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DEPARTMENT OF TRANSPORTATION | NEWS

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REMARKS PREPARED FOR DELIVERY BY DEPUTY UNDER SECRETARY JOHN P. OLSSON AT THE 41ST ANNUAL MEETING OF THE ASSOCIATION OF ICC PRACTITIONERS, LOUISVILLE, KENTUCKY, JUNE 18TH, 1970

Planning for Growth

Good morning ladies and gentlemen. I am delighted to be here in Louisville to address the 41st Annual Meeting of the Association of ICC Practitioners. If I remember right this city got its start back in 1778 when George Rogers Clark stopped on Corn Island with a flotilla of soldiers. That must have been where the bourbon industry got its start. I understand that more than half the bourbon consumed in the U. S. is produced here. And with the added attraction of Churchill Downs, no wonder the city has become the largest population and manufacturing center in the state. Louisville is also a transportation center for the region - its two airports are served by seven commercial airlines, the lines of eight railroads converge here, it has water access, and, finally, lest I leave anything out,

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three Interstate Highways (I-64, 65 and 71) go through or near the city. Thus, Louisville appears a very appropriate place for a group of transportationists to get together.

I would like to take this opportunity to comment on what I consider some of the major transportation developments occurring today, the planning required to accommodate these developments, and finally, something of what we at the Department of Transportation are doing to meet these challenges.

Now, in broad terms and by any of the common measures, transportation in this country has undergone considerable growth. Over the past ten years, the nation's transportation bill has almost paralleled the GNP; intercity ton miles of freight have increased from 1,216 billion to 1,845 billion; and intercity passenger miles have increased from 760 to 1,073 billion. However, perhaps more important than absolute growth trends are some of the shifts that have occurred from one mode of transportation to another. In 1940, the railroads carried more than 60 percent of this country's intercity ton miles of freight. Today, they account for only 40 percent. During this same time period the amount carried by trucks has jumped from 10 to 23 percent; by pipelines, from 10 to 20 percent; and by the inland water carriers, from 4 to 9 percent. Passenger preferences have also changed. In 1940, 88 percent of the intercity passenger miles were by private automobile, 8 percent by rail, and less than one percent by air. Today, the majority (86 percent) still prefer the car, but air rather than rail has now become the most popular alternative.

Now, what specifically has taken place here? First, the urban area, since everyone these days fancies himself an armchair urbanologist. On the one hand, there is congestion created by a tremendous growth in automobile usage and an increasing concentration of population in urban areas. The Bureau of the Census estimates that at the turn of this century less than 40 percent of our population was urban. Today, 70 years later, that percentage has nearly doubled -- with approximately 74 percent residing in urban areas. And the population experts anticipate that this trend will continue. As our population has grown there has been a parallel demand for transportation services, met for the most part by the automobile. In 1950, there were just over 40 million automobiles registered in the United States. Today, there are over double that number -- 89 million -- and, as with the population, concentrated in the cities. But as automobile ownership has increased, our public transportation services have declined -- in patronage, revenue, and service. Since 1950, public transit ridership has been cut in half --

from 13 to 6 billion. And as would be expected under such circumstances, there has been a decline in revenue. In 1950, the industry was in healthy shape with an operating income of $66 million. Today, most of the industry has gone public and operates with a sizeable deficit. And, while all of the above has taken place, the character of the central city population has undergone significant change. As people move up the socio-economic ladder, they tend to move from the city to the suburbs, leaving the city proper with increasing numbers of those over 65 and under 16, of the unemployed, and the poor -- just those who have no access to an automobile.

In the aviation field, the problem is not quality but quantity. From 1958 to 1968, domestic and foreign commercial enplanements in the U. S. increased fivefold -- from 33 million to 168 million -- and it's predicted that this will soar to upwards of 400 million per year within the next decade. General aviation has shown a similar trend. In 1963, there were 85,000 private aircraft. Today, there are more than 125,000. Air cargo, although it represents a fraction of the total freight load, has quadrupled over the past decade. Those of you who fly know firsthand some of the strains this growth has imposed on the system.

Last, but by no means least, is the rail passenger question. Here, as in urban public transportation, the direction has been down. Reaching a peak of over 900 million trips per year in the war year of 1944, ridership has since that time slowly and inexorably decreased. Two years ago, the railroads carried only 296 million passengers, and the bulk of these were commuters rather than intercity travellers. The profit picture is similar. Judging by the multitude of passenger lines that once existed in this country, the service was once quite profitable. Today, however, the avoidable deficit for intercity passenger traffic alone stands at approximately $200 million. You people know better than I the service that has been discontinued in recent years and the number of petitions presently before the Commission for similar action.

Those are some, but by no means all or even the most significant, developments in this transportation arena. I've chosen these particular developments merely to give us some raw material to work with. Now, let's turn to the planning area.

Transportation planning is complicated. Traditionally, decisions of this sort have been made in the private sector because much of our transportation system is privately owned. As you are aware, much of the private system is regulated by three independent Federal agencies -- the ICC, FMC, and the CAB -- and a host of other such bodies at the state and local levels; and because each of these authorities seeks to identify and protect the public interest as it sees it, planning and

operations, both public and private, have to adjust accordingly. In some cases, private ownership has not proved practical and service has instead been independently provided by local and state initiative, for example, highways and public transit.

Federal government involvement in transportation planning has come about only recently and results from the fact that, increasingly, private enterprise and state and local governments have not been able to afford the large scale expenditures required to finance new transportation systems. Thus were initiated the Interstate highway program, the Federal aid to airports program, and the Urban Mass Transportation Administration grants for public transportation. One of the primary reasons for establishing the Department of Transportation was to provide a means of administering and coordinating such programs and of encouraging consistent policies among the other agencies involved in transportation planning at the Federal, state, and local levels. Here I would like to emphasize that our role is one of coordination rather than consolidation. In planning for our future transportation needs, we think in terms of the interactions of the various modes making up the transportation system as a whole, but as Congress has continued our program activities on a modal basis, we are required to coordinate planning within a modal framework.

Now, obviously, specific planning considerations vary from mode to mode. Nevertheless, there are several quite general concerns that transcend the purely modal or particular, and I would like to mention a few of these here.

Funding is always a key factor. As competition for Federal resources has become more intense (and money tighter), we are becoming increasingly sophisticated about funding proposals. As far as Federal involvement is concerned, we are leaning toward user charges. We feel that generally government investments in transportation should be paid for by the principal users or beneficiaries of the system rather than by the taxpayer at large -- when the program under consideration is to benefit a specific user group (such as the automobile owner) and when there is a reasonable correlation between paying and receiving (as with the automobile gasoline tax and the highway trust fund). There are times, however, when such a scheme is not politically feasible, when the user cannot afford to pay the full costs (as with public transportation), or when we are trying to achieve social ends beyond purely transportation goals -- then we could be expected to seek funds from general revenues.

Increasingly, we in transportation are becoming aware that we can no longer deal in transportation objectives alone and that we must plan

and operate in a larger social context. We must recognize that the transportation system in an area is, in effect, the skeleton of framework around which residential and industrial developments occur. Two considerations are particularly relevant here -- environment and safety.

We have two means of insuring that transportation systems and equipment are compatible with the environment. On the one hand, we establish pollution emission standards for transportation equipment. Air pollution emission standards for automobile vehicles are set by our compatriots at HEW, but DOT is responsible for establishing standards for water pollution caused by boats, for air and noise pollution from aircraft, and for noise from automotive vehicles. But perhaps more important to the planning role is the authority vested in the Department by Section 4 (f) of our enabling legislation which empowers the Secretary of Transportation to disapprove any project involving Federal funds which requires use of public land from a public park, recreation area, wildlife refuge, or historic site unless there is no feasible and prudent alternative. Even if there is no feasible and prudent alternative, the Secretary is prohibited from granting approval unless all possible planning to minimize harm has been undertaken. Secretary Volpe's decisions to halt construction of the Everglades Jetport and a superhighway through New Orleans' French Quarter indicate the emphasis on protecting and preserving our environment. A proviso similar in spirit in the Federal Highway Act of 1968 requires the Government to provide housing for persons displaced by highway projects "to the extent that can reasonably be required." Secretary Volpe has recently extended this provision to cover all housing displaced by any transportation construction project.

A concern for safety is inherent to all efforts at the Department. I might add that we now have legislation on the Hill which would significantly enlarge the Secretary's responsibility and authority in the area of recreational boat safety. We have a similar type of legislative program before Congress dealing with railroad safety. Train accidents have continued to rise over the past decade, and, as it now stands, the Federal Government has supervision over only a small part of the total safety involved in the operations of our railroads. This legislative proposal will, we think, do much to rectify this weakness.

It is in the highway area that we have perhaps the most widespread safety activity. In 1969, there were well over two million highway accidents, resulting in the death of over 56,000 people and property damage in the billions of dollars. The Department is deeply committed to reducing this toll significantly.

A consideration which plays a large part, particularly in our long-range planning, is technological development. We are paying a great deal of attention to new technology which may profoundly affect our future transportation system. We have recently taken over NASA's Electronic Research Center in Cambridge, Mass. now called the Transportation Systems Center, in order to better undertake a systems approach on our research and development program. And, as far as high speed ground transportation is concerned, we are contracting for the development of a tracked air cushion vehicle. Secretary Volpe announced just recently a TACV demonstration project which, when completed, in late 1972 will carry air travellers from the Los Angeles International Airport to the San Fernando Valley at speeds up to 150 miles per hour. This type of activity will, we feel, put us in a better position to meet tomorrow's transportation needs.

Now, before closing, I think it appropriate to say something about our legislative proposals which I feel are relevant to the developments I mentioned earlier and which to some extent reflect the planning considerations I have talked about.

Last summer the Department sent to Congress two programs which address the problems of congestion in our skyways and on our urban highways. The Airport and Airway Development Act of 1970, which by the way, was signed into law by the President about a month ago, does much to solve the capacity problem that exists in our air system. Broadly speaking, our program proposes:

(1) For airports, a ten-year, $2.5 billion Federal Grant-in-aid program.

(2) For airways, annual authority for acquisition, establishment, and improvement of air navigational facilities at $250 million a year, as well as an R&D effort at $60 million a year.

Here, we do not feel that the burden of financing should be placed on the general taxpayer and, as a consequence, nearly all of the program will be paid for by the various users of the system -- who, we feel, can afford to pay. By apportioning the costs of airway and airport improvement among all users, the progress of civil aviation should be supported on an equitable, pay-as-we-grow basis.

The Public Transportation Legislation which has passed the Senate and is presently under consideration by the House calls for spending $10 billion over 12 years for (1) aid to large and small cities with existing systems to replace, improve, and expand equipment and facilities; (2) financing the capital investment for new systems in cities such as Pittsburgh and Atlanta which back them; and (3) an expanded research, development, and demonstration program to accelerate technological advances in urban transportation. The program will, we are confident, relieve some of the congestion that presently chokes our cities by providing suburban commuters with a viable alternative to the automobile. The proposal will provide the cities with the necessary capital for equipment investment and improvement, which they can't otherwise afford, and the long-term duration of the Bill and the schedule of funding authorizations establish the Federal Government commitment necessary for local public agencies to pass bonding referenda. And, finally, we think that the program speaks to some of the serious social problems that are plaguing our cities by providing transportation for those of our population who must rely on public transportation. About 35 million Americans -- the young, the old, the handicapped, and the poor-- simply do not have access to a car. And because this program is to benefit a user who really cannot afford to pay, the program will be paid for by the general taxpayer.

Our rail passenger proposal, which incidentally has received Senate passage, has a slightly different funding approach and one which I think is admirably suited to the situation. The measure would establish a quasi-public "for profit" corporation to operate passenger trains on certain intercity routes to be designated by the Secretary of Transportation. The corporation would be directed by a 15-member board, eight directors appointed by the President and seven by common and preferred stockholders. Railroads signing contracts with the corporation would pay a price based on their passenger losses -- to be paid in cash or equipment -- and in return would receive common stock and be entitled to elect directors.

The Federal financial commitment would be small when compared to the aviation and public transportation programs. The measure calls for possible Federal expenditures of up to $175 million over a five-year period including (1) $40 million for capitalization of the organization (2) $60 million for loan guarantees to the corporation for rolling stock and roadbed repair, and (3) up to $75 million for loans and guarantees to railroads to enable them to participate in the operation.

What I have tried to do here is to give you some idea of the activity we are engaged in at DOT as well as the general concerns that are involved in our planning. I have mentioned several specific legislative proposals which we have sent to Congress over the past year. Each of these programs addresses a very serious and immediate need. The aviation and urban mass transportation programs, in particular, are also growth oriented and directed toward meeting our future transportation needs. We estimate that in 20 years the Nation's transportation system will require double the existing capacity. In all our activity we are attempting to provide for this future growth. Thank you.

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STATEMENT OF JOHN P. OLSSON, DEPUTY UNDER SECRETARY, DEPARTMENT OF TRANSPORTATION, BEFORE THE SENATE COMMITTEES ON COMMERCE AND PUBLIC WORKS, AT JUNEAU, ALASKA, RESPECTING TRANSPORTATION IN THE STATE OF ALASKA, JULY 10, 1970

Mr. Chairman and members of the Committee: I appreciate this opportunity to appear before you today to discuss transportation in the State of Alaska. This is not the first time that the Department of Transportation has participated in sessions such as this in Alaska -- we have come to the State on several occasions to discuss specific transportation problems and specific DOT responsibilities and activities. Today, however, I would like to take a rather different tack and speak in more general terms. What I want to do here is to give you some idea of the current transportation system in the State -- the relative importance of the various modes and, looking toward the future, some of the major problems you face in the transportation field. Finally, since I am here to represent the Department of Transportation, I should like to say a few words of our activities in the State and, hopefully, to relate them to some of the transportation developments.

I'm sure you're aware (in fact proud of the fact) that Alaska is unique. You have the largest area of any state in the U. S. and the smallest population. You also have some rather peculiar geographic, ecologic, and climatic conditions. Now, these facts may seem mundane, but they have had a significant impact on the type of transportation that has evolved in the State. It -- like the State -- is unique. Lyle Brown refers to Alaska as "the flyingest state in the nation." I might add that the aviation statistics

certainly bear this out. Alaska has more pilots and planes per capita than any other state in the country. About one of every ten Alaskans is a certified pilot and one out of every 14 State residents owns his own airplane. This mode has a special importance to Alaska both from the standpoint of transporting people and goods within the State and to and from points outside the State. You have a well-developed airport and airway system and extensive air carrier and air taxi service. The airplane serves as the principal means of carrying passengers from the two largest cities in the State to the outlying towns and is also used extensively for transporting cargo and mail.

In the "lower forty-eight"(or whatever it is that you people call us) nearly 90 percent of our intercity trips are by automobile. Here in Alaska you have five times more scheduled air route miles than paved roads (20,000 versus 2,400). Airfield and scheduled air route miles aren't all the story, however, since many of your aircraft are either float or ski equipped (according to the season) and therefore, require no special landing facilities. But most important, I think, is the fact that in a large portion of your State there simply isn't any other way to get there -- and the people living and working in these inaccessible areas are dependent on aviation for virtually everything.

Water transportation, too, has a special significance for Alaska. As recently as 30 years ago (before the advent of scheduled air service to the State and the completion of the Alcan Highway), Alaska had no other link with

the conterminous U. S. than by steamship to and from Seattle. Even today, because of the limited roads and railroad service, water is the only surface transportation connecting a majority of communities. Particularly in the south, water transportation is essential to the movement of bulk freight to and from points outside the State and important to the movement of passengers and cargo within the State. The Army Corps of Engineers estimates that in 1967 Alaskan ports and harbors handled approximately 6.7 million tons of cargo (air freight, including mail, amounted to about 42,000 tons) and about 200,000 passengers (compared to approximately a million scheduled air passengers). More specifically, on the freight side, Ketchikan, Anchorage, and Sitka each handled over one million tons. Juneau and Skagway accounted for over half of the total passengers.

Your water transportation has some rare services from my non-Alaskan and unenlightended point of view. Because of the lack of any rail link between the State and "down under," freight cars are shipped by water from Seattle and Canada to Whittier where they resume their journey on the Alaska Railroad -- a cooperative effort, let me say, that is unique in U. S. transportation. Barge service is available (but limited by season) on a variety of rivers, including the Yukon, for the shipment of minerals, equipment, and other cargo. Shipping to the west and north coasts, however, is difficult because of the lack of natural harbors. Of course, ice conditions present special problems for water transport in many parts of the State.

If for no other reason, the railroad system in Alaska is unique because it is owned and operated by the Federal Government. In fact, the operation of the railroad is a responsibility of the Department. Extending from Seward on the Kenai Peninsula and Whittier on Prince William Sound through Anchorage to Fairbanks, it is indeed a limited system (522 miles of track), but it does serve communities comprising more than half the State's population. The railroad provides passenger service, but its principal role is that of carrying freight. (In 1969, the railroad carried about 1.3 million tons of freight and 71,000 passengers.) An interesting note here is the fact that unlike most U. S. rail passenger service, the Alaskan operation is not a losing proposition -- due, I understand, to the fact that passenger and freight service are carried on together. As I mentioned before, the Alaskan Railroad provides an important link with ocean-going vessels, using the ports of Anchorage, Whittier, and Seward, and on the other end, links up with water transportation on the Tanana-Yukon River System.

Like the railroad system, the highway system in Alaska is very limited, particularly in relation to the size of the State. Unlike its sister states, Alaska has vast expanses of territory completely devoid of roads, a situation attributable in large measure to the great distances involved, rugged terrain, the climate, and low population density -- all of which make highway construction and maintenance an extremely difficult and expensive proposition. The total road and street mileage of the State is about 7,100 miles (only about 2,400 are paved) and there

are about 131,000 registered vehicles in Alaska. The road system does serve a broader area than the railroad, but it is still confined principally to the south-central part of the State and its use is limited seasonally in some areas. Again, there are intermodal links in the system: Motor vehicles are carried throughout southeastern Alaska on the extensive ferry system and, on occasion, they have been carried piggyback on the Alaska Railroad. Unlike the railroad, the road system is connected to the "southern forty-eight" by the Alcan Highway.

Now, where does DOT fit into all this, and, probably more important to you, what specifically can we and are we doing in the various fields of transportation. First, let's look at aviation. The aviation element of the Department in Alaska is the FAA's Alaskan Region headquartered in Anchorage. The FAA employs over 1,700 persons here and has facilities in many locations throughout the State. The bulk of these employees and facilities are involved in the operation and maintenance of air traffic control and air navigation facilities -- the air route traffic control centers, airport control towers, flight service stations, and radio navigation aids used by the air carrier, general aviation, and military pilots operating in the area. Other personnel are engaged in such functions as the administration of the Federal Aid Airport Program and the Flight Standards Program.

Under the Airport Program, the FAA makes funds available to states and other units of government, usually on a 50/50 matching basis for the development of the airfield portion of public airports. Since 1946, the year the program was initiated, we have contributed over $38 million for 174 different airport projects

here in Alaska. Under the Flight Standards Program, FAA personnel administer and enforce the agency's safety regulations, applicable to the operation of all aircraft. In effect, the FAA provides the infrastructure within which your aviation system operates; and considering the overall importance of aviation to the State's economic well-being plays a truly significant role.

The second largest element of the Department in Alaska is the 17th Coast Guard District headquartered here in Juneau. Like the FAA, the Coast Guard has a number of facilities located throughout the State. Over 1,400 military personnel and about 70 civilian employees are assigned to these facilities. These personnel are engaged in a number of activities, including search and rescue, law enforcement, maintaining aids to navigation, military readiness, merchant marine and recreational boating safety as well as oceanography, meteorology, and polar operations. But statistics alone don't give any indication of the importance of the Coast Guard to Alaska. Their activity here began soon after the purchase of the area from Russia when the Cutter LINCOLN became the first U. S. Government ship sent to Alaska. For many years (in fact until statehood) the Coast Guard's Bering Sea Patrol was the U. S. Government in that area, providing all law and order as well as the only medical and dental service. The Cutter BEAR exemplifies, to my mind, the special place the Coast Guard has had in Alaskan history. Beginning in the 1880's as a Norwegian sealer, the ship was for more than 50 years part of the Coast Guard's Bering Sea Patrol. Following its decommission in the 1930's, the BEAR went to the South Pole with the Byrd expedition and then served in

Greenland during World War II. Finally, not long ago, knowing it was being towed to an ignominious fate as scrap or a floating restaurant, the BEAR defied everyone by thumbing its nose and sinking out of sight. That, I think, is a good story.

As I have mentioned previously, the Department, through the Federal Railroad Administration, operates the Alaska Railroad. Since I have already discussed the nature of the railroad and its operations, I will not mention it further here except to point out that it is the State's only rail service and has approximately 850 permanent and temporary employees.

Finally, we are also represented here by 59 Federal Highway Administration personnel. This group is engaged in the administration of the Federal Aid Highway Program and works closely with, and provides technical assistance to your State highway officials in the planning and development of the State's public highways. Over the past two years, Alaska has received over $91 million in Federal funds under the Highway Program.

Now I would like to outline briefly some recent developments that have occurred in connection with our operations, and some of the prospects for the future as they affect Alaska. First, in the field of aviation, the Airport and Airway Development Act of 1970 has been enacted into law. This Act establishes an airport and airway trust fund fed principally by taxes imposed upon users of air transportation, and contemplates the obligation from the fund over the next ten years of at least $2.5 billion for airport assistance and another $2.5 billion for the establishment and improvement of air navigation facilities. This new legislation will ensure

for all the states, including Alaska, increased Federal involvement in improving airfields and air navigation facilities. Particularly on the airport side of the picture, there has been a marked increase in the annual authorizations for airport grants-in-aid over the next five years.

In the highway and railroad area, we have underway the joint study we discussed at some length the day before yesterday at Fairbanks respecting feasibility of a surface transportation corridor to serve the northern part of Alaska. Of course, this study is important not only from the standpoint of the development of the resources in the northern area, but also from the standpoint of opening the bulk of the State to year round access and development. The study is to be completed on April 30, 1972.

Another important item in the railway area is the legislative proposal the President has submitted to Congress authorizing the Secretary to sell the facilities of the Alaska Railroad. I would like to say here that the Department backs this proposal. We believe the time has come, in view of the development the State is undergoing and the considerable potential it has for economic growth, for the railroad to be placed in the hands of an entity other than the Federal government. This proposal is consistent with the philosophy of the Administration of decentralization of power and permitting local government and private enterprise to have a larger role in shaping their own future.

There are several matters in the area of the Coast Guard's operations which should be of particular interest to Alaska. First, we have a $59 million item in our 1971 budget calling for the construction of a new ice breaker, the forerunner of a new class. Such a vessel will bring a new capability

to the field, and will be available for use wherever needed, including the Arctic.

The Coast Guard also has under study a number of proposals involving the improvement of aids to navigation in the 17th District to accommodate existing needs, and also possible new needs which may arise in connection with the shipment of oil obtained from the North Slope. The Coast Guard is particularly concerned about possible environmental problems stemming from such operations and problems in the administration of its fisheries protection program. Continued emphasis will be placed on these matters. I know that several of you have expressed particular interest in the impact of the President's Reorganization Plan and NOAA on the Coast Guard.

Finally, although not strictly transportation related, I would like to mention something of the Department's activity in the area of equal opportunity employment. In September, 1969, the Secretary, in cooperation with the heads of the various DOT elements in Alaska, established an affirmative action plan to increase employment of Alaskan natives. As a result of this plan, we had, by the first of this year, increased our Alaskan native employment by more than 11 percent. Eighteen months from now (December 1971), we expect to have significantly increased this percentage. We intend to have DOT do its share in helping the natural citizens of our 49th State participate

equally in the economic and social aspects of our society.

Mr. Chairman, before I close, I would like to make one or two general observations about our 49th State and its transportation problems. I think we have a good understanding in the Department of the needs the State has in the transportation field, and we recognize that many of them are special needs arising from such factors as its size, newness, and geographic location. Perhaps of greatest importance, we realize that the development potential for the State is truly staggering.

There is no question as to the importance of transportation to the Alaska scene. At this juncture of its development, we have an exciting opportunity through our various programs in the Department to help the State fulfill its potential and, while trying to accomplish that, to avoid many of the pitfalls, including those in the environmental field, we have experienced in the past in carrying out transportation programs in other parts of the country.

Mr. Chairman, that completes my prepared statement. Now I will be happy to answer any questions you may have.

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REMARKS BY JOHN P. OLSSON, DEPUTY UNDER SECRETARY OF TRANSPORTATION AT THE TRAFFIC CLUBS INTERNATIONAL ANNUAL EDUCATIONAL CONFERENCE, DENVER, COLORADO, MONDAY, SEPTEMBER 14, 1970, 10:30 a.m.

Ladies and Gentlemen: It is a pleasure to be here with you this morning. Denver is certainly an appropriate site for this conference - by virtue of both its past and present. If, in fact, some farsighted people in the late 1860's had not recognized the vital importance of transportation to the City's future, Denver may have gone the way of many other boom towns. Realizing that the "Pike's Peak or Bust" gold rush of 1859 was too good to last, and dismayed that the transcontinental railroad had bypassed them, the good citizens, with characteristic pioneer spirit, decided to build their own railroad. In June of 1870, when the Denver-Pacific was connected into the Union Pacific at Cheyenne, the population of Denver was 4,759 and falling; twenty years, and three railroads later,

the total was 106,713. Today, served by three Interstate highways, seven airlines, and six railroads, Denver is hailed as the "port of entry" for the Rocky Mountain Region.

It is not often that I have the opportunity to address a group of people which, in one room, represents the entire scope of transportation and distribution in the country. Certainly, Traffic Clubs International demonstrates the kind of intermodal cooperation so necessary to the attainment of a balanced transportation system which can meet the needs of the country.

I think the key phrase here is "a balanced transportation system." It is a phrase that has been frequently used as of late, but has not, perhaps, been too well defined. To begin, a "balanced system" is a total system - one in which each mode functions as a part of the whole, performing the function for which it is best suited in cooperation with the other parts to achieve the maximum possible efficiency in delivering people and goods. Secondly, it is an equal system - one in which each part is able to carry its full share of the load because it is technologically modern, economically stable, and capable of making a fair profit in an evenly regulated market. This is not the kind of system which we have in this country today. Indeed, we don't have a system at all, but a conglomerate of modes which are inequitably used, inequitably financed, and inequitably regulated. To give some examples, last year the railroads carried 41 percent of the total freight ton miles, but only one percent of the total passenger miles. The highways carried 21 percent of the total freight, and a whopping 88 percent of the passenger miles. The airlines carried 10 percent of the passenger miles, and only .2 percent of the freight. The quality and quantity of rail service is declining, and the rail industry as a whole is in a very shaky financial position. Meanwhile, many of our highways are becoming overcrowded, and this increase in motor vehicle usage entails a loss of efficiency as well as a hazard to the environment. The airlines are still underutilized and without adequate facilities. Our transportation conglomerate is hardpressed to meet present needs under present conditions. And what about the future? Our annual GNP is now at the trillion dollar level. Of this, 20 percent, or $200 billion, is produced by transportation-related activities. In 1969, the combined modes carried over 1,900 billion revenue freight tons, and operated over one trillion passenger miles. Figures such as these strain the imagination; and yet, it is projected that within less than two decades we must double our transportation capacity to even maintain our present level of performance.

In other words, in the next 20 years we must develop twice the twice the transport capability that we have accumulated over the past 200 and we cannot, following our past pattern, simply double the

facilities of each isolated mode. In proclaiming National Transportation Week this year, President Nixon said, "[Our] growth must be carefully planned and intelligently directed -- both our economic prosperity and our military security will depend on it. And so will the quality of life in our country." Enlarging upon his statement, we must plan for and work toward a system which will achieve maximum quality in minimum quantity - that is, one which will meet urgent social and economic needs and be equal to the requirements of future growth, while preserving our great environmental heritage.

The creation of such a system will require a huge effort on the part of everyone in the field of transportation. It will demand the greatest possible cooperation among the various modes, as well as between industry and the government. It will require balanced investments; balanced research programs to stimulate in each mode the safest and most efficient technology; and above all, a scrupulous attention to the effects of each and every development on the health and happiness of all citizens and on the ecological balance of nature.

I have given you my ideas on what a balanced system is and why such a system is necessary to our nation's future, and I have outlined the means through which it may be attained. Now during the rest of my time this morning, I would like to do two things: first, tell you how the Department of Transportation is working toward this system; and then to enlist your support and your help in realizing this common goal.

As you know, the Department of Transportation was founded in 1967, and was charged with the responsibility of facilitating the development and improvement of a coordinated transport system. The Department which includes the Federal Aviation Administration , the Federal Railroad Administration, the Federal Highway Administration, the Urban Mass Transportation Administration, the United States Coast Guard, the St. Lawrence Seaway Development Corporation, and the National Highway Safety Bureau -- provides an intermodal framework within which to fulfill this function. Under the leadership of Secretary Volpe, the Department is presently working on two sets of guidelines within which, when finished, we will formulate our programs and allocate our financial resources. The first, which was requested by the President, is a National Transportation Policy - something the country has never before had. The draft of this policy statement is being formulated by Dr. Paul W. Cherington, who is one of the nation's foremost transportation experts and formerly Assistant Secretary for Policy and International Affairs for the Department. It will articulate the general purpose and overall direction of transportation in this country, and will be the primary tool with which we will carry out our long-range planning function.

The second guideline known as the National Transportation Needs Study, is due for completion in 1972 and will be a comprehensive assessment of transportation needs for the next ten to twenty years. It will include estimates of demand, and recommendations regarding the types of Federal programs that will be needed. Assistant Secretary Charles Baker's office is preparing this study with the help of State and local governments. In fact, letters are being sent out this week to the Governor of each State, and to the Mayor of every city in the country with a population of over 50,000 requesting their participation in a needs survey. We hope to also involve various local planning commissions and study groups.

In conjunction with the development of these policy and planning guidelines, Secretary Volpe has suggested the possibility of a Transportation Trust Fund through which programs in all modes may be financed. As the Secretary pointed out last month at the National Governors' Conference, the Federal government has a history of financial neglect in several modes. As an example, while the government has spent approximately $65 billion on transportation since 1957, 73 percent of this has gone into building highways, while only one percent was spent on urban transportation, and none on the railroads. Of course the problem hasn't been that we have spent too much on highways, for our highway system - the greatest in the world - attests to the worth of this investment. The problem is that we just haven't spent enough elsewhere.

Why a single trust fund? There are two reasons. First, such a fund, with a system of "designated accounts, would add flexibility to transportation spending by providing funds for the States according to their particular transportation needs. Second, it would also provide a source of money for inter-modal transportation planning as well as for modal planning.

This, of course, is still in the thinking stage. As Secretary Volpe has mentioned on several occasions, we are looking at various funding concepts and alternatives in an effort to assess the most effective future direction for financing major transportation investments. Our minds are still open as to the best way, but in the next six months or so we hope to have some specific recommendations to discuss.

While developing policy and planning for future needs, the Department is also investing in present programs which will implement a balanced system by strengthening each of the modes. One such program has been set up under the new Airports/Airways Act which became effective this past July. This Act will aid greatly in the modernization and expansion of aviation facilities. During each of the next five years it authorized $280 million in 50/50 matching funds for airport development, $250 million for air navigational equipment and facilities, $60 million for research and development, and $15 million for planning grants to authorized agencies. This program - like that of the highways - will be financed through a trust fund supported by user charges - including an increased tax on passenger tickets, new taxes on freight waybills and general aviation fuel, and an annual registration fee on all aircraft.

Another program of significance would be effected by passage of the Rail Passenger Service Act of 1970, better known as Railpax. This legislation, introduced by Senator Magnuson and supported by the Administration, would authorize DOT to form a corporation which would provide nearly all of the nation's rail passenger service. Any railroad wishing to divest itself of passenger service by joining the corporation would be required to contribute the equivalent of one-half of its passenger deficit in 1969, a portion of which may consist of equipment or service assurances. Any railroad not joining must continue its existing passenger service until 1975. Federal aid to the corporation would amount to $40 million for initial organization and implementation, $60 million in loan guarantees for purchase of rolling stock, and $75 million in loans or loan guarantees for emergency assistance to the railroads. Such a program would not only offer the nation improved passenger service, but would also help stabilize the railroad industry's floundering finances, thereby stimulating a healthier freight transportation service as well. This bill has passed the Senate and is pending a full hearing by the House Interstate and Foreign Commerce Committee.

A third program would be authorized by the Public Transportation Bill of 1970. This bill, initiated by the Administration, would provide for a major improvement in our urban transit systems. The situation in mass transit has become crucial. Social and environmental considerations demand a viable method of moving masses of people in our ever-sprawling urban areas cheaply, quickly, and safely. Yet in the past few years almost 250 transit companies have gone out of business; and for those surviving, fares continue to rise as quality of service declines. This bill proposes to give the Urban Mass Transportation Administration the power to spend $10 billion over the next 12 years to help State and local governments bolster their present transit systems, and plan and build new ones. It is a program which is long overdue, and which is absolutely vital to the survival of our cities.

Of course, the Department is also supporting the extension of the Highway Trust Fund to finance completion of the Interstate system to continue improvement of our primary and secondary roads. When completed, the Interstate system, although accounting for only one percent of the highway mileage in the country will carry 20 percent of the traffic; and it has already produced big economies in time and money for shippers and the travelling public. DOT has further recommended that the States be given some discretionary power in using the Trust Fund to finance highway related programs - such as safety and beautification.

I stated earlier that, along with balanced investments, another criterion for a balanced system is equitable regulation. So I would like to briefly mention what the Department is doing in this area. Both President Nixon and Secretary Volpe are strongly committed to the benefits of free competition. Today's transportation industry is too massive and its economy too complex to allow complete and comprehensive regulation. The regulatory mechanism of 80 years ago is not equipped to meet the needs of this modern industry, and consequently regulation is unbalanced. Parts of the industry are overregulated, and major segments are largely unregulated. Further, the regulation is often more concerned with carrier well-being than public interest, and with protection more than competition. It is DOT's position that the impetus should be on deregulation rather than greater regulation. We are, therefore, giving the present regulatory process as well as new regulatory proposals very close scrutiny.

Although the Department has always been involved in research and development programs, the increasing emphasis on safety, the pressing need for improved carrier efficiency, and the high cost of these kinds of programs to private industry have encouraged the Department to vastly upgrade its R&D efforts.

Among the projects sponsored by the operating administrations is one which will be a joint effort by FRA and UMTA. This is a new 30,000 acre, high speed ground transportation test site 90 miles from here at Pueblo, Colorado. The 1.2 million dollar facility, which was formally opened in a ceremony on August 22 by Under Secretary Beggs, Governor Love and Senator Allott will be used in experimental work for both rail and urban transit systems on such innovations as the TACV (Tracked Air Cushion Vehicle), tube vehicle systems, and the Linear Induction Motor, as well as for conducting studies of present needs - such as those on wheel/rail dynamics. In the highway safety area, our National Highway Safety Bureau spent $29 million this past year on its R&D programs. One of the most significant of these is the experimental safety vehicle project. The goal of this project is the building of a prototype automobile which will, among other things, protect the lives of the occupants in head-on collisions of up to 50 mph, and in rear-end and roll crashes up to 70 mph. Such a car would go a long way toward reducing the highway death tolls. The Federal Highway Administration is presently developing automated traffic control systems for urban areas. Anyone who has tried to get through a traffic light during rush hour or merge into a highspeed freeway from an access ramp can appreciate the meaningfulness of this program.

Probably the most important R&D programs at the FAA are those dealing with air traffic control. Studies are underway now on fully automated and computerized flight control systems which can cope with the increase in air traffic. Such systems will include traffic control prediction, collision avoidance commands, enroute flow control, and terminal landing sequencing.

We are also working jointly with NASA to define and conduct R&D projects in civil aviation, specifically in the area of VTOL and STOL (Vertical and Short Take-off and Landing Aircraft) which will help solve the problem of short haul passenger and perhaps even freight transportation by complementing the usual transit and trucking modes.

Because there was a need for a facility through which the Department could coordinate all of its modal R&D projects and give a unified direction to our R&D efforts, DOT took over NASA's Electronics Research Center in Cambridge, Massachusetts and reopened it this past July as the Transportation Systems Center. TSC will provide the Department with a source of R&D data and information for our whole transportation system. In 1971, one of its roles will be to concentrate on an "Intermodal Technology Assessment . This will be an analysis of anticipated transportation technology in all modes in both passenger and freight transportation, and the impact of such technology upon future systems and will be used by the Department in developing and financing future modal programs.

As I have been stressing the fact that transportation cannot undertake the growth and changes required of it without a concern for the social and ecological implications involved, this discussion is not complete without mention of the Department's action here. The Environmental Policy Act of 1970 requires that the Department give consideration to the environmental and social consequences of any project that it sponsors or finances.

Secretary Volpe has been a strong advocate of this policy and, in fact, made three well-publicized decisions prior to the act, involving relocation of the Everglades Airport, a freeway through the historic French Quarter in New Orleans, and a highway through the Franconia Notch in New Hampshire where the Old Man of the Mountain sleeps - all for environmental reasons. Secretary Volpe has also announced that no federally financed highway may be built until relocation housing has been found or constructed for those people living within the right-of way.

To give the environment and the public their rightful priority witnin the policy making process of the Department, the Secretary also restructured his own office. Shortly after being sworn in he named a new Assistant Secretary for Environment and Urban Affairs. Just recently he designated Admiral Willard J. Smith to the new position of Assistant Secretary for Safety and Consumer Affairs. Both offices report directly to the Secretary and recommend the policies, programs, and resources necessary to make transportation adequate, safe, and compatible with our surroundings.

Having now told you something of how the Department of Transportation is working toward a balanced transportation system through planning, through investments, through research and development, and through attention to environmental considerations, I must stress that the Department cannot succeed by itself. We have no corner on the experience and the imagination necessary to make the right decisions and carry through on the right programs. There must be a partnership of private industry and the Government before anything that we do can be really effective. Industry has the experience - the transportation know-how - which is needed to take these plans and programs off the drawing boards and out of the experimental stages, and implement them at every practical level. I think the theme of this conference, "Today's Challenge - Involvement", is extremely apropos,for this is exactly what is necessary - your involvement.

I must pause here to thank you for what the Traffic Clubs have done and are doing to help. We are very appreciative of the support we have received from you on many of our legislative proposals. Without this support, many of the programs which I mentioned earlier - for example, Airways/Airport Development - might never have gotten off "The Hill".

Also, I would like to comment on your success in focusing national attention on the importance of transportation. We in the transportation industry need the public - we need their financial and political support, and we need to attract talented people into the field. Your educational programs at the local levels, and your sponsorship of National Transportation Week play a most important role in this area.

Often people in private industry smile at the very idea of having any meaningful dialogue at all with the seemingly vast apparatus of Government, much less at the idea of being in a partnership. But there are channels of communication open to you now, and we hope that more will be available soon.

The concept of transportation study groups and planning commissions is becoming a reality. Many states have established Departments of Transportation; and many cities and communities have organized citizens and professional planners into such groups. More of these will be set up as funds become available through Federal and State planning assistance grants. This is "where the action is" - where the groundwork for the future of a balanced transportation system is being laid. It is important for you to be active in this area. Make your transportation expertise available to these groups - either through active participation or in a consulting capacity.

I mentioned earlier that Secretary Volpe has requested the participation of State Governors and city Mayors in the National Transportation Needs Study, and that material is going out to them now. These men are your elected officials, and will be dependent upon you in making their response to the Department. Offer them your help, and make your ideas and opinions known to them.

There is a strong commitment on the part of the present Administration to bring Government back to the people. Secretary Volpe has a proposal now before Congress which would allow him to place a Departmental representative in each one of the ten regions of the country. These representatives, who would report directly to the Secretary, would have a two-way responsibility. They would coordinate all of our field programs, and relate them to Departmental policy; and they would also act as spokesmen for their regions in communicating with the Department. We hope that this proposal will be approved. Meanwhile you can and should be working with the field representatives of DOT's various operating administrations in your areas.

Our country's history is largely the history of her developing transportation capacity. Each frontier was opened up by transportation. But the days of the frontier are gone, and just as the country must now carefully plan its growth, channel its resources and balance its expansion, so must transportation. A "balanced transportation system" is as necessary to our Nation's future as a growing transportation capacity has been to its past. It is imperative that all of us in transportation do our part to assure this future.

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