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REMARKS PREPARED FOR DELIVERY BY ALFRED G. VIGDERMAN, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND SPECIAL PROGRAMS, AT THE MIDWEST AGRIBUSINESS INSTITUTE AT THE SHERATON-JEFFERSON HOTEL, ST. LOUIS, MISSOURI, ON THURSDAY, SEPTEMBER 5, 1968, AT 7:30 P.M.

I am very honored by your invitation to be with you here tonight to participate in this first Agribusiness Institute, and very glad to get out of Washington for even a brief spell. But excuse me if I have one minor complaint. If you had scheduled your meeting just one month from today, I might have had a chance to see a World Series baseball game here in St. Louis. Those of you who follow the standings of the teams in the American League know that we who live in Washington go through the longest, driest spells before we ever get out of last place, never mind get a local pennant winner.

I am certainly not very well qualified to tell you anything about your business, which you call "agribusiness" -- a new word which has not yet made its way into the dictionaries of the English language. Let me just note to you as an outsider that the word "agribusiness" seems to me to be imaginative and inventive, a word that had to be invented if, as our young people have taught us to say, we want to "tell it like it is."

Few of us stop to think how agribusiness has changed the way we live in this country -- the way we eat and, to a degree, the way we dress.

Agribusiness has made it possible for us to have better products and wider choices at cheaper prices. What agribusiness puts on the supermarket shelves gives every housewife a shot at trying to be Julia Child if she wants to take the time. If she doesn't, or doesn't have the time, she can skip the fuss and find something in the freezer that will be ready in minutes.

Excuse me if I say one more word about this quiet miracle that American agribusiness has brought about. This summer I was a passenger on one of the airplanes which inaugurated the new airline service between New York and Moscow. I had the opportunity during the course of that short visit to Moscow and Leningrad to get some impression of life in the big cities of the Soviet Union. What came through to me most was the grayness and the drabness of ordinary life. I saw something of a few of the food stores there. The Soviet housewife is certainly not confronted with bewildering choices when she shops for her family. There is little competition for the housewife's ruble. The Soviet system tells her that this is what there is, she can take it or leave it.

In contrast, in our country, the farmer -- backed by agribusiness -- has contributed enormously to the quality of life in America. This largest of all our industries has perhaps even greater contributions to make in the years which lie ahead.

The fact that you have chosen to focus on the subject of transportation as the center of interest for your first Institute suggests you think that transportation presents you with both problems and opportunities. Transportation is something many people seldom really think about. Or at least, it's something they sometimes curse, and rarely praise. Somehow it falls into the category of things which are simply "there."

For example, we in the Department of Transportation have been trying very hard over the last year to work out ways of simplifying and modernizing and cutting back the enormous quantity of paperwork that is associated with the movement of goods. Frankly we've been surprised that businessmen who wouldn't tolerate anything except the most efficient and economical operations in their factories are tolerating so much inefficiency and wastefulness in the movement of goods in and out of their factories.

This has not been so for agribusiness. Farmers have always known and respected the importance of getting their products to the marketplace quickly and cheaply. Your program for this Institute testifies to your concern with what transportation means to you.

The Department of Transportation was established last year because Congress realized that in a day when we're talking about transporting people to the moon, we need to devote a new measure of attention to some unfinished transportation business here on earth. The Department is in large part a bringing together of transportation agencies and transportation activities which already existed in the Government. Basic to the idea behind the Department is the thought that we've got to start thinking of transportation as a unified system, or a unified process -- not as trains and trucks and airplanes and ships running off in separate directions.

The industry has not been, by and large, wildly progressive. It has not, by and large, been changing and modernizing very rapidly. I say that, however, in full realization that the Government must share the blame. Government may be too much in the way of transportation in this country.

But consider one of the revolutions that is now taking place in transportation -- the container revolution. I marvel sometimes that the container was so late in arriving. It is, after all, only a big box. Certain new technology is involved in handling the container and in constructing and operating efficiently the various kinds of vehicles which transport the box. But the basic idea of using a bigger box rather than having to deal with so many small ones is rather simple, really. And the basic idea of making the box adaptable to the different modes of transportation -- the idea of linking those modes into a single system -- seems rather simple, too.

The container revolution is happening, and some other important changes are also under way. Unit trains and specialized rail cars such as the Big John are two such new ideas. And I'm sure you know about the land-bridge concept and its exciting potential for bringing new business to American transportation.

These developments recall the story of the old Missourian who was taken down to a railroad station many years ago for his first look at a steam locomotive. The old fellow stood there awhile looking at all that machinery and all those gadgets and all those wheels, and listening to the steam and the rumbling, and he said, "They'll never get it started." And then of course in a few minutes the train began to roll away and gather speed. The old man scratched his head. "Well," he said, "they'll never get it stopped."

If it is true that some of these changes which are now going on in transportation were slow in starting, it is also true that they will not be stopped. We in the Department of Transportation, you in Midwestern agribusiness, are going to have to deal with them whatever we may think of them.

I can give you a broad picture of what our attitude is toward some of these changes which are important to midwestern agribusiness. It seems to us that the transportation industry has undergone in the last few decades tremendous changes which have been brought about by technology, by the growth of the transportation market, by massive investments, and by competition. A truly nationwide system is in operation. Almost all shippers and almost all travelers have a wide range of choices of methods of transportation and the routes they will follow. The idea that transportation is a natural monopoly is hardly very relevant any more except for a few special commodities and a few special markets.

We are a highly developed country, going through technological change at an almost dizzying pace. We are living in a period of rapidly changing economic and social values. If we are to make further progress, we have got to remain as flexible as possible and to keep our options open.

Today's environment seems to demand that we emphasize the basic mission of our transportation system, which is to meet the demands for transportation which are generated by the economy.

I'm sure some of you recall that last spring, the Department of Transportation went before the Interstate Commerce Commission to support the Rent-a-Train rate which the Illinois Central proposed to offer to grain shippers. We felt that the proposal was one of the boldest steps made in recent times to stimulate and to rationalize the economy of inland agricultural regions.

We said that a modern, efficient and privately owned and operated railroad system is needed in the United States, and that such a system can be achieved only if every opportunity to relate freight rates to railroad costs is exploited. We said the nation should endeavor, whenever possible, to use the rate structure itself as a means to assist in cost reduction.

We believe that the continued success of our railroads depends on relating rates to the lower unit costs of higher volumes. The distinction between carload lots and less-than-carload lots is an ancient distinction, but not until 1939 did we move on to multiple car rates. In more recent

years we moved to special rates for unit trains. And we have now reached Rent-a-Train. In fact, the Rent-a-Train finally gets us to a point in railroading which was reached on the water literally hundreds of years ago -- namely, the time charter. Indeed, the origin of that ancient and honorable transportation contract so well known in the maritime industry -- the time charter -- is lost in the mists of history. The Rent-a-Train brings railroading into the time-charter business.

Southern Railway's Big John hopper car is an example of technological advance in transportation. The Big John made it possible for the railroad to offer impressively lower rates for certain bulk shipments. It was argued that the introduction of the lower rate would lead to serious agribusiness dislocations in certain parts of the country. I think it's safe to say that had there been a Department of Transportation at the time those debates were conducted, we would have been on the side of lower rates -- on the side of relating rates to actual costs.

Let me add a word here. I said that we went before the Interstate Commerce Commission in the Rent-a-Train proceedings. That points up a responsibility the Department of Transportation doesn't have. The regulation of rates remains where it has been -- in the ICC, the Federal Maritime Commission and the Civil Aeronautics Board. The Department goes before the regulatory agencies as a petitioner, along with the other parties to the controversy. When we do so, we go with two basic attitudes. First, we begin with the understanding that transportation is a servant, and not an end to itself. It is one of the most important servants that any people and any industry can have, but it is still only a servant.

That brings me to our second basic attitude. Transportation is nevertheless such an important servant, it is of such importance to the nation as a whole, that the health of the transportation industry must be safeguarded. In that sense, the Department of Transportation is a promoter of and an advocate for the transportation industry.

And in the American system, economic health is not something that can be protected merely with preventive medicine. Innovation of all kinds is needed. Technological innovation, managerial and regulatory innovation in the form of new rates for new services -- these are keys to a vigorous and healthy transportation system.

I would point out further that just as all power in transportation hasn't been placed in the Department of Transportation, neither have all the brains in this great nation been sent to Washington. You who operate and direct Midwestern agribusiness need to continue to study your special problems. And then you must tell us what your problems are and how you think they can be solved -- and how we can help you solve them.

Some people call this process creative federalism, and some people who have given a lot of attention to the future of this country believe that this process is our best hope for making the Federal Government responsive to local and regional needs. We in the Department of Transportation subscribe to this view. We've stated it frequently in the matter of highway construction. When and where highways will be built is a matter for local people to decide -- the people who will be served by, and who will have to live with, those highways.

The same concept applies to transportation policies that affect agribusiness decisions and agribusiness potential. The biggest job -- the toughest thinking and the most diligent planning -- has to be done here in the Midwest because we in Washington simply aren't equipped to do that job and because it can best be done here, anyway.

I'm sure we can improve the way we handle our part of the job. A few weeks ago in Kansas, Vice President Hubert Humphrey was talking about farm problems, and he said that one way to make the Government more responsive and more sensitive to the needs of agriculture would be to place people with a specific agricultural background at critical points throughout the Government.

He said there ought to be such people in the Tariff Commission, in the Council of Economic Advisers, in the Budget Bureau, in the Department of Transportation. This fits in with the broad view we've had -- and we need to remind ourselves of it frequently -- that transportation is never an end in itself, and that we need to improve our ability to help transportation do the best job it can do for American industry and agriculture.

A few moments ago I suggested that the transportation industry has been by and large a conservative industry. Except perhaps in aviation, changes almost by necessity had to come slowly. But have we been content with much too slow a pace?

Consider some of the evidence. We follow one set of rules when we're shipping on the ocean and another set of rules when we're shipping

on the highway and still another on the rail lines. We obediently fill out 20 documents for a shipment of goods when three or four documents or maybe even one should be adequate. The transportation industry and the Government confront the manufacturer with terms such as the long ton, the short ton, the metric ton, the hundred weight and so many dollars per cubic foot when all he really wants to know is how much it's going to cost him to send a certain number of his products from point A to point B.

We have developed a rate structure so complex that it includes hundreds of CAB tariffs, thousands of FMC tariffs and tens of thousands of ICC tariffs. And we have devised nine separate commodity classification systems, so that such a simple commodity as a pair of shoes may be described as slippers, or as footwear, or as boots; or perhaps as leather, with the word "shoes" in parenthesis: or as rubber, with the words "boots" in parenthesis. Why? Why can't we all agree that a pair of shoes is a pair of shoes, so that we can avoid the costly redrafting of documents at transfer points and so that we can have common coding systems and take advantage of the wonders of automation?

Early this year the Department of Transportation submitted to Congress a proposed piece of legislation which is called the Trade Simplification Act. If you're not familiar with that bill, I hope you will give it some attention. It was introduced in Congress by Senator Warren Magnuson, the chairman of the Senate Commerce Committee, and by Representative Harley Staggers, the chairman of the House Interstate and Foreign Commerce Committee.

The Trade Simplification Act is concerned with international trade. In June, the Senate Commerce Committee conducted some hearings on the bill. It became apparent early in the hearings that Americans who are involved in the export business and those who would like to be involved want this kind of legislation.

The problem is this: purchasing international transportation service is a complex business -- so complex that it keeps many manufacturers, especially small manufacturers, out of the export trade. Purchasing international transportation services involves several transactions. There's one rate and one set of regulations and one bill of lading to get from the point of origin to the port. There's another rate, different regulations, and another bill of lading to get across the ocean. And at the foreign port, there are totally new requirements and still another rate and still another bill of lading.

In an age of containerization, in a day when the international traveler can go to a ticket counter at the St. Louis airport and purchase a ticket to St. Tropez in a matter of minutes, those kinds of requirements for shipping goods internationally seem somewhat ludicrous.

The Trade Simplification Act is basically a joint-rates proposal. It would allow carriers from different modes of transportation to get together and devise a single, joint, through rate for the carriage of goods from an inland point in the United States to an inland point in a foreign country. It would allow the carriers participating in the agreement to interchange equipment, such as containers. It would allow them to issue a single bill of lading for the entire journey, door to door -- from Peoria, as someone has said, to Pretoria.

We do not anticipate that the Trade Simplification Act will have any great impact on bulk shipments. But we think it might be of great importance to Midwestern agribusiness, to those who process foods and package them. One reason for our economic growth and well-being in this country is that transportation within our national boundaries is relatively unencumbered. This vast continent is one big marketplace. The housewife in Long Beach, New York, finds the same items and the same variety in her supermarket that the housewife in Long Beach, California, finds in hers.

The proposed Trade Simplification Act grew out of a belief that it is time to extend our transportation horizons. Containers know no national boundaries. They are undisturbed by the transfer from land to sea. Transportation has been the cord which bound together the regions of this continent, and in these times -- the oceans notwithstanding -- it can be the cord which ties us more closely, in the mutual benefits of trade, to the nations of the world.

What I've been trying to say is that these are times of change and that the changes will affect all of us, whether or not we are anxious to participate in them. Fifty years ago it may have been possible for a farmer or a manufacturer or a transportation man to contemplate the work around him without concern for the dynamics in the economy or the possibility that a scientist somewhere in a laboratory or a research team in an office building somewhere might work out procedures that could make his operations obsolete in a matter of months. But this is no longer possible. The race today is more than ever a race for the swift. To the question "Why do we do things this way?" the answer can no longer be "Because we have always done it this way."

The Department of Transportation is also in the race. It is participating in the best way we know how as a guardian of the national interest. We will be trying to sort out the sometimes difficult question of what that interest is. We in the Department are encouraged by those new locomotives of transportation technology and transportation innovation. They have started, and they will not be stopped.

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