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FEDERAL AVIATION AGENCY
Washington 25, D.C.

OFFICE OF
THE ADMINISTRATOR

June 30, 1965

Dear Mr. President:

Before I leave the post of Administrator of the Federal Aviation Agency I should like to submit to you some views coming out of personal experience and observation on the much discussed and extremely important matter of transportation organization in the Executive Branch.

I am convinced of the validity of the argument that if we are to develop consistent, integrated transportation policies and a balanced national transportation system, we must have in place organizational arrangements which make this possible. At present no close observer can conclude other than that we have lagged far behind the traffic, the traveller's needs, and the technological advances in transportation in our efforts to equip the Executive Branch to cope in an effective and comprehensive manner with the total Government role in the fostering of efficient, safe, and economical transportation.

The Department of Commerce, based on a charter conferred by its organic act and subsequent statutes, administers a number of promotional transportation programs and contains in its official heirarchy an Under Secretary of Commerce for Transportation. Over the years such transportation functions as the Bureau of Public Roads, the Maritime Administration, and the Office of Emergency Transportation have been lodged in the Secretary and have been placed under the general direction of the Under Secretary for Transportation. Moreover, certain other elements, such as the Weather Bureau and the Coast and Geodetic Survey (now proposed to be combined by your pending reorganization plan), devote their primary efforts to support of transportation. However, critically important transportation responsibilities both in the promotional and safety regulatory areas are independent of the Commerce Department. The largest of these is

the 45,000 employee Federal Aviation Agency. The 5000 man Coast Guard, certain functions of the Bureau of Customs, and the railroad safety activities of the Interstate Commerce Commission are also located outside of the Commerce Department. The economic regulatory functions relating to transportation are almost wholly lodged in other agencies such as the Interstate Commerce Commission and the Civil Aeronautics Board. Over the past decade the role of the Department in transportation matters has actually declined, chiefly as the result of the removal of the Civil Aeronautics Administration in 1958 and its inability to obtain resources and manpower adequate to effect authoritative coordination.

One looks in vain for a point of responsibility below the President capable of taking an evenhanded, comprehensive, authoritative approach to the development of transportation policies or even able to assure reasonable coordination and balance among the various transportation programs of the Government. We have suffered substantially from this deficiency as is demonstrated by the decline of railroad passenger service, the delays in meeting the needs of the Northeast Corridor, and the uncertainties over the role of helicopter and short takeoff aircraft in urban and intercity transportation.

With assumption of responsibility by two great leaders, Jack Connor and Alan Boyd, in Commerce the time appears ripe for bold moves in transportation organization. These moves could, if successfully implemented, be among the most important achievements of your Administration--and they would be in line with your perception of the really important things with which our country must deal in the next decade. What I suggest is a two-stage program which would (1) first improve both domestic and international transportation policy formulation and interagency coordination through the establishment of a National Transportation Council; and (2) subsequently provide for the creation of a Department of Transportation under an official of Cabinet rank.

You may ask why not just move the Federal Aviation Agency, the Coast Guard, and the appropriate functions of other agencies to the Department of Commerce--possibly accompanied by a name change to Department

of Commerce and Transportation. I am not proposing this alternative for two reasons:

1. The history of the Federal Aviation Act and past reorganization efforts in the transportation area indicate that such a consolidated department is politically unattainable or attainable only at high cost. The unexpungable fact is that Commerce, especially in the early years of the Eisenhower Administration, did not handle its aviation functions well, and the creation of the Federal Aviation Agency was one result of this neglect.

2. A consolidated Department of Commerce and Transportation would also be defective from the standpoint of sound organizational concepts. The Department of Commerce should serve as the agency of Government generally concerned with the fostering of business, industry, commerce, and trade in the public interest, and the Secretary should be the President's general adviser on such matters. It is incompatible for the Department to have a separate, parochial and potentially conflicting responsibility for services to and the promotion of one segment of our national economic life--transportation. Furthermore, the FAA history suggests that a transportation agency must evenhandedly meet both civil and military needs. These services could eventually go so far as the administration of a single airspace control system which simultaneously assures the safe flight of aircraft and maintains air surveillance for national defense purposes. Such an operationally oriented, civil-military department cannot be rationally placed under the tent of the Department of Commerce.

National Transportation Council

Pending decisions on a Department of Transportation or other fundamental consolidations of transportation functions, I would urge the establishment by executive order of a National Transportation Council. This Council should be under the chairmanship of the Under Secretary of Commerce for Transportation and should contain as members the heads of other

departments and agencies with a major concern with transportation. Specifically, the Secretary of State, the Secretray of Defense, the Secretary of the Treasury, the Administrator of the Federal Aviation Agency, the Chairman of the Civil Aeronautics Board, and the Chairman of the Interstate Commerce Commission would appear to be logical members of this Council.

The Council would be charged with three primary responsibilities. The first would be the exercise of leadership in developing and proposing to the President policies and programs which would assure the development of a healthy, balanced national transportation system. Second, the Council would be responsible for the identification of international transportation problems and the development policies to deal with them. Third, the Council would serve as a mechanism for the coordination of programs involving major interagency relationships.

It is of critical importance that the Council have a small but highly professional staff. This staff would do more than the normal secretariat work for an interagency committee. It would serve as the focal point for the conduct, oversight, or coordination of study and research efforts directed or recommended by the Council.

Abolition of the Interagency Group on International Aviation Policy

The establishment of the National Transportation Council would make possible the abolition of at least one existing interagency committee. I refer to the Interagency Group on International Aviation Policy (ICIAP), a committee established by President Kennedy in 1963 under the chairmanship of the Secretary of State. ICIAP, which also includes representatives of the Departments of Defense and Commerce, the FAA and the CAB, was charged by the President with identifying international aviation policy problems, advising on their solution, and assuring necessary followup action.

Although the purposes of ICIAP seemed in 1963 to be soundly conceived, the Group has not proved effective. It has held only four meetings in the three years since it was set up, and a number of international aviation

problems have emerged or persisted throughout this period without significant attention from ICIAP--and without solution. The lack of a firm policy on countering Sino-Soviet penetration through aviation in less-developed countries, the absence of coordinated initiative in using aviation to help build the "bridges to Eastern Europe" of which you have spoken, the Nation's uncertain approach to aviation technical assistance within or without the AID program, and the lack of a well-articulated policy to guide executive agencies in reducing gold flow through the export of aeronautical products are several examples of policy or followthrough deficiencies with which ICIAP has seemed unable to cope.

I therefore suggest that upon the establishment of the National Transportation Council the ICIAP be abolished and that its functions be assigned to the Council where they can be dealt with through a stronger mechanism with a broader perspective toward the problems to be resolved.

Should you decide not to proceed with the creation of the Council at this time, the abolition of ICIAP is still indicated as a part of your program for the elimination of obsolete or ineffective committees. In the absence of the Council the functions of ICIAP could readily be assigned to the Interagency Group on International Aviation (IGIA), a committee established pursuant to President Eisenhower's memorandum of August 11, 1960. In contrast to the inactivity of ICIAP the IGIA has provided a useful mechanism for developing coordinated advice to the Secretary of State on international aviation matters. The Administrator of the Federal Aviation Agency is the chairman of IGIA and the Departments of State, Defense, and Commerce, and the Civil Aeronautics Board are represented on its membership. The role of IGIA in developing coordinated positions for the U. S. representation in the International Civil Aviation Organization (ICAO) is highly important and requires the continued existence of such a group.

Department of Transportation

The limitations of an interagency council, however effectively chaired and supported, are such that it should be supplanted as soon as Secretaries Connor and Boyd and Budget Director Schultze can compose the effective reorganization of a Department of Transportation to which would be entrusted most or all of the functions previously mentioned in this letter. Such a Department would have nearly 70,000 employees, and it could be organized internally into administrations responsible for programs relating to the various major forms of transport. Such transportation oriented technical organizations as the present Weather Bureau and Coast and Geodetic Survey would be included in the Department. Particularly important to the success of the Department would be the establishment at the secretarial level of strong, adequately financed policy and planning staffs, and equally important a vigorous transportation research and development organization for all modes.

While the creation of such a Department would substantially reduce the size of the Department of Commerce, it would in no way detract from its primary mission. I assume that your recent Task Force on Government Organization has given attention to the organizational problems in the transportation area and has made recommendations to you on this matter. I would urge that the Director of the Bureau of the Budget be charged with pursuing studies of the role and organization of a Department of Transportation with a view of providing you with recommendations which could be considered during the development of the legislative program for the Second Session of the 89th Congress.

I would be happy to discuss these proposals with you or provide you with any additional information you might desire.

Respectfully yours,

N. E. HALABY
Administrator

The President
The White House
Washington, D. C.