



DEPARTMENT OF
TRANSPORTATION

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OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20590

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REMARKS PREPARED FOR DELIVERY BY DEPUTY UNDER SECRETARY
JOHN P. OLSSON TO THE NATIONAL GRADUATE UNIVERSITY
CONFERENCE IN WASHINGTON, D. C., TUESDAY,
APRIL 13, 1971

I'm very pleased to have the opportunity to join you for the kick-off session of the National Graduate University's Conference on the Management of Federally Funded Programs. As the first Federal official on the agenda this morning, let me say "Welcome to Washington". For the purposes of this conference, Washington is certainly the appropriate city in which to meet. Since I am involved in budgets and financing myself, I can assure you that money and money management is a very important subject around here. That importance was highlighted recently by a man visiting here on business who was the subject of a stickup attempt. The bandit pointed a gun to his head and demanded, "Hand over your money or I'll blow your brains out!" "Fire away!" replied the man. "I've found out that you can get along fine in this city without brains, but not without money!"

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NATIONAL TRANSPORTATION WEEK / MAY 16-22

Transportation: Filling the Needs of a Growing America...

The topic of my remarks to you is shown in the program to be "Expanded Programs Under new Authorizing Legislation." The Department of Transportation had an outstandingly successful legislative year in 1970, with the enactment of 17 major pieces of legislation. Among these are three large dollar programs -- two of which are new, and one, which is newly enlarged. Specifically these are the Airport and Airway Development Act, the Urban Mass Transportation Assistance Act, and the Federal-Aid Highway Act. These three programs are certainly of great interest to you in your professional activities and we will want to discuss them fully during the Conference. Representatives from our Federal Aviation Administration, Federal Highway Administration, and Urban Mass Transportation Administration, as well as our National Highway Traffic Safety Administration, are scheduled on your program this afternoon. These men will be discussing these programs in depth. So to avoid redundancy, I'll only hit the highpoints this morning. Along with this I'll give you just a brief background on the Department of Transportation itself.

Then for the rest of my time this morning, I'd like to discuss several topics which are very timely and which I'm certain are most meaningful to those of you in government at the State and local level. President Nixon has established as a major goal of this Administration the revamping of our Federal system of government. It is his aim to make government more responsive to the needs of the people and the tempo of the age in which we live. The terms "Revenue Sharing" and "Reorganization" have been very much in the news. They are directly related to the very reasons you are all here today. So I would like to look ahead to the prospects of passage of these new proposals and elaborate somewhat on what they will mean to you at the State and local level of government under existing organizational structure and current authorizing legislation. The Department of Transportation was officially begun on April Fool's Day, 1967, so we have been in operation for just over four years. Of course, our antecedents go back a bit further than that. The U. S. Coast Guard, now part of the Department, was actually begun in 1790. Our Federal Highway Administration actually began in 1918 as the Bureau of Public Roads. Our Federal Aviation Administration appeared as the Federal Aviation Agency in 1958 but it has been operating within the Department of Commerce since 1926. The Bureau of Railway Safety (1911) and the Alaska Railroad (1923) are now part of our Federal Railroad Administration. The St. Lawrence Seaway Development Corporation, now in DOT, was incorporated in 1959. Our Urban Mass Transportation Administration was born in HUD in 1965. And our National

Highway Traffic Safety Administration, now a full fledged operating administration, was begun as a part of the Bureau of Public Roads in 1966. Of course, the Department of Transportation as a whole does have its own claim to fame. We were actually proposed way back in the Jefferson Administration in 1805--which may tell you something about the speed with which the Federal Government operates at times!

At any rate, the past several years have witnessed a lot of action from this relative newcomer. Secretary Volpe, to whom most of the credit for our headway should be given - likes to tell about an experience of his when he first came to Washington as Secretary of Transportation. Upon boarding a commercial flight, he thought it would be polite to introduce himself to the pilot and crew. So he asked the stewardess to take him up to the cockpit. "Sir", the girl said, "I'm sorry, nobody, not even the head of the FAA gets to see the pilot!" needless to say, that kind of thing never happens anymore. The Department of Transportation and the Secretary are now well known.

In this same vein, the importance of a strong and vital transportation system has finally been given recognition, and funding for transportation programs is no longer a Federal stepchild.

Practically every speech given on transportation recently has cited the fact that within 20 years we will have to double the capacity of our present system. That's a very staggering prediction! On top of that, we have some urgent transportation needs to be met right now. At a time when 70 percent of our people live on two percent of the land, we desperately need efficient modes of urban mass transit. Our highly mobil society is adding to its already huge fleet of motor vehicles at the rate of 12,000 vehicles per day. We need more good roads in underdeveloped areas. We need highway and street improvements in our urban areas, and we need to make our highway system safer and more compatible with its natural surroundings. Due to the increase in air passenger usage levels, we urgently need improvements in air traffic control capacities, as well as to airfields themselves. The three bills of which I spoke earlier address themselves to these very needs.

The Airport/Airways Development Act which went into effect in July 1970, will aid greatly in the expansion and modernization of our aviation facilities. It authorizes the Department to commit \$2.5 billion over the

next ten years for airport construction. These funds will be available on a 50/50 matching basis. \$250 million may be granted annually for air navigational equipment and facilities. A minimum of \$60 million per year goes for research and development. In fact, the FY 1971 budget allocates \$70 million; and the proposed FY 1972 budget allocates \$81.5 million. The program, like the Highway Trust Fund, is supported by user charges. These include an increased tax on passenger tickets, new taxes on freight waybills and general aviation fuel, and an annual registration fee on all aircraft.

A second program was made possible by passage of the 1970 UMTA Act. In a time when many private transit companies are biting the dust--in fact, nearly 250 in the past few years--the UMTA Act provides badly needed funds for mass transit in our urban areas. (I might add that this bill was seen as being so crucial by Secretary Volpe, that he personally shepherded it thru Congress.) The Act provides that \$3.1 billion may be committed to urban mass transit over the next five years. This money, in the form of grants, will be used to help existing transit companies. It will also provide cities and towns with an assurance that Federal money will be available to help meet the huge capital outlays necessary to build new systems.

The 1970 Federal-Aid Highway Act continues, of course, to make funds available for the completion of the interstate system and the other highway programs such as TOPICS. It also, however, goes far beyond previous highway legislation in making money available for such things as beautification. Also, for the first time the Act authorizes 2/3 of the money allocated to highway safety to be drawn from the Highway Trust Fund.

I think that these three programs are products of the growing awareness in this country of the importance of transportation to the economic growth and social wellbeing of the Nation. I would anticipate that this emphasis on new and expanded transportation programs will continue to increase in the 70's and beyond. However, I will let my cohorts on the program this afternoon go into such programs more in depth.

The importance placed on transportation by this Administration, and the new levels of funding that have been allotted to transportation are indeed gratifying. But, of course, as the money increases and the grant programs and obligatory agencies proliferate, the need for seminars such as this one becomes more and more apparent. The money and the good intentions are present in the Federal Government. But to the average citizen and to most state and local officials like you, the system is confusing, and the results sometimes appear negligible.

President Nixon, like other Presidents before him is extremely concerned over the state of our Federal system. But unlike previous Presidents, he is attempting to bring about a sweeping reform of this system.

In his 1971 State of the Union Address the President said:

"Let's face it. Most Americans today are simply fed up with government. They will not and they should not continue to tolerate the gap between promise and performance in government."

Most of the problem, he feels, arises from the fact that the Federal Government has grown too "muscle-bound" and the state and local governments too weak. Part of the answer is to spread this power around again. By giving the state and local governments more authority, two ends will be accomplished: First, it would mean that government would become more personal. The typical citizen, presently frustrated by a feeling of impotence over his own affairs, would have contact with a level of government able to do something about his problems. Second, by decentralizing power, the Federal Government can make more efficient and effective use of the power which it retains.

One of the greatest, if not the major source of authority available to the Federal Government is its vast revenue raising power. Hand in hand with this power goes the power to disburse the money and the power to decide how it is to be spent. While the Federal Government has drawn on this power to an ever-increasing degree, states and localities have faced a shrinking tax base and thus a shrinking ability to cope at those levels.

Of course, a second drawback in this trend is the fact that as Federal revenue and responsibility have increased, the number and size of Federal categorical grants has burgeoned and become unwieldy. In 1960 there were approximately 40 categorical grant programs totalling \$4 billion.

Ten years later, in 1970, this number has increased to about 500 - and the total amount of funds to \$34 billion. It's really astounding! Neither the state and local applicants for funds, nor the Federal Government itself understand the full system or make it work efficiently.

In view of this situation, the President has proposed a program of revenue sharing which is the cornerstone of his plan to revitalize our American system of government. It is intended to reverse the trend toward a huge, centralized Federal bureaucracy by restoring financial flexibility, initiative, and creativity to state and local governments. It will strengthen these governments, and relieve the Federal Government of excessive responsibility. It will also make government spending more effective by putting the money where the needs are, and where the decisions can best reflect these needs. Revenue sharing will provide new and unrestricted revenue to the states and localities. And the recipient governments will be free to set their spending priorities within a very loose framework.

The revenue sharing program is divided into two parts. There is a General Revenue Sharing Fund, and six special revenue sharing funds. These are:

1. Urban Community Development;
2. Rural Community Development;
3. Manpower Training;
4. Education;
5. Law Enforcement;
6. Transportation.

These six grant programs will fold in approximately 130 presently existing categorical grants, thus helping greatly to simplify the Federal grant structure.

The size of the General Fund will be determined by taking a fixed percentage of the Federal personal income tax base. This formula is expected to provide a fund of \$5 billion the first full year. It is, however, a flexible formula which would allow the fund to grow with the economy.

The Special Revenue Sharing Funds are so designated to reflect broad areas of domestic concern, and to direct money into these areas. The fact that one of these Special Revenue Sharing Funds is for transportation certainly reflects the importance which this Administration places on it. It is recognized that transportation needs are so diverse and vary so from locality to locality, that Federal categorical grants cannot always respond adequately or properly. Transportation Special Revenue Sharing opens up a new era in transportation development-- that of full local decision-making and priority assignment unencumbered by Federal requirements. Furthermore, transportation Special Revenue Sharing would eliminate matching grant requirements. These matching requirements, which vary from program to program, have all too often distorted the local decision-making process. Many areas simply can't raise the necessary matching funds. Others find their decisions must be based less on the real local transportation needs than upon what Federal money is most available. Under Transportation Special Revenue Sharing, Federal money will be returned to the states and local areas without such restraints and controls. I think it is appropriate to note here that the idea of a single transportation fund, unrestricted as to modal use, which is embodied in the Transportation Special Revenue Sharing Program, is an outgrowth of the single Transportation Trust Fund concept which Secretary Volpe has been developing.

The Transportation Special Revenue Sharing Program would be funded initially at an annual level of nearly \$2.6 billion. The funds which make up this amount would be drawn from 23 existing grant-in-aid programs under five major categories: Urban Mass Transit, Airport Development, Highway Safety, Federal-Aid for Highways, and Highway Beautification. Money for these grants presently is drawn from the Highway Trust Fund, the Airport/Airway Trust Fund, and General Tax Revenues. This funding system would continue to be observed under Transportation Special Revenue Sharing.

The program itself would be divided into two elements: A "General" transportation element for all transportation activities: And another element exclusively for mass transit capital investment. The "General" element would total slightly over \$2 billion, and could be spent on any transportation-related item - including construction, improvements, maintenance, operations, R&D, environmental protection, safety, planning, etc.

Ten percent of this amount would be held in a Secretarial Discretionary Fund. It would be allotted to the states and local governments by the Secretary to help fund planning, research, development and demonstration programs. It would also be used to reward local governments for establishing consortiums for receipt and expenditure of shared revenues. And finally, it would also be used to ensure that each state receives at least as much money as it could expect to receive under present categorical grant programs.

The other 90 percent of the "General" element would be allocated to the states according to a four-factor formula based on (1) total state population; (2) urban population in the state; (3) geographical area; and (4) star and rural post office route mileage. Each state would in turn be required to pass along the urban share of its allocation to communities of more than 2,500 people to spend as their government thinks best.

The second part of the Transportation Special Revenue Sharing is the mass transit capital element. This element would total \$525 million in the first full year to be spent only for capital costs associated with mass transit systems. Eighty percent of this money would be distributed to the states which contain the 33 Standard Metropolitan Statistical Areas (SMSA's) with population of one million or more. One-half of this portion of these funds would be passed through directly to these SMSA's. The other half would be earmarked for them, but allocated at the state's discretion. This will guarantee that large urban areas would receive the money they so desperately need for mass transit systems. The remaining 20 percent of the mass transit capital element will be allocated to states based on their SMSA population of 50,000 to one million. It can be used in any urban area of 2,500 or more - at the state's discretion.

The two most important factors I can stress about the Transportation Special Revenue Sharing Program are as follows:

1. First, it will strengthen state and local government participation in solving transportation problems. This is a good way to increase confidence in state and local government, and to best address a national need which has local solutions.

2. Second, this program recognizes the diversity of needs. It combines the resources of the Federal Government with the flexibility of state and local governments. Thus, it increases the efficiency of the entire system, and helps insure that your tax money is well spent.

Hand in hand with the President's whole concept of revenue sharing is his belief in the need for a reorganization of the Executive Branch of the Federal Government. Revenue sharing is needed to strengthen state and local governments and take problem solving closer to the people. Reorganization is needed to make the Federal Government more responsive to these other levels of government and to the needs of the nation as a whole. President Nixon said that "The problem with government is not by and large, the people in government. . . it is principally a matter of machinery. Good people cannot do good things with bad mechanisms. But bad mechanisms can frustrate even the noblest aims."

The Federal machinery today is breaking down. It is not effective nor responsive because it is so enormous, and so fragmented. In trying to solve any of the challenges of our times, the Federal Government finds itself speaking through a wide variety of offices, bureau, departments and agencies. And these frequently work against each other in pursuit of limited resources and different aims.

This diffusion of responsibility makes a concentrated attack by the Federal Government on a specific problem extremely difficult, if not impossible. It also creates confusion among other levels of our governmental system and the public, and severely hampers the effectiveness of our elected officials who must work with such a system. Clearly we pay a high price for this inefficient structure. This is measured in terms of disappointment, frustration, public disaffiliation, and wasted resources.

The problem springs from the fact that the Executive Branch has grown piecemeal. As every new need has arisen, a new agency has been set up to deal with it. Our governmental structure is now organized around many fragmented functions, rather than around broad goals. Government should be restructured around the broad purposes it must achieve in our changing society.

Under President Nixon's far-reaching reorganization proposal that is what would be done. He proposes to replace seven of the present executive departments with four broad new departments. These would be the Department of Natural Resources, the Department of Human Resources, the Department of Community Development, and the Department of Economic Affairs. This reform of the Executive Branch will improve internal efficiency and coordination, and will in turn help to greatly improve the Federal Government's delivery of services to the people.

Reorganization is a natural complement to revenue sharing. Both would help to decentralize our governmental system, while restoring the general capacity of government to meet its responsibility to the people.

I started off today telling you about things as they are, and ended up talking about what should, and, hopefully will be. To sum this up briefly: The Department of Transportation has made great strides in its first four years. Under the leadership of this Administration, transportation issues have received a lot of much needed attention, and transportation funding has been greatly increased. The Airport and Airways Development Program, the Urban Mass Transportation Assistance Program, and the Federal-Aid Highway Program are good examples of the new or newly expanded categorical grant programs now available to you at the State and local level.

However, these same programs - although they provide greatly needed sources of money for transportation - also are representative of a Federal structure which is badly in need of revision. A structure which is enormous, confusing, and often inefficient. They represent only three of some 500 different programs, all of which are relatively narrow in scope and limited both in purpose and availability by a mass of Federal restrictions.

President Nixon's response to this situation has been to propose the restructuring the grant program itself, as well as the reorganization of the Executive Branch which administers it. The restructuring of the grant structure is to be accomplished through his proposed Revenue Sharing Program. This program is intended to revitalize State and local governments by increasing both their financial resources and their power to utilize such resources as they see fit. It will condense a large portion of the Federal categorical grant structure into a more meaningful, more manageable, and more efficient form.

Complementing Revenue Sharing is the President's proposal for the reorganization of the Executive Branch. This will involve the restructuring of several Cabinet-level Departments, with their numerous and often overlapping agencies and bureaus, into four new Cabinet departments. As opposed to the presently outdated method of organizing the Executive Branch around narrowly-drawn areas of function, Reorganization will redefine them around broad areas of purpose or national goals.

We at the Department of Transportation are looking forward to working with the President to implement these changes. We anticipate a smooth transition from the current grant programs and organizational structure to the new reforms proposed by the President.

George Bernard Shaw once said that "progress is impossible without change; and people who cannot change their minds cannot change anything". Government at all levels today is faced with the challenge of meeting the needs of the people and making progress in the face of a rapidly changing way of life. To do this effectively we must maintain open minds and flexible governmental institutions. The President recognizes this challenge and is acting to bring about these changes in the Federal structure. We ask your whole-hearted support for this effort.

Before closing, let me thank you for giving me the opportunity to talk with you this morning. It appears that you have an interesting and informative schedule ahead of you, and I wish you a very successful conference.

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

STATEMENT OF JOHN P. OLSSON, DEPUTY UNDER SECRETARY, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON TRANSPORTATION AND AERONAUTICS, HOUSE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE, REGARDING H.R. 7072, AND SIMILAR BILLS, TUESDAY, JUNE 8, 1971.

Mr. Chairman and members of the Committee:

I appreciate this opportunity to appear before you today to discuss H.R. 7072 and similar bills amending the Airport and Airway Development and Revenue Acts of 1970.

The thrust of these bills is to preclude the use of monies in the Airport and Airway Trust Fund to meet expenses attributable to research and development and the operation and maintenance of the airway system each year in which appropriations are not made of the minimum amounts for airport development and airway facilities specified in Section 14 of the Act. The Department opposes the enactment of these bills. We do not believe they are necessary to the achievement of the long-range goals established in the Airport and Airway Act, and we believe that, in some instances, the rigidity they would impose might be harmful to the effective administration of the airport and airway program.

Just last month we marked the first anniversary of the enactment of the Airport/Airway Act. At the time the Act was passed, we regarded it as the most significant legislation in the aviation field since the enactment of the Federal Aviation Act in 1958. The Act was needed to give us during the decade of the 1970's the means for improving and expanding our airports and for upgrading and modernizing the airway system to ensure the safe and

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efficient movement of air traffic. The Act fulfilled that need most satisfactorily, and established firmly in the field of aviation the principle that those receiving special benefit from the aviation services provided by the Government--the users of the airport and airway system--should pay through special charges sums needed for the development and operation of the system. Let me say that our enthusiasm over the enactment of the Act is as keen on its first anniversary as it was on the day President Nixon signed it into law.

We recognize that controversy exists respecting the administration of the Act, particularly with respect to funding the development of airports and the installation and improvement of airway facilities, and that this has contributed impetus to the introduction of the amendments in the bills before the Committee. Therefore, I would like to take a brief look at our funding to date, our future funding plans, and how these square with the long-range funding goals of the Act, as well as discuss the general operation of the Trust Fund during FY 1971 and 1972.

First, let's take a look at funding for airport development. The declaration of policy of the Airport/Airway Act states that the obligational authority during the period July 1, 1970, through June 30, 1980 for airport assistance should be \$2.5 billion. So far, the Department's budget estimates provide for the obligation for airport development and planning grants of \$180 million in 1971, and \$220 million in 1972. The FAA Ten-Year Plan under the Act for the subsequent three fiscal years calls for the obligation of \$280 million in 1973, and \$285 million in each of the fiscal years 1974 and 1975. Under any foreseeable circumstances we would expect these amounts to be made available. The Administration's budget plans and legislative proposals for the FY 1972 budget and beyond have been predicated upon these

planning amounts. From the standpoint of meeting the ten-year goal of the Act our program is right on the target.

On an annual basis, the Act authorizes not more than \$15 million of planning grant obligations and not less than \$280 million of development grant obligations. Thus, after the initial start-up period of the airport program our plans call for making funds available at approximately the annual obligational levels authorized by the Act. We will be requesting appropriations for the cash payments to meet these obligations as required. Therefore, the true program level for the airport program is best measured by the obligations made during a given fiscal year rather than by the liquidating appropriations in that year.

Now let's turn to the funding on the airway side. The Act states that the annual obligational authority during the period July 1, 1970, through June 30, 1980, for the establishment and improvement of air navigational facilities should be no less than \$250 million. The Department's budget for airway facilities contained \$238 million for 1971 and \$250 million for 1972. Our planning for the subsequent three fiscal years calls for the obligation of at least \$250 million for each of those years. Thus, the total amount we would obligate for airway facilities for the five-year period is expected to be at least one billion 250 million dollars which, again, is on schedule from the standpoint of meeting the 10-year goal of \$2.5 billion contemplated by the Act.

In the area of research and development, we are exceeding the annual amounts stated in the legislative history of the Act. At the time of the hearings on the bill we contemplated an annual program of some \$50 to \$60 million. For 1971 our budget for research and development was \$62 million, and for 1972 it is \$73 million. The larger outlays we will be making for research and development early in the 10-year program should enable us to

achieve greater cost effectiveness from our capital investments for airway-facilities than otherwise would be possible as we move through the 1970's.

Mr. Chairman, I have here for the record a table which shows these funding levels by major category for the fiscal years 1971 and 1972.

Now I would like to discuss the manner in which we are applying to our airport/airway program the sums in the trust fund available from the aviation user taxes and from the General Fund of the Treasury.

There has been considerable confusion and misinformation prevalent concerning the operation of the trust fund. Let me take just a minute here to clarify the situation and hopefully put things into the proper perspective.

First, there are certain expenditures which cannot be funded out of the trust fund. These include both the operations aspects of safety regulations and enforcement, and the associated R&D. Another non-trust fund item is the operation of National and Dulles Airports. These programs are financed by separate appropriations from the general fund of the Treasury and are not related to the trust fund or the user taxes.

Secondly, that portion of the airspace system considered to be chargeable to military operations is not financed from user charges, and properly so. While from a bookkeeping standpoint these expenses are included in the trust fund, the source of funds is the general fund, not user charges.

Thus, the expenditures actually financed by aviation user charges are limited to the areas directly benefiting the aviation user. The Airport/Airway Act states that amounts in the trust fund shall be available, as provided by appropriation Acts, for making expenditures for (1) airport

assistance; (2) construction of air traffic control and air navigation facilities; (3) research and development with respect to the airway system; and (4) the operation and maintenance of airway facilities, including supporting services. All of these four major areas may be financed from trust fund monies if appropriations Acts so provide, whether those monies are derived from user taxes or other taxes.

Our current estimate of user charge receipts indicates that it will not be until the tenth year that user charges would cover completely the cost of services rendered under the Act. In fact, during FY 1971 and 1972 it is estimated that user charges will cover only about fifty percent of the cost of trust fund activities.

I would also like to take this opportunity to clarify the true status of the so-called "balance" in the trust fund at the end of FY 1971. The regular FAA appropriation for FY 1971 was not made from the trust fund. However, the FY 1971 supplemental appropriation for the FAA was made from the trust fund. The effect of this was a build up of a balance of approximately \$403 million in the trust fund by the end of FY 1971, which normally would have been applied to eligible Airport/Airway programs in that year. This balance will be completely eliminated during FY 1972 as the proper adjustment is made to balance out the two-year period.

To return now to the specifics of H.R. 7072, we would not like to see absolute minimums established respecting the funding of airport assistance and airway facilities, nor a provision in the law prohibiting the use of trust fund monies for R&D and O&M when such minimums are not met. We regard all four of the major functions financed by the Act as important, and the

law should remain flexible so that special emphasis may be placed on any one of these areas in a particular year as necessary to meet the need at hand. We believe it appropriate to allow all four of the areas to be financed by any monies in the trust fund. In fact, toward the end of the decade the Act is designed to provide sufficient income from user taxes to meet nearly all of the costs of all of the eligible functions carried out under the Act, including the operation and maintenance of the airway system. And this is as it should be. Certainly the crucial service afforded the users by air traffic controllers and systems maintenance personnel need not take a back seat to any of the other major parts of the program. The costs incurred in the provision of this service not only are proper ones to be charged to the users, but they are deserving of a very high priority in the application of available tax revenues to the various facets of the airport/airway program.

In summary, we do not believe that provisions in the Airport/Airway Act for the administration of the trust fund require amendment along the lines proposed in the bill. As we have shown, our current program is proceeding at a pace which should insure the attainment of the long-range funding goals of the Act for airport assistance and the installation of airway facilities. At the level for 1971 (\$170 million for airport development), we have made a dramatic jump in obligations over previous years when under the old Federal Airport Act the maximum annual authorized level was \$75 million, and actual appropriations sometimes fell short of that level.

As far as airway facilities are concerned, again we are very close to the funding schedule prescribed by the Act, and if you take into account the

added emphasis we are placing on R&D, I would say we are a step ahead in this field.

We believe it is essential that trust fund monies be available for all aspects the airport and airway development program. All of these functions are essential to affording the users a safe and efficient system of airports and airways, and the Act should remain flexible to allow effective administration of these functions, including necessary increases or decreases in funding on a temporary basis to accommodate urgent needs in different areas of the program.

Mr. Chairman, that concludes my prepared statement. Now I would be happy to answer any questions the Committee may have.

AIRPORT/AIRWAY PROGRAM - FY 1971 and 1972

<u>Appropriation/Estimate</u>	<u>Amounts Mentioned in P.L. 91-258</u>	<u>1971 Approp</u>	<u>1972 Estimate</u>	<u>1971 & 1972 Total</u>
Operations	-	\$902.8	\$ 991.8	\$1,894.6
Airway System				
Investment/Development	\$ 300.0	300.4	322.8	623.2
Facilities and Equipment	(250.0)	(238.0)	(250.0)	(488.0)
Research and Development	(50.0)	(62.4)	(72.8)	(135.2)
Grants-in-Aid for Airports:				
Planning Grants	15.0	10.0	15.0	25.0
Development Grants				
Obligations	(280.0)	(170.0)	(205.0)	(375.0)
Appropriation to Liquidate Obligations	-	60.0	92.0	152.0
Aviation Advisory Commission	2.0	1.5	-	1.5
Total Appropriations		\$1,274.7	\$1,421.6	\$2,696.3
<u>Funding:</u>				
General Fund Appropriations		\$1,097.2	\$ 293.1	\$1,390.3
User Tax Revenues Applied		177.5	1,128.5	1,306.0
Estimated User Tax Revenues (Existing & Proposed Legislation)		580.0	726.0	1,306.0



C.2
DEPARTMENT OF
TRANSPORTATION

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NEWS

OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20590

34-DOT-71

REMARKS PREPARED FOR DEPUTY UNDER SECRETARY JOHN P.
OLSSON BEFORE THE COAST GUARD RESERVE TRAINING
GRADUATION, YORKTOWN, VA., JULY 30, 1971

As I am sure you know, next Wednesday, August 4, marks the 181st anniversary of the founding of the U. S. Coast Guard. It was at that time that Alexander Hamilton, the first Secretary of the Treasury requested Congress to authorize the acquisition of ten cutters for use in enforcing a protective tariff established by the new republic. In so many words, that meant to prevent smuggling. This new service became known as the Revenue Marine. I might add here that Secretary Hamilton evidently had more political clout than one of his successors, Albert Gallatin. In 1805, Gallatin (who was President Jefferson's Secretary of Treasury) proposed the formation of a "National Transportation Planning Agency" or a Department of Transportation, if you will. Unlike the founding of the Coast Guard, it took 167 years for that suggestion to be implemented. The Department of Transportation, which is now, of course, the parent department for the Coast Guard - was not created until 1967.

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In 1844, approximately 50 years after Revenue Marine Service was established, Congress established a separate lifesaving service which was manned by volunteers. Then in the late 1870's this service was formally recognized as the U. S. Lifesaving Service, and full time crews were employed. Finally, in 1915, the Revenue Marine Service and the Lifesaving Service were merged to form the U. S. Coast Guard as we know it.

Throughout its long and varied history, the Coast Guard has continuously broadened the scope of its maritime activities. From an anti-smuggling force it became an important military support unit. From there it acquired a vital lifesaving and rescue function; then accepted the responsibility for maintaining all aids to navigation, and then jurisdiction over ship licensing and inspection, and enforcement of navigation law. As it now exists, the Coast Guard is completely unique in the world by virtue of this very broad scope of responsibility.

As a representative of the Department of Transportation, I want to emphasize how very proud we are of the outstanding job which the Coast Guard does in every area of their responsibility. I'm sure that all of you here today must feel equally proud to be associated with such a fine organization.

In view of this little bit of background on the Coast Guard, my role here today is two-fold. First, I want to congratulate you on behalf of the Coast Guard and DOT for having successfully completed this training period. Secondly, I want to give you some perspective on the future direction of the Coast Guard and how you fit into the picture.

In looking over the kinds of instruction which many of you have received, I see course titles such as Merchant Marine Safety and Water Pollution included. I think this is very significant. Certainly it is a good indication of the new areas into which the Coast Guard is moving.

Coast Guard Reservists are somewhat like the reserve gas tank on a VW. You are a valuable source of extra power that isn't needed all the time. But in an emergency, things can't operate without you.

As the backup men, you must be fully prepared to assume emergency responsibilities in any area under Coast Guard jurisdiction in which you are needed. That, of course, is why you have been exposed to this expanded curriculum.

The terms consumer safety and environmental protection have become very much a part of all our vocabularies of late. But the new emphasis on protecting the consumer means more than Ralph Nader versus General Motors. Consumer protection is being extended into every area of our lives. Let's look, for example, at transportation in general, and water transportation in particular - since that is what relates to the interests of those of us here this morning.

The responsibilities and authority of the Coast Guard in improving the safety of our waterways are being greatly increased. Just yesterday, for example, Congress passed an important piece of legislation relating to this area.

Known as the "Federal Boat Safety Act of 1971", this Act addresses itself directly to consumer protection in the field of recreational boating. The somewhat startling fact is that recreational boating has the highest fatality rate of any transportation mode except the automobile. In fact, when the average number of hours spent behind the wheel by the auto driver is compared to the average number spent at the helm of a boat, the boating fatality rate is higher! Meanwhile, more than 40,000,000 people now use our waterways for pleasure, and the sport is growing rapidly in popularity.

Under the new Act, the Coast Guard is authorized to establish and enforce minimum safety standards for boats and associated boating equipment. If for example, a boat is found to be defective, the manufacturer will be obligated, under law, to make any necessary adjustments at his expense. This is a consumer innovation not to be found at present within any other major industry in the country. And it is in large measure up to the Coast Guard to make it work.

Likewise, in the area of environmental preservation - specifically the prevention of water pollution - the resources and unique abilities of the Coast Guard are being brought to bear. Under the Water Quality Improvement Act of 1970, the CoastGuard was given enforcement powers over new regulations providing for the prevention of pollution by oil, chemicals, vessel sewage, and other hazardous materials.

At the same time the Coast Guard has been assisting in the development of a national contingency plan to provide a coordinated response to water pollution incidents. Regional response centers are being set up to monitor such things as oil spills, and supervise containment and cleanup operations. Special pollution strike force teams are being trained, and special equipment developed in order to respond rapidly and effectively to a major pollution incident anywhere in the country.

In addition to these new procedures for reclaiming the water ecology from pollution, strong new emphasis is being placed on prevention. Last week Congress passed another new Act which it will be the Coast Guard's responsibility to enforce. The Bridge-to-Bridge Radiotelephone Act will require all vessels within certain major categories to be equipped with radiotelephone equipment, which must be operational at all times when a vessel is underway. Investigation of numerous major ships' collisions indicated that a primary factor contributing to many collisions has been the failure of vessels to be aware of each others intentions. Just as in the tragic San Francisco Bay accident last year, all too often these collisions result in major pollution incidents. Bridge-to-Bridge radiotelephones will help prevent many such accidents.

Another proposed bill - now under active consideration by Congress - is designed also toward prevention rather than cure. The Ports and Waterway Safety Bill would provide continuing general authority to protect vessels, structures, harbors, and waterways through closer attention to vessel control and equipment in congested waters. This could include the establishment of safety zones wherein traffic might be curtailed or prohibited to prevent accidents.

There are many more exciting things happening now which I could talk about. However, I am sure that from what I've already said, it is very apparent what the new wave of the future is for the Coast Guard. (No pun intended, of course!)

Moreover, I know that most of you are pretty eager by this point to pack up and go back to your homes, families, and your regular professions. So having just hit the highpoints, I'll conclude by expressing once more my congratulations for your accomplishments here. In keeping with the motto of the Coast Guard - Semper Paratus - the experience you have gained here in the past two weeks will certainly prepare you to carry out the fine tradition of service for which the Coast Guard is known - regardless of where or for what reason you may be called to active duty. Best wishes as you leave, and thank you for a job well done.

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MARKS DELIVERED BY DEPUTY UNDER SECRETARY JOHN P.
OLSSON BEFORE THE TRAFFIC CLUB OF ST. LOUIS,
MAY 17, 1971 - ST. LOUIS, MISSOURI

It's really a pleasure to be able to join you today in kicking off the celebration of National Transportation Week here in St. Louis. As you may have heard, Secretary Volpe got the week off to a rolling start - generally - yesterday in Washington by leading a Bicycle Day ride to the Washington Monument. From all reports, it must have been a real experience for some of the participants. The Secretary made it to the monument in fine form. But one less successful official was overheard uttering as he wobbled along, "When they talk about the need for balance in transportation, I had no idea this was what they meant!"

157 S

NATIONAL TRANSPORTATION WEEK / MAY 16-22

Transportation: Filling the Needs of a Growing America...

There aren't many cities more appropriate than St. Louis for a meaningful celebration of National Transportation Week. Transportation is a major industry here. In fact, the city is a major transportation distribution hub for the whole interior of this country - ranking second only to Chicago in this capacity. As an important rail center, St. Louis is served by 16 Class I railroads and 5 switching roads; 5% of our total annual carloads of freight pass through here. In addition, the city is recognized as the second largest trucking center in the country with over 200 carriers providing service. Eight major U S highways intersect here. And of course, you have 1,300 miles of navigable Mississippi waterway right on your doorstep. St. Louis truly plays a significant role in our national transportation/distribution system, and as the leading participants in this role, you may be justly proud.

The transport diversity here in St. Louis is a microcosm of the transportation network across the U. S. -- by far the largest and most complex network of any in the world. It is the nerve system of this nation. It underlies the functioning of our whole economy, our national defense and security, and our American way of life.

The United States is a highly mobile society. U. S. citizens own over 87 million privately registered automobiles. (That works out to about one car for every 2-1/2 people in the country.) They drive these cars over 3.7 billion miles of highways - a system which, if laid end to end - would circle the earth about 150 times. At the same time, we also own and fly about 131,000 private airplanes. And this fleet is growing rapidly.

Together, the private car and airplane owners chalked up over 986 billion passenger miles last year which averages almost 5,000 miles per person. At the same time use of public common carriers accounted for an additional 144 billion.

In 1970, the combined transportation modes carried about 1.9 trillion ton-miles of freight - almost 10,000 ton-miles per individual. Foodstuffs alone accounted for 166 million tons of freight. Put in individual terms that's approximately 1,600 pounds of food for every man, woman and child in the country. (Sounds more like the consumption rate of the elephant house at the St. Louis zoo doesn't it!) Of a total annual intercity freight load of 2.5 billion tons, the railroads carry 41 percent; intercity trucks another 21%; pipelines 22%; and our waterways 16%.

(more)



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REMARKS DELIVERED BY DEPUTY UNDER SECRETARY, JOHN P.
OLSSON, TO THE PROPELLER CLUB, PORT
OF MIAMI, SEPT. 16, 1971

Gentlemen, I am very pleased to have been invited to join you here this evening. This is my first trip to Miami as a representative of the Department of Transportation, although not my first to Florida. At almost this same time last year, I was over in Tallahassee speaking at Florida State's Transportation Center. My speech writer has started making cracks about my annual September pilgrimage to Florida! She says that, in her opinion, I should make it in January. However, I understand that the competition in Washington for speeches in Miami during January is positively fierce! Besides, I'm glad to have the opportunity at any time!

71-03160 S

I have looked forward to meeting you - the members of the Propeller Club - who are foremost among those in Miami who have made such important contributions to the development of your fine new port facilities at Dodge Island. Admiral Stephens is, of course, known and highly respected among marine transportation circles all over the country. I am very enthusiastic over the opportunity to view these facilities first hand - which I am going to do first thing tomorrow morning - thanks to your hospitality and that of Captain Hodgeman.

Every one of you who has had a hand in the creation and operation of the new Port of Miami deserves congratulations. Since its beginning in 1960, the Port has consistently made gains in all areas of its operations. There isn't a business in this country that wouldn't be envious of the record you have established here. At the present time, Miami leads all other Florida ports in the value of exports and imports which you handle. 1970 alone witnessed a 23% growth in port revenues over 1969 - itself a boom year. With such a solid base established, I have no doubt but that Miami's Dodge Island will become a model not just in this country, but among world ports, for your success in moving both cargo and passengers efficiently and profitably.

Before I go into the transportation portion of my remarks this evening, I would like to take a minute or two to discuss briefly another subject of great importance to us all. As a representative not just of DOT, but of the Nixon Administration, I want to say just a few words about the President's new economic policy.

First, let me say how much we appreciate the overwhelming support that the President's program has received from every segment of industry, from so-called special interest groups, and from individual Americans. A recent poll has shown that an overwhelming 77% of the American public believes the President's actions were "the right moves at the right time". That is a level of approval rarely received by any President on any issue! Certainly it demonstrates that, even in an area as highly personal as our pocketbooks, Americans are ready and willing to make some temporary sacrifices to help put the economy of the Nation back on a stable course. Gentlemen, the President's recently established policies are the most far reaching in the economic field in decades. And they will continue to be shaped and revised throughout the coming weeks into the kind of long-term policies necessary to beat inflation, increase

employment, and stabilize the dollar both at home and abroad. It is not an easy task, because there are no easy panaceas for such problems. But I can assure you that with your continued strong support, we can look forward to a healthy and dynamic economy.

In thinking about what to talk about this evening, my first reaction was "what in the world can I discuss in the maritime field that the Propeller Club doesn't already know more about than I?" The Department of Transportation's principal maritime responsibility lies with the Coast Guard. And while I could easily spend an evening talking about what a terrific organization it is, there's no real need to do that. Anybody in the maritime field in Florida is already well aware of the contributions of the Coast Guard, and of the District Commander RADM Smeder. But you may not realize just what an important man he is! His area of command here in the 7th District is big enough to encompass the entire Continental USA within its boundaries. Of course, just to keep the Admiral's feet on the ground, I have to tell you that his District isn't the biggest one.

All kidding aside, however, we are very proud of the work being done in this District. It might interest you to know that the Miami Coast Guard Air Station and Base are the two most active units in Search and Rescue activities of their kind in the country. Certainly theirs was a most important role in a total Coast Guard Search and Rescue effort which resulted in 3,500 lives saved nationally last year. I don't know whether you just have more boats, or more bad drivers, or both, around here - but they do a big business and a great job!

Back to the subject at hand, I am aware that in the fast-changing and complex world in which we in transportation must operate, nobody in any one specific mode can realistically ignore the interrelationships which tie that mode into our total transport system. Nor can they fail to be knowledgeable of the problems and progress within the total system as they bear upon the activities and well-being of each particular mode. Therefore, I recognize your interest in the policies and programs of the Department of Transportation. In that context, there are a number of DOT programs having a direct bearing upon the maritime industry. And specifically, there are two of these programs which I would like to discuss tonight: first, our new cargo security program, and second, our facilitation program.

In addition to these, I want to wind up by talking a bit about the overall direction of transportation in this country - as we in DOT see it - and about the overall transportation policy response which this Administration, through the outstanding leadership of Secretary Volpe, is attempting to implement.

First, let's turn our attention to the area of crime in transportation and the compelling need for a much improved system of cargo security in transportation. This is a maritime problem. Indeed it is an intermodal problem, for it severely effects every mode in every area of the Nation. That then, is where the Department of Transportation comes in - helping to find a solution to a problem which has long had a large-scale but little publicized impact on both transportation suppliers and consumers.

Just how serious has crime in transportation become? Senator Alan Bible's select Committee on Small Business recently zeroed in on the whole problem. The Bible Committee, after an intensive investigation of all aspects of the problem, estimates that in 1970 alone, transportation crime nationwide accounted for a loss to shippers and consumers of over 1-1/2 billion dollars. Truck thefts and hijackings accounted for \$900 million; airlines lost \$110 million; railroads \$250 million; and the maritime shippers losses totalled \$210 million. Broken down into comprehensible figures, this amounts to more than a \$5 loss to every citizen of this country.

The stories on this disgraceful situation are now being made public with increasing frequency. U. S. News and World Report recently carried headlines stating: "Truck Hijackings Fastest Growing Racket." Life says theft is "The Second Business at our Airports."

The range of this crime extends from stealing blank tickets in airline terminals to the theft of giant containers from busy piers. At one time, the 40 ft. container was hailed as a major deterrent to crime. In 1969, 90 such containers were stolen in the Port of New York alone.

Just recently we all read the account by a convicted mail thief testifying before the Senate Rackets Investigation on how his gang stole over \$100 million in merchandise and securities from airports across the country. In June, the economically strapped Penn Central disclosed a 54% increase in losses associated with theft in 1970. This in spite of the Penn Central's large private police force.

Statistics such as these are horrifying enough; yet they only point at the total problem. DOT along with other government agencies and industry groups have been studying the problem intensively over the past several months. In June, Secretary Volpe, speaking before a Cargo Security Conference held in Washington, signaled the beginning of a concerted interagency intermodal drive to get at the root of transport crime and halt it.

To ensure effective involvement by DOT, and to focus our resources on the problem, the Secretary has established a new Office of Transportation Security under the authority of Assistant Secretary for Safety and Consumer Affairs, Benjamin O. Davis. General Davis who formerly served as our Director of Civil Aviation Security (that's the anti-hijacking office) is bringing his expertise to bear on this broader area of transportation security.

In addition, the Secretary has sponsored an interagency Committee on Transportation Security, consisting of representatives from the Departments of Defense, Commerce, Treasury and State; the Attorney General, the Administrators of General Services Administration and Small Business Administration; the Chairmen of the ICC, FMC, and CAB; and General Davis from our own shop. This Committee will meet regularly to provide advice and guidance in all phases of our Transportation Security program.

The office itself is structured to provide leadership in all phases of cargo security. It is concerned with such security elements as personnel identification, packaging, locks, guards, alarm and communications systems. To know how best to apply the proper techniques and technology, the Office is setting up a cargo information and reporting system. The emphasis here is not on law enforcement but on what auto mechanics know as PM - preventive maintenance.

I can't really tell you how many thefts we have prevented thus far or how much money we have saved you, because the program has just begun to fly. But we are confident that giant strides will be taken and that great savings will be achieved both for you and for the consumer. It is exciting that a problem which has been so long ignored or avoided is now the focus of an organized and determined effort to eradicate it. The cargo thief has been compared by General Davis to the Barbary Pirates of old who attacked our shipping demanding payment for "protection."

Rallying to the cry of "Millions for defense but not one cent for tribute," we beat the system of those nineteenth century pirates. Now the Department of Transportation fully intends to give their latterday contemporaries the same treatment.

Another area being explored by DOT which has direct import for the maritime industry - both carrier and shipper - is that of transportation facilitation. What is transportation facilitation? Webster's defines the word facilitate to make easier, or to lighten the performance of an action. That is precisely what DOT's Office of Facilitation program is all about. As our transport system in this country has become bigger and more complex, the problems involved in the door-to-door delivery of goods and people - which is, after all, what transportation is-- have increased at a rate equal to or greater than the system's growth.

You all know the kinds of things I'm talking about: delay to shipments, congestion, equipment shortages, voluminous paperwork and red tape, confusing tariff descriptions, endless variations of commodity codes - that sort of thing. The kinds of procedures and hang-ups which not only cause shippers and carriers to throw up their hands in disgust daily, but also - thinking on a larger scale - genuinely inhibit the achievement of efficient intermodality. It is our job to help iron out just these kinds of problems. As we interpret it, this means that we should help to develop and implement policies, practices, and procedures to expedite the flow of domestic and international commerce, including movement of passengers, crew, cargo, baggage, and mail.

In doing this, our Office of Facilitation has laid out a descriptive list of major goals. Although there are 40 points within the overall program package, these goals can be summed up into five basic objectives:

- To eliminate excessive paperwork;
- To alleviate passenger and baggage delays;
- To reduce cargo terminal congestion;
- To develop containerization and improved transport systems;
- To promote intermodal arrangements.

Certainly no one could really argue with such objectives. But the real question is: What is actually being done? Let me briefly explain a number of important things which are in the pipeline.

First, let's look at the problems of documentation. In the category of international shipments with which many of you are involved, the bill for paperwork amounts to about 10% of the value of the product. This cost totals a whopping \$7 billion a year. It takes a roll of 101 government documents some 103 feet long to process a shipment, or vessel or passenger before sailing! DOT is moving in to help depaper this situation.

We have achieved agreement with the major shipping nations of the world for an intermodal international through Bill of Lading applicable to all worldwide surface cargo movements. This accepted universal format will also be adaptable to at least a dozen other commercial documents, and to the government Bill of Lading. Eventually we hope it will be the key to an automatic data processing/rapid communications system in worldwide trade. At present we can estimate at least a 25% reduction in existing documentation, with a saving to industry of nearly \$1 billion yearly.

In addition, we are well on the way to achieving a single system for the description and coding of commodities. Initially this system will be aligned with the 18 odd codes now in use. Eventually it will replace them.

We have also been active in the field of containerization. We are well along in the study of interchange and pooling of containers. In line with this, during the past year we have coordinated a series of meetings involving railroads, truckers, and steamship companies to achieve a uniform intermodal interchange agreement for both domestic and international movement.

As you, I'm sure, have experienced, the lack of uniformity among the numerous container identification and marking systems. All too often this results in poor utilization of equipment, undue cargo delays, and even the temporary loss of equipment. We are right now involved in developing a uniform system of marking, identification, and registration of containers which we are confident will gain world-wide acceptance.

There are numerous other projects underway right now in the facilitation program. But I think I have given you a good feel for just what kinds of things are really being done, and I hope I have assured you that many of the types of problems which effect your industry are not being overlooked at DOT.

Having done this, I want to close by talking a bit about the overall direction of transportation - as we at DOT see it moving - and the role the maritime industry will have in this future.

I won't cite a long list of facts to you to point out the importance of transportation to this Nation, or the vast size of the system. You have a good idea of the miles of highway and rail, or the number of trucks and planes. You know that transportation accounts for 20% of our annual GNP, and all about freight tonnages, and passenger miles.

However, I did recently hear a very good illustration of the vital importance of transportation to the life of this or any country. During the Second World War, the men responsible for selecting bombing targets in Germany had a survey done to help them select the targets most crucial to the German war effort. The survey determined that the ability of any nation to maintain a war effort was dependent upon three major national systems: Power, Communications, and Transportation. Knock out or disable these systems, and you immediately vitally cripple a nation. Certainly, this illustration applies equally well to a peacetime nation. The Transportation system is our Nation's lifeline. The reason for my stressing this vital importance of our transportation system is to highlight the problems which have and can arise if this system does not live up to the demand which our ever-changing Nation places upon it.

It has been estimated that by the end of the 1980's the demands of this Nation for transportation will require our transport system to deliver twice the service which is presently required. As we look at the kinds of problems with which the system is faced today, many are products of tremendous growth and change. So to look ahead 20 years to confront a doubling of demand is genuinely frightening. How can the transportation industry go about doubling its capacity while at the same time solving the huge problems which have now and will result?

And what about your industry? What does this doubling of transportation mean for you? Obviously, a large portion of this increased demand will be directed at the waterways, harbors and piers of this Nation. How can you prepare for the demands you will be called upon to meet?

In our view, the overall doubling of transport capacity cannot and will not mean simply a doubling of transportation facilities. Certainly for economic, social, and environmental reasons, we cannot anticipate building twice as many highways and motor vehicles, twice as many jets and airports, or two times as many tracks and locomotives. Surely, there will be some growth in the size of these systems - although carefully planned to minimize the negative effects on people and their surroundings.

But the overall thrust of transportation growth must be balanced. While we will be building newer and larger systems, we must at the same time find ways to increase the capacity of the system as we have it. This will be achieved through an emphasis on new technology and greater efficiency.

Your own industry gives us a perfect example of the ways in which we must approach the problem. This Administration certainly recognizes the need for the growth and expansion of our maritime industry. The Merchant Marine Act of 1970, signed by the President last October, subsidizes improvement of our badly outdated merchant fleet. As you know, it provides for the construction of 30 new ships a year over the next 10 years, challenging ship operators to replace their older tonnage with new, highly productive ships such as containerships and large carriers.

Along with such building programs as this, however, we must concentrate on ways to better use what we have. Ports, after all, are fixed facilities. Unlike airports and truck terminals - which could, in theory, be built as long as land remains - there is a relatively limited number of ports. This then is a key area requiring modernization of technology and streamlining of methods and procedures.

In addition to these things (and now I'm getting back to the broader level of transportation in general) we must work to achieve a level of cooperation among the modes which can bring the efficiencies of one transport form into play with those of the other modes. Many ideas and philosophies need to be rethought at the private industry level, and governmental rules and regulatory policies must be revised to encourage the efficiencies of intermodal cooperation rather than encouraging over competitiveness.

Finally, and most importantly, we need an all out effort. Government at all levels, and industry of every modal persuasion must join forces and bring the weight of their combined resources and creativity to bear on the problems ahead.

One needs only to look at Cape Kennedy to understand the type of cooperation I'm speaking of. NASA's space program has been a remarkable success story. And the main reasons for their success is the kind of teamwork they put together. Our fantastic record in space has been the result of a total effort by government, private industry, and the academic community.

Granted, to many people in this Nation it may seem more noble to concentrate on moving three men one million miles, instead of a million people or tons of cargo three miles. But the principles involved in achieving an effective system to do both of these things are much the same.

The only difference is that achieving our goals in earth bound transportation may be even harder due to the sheer size and greater diversity of the factors involved. At any rate that just serves to underscore our even more real need for an all out cooperative effort.

The challenge is great; the time we have relative to the demands we must meet is short. But I am confident that-just as with our economic situation - the cooperative good of the whole will prevail over the special interests and needs of a few, all that the challenge to our transportation system will be met.

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REMARKS DELIVERED BY DEPUTY UNDER SECRETARY JOHN P.
OLSSON TO THE ANNUAL MEETING OF THE OKLAHOMA
STATE CHAMBER OF COMMERCE, FOUNTAINHEAD
LODGE AT CHECOTA, OKLAHOMA
NOVEMBER 12, 1971

Ladies and Gentlemen:

I am very happy to be able to join you for the final session of what I'm sure has been a very productive conference for you. I'm particularly pleased that I was asked to speak at a time when ladies are included. I speak to a lot of groups, but usually they are all men. So your presence certainly improves the scenery from my vantage point.

Before I really get into the swing of things, I do want to take a minute to congratulate all of you on what I think is the very forward-looking thinking which the Oklahoma State Chamber of Commerce is taking on behalf of your State.

71-03663 S



U.S. INTERNATIONAL TRANSPORTATION EXPOSITION
DULLES INTERNATIONAL AIRPORT * MAY 27-JUNE 4, 1972

Certainly the theme of this conference - "The Challenge of Change" - indicates your progressive attitude, and a strong interest in preparing yourselves to work for an even better Oklahoma. This is the kind of active citizen participation which ensures a brighter future not only for this State, but for the Nation as a whole. I have often been told that the spirit of adventure still persists out here in what was officially the Nation's "last frontier." I'm sure that your brand of enthusiasm here represents what is meant by that statement.

Before looking ahead to where we are going in transportation (no pun intended, of course) I think it's both interesting and useful to look back at where we have been and where we stand now.

In the Rodgers and Hammerstein musical "Oklahoma" - from which, of course, comes your State song - there's a tune about a "Surrey With the Fringe on Top." In the time frame of the "Oklahoma" musical - around the turn of the century - that surrey represented about the most up-to-the-minute thing that transportation technology had to offer the average person.

Or let's look at the date that we are using as our official take-off point today - 1889, the year of the famous Oklahoma land rush. What was the state of the art in that year? Well, it was the year that saw the introduction of the first through transcontinental rail service. It was also the year that the first automatic elevator was introduced. Finally, 1889 brought with it the first modern day bicycle - the kind you and I had, with a backpedal brake. (I think even those are out of date to our kids who have to have 10-gears, two hand brakes, and a racing stripe down the fender!). Of course, we're still using those innovations, and we may have to return to things like bikes and trains even more in the future. But their excitement pales a bit in comparison to jumbo jets and men on the moon!

Just think what those settlers - lined up on the borders of the Oklahoma Territory on horseback, in wagons, and surries, and, yes, even on bicycles - could have done with jeeps! History tells us that between noon and nightfall Oklahoma City became a city of 10,000 people. With modern transportation they could have gone even one step further and had a traffic jam!

Anyway, the point of all this is two-fold:

One, to show how relatively primitive transportation technology was even less than 100 years ago, and two, to stress how important transportation was to the growth and development of Oklahoma and the Nation. Without

transportation, the frontiers of this Nation could never have been opened. Much less could the Country have grown and prospered to the point that, in 1889 - after the Oklahoma Run - the Federal Government could proclaim the frontier officially ended.

Transportation is the lifeline of this Nation. It shaped our history, and it underlies our economy and our way of life today. And we've come a long way in 83 years!

Look at your own State of Oklahoma. You have over 10,000 miles of excellent highways - including three Interstates. Our great highway system - particularly our Interstates - have given the American people a greater mobility and freedom of movement than any other people on earth. Although originally conceived as a system to connect our major cities and regions for national defense purposes, the 42,500 mile Interstate - now about 75 percent complete - has had a greater impact on the overall development of our economy and way of life than any transportation innovation since the advent of the railroads opening up the West. Although accounting for only about one percent of our total highway mileage, Interstates carry 20 percent of total traffic. (I know personally - and I'm sure it's the same for you - that whenever I think of driving anywhere now, the first thing that I look for is the nearest Interstate.) In a recent issue of Fortune magazine, former White House Advisor Daniel Patrick Moynihan stated that future generations "will almost certainly judge [the Interstate System] to have had more influence on the shape and development of American cities and employment than any initiative of the middle third of the twentieth century." If you look at the use patterns and the growth along Interstates 40, 44, and 35 in Oklahoma, you get a good idea of what the impact of this system has been nationwide.

Railroads crisscross this State from corner to corner with about 5,600 miles of track. You have outstanding airport and aviation facilities - including the most modern traffic control equipment in the world in the control tower at the Oklahoma City airport.

Let me take a minute to talk about the Aeronautical Training Center which, as you know, DOT's Federal Aviation Administration maintains in Oklahoma City. This Center carries out a wide variety of very important functions relating to civil aviation in this Country. The Training Center there currently has about 1,500 students in attendance. These students receiving training as air traffic controllers, as flight inspectors, and as maintenance and engineering specialists for the care and feeding of a new generation of air navigation facilities. A second facility is known as CAMI,

the Civil Aeromedical Institute, where research is carried out in such areas as crash safety and survival techniques; interior design of planes - such as seating; medical hazards and problems for both pilots and passengers; and even on such things as the possible effects of the use of aerial toxics - such as might result from crop dusting. The Center is the records-keeping facility for all civil airmen and civil aircraft in the Country. Also associated with the Center is DOT's Transportation Safety Institute where training is given not only to air safety inspectors, but also to those in the areas of highway and rail. All in all the Center carries out functions not only extremely crucial to the present operations of our air transport system, but also to its future.

In addition to the Aeronautical Center, the FAA operates a Management Training School in Lawton, Oklahoma. Using part of the facilities of Cameron State College, the School teaches a three-week training course which is mandatory for all FAA supervisors and middle management staff.

Now, of course, thanks to the new Arkansas River Navigation Project, Oklahoma also has a large scale port for water commerce. With the opening of the channel earlier this year, Tulsa has been linked to the Mississippi and thus to the Gulf of Mexico. The Army Corps of Engineers has estimated that about 13.2 million tons of cargo - mostly petroleum, metals, coal, wheat, and fertilizers, will be carried on this new system annually. It will represent a saving to shippers and thus to consumers - of over 40 million dollars a year.

The size and complexity of Oklahoma's transportation system is truly representative of the scope of our National system. It would be boring for me to stand up here and recite statistics on size - how many miles of this or that, how many vehicles, and so on. Furthermore, the numbers get so big as to be beyond meaningful comprehension. Suffice it to say that transportation and its related activities is the Nation's biggest business. It accounts for fully 20 percent of the annual GNP - or about \$200 billion in a near trillion dollar economy.

So this is the present:

- Our transportation technology has progressed more in this century than the total of man's progress prior to 1900. It wasn't until the 1880's that a vehicle was developed which could top 100 mph - that was an improved steam engine. Now men travel to the moon in several days.

- The development of this Nation - both economically and socially - has been and continues to be based on transportation.

- Our present systems capacity is vast, and its impact on our economy without equal - 1/5 of the total GNP.

Now what of the future?

If this Nation continues at its present rate of growth and economic expansion, all indications are that by the late 1990's we will need twice the transportation capacity which we presently have. That is to say that by 1989 - the 100th anniversary of the Oklahoma "Run" - this State and this Nation must actually double its transportation capability. This means that we must add as much transport capacity between now and 1989 as we have developed over all our history since the frontiers were Jamestown and Plymouth Rock!

How do we go about achieving this growth, and thus ensuring that our future transportation system will be equal to the load it must bear?

I am sure that everyone here today would agree with me when I say that the most obvious way to achieve this growth - that is to undertake a massive building program to double the facilities in every mode - is impractical and unworkable. This is the case for a variety of reasons, including the enormous capital requirements, and the negative impact on the environment and our welfare which would result. What then are we and can we do to achieve this goal?

Primarily because of the large dollar resources which the Federal Government has to put into transportation, it is fair to say that much of the direction which transportation takes in this Country is determined at the Federal level.

Under the Nixon Administration, and particularly with the strong leadership of Secretary of Transportation John A. Volpe, transportation is taking some new directions for the future. I can sum these new directions up fairly easily in three key words:

- Technology
- Safety, and
- Environment

It is our belief (and the policy of this Administration is based on this belief) that the best, most economic, and safest way to double our capacity is to concentrate on doubling not the level of facilities and equipment but the efficiency of these facilities and equipment. In doing this, we can achieve a doubled capacity which is, at the same time, safer for the user, and less destructive to our environment.

The goal to increase efficiency takes shape largely through an emphasis which runs throughout the Department's programs in every mode - that is to develop improvements and innovations in technology which will enable us to do twice as much work without requiring twice as much manpower and equipment.

Aviation technology offers a perfect example of what I'm talking about. At the end of the 1950's there were approximately 4,500 planes like the DC-6 in commercial use. Yet accommodation of present levels of passenger traffic, now being served by 3,500 jets and jumbo jets, would require over 8,500 DC-6's - or about 50,000 of the DC-3's in use at the end of World War II. A quick review shows the Department working for improvements like this in every mode.

The organization of AMTRAK, the unified national rail passenger corporation which has begun to operate to revitalize the Nation's rail passenger service, was supported by DOT. It is our belief that people must be given a viable alternate method of travel to cars and planes. At the same time we are carrying out research to aid the railroads both in modernizing their present equipment and in developing all new rail systems. Expansion of present mass transit systems and the construction of new systems are being financed in our cities. The need there is to carry large numbers of people quickly and smoothly in and out of urban areas without the massive traffic tie-ups and pollution problems which many cities are now experiencing. Here also new concepts in rapid transit are being worked on - systems like the TACV (Tracked Air Cushion Vehicle), and the People Mover - which is a system of full automated cars operating over a prepatterned guideway.

In the area of highways, there are new projects in addition to completing our Interstate system, and upgrading primary roads. The drive to make our highways more efficient is resulting now in an emphasis on such things as express bus lanes in and out of cities, and improved control and guidance systems to alleviate traffic congestion. The future holds the promise of innovations like automated highways where the car is controlled by the highway instead of the driver.

I mentioned earlier that the control tower at the Oklahoma City Airport is the most modern in the world. That is because it is the first of a group of major airports to have installed part of a new generation of air navigation equipment which can handle more planes more safely with less personnel. When the project is completed, computers will be used to automate the processing of flight information, and radar tracking devices will provide aircraft identity and flight information directly on the controller's scope.

The FAA is also working on the development of air systems known as VTOL and STOL - vertical and short take-off and landing craft which may be used to provide economical regional - that is "short-hop" - air service.

The improvement of safety in all the modes is the second primary goal of the Department - and, I might add, a very strong personal goal of Secretary Volpe.

For example, he has made it Departmental policy to work towards reducing the present highway death toll by half by 1980. This is an area of safety that has touched each of us personally in some way. In 1969, highway crashes resulted in the death of more than 56,000 people, and an economic loss of more than \$15 billion. We are making some headway. Last year, in 1970, the death total was lower by 1,100 people. But we still have a long way to go.

DOT is working to improve the two primary causes of highway death: the unsafe driver and the unsafe car. Fifty percent of all highway deaths are caused by drinking drivers. So one of our newer programs - called the Alcohol Countermeasures program (with a trial program now in each of the 50 States) - is developing methods to deal effectively but humanely with the problem drinkers who drive.

We are also working - through contracts with private industry - to develop a safer vehicle. This program, known as ESV (Experimental Safety Vehicle), will eventually bring to the roads a car which will protect the lives of the occupants in crashes up to 60 mph. Sooner than that, however, work being done on the ESV should influence the introduction of better safety devices on new cars over the next several years.

I mentioned the dual purpose of the new generation of air navigational equipment - to improve safety as well as efficiency. In addition, work is being done on aircraft collision avoidance systems, and on an all-weather automatic landing guidance system.

With the passage last year (1970) of a new Rail Safety Act, DOT's Federal Railroad Administration received broad new regulatory powers over the whole spectrum of rail safety. And with the recent passage of the Boat Safety Act of 1971, the Coast Guard now has the power to set and enforce safety specifications for the construction of all pleasure craft and associated equipment.

The word "environment" is heard a lot these days, and the DOT is no exception. We are hearing a lot about it and saying a lot, but more than that, we are doing something. Here again there are initiatives and improvements being made in every mode.

Since it has been projected that the new Arkansas River channel will carry a heavy traffic in petroleum products, one area which you may be interested in is the Coast Guard program to control and clean-up oil spills and other kinds of pollutants. They are presently developing a national plan to coordinate responses to any major pollution incidents. Regional response centers are being set up to monitor incidents, and supervise clean-up operations. Research and development of special clean-up equipment (one device being tested operates like a giant vacuum cleaner to suck up oil off the water surface) is being carried on, and special strike force teams are being trained which can respond rapidly to a call from any region.

All transportation construction programs now must be evaluated with an eye toward environmental and/or social impact as well as efficiency. Projects which have a negative impact on the ecological system, or on scenic and historic areas, or on the integrity of social units such as an urban neighborhood, will be halted.

These things which I have mentioned, and the many others which I won't enumerate today, are just the beginning of an effective environmental program. We recognize that much must still be done. But this Administration, and the Department of Transportation realize - along with most citizens - that there must be a proper balance struck between the need for and benefits of a transportation project, and the loss of vital and irretrievable human and natural resources. So the third major area -- that of environment -- is being emphasized strongly.

I think that the leadership which this Administration is providing in building toward a better transportation system is typical of the kind of strong leadership which President Nixon is bringing to the overall task of building for a better future for this Country. Because I believe this, I would like to digress here just a minute before closing to make just a few general remarks about his new economic program.

The American economy has been going through massive changes. For almost a decade now our economy has been a wartime economy. If, in fact, the Vietnam war were still being conducted at 1968 levels, unemployment today would be at just about the 4.3 percent mark. But our role in Vietnam is being rapidly diminished, and right now there are two million Americans who are not earning the wages of war. Three hundred thousand men are home from Vietnam, and 1.7 million men and women are no longer employed in

defense plants. So the challenge is to make a smooth transition from an inflated war economy to a stable but growing peacetime economy, while maintaining full employment opportunity for our expanded work force. This is precisely what the President's New Economic Policy is all about.

In August President Nixon announced the most far-reaching series of initiatives to revitalize the American economy that the Nation has seen in many decades. These new initiatives were put into effect because the time has come to take bold steps to:

- Increase employment
- Cut the rate of inflation; and
- Defend the strength of the American dollar both at home and abroad.

At the beginning of last month he further outlined his plan - telling the Nation what will happen at the end of the 90-day period, and we are now in the first stages of Phase II. The President told us then, and I quote: "1972 can be a year in which the American competitive spirit is reborn -- as we open up new markets, new careers, new job opportunities. We are at the threshold of a great new era -- an age of movement and challenge and change, [and] we have an unparalleled opportunity to create a better world for ourselves and for our children."

If we are to utilize this opportunity, if we are to have a full generation of peace with full employment, full prosperity, and industrial superiority, then all of us must unite behind measures which will bring this about.

The response of the American public thus far has been overwhelming. So I also ask your continued support for the President in this very vital program while I am here today to talk about transportation, and to ask your support in building a better transportation future.

I know that working together as Americans, all of us in our own lives - both private and business - can contribute, can help, can make this a better Nation and a stronger Nation in every area.

Thank you for this opportunity to be with you. I am confident that the year ahead will be one of achievement and prosperity in all areas for the State of Oklahoma, and for the Nation as a whole.

Thank you.

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