing not only upon the talents of a trained permanent staff but also turning to the academic profession for consulting services.

My office has not been unique in this type of experience. The committees of the Congress have done likewise, as have many private groups. All of this work is part of the environment in which practical politics must work today in making transportation policy. This work has guided us in dealing with our past problems, and it will lay the foundations for the transportation policy decisions of tomorrow.

Before we can discuss the relationship of politics to economics in transportation, we must do some thinking about the various meaning of politics. The word political may be applied in two separate senses; it may apply to the fundamental motivations which guide policy decisions or it may apply to the practical workings of the political process. We may speak of a political motive in the sense of desire to extend democratic privileges, to correct injustices, to help underprivileged groups, or even to increase the Nation's economic progress. Politics in the other sense means the methods by which people in political life operate, how bills are passed, how influence is exerted, and so forth. Both meanings have significant application to problems of transportation policy.

During our lifetimes we have seen a definite evolution in the political motives that guide transportation policy. Early transportation legislation was motivated by something akin to the desire for social justice. In regulation we sought to protect the public from unjust discrimination or we sought to bring a privileged industry within the sphere of social control. In programs such as highways or rivers and harbors we also sought broadly social ends; perhaps to "get the farmer out of the mud," or to help certain regions or underprivileged groups of primary producers. In these early efforts the impact of government policy upon the carrier industries was not considered, and if the impact of policies upon the general economic progress of the country was considered at all, it was assumed that they would be at least neutral in effect.

By the year 1920, official policy motivation, at least in regulation, took a decisive turn. Whereas regulation in its beginnings sought to protect certain sectors of the public, regulation after 1920 developed in the direction of promoting the welfare of the carriers by regulating minimum rates and restricting entry into the carrier businesses. In some instances this policy has been supplemented by outright subsidy.

The carrier-oriented policy, applied to railroads in 1920, was extended to motor services in 1935, to merchant marine in 1936, to aviation in 1938, to inland water carriers in 1940, to freight forwarders in 1942, and to rate bureaus in 1948. Essentially the aim of these laws was to protect the carriers from the full effects of competition, particularly the carriers in the newer modes such as motor carriers, airlines, and the barge services on the newly developed inland waterways. Doubtless there was a social motive in allowing the unhindered growth of the new forms of transportation, particularly in a period of depression.

While we may not have reached the logical limits of this kind of regulation--we still have some exemptions and gray areas--there are many of us who think we have reached the point of diminishing returns. After two decades of unparalleled economic growth, we do not have a healthy outlook in major sectors of common carrier industry. Common carriers as a group have found their prospects of sharing the economic growth of the Nation severely limited by private carriage. There are recurrent crises in many common carrier industries. The regulation painstakingly built up over a generation and designed to assure the well-being of the common carrier industry has not served its purpose. We still seek the "balanced transportation system" which is the theme of this Conference.

Clearly we have already come to another turning point in the history of regulation. We have made our common carriers responsible to the public interest, and we have 40 years of experience with a philosophy of protective regulation. A new political motive is needed in transportation suitable for the times we live in. That motive will be found in the truths of economics, the other part of my theme "Politics and Economics in Transport Policy."

Perhaps the first acceptance of the new political motive in regulation was the Transportation Act of 1958. Its most significant provisions modified the rule of rate making in the Interstate Commerce Act and allowed railroads greater freedom to adjust their investment in passenger services. These provisions followed the wide debate over the basic political philosophy of regulation stated in the Weeks Report of 1955. That report was a recognition by the Eisenhower Administration that government attitudes towards the transportation industry must develop in a new direction.

The beginnings of the new regulatory motive are with us and they have a bipartisan stamp, advocated by a Republican Administration and enacted in principle by a Democratic Congress. More systematic development awaits the future. This development will not mean the end of regulation or the abandonment of the public protections against abuses that some prophesy. It will mean that the public interest will require the common carrier industry to share in our economic growth and be a principal factor in fostering economic growth. Instead of being in a zone set apart from the economic system, common carriage will be an active participant in the economic process, reacting to economic forces by modifying its business organization, adjusting its investment, offering suitable price and service concepts, introducing the fruits of new research, and bringing its management methods up to the standards of industry generally.

In line with this principle, I should expect that regulatory laws and regulatory practice would be modified to encourage the full participation of common carriage in economic growth. Rate regulation would permit the same principles of market development now in practice in other industries. Control of entry and mergers would permit more ready adjustment of investment and scope of operations to National and regional economic growth. Laws governing common ownership and joint rates and through routes would become more consistent one with another, and would encourage new service concepts which cross the boundaries of transportation modes. Reporting requirements would be based more on the needs of the carriers themselves for better internal management than on the need to inform the regulatory authorities.

Now this type of regulation, which is inherent in the change of basic political motive, will not be fully realized by the passage of a few laws. Certainly amendments to the regulatory statutes will be needed, and they will come in time. They will come the sooner if there is an active interest and participation by the carrier industries themselves. These industries should continue to come forth with constructive policies concerning the means of improving themselves under regulation and in bettering themselves in relation to the economy generally.

The regulatory bodies and the government generally must not operate without the benefit of the carriers own researches, based on their real experiences in supplying the transport market.

So far I have emphasized the economic motive of regulation, stressing that economics has become the new political motive underlying regulatory legislation. This is necessary because of our continuing National concern for economic progress. The important common carrier industries must contribute more toward that progress in the future.

If economic progress will be the driving force of regulation, it will prevail even more obviously in the field of transport promotion and public investment. We have already built great systems of highways, airways, and waterways. Their improvement and extension will continue into the future in relation to our economic growth, if we legislate wisely. We must assure ourselves that the real basis of action in these fields is intelligent programming, based on economic criteria, not emotional factors deriving from some bygone era, nor the special interests of those who build or use them.

The argument in the public investment fields today should be around the methods used in measuring the size of the programs. Public policy should strive, not for development for its own sake, but for more accurate measurement, closer approximations of true economic need.

Many will argue that this policy will necessarily mean restriction on public investment. History does not bear out this fear. Our greatest failures in the fields of public investment have been failures to appraise our genuine needs. Through our ignorance we failed to keep pace with highway traffic, we allowed our air space to become overcrowded for want of adequate program policies, and for years we failed to construct our St. Lawrence Seaway for want of adequate attention to economic realities. Many of these neglected needs have been met during this Administration through more attention to economics. The purpose of economics is neither shortage nor surfeit, its aim is to measure the right amount.

If economic need becomes the new motive in all phases of transportation policy, it must be realized in a practical political environment. This brings us to the second meaning of the word politics--a method of achieving governmental decisions. We must consider our objectives against the background of politics as it actually operates.

Anyone interested in finding out how political methods are supposed to work will find no dearth of literature on the subject. There is much talk of pressure groups and human frail ties of one kind or another, and many of the

discussions of great public issues feature the inside story of how the decision was actually reached.

A more sophisticated speculation of the political process would have each decision based on a deliberate resolution of all the special groups interested in the matter. In fact some would even deny the possibility of any objective public interest, and would define public interest as the actual compromise of the groups contending in the political arena.

All of these theories ignore the real inside story of political activity. The key to understanding political method is the responsibility which weighs upon the member of Congress or the Administrative official. Politics is actually a process of assigning responsibility, and until one works in a political environment, he cannot realize how immediately responsible he is for his deeds.

This political responsibility works in behalf of disinterested or objective people as well as interested ones, and your mail can always bring proof of how many objective people there are. While this responsibility cannot always assure the right or even the best decisions, it can well assure actions that can be defended in objective terms.

In fact our whole political structure is designed to enable responsible people to make defensible decisions. This is the purpose of the Committee structure in the Congress, it is why hearings are held on important bills, it is why the President must submit his legislative proposals and why many of these are backed up with extensive researches.

This sense of responsibility explains the fundamental character of legislation on important subjects, such as transportation. All of our important legislation represents an evolutionary growth over a considerable period of time.

This evolution represents the actions of responsible people to changing conditions. It also represents their realization that all perfection is not achieved at once, but that each need for change must be demonstrated.

Another feature of this evolving process is the bipartisan contribution. In such a law as the Interstate Commerce Act, which has evolved over more than 70 years, there has been a systematic growth in line with basic political motives, even though there have been changes in political party control. We must also remember that the Committees of Congress are bipartisan, and that many measures bear the stamp of the minority as well as the majority. All of this reflects political responsibility and encourages the orderly evolution of our policies.

Because of political responsibility, fundamental changes in law are not lightly made, and also for the same reason basic laws once enacted are not lightly changed. It is for this reason that we can foresee the retention and further development in transportation legislation of the principles that have recently been enacted in the Transportation Act of 1958. Because of the workings of basic political methods, the predominance of the economic motive as a guide to transportation policy seems assured.

As further proof of our contention we may turn to efforts made in the past by special groups who have sought to overturn responsible political decisions reflected in legislation. This is a most interesting political phenomenon. Typically such a group finds its outlet in noisy partisanship in one or another of the political parties. It hopes to make a partisan measure out of its interest and to repeal a hated law on straight party lines. Such a group is very seldom successful in reversing the course of legislative history. The history of business, labor, agriculture, and even transportation affords examples of such misdirected efforts. Such groups have failed to take into account the basic element of responsibility which guides political decisions.

The past eight years have brought us many responsible political decisions in the field of transportation. With new developments in highways, aviation, merchant marine, the St. Lawrence Seaway, and action both by the Administration and the Congress to modify the underlying philosophy of regulation, it has been a period of great accomplishment. The historian of transportation would be hard put to find a similar period when so much was done.

This period illustrates the fundamental thesis I have made, that political responsibility acts in accordance with the basic evolution of political motives. All of our transportation policy developments in this period have been motivated by the desire to serve the economic progress of our Nation, to assure the economic progress will not be stymied for want of transportation.

Certainly the period of transportation policy development is not over. Great problems and great decisions can be anticipated in the years to come. Some of these issues have been identified in the staff studies of transportation that various official and non-official groups have made.

The great programs already under way must be carried on and the problems that emerge must be solved. In highways we will have decisions to make on the size and scope of the program, the equity of highway taxation, and the relation of highway building to other programs in our great cities. In other public investment programs we will be equally concerned with the scope of the programs and the methods of financing, particularly the question of user charges.

In regulation the Congress will be faced with new issues of rate and service regulation, growing out of the problems of our carrier industries and following naturally from the progress already made in the Transportation Act of 1958.

A particularly acute problem in the coming years will be the question of appropriate Federal organization for the management of our promotional and regulatory activities. We can expect that the issues developed out of the many studies that have been made in the past few years will soon come to a head and that organizational changes will be made. The policy maker will have a number of alternative organizational philosophies to choose from. His sense of responsibility will lead him to choose the kinds of organization that will best serve the basic motive for all transportation policy--service to economic progress.

In dealing with all of these problems we can expect those responsible for decisions to keep in mind the natural evolution of transportation policy,

particularly its current direction toward economics. Politics and economics will combine in both meanings of the word politics--in basic motive as well as basic method.

Here is a great opportunity for constructive action by you who have a serious interest in the field of transportation. Better policies will emerge if better objective methods of analysis are discovered, if these methods become the basis of public discussion through groups such as this one. For economics can be an objective guide to policy making, and we are fortunate that the times demand this kind of an approach. If we can be equally fortunate in sustaining an interest such as you have shown in participating in this Conference, we can be assured of good work in our future transportation policy.