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

104.15

REMARKS BY HUGH J. GOWNLEY, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND SPECIAL PROGRAMS, PREPARED FOR DELIVERY AT A SEMINAR ON THE COMPUTER IN TRANSPORTATION AND DISTRIBUTION MANAGEMENT, AT THE UNIVERSITY OF WISCONSIN, MADISON, WISCONSIN, AT NOON FRIDAY, AUGUST 2, 1968.

I have heard a great many good things about this annual seminar during the year and a half that I've been associated with the Department of Transportation. It is a distinct honor, therefore, for me to be asked to participate in the graduation exercises for this 1968 session of the seminar. I can also say with sincerity that I appreciate this opportunity to speak to so many key transportation executives. We in the new Department of Transportation welcome every opportunity of this kind to talk about our organization. We need your support, and we can't reasonably hope to obtain your support unless we can come before you to tell you what we are trying to do, what our problems are, and on occasion, to let you know about some of our modest accomplishments. And so -- I'm happy to be here.

Since 1968 is an election year, this seems to me a particularly appropriate time to be talking about computers. Election years have come to be the time when all Americans are made aware of computers, but I'm afraid that they have come to regard them as the devices which spoil election-night excitement by predicting the outcome of elections nationally before the polls have even closed in such states as Washington and Oregon and California.

And, of course, computers are also involved in the political polling business. Someone has suggested that opinion sampling is becoming such a precise science that one day we may be able to avoid the cost of conducting elections. Using a computer, we might be able to select one sample individual -- the perfect sample -- who would be subjected to an in-depth interview about his evaluation of the various candidates. This individual's views would be fed into the computer, which would convert them into an analysis of the attitudes of the entire electorate. The computer would "project a winner," as they say on television; and we would have a President.

6-26-69

0479

3-2

GOWNHJ680802

00241

8/2/68

But I doubt that we'll really ever adopt such a system. Certainly I hope not.

Some time ago, I read about a meat-processing company that had been able to computerize its sausage-making operation. Now I happen to be something of a fancier of sausages. In the sausage industry, there are people -- sausage masters, you might call them -- who can decide at any given moment in the sausage-making process which ingredient should be added next. From years of experience, they know precisely which ingredients, in precisely what amounts, will make the best sausage.

The article I read said that one sausage manufacturer had been able to replace these people with a computer. Well, that's fine. I realize that machines can be more trustworthy than people, and that they don't have to be given vacations. But somehow, since I read that article about computerized sausage-making, sausage has never tasted quite the same.

One of the things I did before coming out here was review some of the material which has been written about computers during the last few years. One writer told about a railroad which found that computers saved it money even before it started using them. The savings were the result of the railroad's study of how it might utilize computers.

By its very nature, a machine is a prosaic and a literal device. A machine is a perfectionist. It understands no redundancies and tolerates no imperfections. And so this particular railroad company, in making its study, was forced to look at itself in a new light. It was forced to redefine its functions and reconsider its organizational structure. In so doing, it discovered many duplications and bottlenecks and superfluous reports.

I don't think any of us needs to be reminded what computers can do in terms of computing. Their speed and their accuracy is awesome, whether they're figuring out how to make sausage or whether they're sifting through complex commodity lists and freight tariffs and then billing customers automatically.

But that railroad's experience points up sharply the other thing computers do. They force us to take a completely new and detached look at ourselves. They challenge us to eliminate our unnecessary activities and to modernize all our operations. And this applies, I think, particularly in the field of transportation.

I can give you an example from our own experience in the Department of Transportation. A few weeks ago we sent to Congress some proposed legislation called "The Seamen's Act of 1968." This proposal is dear to the hearts of Robert Blackwell and Harold Harriman, and I suspect that they have already told some of you about it.

In a word, this legislation would allow the Coast Guard to modernize and simplify the procedures which are now required in signing on seamen for voyages on United States merchant vessels and in discharging the seamen once a voyage is completed. For a number of reasons, it is necessary to maintain detailed records of merchant seamen's service. What the Coast Guard would like to do is store this information on computers. That's where we started.

But in trying to figure out how to get that job done, we found that we had to look not only at all the procedures and all the documents involved, but also at the laws which govern the engagement and discharge of seamen. Some of those laws were enacted more than a hundred years ago.

So in the case of "The Seamen's Act," you might say that the computer challenged us to go all the way -- to question every redundancy, every unnecessary and every outdated procedure. In the same sense, computers are asking us in the Government and you in industry why we need nine separate commodity classification systems. They're asking us why we don't simplify rate structures. They're asking us why one bill of lading has one format and the next bill of lading has a completely incompatible format. They're asking us why the passport which international travelers carry is the size of a paperback novel when a magnetic card, for example, might be not only handier but also more secure.

Government people are by nature evangelists, and I am tempted to continue this talk with a full-fledged sermon about transportation facilitation and its place in the Department of Transportation. But I'm

afraid I might be out of my league. You've already heard this week from two of our most dedicated facilitationists (maybe I've coined a new word there), Bob Blackwell and Hal Harriman, and you've heard from such professionals as Arthur Baylis and George Begnal.

There is little that I can add to what I'm sure has been covered in great depth during this seminar. For this reason, I'm going to exercise a speaker's prerogative and depart from the subject on which I was scheduled to speak. But I have made this decision for another good reason. Our facilitation program has been given such great emphasis -- and I quickly add, for good reason -- that I sometimes think that some people in industry think of the Department as being one large organization devoted almost exclusively to facilitation. I wouldn't be surprised if we are referred to sometimes as the Department of Facilitation. Well, this would be grossly unfair to some of our other important activities. It is one of these other programs that I would like to tell you about. It is a program that I'm sure will be of interest to you in industry, and one in which you can help us, just as you have assisted us so much with facilitation. I have reference to our international industrial cooperation program.

The basic idea underlying this program is a simple idea, really. It is based on the premise that transportation requirements, and transportation problems, are unique to no nation. And it is based on our willingness to admit that other nations can help us solve our transportation problems, because no nation has a monopoly on the skills and the resources which are necessary to the solution of the complex transportation problems of today. You are all familiar, of course, with the so-called "technology gap" that has caused so much concern to our foreign friends. Well, there can be no doubt that if one speaks of the sum of technological advances in all fields, the United States does indeed enjoy a significant lead over any other nation. In certain areas in the field of transportation, however, we have good reason to believe that a technology gap exists, but in the opposite direction. In some important areas, we are lagging behind our foreign friends.

What we are trying to do, therefore, is negotiate international agreements which will allow the United States, on a reciprocal basis, to take advantage of transportation developments abroad. Most of our attention has been directed toward the nations of Western Europe -- nations whose own transportation systems are advanced, and which have problems similar to ours.

During the last year we have traveled widely to talk about this idea of international cooperation in transportation development. The ministries of transport of key Western European nations responded readily and enthusiastically to our proposals for cooperation, and on a bilateral basis, we are now exploring specific research and development projects that might be undertaken on a shared-cost or shared-work basis. In September, we will be meeting with the French and Germans to discuss specific proposed projects in which both they and we are interested.

You might be interested in some of these specific projects, so let me name a few here:

Dispersal of airport fog; all-weather airport surface guidance and control; automation of air traffic control and aeronautical communications; oil pollution by ships; development of jellied fuel for aviation purposes; use of computers for forecasting weather on a statistical basis; development of electronic systems capable of feeding information directly to automobile drivers.

So far, most of our cooperative efforts with the Western European nations have been on a government-to-government basis. Where we really want to concentrate our activity, however, is in the area of cooperation between U.S. industry and foreign industry. Here is the pay-off area, we believe, since by far the greatest transportation research effort in the United States -- in terms of both money and capabilities -- is taking place in private industry. We see our role in the Department as that of an agent or coordinator, if you will, in helping to identify areas of potential cooperation and in encouraging foreigners to participate in joint cooperative endeavors. A little later on, I'd like to mention how we are taking specific action to carry out our role of coordinator. I want to point out quickly that we are not confining our explorations or our discussions to the Western nations. In October 1966, in a speech in New York City, President Johnson said that the Government has undertaken the task of achieving "a reconciliation with the East, a shift from the narrow concept of coexistence to the broader vision of peaceful engagement ..... We seek healthy economic and cultural relations with the Communist states."

In our Department, we believe that reciprocal cooperative programs in the field of transportation can contribute substantially to the efforts at reconciliation which the President has been leading.

However, it was not until this summer that we were fully aware of the potential for cooperation with the Eastern Europeans. Last month I accompanied Donald G. Agger, the Assistant Secretary of Transportation for International Affairs, on a trip to Czechoslovakia, Yugoslavia, and Romania. We talked with transportation officials and others in the capitals of these countries. We found not only an interest in cooperation but also a keen interest in outright purchases, by the Eastern Europeans, of U.S. transportation equipment and technology.

In all fields of transportation, these countries are running significantly behind the United States. Even in those areas where you might expect them to be advanced, they are not. For example, U.S. technical experts who accompanied us on our tour advised us that the system some Eastern Europeans are using for railroad traffic control is about 20 years behind our latest systems. Certain Eastern European aviation experts have thoroughly evaluated the world's aircraft, both from the technical and economic viability standpoints. They state without reservation that Boeing and Douglas airplanes are by far the best, and they want to buy them.

Working out the arrangements to exploit these interests and to exploit the potential markets for U.S. equipment will not be easy. The foreign exchange problem, for example, is quite difficult. But we believe, with the President, that any solid results would be well worth the effort. We are not discouraged.

In the same spirit, I think it is significant that last month, after 10 years of discussions and negotiations, regularly scheduled commercial airline service began between Moscow and New York. The Federal Aviation Administration, which as you know is part of the Department of Transportation, worked long and hard, along with the State Department, to complete the agreements under which Pan American Airways and the Soviet airline, Aeroflot, are operating.

Of themselves, a few commercial airline flights a week between the United States and the Soviet Union may seem to be small things. But the tourism which they encourage and facilitate can be an important force in international relations. The "peaceful engagement" about which President Johnson spoke in October 1966 can take many forms -- common people visiting each other and getting to know each other better; governments working together, at the technical level, to solve such problems

as how to build a better road or manufacture a safer automobile; American corporations selling their products to nations which have come to recognize, however belatedly, what our industrial system has to offer to those who will talk and trade with us as friends.

A year ago, when we first started talking about this industrial cooperation program, we realized that this big country with its giant and far-flung transportation industry and with its big Government, has many diverse interests in transportation. We realized that if we were going to talk seriously with other nations about cooperative activities, we would have to have exact and comprehensive information about what is happening in transportation research and development in this country and abroad.

Once again, the computer presented itself as an answer to the problem. We are now negotiating a contract for the design of a computer format which will allow us to list any number of planned and ongoing transportation programs. In our first phase, we are trying to put together the many and diverse research efforts of the Department's operating administrations. In subsequent phases, we would like to add the research efforts of American industry. Our eventual desire is to convince our foreign friends that they too should participate in this system so that some day there will be a transportation bank containing the research and development efforts of the major countries -- both in the government and private industry sectors.

We hope, thus, to be able to make it possible for a government, an international organization or a private research organization to interrogate the computer and discover immediately what sort of research and development activity might be going on at points throughout the world.

The system must be compatible with information systems which already exist, but at the same time it must be flexible enough to accommodate information gathered in other nations and information specific enough to provide program managers with a meaningful guide to potential international agreements which can save precious time and money in the further development of transportation systems.

We think this cataloging of research and development will be especially valuable to the six modal administrations which make up the Department of Transportation. We're convinced that computers can do

this job. As a matter of fact, we are fortunate in that there is already in existence a computerized international system for information on highway research and development. Our task is one of extending the program to air, water and rail transportation.

The highway listing -- known as the Highway Research Information Service -- is maintained by the National Academy of Sciences in cooperation with the International Road Federation. This particular computer speaks in three languages -- French, German and English.

I want to make one important final point about our industrial cooperation program. It is not a give-away program. We are not proposing to hand out American technology except when there is something to be gained in return.

You will recall that earlier I stated that in certain parts of the transportation spectrum, the United States has fallen behind. I think it is important for Americans to understand this point and to be aware that in the field of transportation, there is much to be gained from other nations. Japan is a world leader in the development of comfortable, efficient high-speed rail service. The British have made striking breakthroughs in the development of air-cushion vehicles. The French are doing advanced work in the development of high-capacity aircraft which can operate on short runways. The Soviet Union has built impressive giant helicopters and seems to be mastering certain important cold-weather transportation techniques.

Today, no one knows how many millions of dollars are spent each year to duplicate transportation research that has already been completed by someone else. No one knows how much vital time could be saved if the wasteful duplication of transportation research could be eliminated.

In this age when the development of one new or improved transportation system may depend on the development of half a dozen complex sub-systems, we cannot afford wastefulness in time or money.

Perhaps I have spoken a bit too long about a program that at least on the surface would appear to have no close relationship to facilitation. But I submit that upon closer scrutiny, one could regard

our industrial cooperation program as really another form of facilitation. If our definition of facilitation -- i.e. the removal of impediments to the efficient and effective movement of people and goods -- has any validity, then the effort that we are making to obtain from whatever source is available, the most advanced equipment, systems, procedures, practices, is really the highest form of facilitation.

One last word about computers. Because I am addressing people who live with them, I thought it might be interesting to mention a trend that I have noticed among friends of mine in Washington who also live with computers. True, this trend is barely perceptible at the present, but I have the impression it is going to grow.

Bill Vaughan, a respected Bell-McLure syndicated columnist, has made some interesting observations regarding this tendency. Some computer experts believe that computers will eventually be smarter than people. Already, as Mr. Vaughan points out, "they can play chess, compose music and translate one language into another."

He continues:

"Of course, there are still people around who are smarter than any machine. The only trouble is that what these ace human brains are principally devoting themselves to is making machines smarter. A while back the fear was that mankind was going to blow itself up. Now most of our efforts seem to be directed at making ourselves obsolete."

As Mr. Vaughan says, our tendency to cast the computer "either in the role of some sort of mechanical villain ..... or as a clumsy comedian sending out inaccurate bills and fouling up payrolls" may some day come back and haunt us. I submit to those of you who are living with computers that you had better regard them with a little more respect.

I congratulate you on your completion of this seminar on the computer and its role in transportation and distribution management. On behalf of the Department of Transportation, I salute the University of Wisconsin for sponsoring such a fine and forward-looking program.

******

our industrial cooperation program as really another form of facilitation. If our definition of facilitation -- i.e. the removal of impediments to the efficient and effective movement of people and goods -- has any validity, then the effort that we are making to obtain from whatever source is available, the most advanced equipment, systems, procedures, practices, is really the highest form of facilitation.

One last word about computers. Because I am addressing people who live with them, I thought it might be interesting to mention a trend that I have noticed among friends of mine in Washington who also live with computers. True, this trend is barely perceptible at the present, but I have the impression it is going to grow.

Bill Vaughan, a respected Bell-McLure syndicated columnist, has made some interesting observations regarding this tendency. Some computer experts believe that computers will eventually be smarter than people. Already, as Mr. Vaughan points out, "they can play chess, compose music and translate one language into another."

He continues:

"Of course, there are still people around who are smarter than any machine. The only trouble is that what these ace human brains are principally devoting themselves to is making machines smarter. A while back the fear was that mankind was going to blow itself up. Now most of our efforts seem to be directed at making ourselves obsolete."

As Mr. Vaughan says, our tendency to cast the computer "either in the role of some sort of mechanical villain ..... or as a clumsy comedian sending out inaccurate bills and fouling up payrolls" may some day come back and haunt us. I submit to those of you who are living with computers that you had better regard them with a little more respect.

I congratulate you on your completion of this seminar on the computer and its role in transportation and distribution management. On behalf of the Department of Transportation, I salute the University of Wisconsin for sponsoring such a fine and forward-looking program.

******

C-1

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

111.3

REMARKS BY HUGH J. GOWNLEY, DEPUTY ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS, BEFORE THE AEROSPACE INDUSTRIES ASSOCIATION OF AMERICA, INTERNATIONAL COMMITTEE, SAN DIEGO, CALIFORNIA, MARCH 17, 1970

A native of Pennsylvania can hardly say that he is coming home when he visits San Diego. In some sense, however, I feel that appearing before this group is coming home since I can trace my association with AIA back to 1954--that is some 17 years of at times close, at times remote relationship. So I am personally pleased to have been asked to be with you at this meeting.

From a business standpoint, the invitation extended to me by Jim Reeves some several weeks ago was an easy one to accept. Jim was quite candid when he stated that many members of the International Committee felt that they had been somewhat remiss in not showing a greater interest in the international activities of the Department of Transportation. I agreed with him that this was not a good situation--at least from our standpoint. Being such a new Department, we do not like to miss any opportunity to tell our citizens and our industry what we are doing. We recognize very well that unless you have knowledge of our activities, we cannot expect your continuing interest; and without your interest, our ability to get done the things that we should be doing is appreciably diminished.

71-03143 S

Knowing quite well the interests of this Committee and your Association, I must quickly say that, in terms of total impact, the Department of Transportation may not be as vital to your immediate well being as the activities of some of the other Executive Departments, such as Defense and Commerce. I would hope today, however, to be able to outline for you some DOT activities in which I think you should have an interest and perhaps in some cases indicate to you why that interest may even be considerable.

Before proceeding into particular areas of our activities, I think it would be worth taking a few minutes to tell you a little something about the Department of Transportation in general. I do this because it has been my experience that it is wrong to assume that all industry groups are fully aware of the organization that we have available to carry out our tasks. So, let me take a few minutes to describe this Department of Transportation.

The Department came to life on April 1, 1967, and the birth consolidated within the Executive Branch a force of some 100,000 men who had previously been scattered throughout a score of different agencies and offices. You, who are so familiar with the organization of the Department of Defense, will readily understand our organization if I describe it as follows: The Office of the Secretary of Transportation is composed of five Assistant Secretaries and a General Counsel, with

a total staff of some 500 people. As the DOD has its Army, Navy and Air Force each headed by a Secretary who answers to the Secretary of Defense, we have six Administrations each headed by an Administrator who answers directly to the Secretary of Transportation. The largest of these Administrations in terms of numbers of people is the Federal Aviation Administration, which accounts for about 45 percent of our total manpower.

While I dislike quoting from legislative documents, I would make an exception here to read slowly the particular purposes of the Department, as cited in the Act which created it. It is a good summary of just what we are working to achieve.

The Act says that the Department was formed to " . . . assure coordinated, effective administration of the transportation programs of the Federal Government; to facilitate the development and improvement of coordinated transportation service . . . to encourage cooperation /of government, labor and industry/ to stimulate technological advances . . . to provide general leadership in the identification and solution of transportation problems; and to develop . . . national transportation policies and programs to accomplish these objectives with full and appropriate consideration of the needs of the public, users, carriers, industry, labor, and the national defense."

The Department is also charged by the Act to make a special effort to preserve public park and recreation lands, wild life and waterfowl refuges, and historic sites. I mention this adjunct to our charter since perhaps our most newsworthy activities recently have been the saving of the Everglades' alligators and the preservation in New Orleans of a certain historic district.

But more seriously: Environmental quality is one of our most important national concerns. Its extremely high priority was emphasized when, on January 1, 1970, President Nixon signed into law the Environmental Policy Act of 1969. This Act makes the consideration of the impact on our environment--our physical, esthetic and historic resources--mandatory in the planning for all Federal actions, and it enjoins us not only to preserve but to enhance. The Department of Transportation recognized the importance of these general issues early, particularly the impact of transportation on the environment, and established in February 1969 a new Assistant Secretary for Environment and Urban Systems.

The Department's concerns are multimodal--in fact, in many ways that is the name of the game. Our principal aim is to foster a nationwide and international system of transportation in which the needs of the nation's industry and general populace are served by all modes--rail, sea, highway and air--in the proper balance to achieve

the greatest efficiency and economy. Among all modes we wish to achieve or foster the proper proportion of investment, the proper degree of regulation, an increase in safety, and the application of advanced technology and innovations. Before DOT each mode went pretty much its own way. Under DOT we have the mechanism for a system-wide approach. The concern is not with highways or passenger trains or aircraft separately; it is with the full door-to-door trip of the traveller. It is not with ships or aircraft or trucks or barges or rail freight separately, but with the proper mix of these to best serve the needs of commerce and industry. And while we have fought many brush fires in the past three years--and many others still burn or are kindling--we fight them with a broad end result in mind. Our progress in the transportation system--which in many respects, like Topsey, just grow'd--is slow; but I feel optimistic that we are making progress toward a better balanced, more efficient, generally improved transportation system.

Specifically, what have we accomplished so far and what are we now emphasizing?

As I mentioned previously, we have brought together, from other Departments and from independent agency status, almost all the various transportation-oriented Federal agencies: the U.S. Coast Guard, the Federal Aviation Administration, the Highway Administration,

the Railroad Administration, the Urban Mass Transportation Administration, the St. Lwarence Seaway Development Corporation, and the National Transportation Safety Board.

We have successfully concluded or have well underway some important legislative packages including the funding for Federal assistance to public transit; the Airports/Airways bill to fund for more efficient, greater capacity, and safer air routes and air terminal facilities; we are continuing the development of the SST in the tradition of U.S. preeminance in technological achievement and advancement; and a comprehensive review of our international aviation policy is now almost ready for submission to the President. There is a list of other large and small pieces of the total picture--auto safety, auto insurance, recreational boating safety, hazardous cargo regulations, trucking safety and many more--that are under active development. I mention these here only to give you some idea of the broad scope of our activities.

Probably our most important single new effort now underway has to do with the formulation of a national transportation policy which will be, when completed, perhaps the most significant and comprehensive statement of where we are now in transportation, where we are going, and how we may get there that has ever been developed. While it will recognize that the United States' transportation system moves more people and goods at less cost and, mostly, with more dispatch than

that of any other nation, it will also recognize that the dynamics of our economy and our changing social values have created some strains and imbalances. It will address such areas as investment and financing, both government and private, safety, the adaptation of technology to transportation, manpower and management, regulatory reform, transportation planning, and the special problems of international transportation; and it will propose a program for action designed to make our transportation system, in the last third of this 20th Century, responsive to the requirements of our national goals of economic growth and social development.

This statement of national transportation policy will be in a large part based on a vast systems study of the national transportation needs which has been underway for the past year. Tied in with this is the study and resultant decisions that must soon be made regarding the post interstate highway program.

Perhaps most noticeable by their absence in my discussion of the Department thus far have been those issues that are of greatest concern to you who are oriented in an international way. I have found that perhaps the single biggest void in people's knowledge of the DOT is a lack of recognition of the significance of our international activities. To most people, the DOT is a domestic Department concerned with highway development, automobile safety, railroads, and air traffic

control. But they almost invariably show great surprise when they learn of the scope of our international activities. Let me tell you therefore about some of our international interests.

One of our major activities that relates most closely to the theme of this meeting, "The Export Environment in the 1970's," is our facilitation program. Since the word facilitation, as it is used here, is in the jargon of the trade, let me explain it. It means the removal of those impediments--legislative, procedural, regulatory--that inappropriately hinder the fast and efficient flow of persons, baggage, cargo and mail in the domestic and international transportation system.

In our total transportation system, what I call the administrative environment has trailed far behind the great advances that we have made in transportation technology. Here are a few specific examples of what I mean:

-- Under our present system, a manufacturer of electronics equipment, say in Cleveland, cannot be quoted a single-factor through rate for a shipment, say to Munich, Germany; that is, he does not know in advance his total door-to-door transportation cost. Further, he must prepare literally yards of paper in order to move his shipment, including a separate bill of lading for each different mode of transportation he uses. Industry estimates the cost of this

paperwork to be in the order of $6 billion per year--equivalent to about 10 percent of the total value of U.S. commerce moving internationally.

-- If a shipper is using containers, he is often plagued either by the unavailability of containers or by the "temporary loss" of his shipment because the carriers lose track of their containers. His problem is often compounded by the refusal of carriers to interchange containers with other carriers.

-- If his shipment exceeds a value of $250, he faces delays and frustrations in meeting the requirements of our shippers export declaration system.

-- If he is exporting goods to various countries in South and Central America, he is subject to delays and penalties imposed by existing counselor documentation requirements before foreign entry of his product is permitted.

But you did not invite me here today to list problems that you already know about. I think what you really want to know is what we are doing about these problems. Well, in specific terms, here are some of the things we are doing.

-- We expect to have this year an international intermodal through bill of lading form which can then be used as the basic instrument to serve other documentary needs. After

many months of tough negotiation, we expect to have formal international acceptance of this document for trans-Atlantic cargo at a meeting to be held in Geneva in June of this year. This major breakthrough, which has come under U.S. leadership, will help pave the way to the ultimate goal of a single document covering any shipment, worldwide.

-- We also expect to achieve industry-government acceptance of a system leading to tariffs which will contain uniform commodity descriptions and codes applicable to world-wide cargo shipments. This, in turn, will enable us to expedite the computerization of tariffs for the benefit of all shippers, carriers, and the regulatory agencies.

-- We will also have this year an evaluation of baggage handling systems at air terminals and proposed automated passenger ticketing systems which will be a basic step toward providing some long-needed relief of air terminal congestion.

-- For the first time, we will have compiled by computer the total shipping paperwork cost for individual shipments abroad, which will help in the development of an improved cargo documentation system.

-- In the container field, we expect to achieve this year significant progress in the marking and identification, registration,

and interchange of containers which should bring immediate improvement in the flow of cargo.

-- And, as a final example, we have presented to Congress the Trade Simplification Act. This bill, which has been referred to both the House and Senate Commerce Committees, embodies provisions of benefit to both shippers and carriers. It would, if enacted, put in one package such highly desirable features as: permission to file uniform international single factor freight rate tariffs for door-to-door movements, the use of a through bill of lading, interchange of transport equipment and facilities between carriers of different modes with antitrust immunity, and antitrust immunity in connection with the making of through intermodal rates, and all of this without disrupting the existing regulatory framework and jurisdiction. Secretary Volpe and all of us at DOT feel that passage of this bill would be a giant step forward through the paperwork jungle and other impediments to the free flow of commerce. I encourage you to take an active interest in this piece of legislation by writing to your own Congressmen and particularly to Congressman Harley Staggers, Chairman of the House Committee on Interstate and Foreign Commerce and

Congressman Samuel Friedel, Chairman of the Subcommittee on Transportation and Aeronautics urging early hearings on the bill.

I have purposely restricted my remarks in this area of facilitation to problems and remedies relative to areas of interest to shippers--which is, of course, what your firms are. There is, however, a great effort underway to provide answers to the problems confronting the passenger. A discussion of this area will have to await another time; but its importance cannot and is not being ignored. Within the past 10 days, the Secretary of State has established a truly blue-ribbon advisory group of people outside the government to help him cope with the problems of how to facilitate the movement of U.S. citizens traveling abroad--particularly as these problems relate to State Department responsibilities--for example, the issuance and control of passports. We have already offered to Secretary Rodgers the resources of our facilitation staff to assist him in this effort.

And now let me move on to another area which I am sure is of interest to you: international technical assistance.

In recent years AID expenditures on capital and technical assistance for air transportation development have been in excess of $200 million, with about $14 million spent last year. I am sorry to say that DOT has not had a significant voice in determining how those funds were

spent. The role of DOT in this area, however, is now probably an academic question. President Nixon announced just about a week ago that he will propose to Congress a new approach to the foreign aid programs of the United States. In general terms this approach will probably place far more reliance on the utilization of international, multilateral organizations to support developing countries and much less emphasis on bilateral assistance which casts the U.S. in a directive role. (I have with me several copies of a detailed press report of proposed changes in the program which are available to those of you who are interested.) The exact shape of the new programs is not yet settled and, therefore, the precise role of DOT is not known.

It may be, however, that we will continue to operate in one area where we have not been completely impotent: that is, in schooling foreign nationals and otherwise assisting developing countries, through some 80 FAA specialists stationed abroad, to develop their air transportation systems. We would like to increase these training activities, but we are facing a problem that will require some cooperation from your industry. Due to pay raises and the like, the charges for FAA training have been increased. As you know, each government activity must collect all direct and indirect costs when it provides a service for a foreign country.

Thus, FAA, seeing that increased costs could reduce the number of participants training at government facilities, recently wrote a letter to Marsh Garrett asking if industry might assist in taking up some of the slack by waiving tuition costs for their own formal training courses. Although only a few replies are in, there is a good indication that industry is going to be receptive to such a program.

From technical assistance I would like to switch briefly to a program that we call international industrial cooperation. Under this program, we are attempting to trade-off or collaborate with foreign nations in transportation research areas in order to prevent costly duplication of research effort; and we have been modestly successful, chiefly in areas other than aviation.

I realize that you heard about this program at your meeting last year in New York. I am not, of course, going to repeat what you heard there--but I do want to emphasize one specific area that I submit you should consider seriously: the development of closer transportation ties with the Eastern European bloc countries. Now here we do not expect to achieve the degree of collaboration that is possible with the countries of Western Europe and Japan. The bloc countries just do not have very much of the kind of technology that we need or want; but these countries have very strong desires to obtain our technology and our transportation hardware. We have been actively encouraging these desires and with your help I think we can satisfy some of them.

The big problem, as you know, is the problem of financing: These countries have a real scarcity of hard currency. So here we have ready customers, but they do not have the kind of money we want. What is the answer? Imagination--imagination of the kind recently displayed by McDonnell Douglas with the Yugoslavs. You know the story. McDonnell Douglas has agreed to buy Yugoslav exports to help two Yugoslav airlines pay for seven new jet liners. Roughly one-sixth of the $35 million price of these jets will be covered by the sale of Yugoslav products to McDonnell Douglas or its subsidiaries. The $6 million involved will be offset by the sale of Yugoslav commodities in the U.S., including such items as Yugoslav hams and other foodstuffs that could be used in McDonnell Douglas plant cafeterias; also included in the barter arrangement would be Yugoslav glassware, textiles, jewelry and some manufactured mechanical equipment. This, gentlemen, I submit, is a real imaginative deal.

Earlier in these remarks I cited some of the things DOT has done or is currently doing. Buried in my list was a brief mention of a soon-to-be completed International Aviation Policy Review. I would like to expand on that item for a moment or so because it is one of the most significant accomplishments of the Department of Transportation during its young life.

Last July the White House asked the Department to take the lead in reviewing the international air transport policy of the U.S. This subject had not been looked at since 1963 and it was felt that the economic, political and technological developments since that time called for a review of major policy questions in this vital area.

In this effort we have had the benefit of significant help from the Departments of State, Commerce, Defense, Justice and Treasury, the Bureau of the Budget, the Civil Aeronautics Board, the National Security Council and the Council of Economic Advisers. Since we are shortly going to be submitting the final version of this proposed policy to the President, I am in no position today to discuss it in any detail. I can tell you, however, that acceptance by the President of this new policy statement will have a profound effect on the aviation industry, its users and foreign interests for the next several years.

The policy addresses the following major subject areas: The Exchange of Air Transport Rights; Charter Operations and the Role of Supplemental Carriers in Relation to Scheduled Services; Rates and Fares and the Role of the International Air Transport Association; Competition Among and Between U.S. Carriers and Foreign Carriers; All-cargo Certifications and Rights; Carrier Liability; Insurance; Facilitation; User Charges, Fees, and Taxes; and finally, Balance of Payments.

I believe that of most concern to your Association is that part of the Policy Statement dealing with balance of payments. I can assure you that the Statement gives serious and specific recognition to the potential efforts which the total policy will have on the three major payments accounts which are directly involved in international air transport activities, i.e., air transportation, overseas travel, and aircraft exports.

An earlier draft of the Statement that is being provided to the White House was given to your Association. Of course the final approved policy will be made available to you. My prediction is that you will have it by June 1.

The last area that I would like to cover today relates to air shows. I use the plural here because I am going to refer not only to the traditional Paris Air Show coming again next year but also to the first U.S. International Aerospace Exhibition.

First let me mention the Paris Show. DOT took over full coordination of U.S. flight line displays at that Show in 1969, and I believe those of you who were there will agree that for the first time we were able to present a fully unified display of our U.S. aircraft. Secretary Volpe visited the Show and inspected the flight line area; and because of his visit and the many favorable comments received from the companies with aircraft on the line,

he has agreed to once again assume the coordinating responsibility for the 1971 event. We will be operating on essentially the same ground rules as we did in 1969. The Department of Defense will not actively participate in the Show; however, Secretary Volpe has arranged with Secretary Laird for the military services to make aircraft available to their manufacturers for display on "no liability" bailment agreements; and we will be pleased to assist you in every appropriate way to obtain those military aircraft. We will also, if requested, assist in obtaining military transport of those aircraft to the Paris Air Show site. We have already negotiated with the Air Show managers to provide free ramp display space for U.S. military aircraft of all types. We will operate a backup airlift to USAF headquaters at Wiesbaden to assure immediate delivery of any spare parts or maintenance equipment that might be required.

Last year the DOT paid the total cost for all of the activities we performed for companies with display aircraft. This year, in keeping with President Nixon's dictum that government costs should be reduced to a minimum, we will be forced to charge for the services we provide. We expect the fees we will have to levy against those companies electing to be in the unified U.S. area to be somewhat less than the display fees they would have had to pay to the Air Show

managers for separate space. In return for the charge for display in the unified U.S. area, we will provide complete flight line operation and management. DOD has agreed to make military support personnel available to assist us in this. We will supervise the placement of aircraft and all necessary servicing, their movement in and out of the display area as required for flying demonstrations, and provide 24-hour military guard service for military aircraft as required. We will tie in all displays with the U.S. pavilion, which this year will feature a theme entirely devoted to aviation. We have also obtained an agreement from the French that the U.S. will be represented on the flight scheduling committee to assure that U.S. aircraft receive the best possible demonstration flight times.

Those of you with civil aircraft will, of course, not have the advantage of having free display space as those displaying military aircraft will have; nor will you be free of costs we must assess for flight line services. I believe Boeing, however, can tell you that the services we provided them when they displayed the 747 were far more efficient and less costly than they would have been with local ground handling help. Of course, there is not now and there will not be any pressure on your company to display in a unified U.S. area--you can place your aircraft anywhere you may individually negotiate display space.

A letter signed by Secretary Volpe has been sent to the presidents of your companies telling them that we will undertake this activity and requesting them to provide us with an indication of your companies' plans insofar as aircraft exhibits are concerned. We would appreciate receiving responses to this letter as soon as possible.

And now a word about the first U.S. International Aerospace Exposition recently authorized by the Congress and signed into law by the President. President Nixon has designated the Department of Transportation as the agency responsible for the production, management and operation of this event. The law now calls for holding the first Exposition no later than 1971. We have requested the Congress to change this date to no later than 1972, and we have every reason to believe they will agree to this request.

The site for the event has not yet been selected. As more people hear that the Exposition will be held, we will receive requests to stage it in particular cities. In fact we already have one such request from Milwaukee; and there are a number who feel that Dulles International Airport in Washington, D.C. is the proper cite. Whatever choice is made, we tentatively plan to hold the first Show in early June 1972. There is a tremendous amount of preparation and planning to be accomplished; however, a basic operational plan, which was developed some five years ago on the first go-around, is still available

and is being used as the basis for planning and operating the Exposition. It is much too early to go into great detail, but there are some important things I think you should know.

First and foremost, the Exposition will be held. It is sponsored by the U.S. Government, and every department and agency in the government with a significant aerospace or related science activity will be a major participant. We fully expect President Nixon to formally open and dedicate the first show.

It is our intention that this Exposition will be primarily a market place. You will have ample time to display and demonstrate your products to potential customers without interference from the general public, who will, of course, be admitted but on a controlled basis. We will hold symposia and conferences of international significance and will otherwise marshal the full resources of the government to attract foreign government officials with purchasing responsibilities. The law requires that the Exposition be international and we believe this is a good thing. U.S. products have never failed to meet all competition, particularly when the potential buyer is able to evaluate them along side those of our foreign competitors. You will be hearing an increasing amount about this first U.S. International Aerospace Exhibition. I urge you to begin planning now for participation in 1972.

Gentlemen, I have taken too much time with my remarks today, but I hope you won't be too critical of me for that. You gave me the opportunity to tell you about a new Executive Department that you admitted you did not know too much about, and I have taken full advantage of that opportunity. As I mentioned earlier--it is in the best interest of both of us that you know who we are, what we are doing and how we can work together, both for our mutual benefit and to meet most effectively our individual responsibilities.

The Evening Star
WITH SUNDAY MORNING EDITION

WASHINGTON, D. C., MONDAY, MARCH 9, 1970—

Nixon Will Seek Aid Overhaul

Panel Proposes U.S. Abandon 'Directing' Role

By GARNETT D. HORNER
Star Staff Writer

President Nixon says he will propose to Congress in January a "new approach" to foreign aid based on "fresh and exciting" ideas presented in a task force report to him.

The report said the Agency for International Development (AID) should be dismantled and foreign aid channeled through a more international framework.

If adopted by Nixon and Congress, the report's proposals would make U.S. foreign aid more "supportive" and cut America's "directing role" in other countries.

New Bank Proposed

The task force, headed by Rudolph A. Peterson, former president of the Bank of America, proposed:

1. Creation of an U.S. International Development Bank to make development loans "in selected countries and for selected programs of special interest to the United States" — largely in a "supporting role" to international agencies such as the World Bank.

The U.S. bank would have a multi-year capital of $2 billion through appropriations and authority to borrow another $2 billion from the public.

2. Multi-year authorization of $1 billion for a new U.S. International Development Institute "to seek new breakthroughs in the application of science and technology to resources and processes critical to the developing nations." Research on population control would be one of its functions.

Double Contributions

3. Doubling, to $1 billion a year, annual U.S. contributions to international financial institutions by 1972.

4. A new U.S. International Development Council to coordinate aid policies and "assure that international development receives greater emphasis in U.S. trade, investment, financial, agricultural and export-promotion policies."

5. Combining in one separate piece of legislation "security assistance" programs, covering foreign military sales and grants, supporting economic assistance, public safety aid and the contingency fund. The Defense Department would continue to administer military grant and credit sales programs; the others would be administered by the State Department.

6. Military assistance would move from a grant to a credit basis to encourage self-reliance by recipient countries.

"Large U.S. military assistance advisory groups and missions are no longer necessary in many developing countries.

U.S. Share Would Grow

7. The U.S. would propose that the "paid-in" capital of the International Finance Corporation be increased from $100 million to $400 million. The U.S. share of the increase would be $100 million—paid in over several years.

8. Altogether, the international lending organizations could roughly double their present rate of lending—from $2.5 billion a year to $5 billion a year. This would require an increase in U.S. funding from the current rate of $500 million a year to roughly $1 billion a year.

Nixon did not adopt the specific recommendations of the report—which he made public yesterday at his winter home in Key Biscayne, Fla., before

See AID, Page A-6

AID

President Will Seek Overhaul of Program

Continued From Page A-1

flying back to the White House after a long weekend there.

But he said the recommendations "can provide new life and a new foundation for the U.S. role" in foreign aid. He said his legislative proposals, based on the report's recommendations, will be framed after close consultation with Congress.

Would Reduce Personnel

The Peterson report's proposals would result in drastically reducing, perhaps by over 90 percent, the personnel supervising American aid programs abroad in scrapping present AID machinery.

At the same time, the proposals call for a substantial increase in U.S. development assistance through the new programs putting more reliance on international machinery.

But the report said the task force "deliberately decided against recommending any specific annual level of foreign assistance." It said that would be up to Congress to decide after seeing how the proposed new machinery works.

With the proposed new "institutional framework," the group said, the U.S. "could assume a supporting, rather than a directing, role in international development" and would need fewer advisers and other personnel abroad.

Bilateral Program Hit

The major thrust of the report was that "more reliance on international organizations should be built into all U.S. policies relating to international development" — whether they concern development assistance, debt rescheduling, trade, investment or population.

"This is basic to the new approach to foreign assistance we recommend. A predominantly bilateral U.S. program is no longer politically tenable in our relations with many developing countries, nor is it advisable in view of what other countries are doing in international development."

While helping finance the multi-lateral institutions, the report said, the United States needs to continue some bilateral development aid to "selected" countries.

Peterson, briefing reporters on the report, said there has been considerable confusion about objectives of the foreign aid program, with "apathy and misunderstanding" surrounding the issues.

"Called in U.S. Interest"

While it "is a time for change" in the thrust of the program, his task force concluded that "the U.S. has a profound national interest in cooperating with the developing countries in their efforts to improve conditions of life in their societies."

The White House also disclosed a private paper from Edward M. Korry, ambassador to Chile, to Secretary of State William P. Rogers asserting that current aid programs often are misguided and self-defeating.

Many of Korry's recommendations coincided with the Peterson report. Korry suggested economic development should be a shared responsibility between the United States and the developing nation.