INTERVIEW I

DATE: February 28, 1969

INTERVIEWEE: ALAN L. DEAN

INTERVIEWER: David G. McComb

PLACE: Mr. Dean's office, Department of Transportation, Washington, D.C.

Tape 1 of 1

M: First of all, I would like to know something about your background. Where were you born and when?

D: I'm a native of Portland, Oregon, born on July 27, 1918. I spent all of my childhood years in Portland attending public schools in Portland and Reed College where I received a bachelor's degree in political science.

M: That was what date?

D: 1941. I attended Reed from 1937 to 1941. From about the second year of my college career, I determined on public administration and public service. Thereafter I had no intention of doing anything else.

M: You have a master's degree, too, don't you?

D: I also have a master's degree. That was obtained some years later from the American University in Washington, D.C., in public administration.

M: And that was completed in what year--1955?

D: The class work was done almost wholly in 1946 and 1947, but because of a requirement for a dissertation which I didn't complete for a long

time I didn't actually receive the degree until about 1955, but the class work long preceded that.

M: Graduate work is often of that nature, is it not?

D: It was all evening work while I was with the War Department and in the Bureau of the Budget. On leaving college, it took me about eight days to get into the federal service, which I did by taking the Junior Professional Assistant Exam. My initial appointment was as an Ordnance Department administrative trainee at Rock Island Arsenal in June of 1941. Thereafter, I became personnel director at the Umatilla Ordnance Depot, in northeastern Oregon, for about two years. I was responsible for setting up the personnel program of the new depot. I then went with the office of the Secretary of War in San Francisco as an inspector of civilian personnel programs. In 1946 I was called to Washington by the War Department to help organize and eventually become the director for the War Department School of Civilian Personnel Administration. With the post-war decline of the War Department and the passage of the unification legislation of 1947, I transferred to the Bureau of the Budget at the Bureau's request. There I became a senior organization and management analyst, and this is how I got into the business of organizing executive departments and agencies. I was in the government organization branch, a unit which dealt wholly with problems of government organization. And after some years I came to be the expert on aviation and science organization as well as public works, presidential powers, housing, urban development, and community planning. During this period I worked with a number of

assistants to the President, particularly Ted Curtis, Bill Harding, Najeeb Halaby, and General Elwood "Pete" Quesada in the conduct of studies that led to the establishment of the FAA in 1959. But at the same time--

M: Pardon me, but how do you spell Quesada?

D: Q-U-E-S-A-D-A. And it's Elwood Quesada, although his nickname is Pete.

M: And Curtis is--

D: Just the traditional spelling. C-U-R-T-I-S. He was Edward Curtis, vice president of Eastman Kodak. And the other name, Najeeb Halaby, known to his friends as Jeeb, was later FAA administrator and now president of Pan Am. And William Harding was a banker with Smith Barney who came to Washington in 1954 to assist in the early planning that led to the FAA. In any event, by 1958 I was not only working with Pete Quesada in planning the FAA but I was also heading the task force that wrote the National Aeronautics and Space Administration Act and steered it through the Congress. It was a busy year.

M: To say the least.

D: I was then asked to go with both the National Aeronautics and Space Administration and the FAA. By that time I had become closely associated with General Quesada and had developed a high respect for him. I therefore chose FAA over NASA and became Quesada's Assistant Administrator for Management Services, as the position was then called. It was the top management position in the FAA and it was further strengthened in 1961 by Administrator Halaby under the title Associate

Administrator for Administration. I held these posts throughout the eight-year history of the FAA as an independent agency.

At this point I should note that I had favored a Department of Transportation in my Bureau of the Budget days. In 1957 and 1958 I made repeated efforts to have the administration of President Eisenhower support a Department of Transportation in lieu of creating an independent FAA, because it was obvious that the FAA was not going to stay in the Commerce Department.

M: You say this was obvious. Why?

D: Because the Commerce Department was too diffuse an organization to be able to give the kind of attention to the major transportation agencies which they required. There was a general feeling in Congress and elsewhere that the Commerce Department had seriously neglected FAA and aviation in general. After a series of disastrous mid-air collisions of airliners the pressures to take the FAA out of the Commerce Department were absolutely irresistible. The Curtis report of 1957 recommended that this be done, and that report was accepted by the President. However, had the administration been prepared to offer the alternative of placing aviation functions in a new Department of Transportation we would probably have been able to convince Senators [Warren] Magnuson and [Mike] Monroney and the others who were most concerned with aviation organization that this would constitute a great improvement for aviation and we would have been able to head off an independent FAA.

M: At the time, the choice was either to leave aviation programs in Commerce or to take them out? Is that right? Make them independent?

D: That wasn't the choice because they weren't going to stay in Commerce.

M: Oh, it was inevitable that they would come out.

D: It was inevitable that would move. Curtis recommended this, Quesada recommended it, and the congressional and other support for moving the then Civil Aeronautics Administration* had become irresistible because of a very bad record in the Commerce Department. However, there was an opportunity to put the aviation programs into a new Department of Transportation had that been proposed at that time. I discussed this with Ted Curtis. Ted Curtis' answer was, "Look, I'm supposed to come up with a plan for aviation organization. I don't have the charter to plan for a transportation department."

I said, "Ted, you are right." I then wrote a memorandum to the Director of the Bureau of the Budget strongly urging the establishment of a Department of Transportation, and pointing out that if he did not move quickly, an independent FAA would be created and it would then be difficult to put it back into a department. The Assistant Director for Organization and Management at the time, Bill Finan, was convinced by my argument. He suggested the Department of Transportation option to the Secretary of Commerce, Sinclair Weeks, who went through the roof. While he knew he was going to lose the CAA, he didn't want to relinquish the Bureau of Public Roads, the Maritime Administration and other transportation activities then part of the Department of Commerce. The Under Secretary of Commerce for Transportation at the

* The name FAA was first applied by the Federal Aviation Act of 1958. The Commerce Department unit was called the Civil Aeronautics Administration (CAA).

time, Louis Rothschild, favored a Department of Transportation. If he could have found any way to sway Sinclair Weeks, he would have done so. Weeks remained adamant and the Director of the Bureau of the Budget was unwilling to take the issues to the President.

The Bureau at that time did not have strong directors. Not until Maurice Stans became director rather late in the Eisenhower Administration was the Bureau of the Budget an important factor in government organization. It was just impossible to get action. The irony was that the Rockefeller Committee,* which was headed by Nelson Rockefeller, with Arthur Flemming, now President of the University of Oregon, and Milton Eisenhower as members, soon came to the conclusion there ought to be a Department of Transportation. The committee recommended it to the President, and the President endorsed it publicly near the end of his term in 1961. By this time FAA was fully operational and the DOT decision came way too late. When they talked to Pete Quesada who was now FAA Administrator, Pete said, "I can't favor this. I've got my hands full organizing the new FAA." It is nice to be proved a prophet, I guess, but it was disappointing, because I could see as clearly what was going to happen. There just wasn't the readiness in the Executive Branch to make that move in 1958. Had there been we would have had a Department of Transportation, I'm sure, in 1959.

M: Let me question you on one point here. You say you could foresee this. What's so compelling about a Department of Transportation? Why is this inevitable? Is it such an idea that it has to be, or what?

* President's Advisory Committee on Government Organization

D: We try to organize in government by major purpose; that is, by the major sectors of national concern--agriculture, commerce, labor, education, welfare, defense. Transportation constitutes about one-fifth of the total gross national product of the United States. The transportation programs of this country involve about seven billion dollars a year, a little more than that if one includes the Maritime Administration which still is not in our department. The transportation modes are closely interrelated. You may use high-speed rail, you may use highways, or you may take to the air to get from Washington to New York.

It was becoming increasingly evident in the late forties and early fifties, when the Bureau of the Budget staff was doing some preliminary work on a Department of Transportation, that there was a need for one cabinet officer to coordinate the federal government's transportation programs and to provide leadership in developing balanced national transportation policies and systems. We were paying heavy penalties, such as the deterioration of rail service, which were in part due to the lack of such a department. There had also been a persistent neglect of urban mass transportation. There was disarray in maritime policies and programs. You can cite many examples of the adverse consequences of a dispersed and inadequately organized framework to represent transportation in the government and in the President's cabinet.

The Bureau of the Budget contributed to this situation because in the period 1947 to 1950, there was an opportunity to move for a Department of Transportation. However, partly in response to the first

Hoover Commission recommendations, instead of proceeding with a department, they decided, in effect, to convert Commerce into a Department of Commerce and Transportation. They did this partly by moving into Commerce the Bureau of the Public Roads from the Federal Works Agency, which was being abolished. The formerly independent U.S. Maritime Commission, which had gotten into some scandals, was abolished, and its functions placed in the Commerce Department. The position of Under Secretary of Commerce for Transportation was established and the Civil Aeronautics Administration was placed within the Commerce framework.

Some of us hoped that eventually this complex of transportation functions would become so big and powerful that it would be possible to split them off into a new department. The strategy just didn't work, partly because the leading Bureau of the Budget expert on transportation organization, Ray Adkinson, died in the middle fifties, and partly because of this pressure to give aviation programs independent status. There was no framework to take the whole transportation group out of Commerce other than these efforts that I explained and the memoranda that I wrote. So you could say that the department could have been set up in 1950, but the commerce-transportation approach was tried and was not successful. A DOT could have been set up in 1958, but the Bureau of the Budget did not have the standing or the willingness to tangle with the Secretary of Commerce. That gets us then into the era in which FAA went its independent way and in which the independence of the FAA further fragmented the government's transportation

organization. Thus in 1959 only two of the four biggest transportation organizations were left in Commerce. The FAA was now independent and it was the largest in terms of staff. The Bureau of Public Roads, which had the most money, remained in Commerce. Maritime was in Commerce. The Coast Guard was in the Treasury Department. The Coast Guard is nearly as big as the FAA and is primarily a transportation organization concerned with the safety and efficiency of marine commerce on the Great Lakes, the oceans, and on certain major rivers. We thus went into the sixties with so much fragmentation of the government's transportation functions that we began to pay an increasingly high price in policy inconsistencies and poor program coordination.

M: That was your first transition?

D: In 1960-61. Let me go back to that. The whole early 1960 period thus found us in a position where all kinds of serious things were happening in transportation, but the government had no real way of providing effective direction and coordination.

M: And when you say serious things, you mean what?

D: A precipitate decline of rail service, growing air congestion problems, a decline of the Merchant Marine, and hopelessly inadequate assistance to the cities in developing modern mass transit systems. Those are just four examples from a long list of deficiencies and shortfalls.

Persons concerned with transportation were not unaware that these stresses were developing. When Alan Boyd was moved from Chairman of the Civil Aeronautics Board to Under Secretary of Commerce for Transportation, we had a man of real stature in that job. Jeeb

Halaby, who was a close friend of Alan Boyd's, became FAA Administrator in 1961, which was my first transition as a senior agency official. With each year in FAA, Jeeb Halaby became more convinced--we had many talks about this--that the FAA should not remain independent. We began to set in motion plans to reopen the whole question of a Department of Transportation. To do this required support from FAA.

President Kennedy was assassinated in November of 1963, and Lyndon Johnson took office. He had already played a role of importance to transportation in that President Kennedy had looked to him to give guidance to the supersonic transport program, which was in an early stage of formulation. Johnson had been a great supporter of the supersonic transport program, but we didn't know very much more about Lyndon Johnson's views.

M: You hadn't had occasion to deal with him earlier?

D: Only remotely. I was a man of many trades when working with Jeeb Halaby. I was now Associate Administrator for Administration, and my scope of responsibility under Jeeb Halaby was very broad. I was one of the members of a five-man executive committee. Three associate administrators, for programs, for development, and for administration respectively, were the officials who ran the agency on behalf of the administration, Jeeb Halaby, and the Deputy Administrator, General Grant. Because of my background, I became deeply involved in almost any matter of concern to Jeeb Halaby. And I therefore had some association, not directly personal, with Lyndon Johnson in terms of the planning for how to move ahead on the supersonic transport program.

Other than hearing him deliver speeches and meeting him very casually a couple of times, that was my first real significant contact with Lyndon Johnson.

Lyndon Johnson, as he approached his 1964 campaign for re-election, set up a group of task forces of which you no doubt learned a great deal. One of them was concerned with government organization. Don K. Price, who had an impressive background, having once been in the Bureau of the Budget and having played a key role in the work of the Hoover Commissions, chaired this task force. And the task force was concerned with transportation and was headed by a UCLA professor whose name always escapes me. These task forces conducted secret studies in the sense that the reports to this day have never been released. But they both stressed the need for a Department of Transportation. Then, as 1965 began to run its course and as the legislative program of the Johnson Administration took shape, Alan Boyd began to show more and more interest in picking up the work of these task forces.

Meanwhile, Najeeb Halaby's term came to an end and the President accepted his resignation effective June 30, 1965. This happened prematurely through an unfortunate misunderstanding on which I won't comment here. I'm one of the few people that know what took place. On June 30, 1965, Jeeb Halaby's last day in office, he sent a long letter to the President, which I drafted and for which I did the staff work, recommending a Department of Transportation and listing the reasons why FAA could not afford to continue to be independent--that

is, lack of cabinet representation. The letter cited difficulty in working with other forms of transportation, et cetera. Halaby made a very strong appeal. Copies of this letter were furnished Alan Boyd.

Subsequently, Alan Boyd's principal policy aide, Cecil Mackey, who was once an FAA official himself, met with me and I provided him my files from Bureau of the Budget days and the material I had prepared for Halaby. During the fall of 1965 a lot of work had been done by Boyd and his people with reasonable tolerance from his boss Jack Connor, the Secretary of Commerce. By late in 1965 everything was ready for the incorporation of a recommendation for a department in the State of the Union Message of January 1966.

To go back, and I'll tell you a couple of things during this period involving Lyndon Johnson. The course of relationships between Jeeb Halaby and Lyndon Johnson was somewhat uneasy.

M: What kind of a man is Halaby?

D: Halaby is brilliant, imaginative, hard-working, sensitive, including sensitive to criticism, but one of the finest guys in terms of overall quality of leadership of an agency that I have ever worked for. He was the great FAA administrator. Quesada was tremendous, but he served only two years. The guy that built the modern FAA is Najeeb Halaby. The whole decentralization effort, the refinement of management systems, and so on. I was his staff man on these things, but it was Jeeb's determination and insight and willingness to do very difficult things with his power as administrator that made things happen in the FAA.

But Jeeb did not know Lyndon Johnson very well, except a few dealings on the supersonic transport program and on ceremonial occasions. The first awkward situation occurred when, possibly because of advice from Secretary McNamara, Lyndon Johnson concluded Jeeb Halaby did not know enough about large-scale project management to handle the supersonic transport. The result was the creation of an advisory committee chaired by the Secretary of Defense to ride herd on the supersonic program although its day-to-day administration remained in FAA and the appropriations for the program were made to FAA. We went through about two sticky years in which McNamara's so-called whiz kids were getting into the act, and in which Halaby had continuously to try to convince the advisory committee at every single stage of program development. President Johnson once bluntly told Halaby that he didn't have confidence in FAA's experience to do these things, but he did in McNamara and the Defense Department. Gradually, the tensions in this situation diminished. We learned to live with the McNamara committee and we built more capability in the FAA. Consequently the supersonic design efforts went pretty smoothly. During all of this period, however, Jeeb was uneasy about where he stood with the President. Then one day the President said, "Jeeb, I am very impressed by you and what you are doing. I want you to stay on as administrator." These were the words. I can't tell you the exact date. Jeeb Halaby can. Are you going to interview him?

M: Yes, we hope to.

D: This was the first time that Lyndon Johnson told Jeeb that he really wanted him, and therefore it looked as if he would stay through the whole four years of the term. Jeeb came back and told me about it, and I said, "Gosh, this is something you had better tell your staff." There was a full staff meeting of the FAA called for half an hour after this discussion, and Jeeb went in and told the staff that he felt he would stay. Then he went on to observe that he didn't want to be FAA administrator forever, noting that he had already held the office for more than four years. Somehow the stories that leaked out of that meeting reported not that Halaby plans to stay, but rather that Halaby plans to leave. When these misleading accounts got back to the President, he was furious. He felt that Jeeb had rejected his overture, and the misunderstanding never got straightened out. Suddenly one day over the news ticker came the announcement that General Willam McKee had been appointed FAA administrator, and that Halaby's resignation had been accepted. Jeeb Halaby read that on the ticker.

M: That was the first he knew about his own resignation?

D: That was the first he knew about it. This is an interesting example of how things can really go wrong. Jeeb had planned to stay another two or three years. He wanted to see the supersonic program move and he was in the middle of very advanced decentralization efforts. Yet the misrepresentation by the trade press of his discussion at that staff meeting, and the fact that Jeeb didn't keep what he said clear and simple resulted in this ruckus and the premature resignation of a truly outstanding administrator.

M: Now this letter that he sent outlining the need for a Department of Transportation, was that sent after McKee's appointment?

D: After the announcement, on the last day Jeeb was still in office. A period of time elapsed between the actual announcement and the confirmation hearings and McKee's actually taking office. It was a month or so. It was in that period that Jeeb and I had some discussion on whether or not he should write a farewell letter to the President with some counsel as to the future of the FAA.

M: Considering the circumstances of his replacement, the fact that he would send such a letter seems rather intriguing.

D: Well, Jeeb felt a very serious obligation to the FAA. I mentioned his name several times before he became administrator. He was vice chairman to Bill Harding in the 1954 aviation facilities planning study. He worked closely with Ted Curtis and later with Pete Quesada in the planning of the FAA years before he became administrator. He was practically a father of the FAA, and he felt he owed it to the President to give his best advice on the future of the FAA upon his departure. He would have done it under any circumstances because the President wasn't really mad at him. Later on I'm sure the nature of the misunderstanding came to be better appreciated all around, but the damage had been done, and there was no way to retrieve it.

Some benefits occurred, however, out of the transition. Lyndon Johnson had personally picked William "Bozo" McKee, probably with some advice from Jim Webb, the influential administrator of NASA. Bozo McKee had been associate administrator for management development in

NASA. That was a very vague job. It was one without routine duties in which Jim Webb would put a high-level former military man to give advice on the management of NASA. For a year or so after his retirement from active military service Bozo McKee held that position. Lyndon Johnson came to know Bozo McKee when he--Johnson--was chairman of the Armed Service Committee in the Senate. Jim Webb was also very high on McKee. Thus the change brought into the FAA an administrator who enjoyed high-level presidential confidence and that immediately revealed itself in his leadership of the supersonic program. Within a matter of months McKee had brought in General Maxwell to replace Gordon Bain, and General Maxwell had tremendous background in large-scale systems management.

Except on economic matters, where Stephen Enke and the whiz kids still bothered Bozo McKee for a few months, the FAA rapidly reasserted full control of the supersonic program. Everybody said Bozo McKee knew how to run these big projects. The SST Advisory Committee, while it remained in existence and met from time to time, and still got kind of deeply into the economics, [but] no longer meddled as much in the actual conduct of the SST program.

M: Excuse me, you mentioned a man by the name of Enke. Is that I-N-K-Y?

D: E-N-K-E. Stephen Enke. One of the system analysts of Alain Enthoven. He was about as popular with FAA officials as those people were internally in Defense. Bozo McKee had only been in office for six months when the State of the Union Message of January 1966 included a call for a Department of Transportation. The White House had consulted

with McKee about a month before, and General McKee had asked me for my views. I suppled him with the file copies of papers that I had prepared for Halaby. I also gave him my recommendation that he support a DOT.

M: Did you work with Alan Boyd in all this, too, other than giving him file information?

D: My dealings with Alan during this time, although I knew him personally, were somewhat remote because he was using Cecil Mackey, who was his deputy for policy development, to do the staff work. I gave Cecil everything. We would get together for lunch and kick around all the angles such as what agencies ought to be in the DOT. I don't think I had many direct conversations with Boyd until the State of the Union Message was delivered.

M: Is it fair to say that Alan Boyd was the key man in the development of the department?

D: Alan Boyd is one of the key men, and probably the most critical factor. But you have to give credit to the task forces for the leverage they gave, to Jeeb Halaby's initiative, to Jack Connor's willingness to support something that was going to cost him half of the Department of Commerce and two-thirds or three-fourths of all of its money. The honors go to many people. In fact, you could never have gotten the Department of Transportation legislation enacted the same session of Congress it was submitted without a lot of people putting their shoulders to the wheel, including in a strange way Bozo McKee. I would say that Alan Boyd deserves more credit than any

single individual, because he did try to push the administration in this direction and he was very well regarded by Lyndon Johnson. Fine personal relationships always existed between Alan Boyd and President Johnson. Another important factor was that Alan Boyd had developed such prestige in Commerce and in the CAB that the aeronautical interests, who were the most dangerous possible roadblocks to the department because of the independence of the FAA being at stake, couldn't find it in their hearts to oppose the department because they thought Alan Boyd would be the first secretary. That was an important factor.

Alan Boyd was a pilot as well. I would say that he more than any single person deserves credit. I just want to add that many other people by their support, or their lack of opposition, or their recommendations helped create the critical amount of leverage needed to lead the President to make the decision. They subsequently provided the support and momentum to get the bill through the roadblocks that threaten any new departmental bill. A lot of bureaucratic empires are affected when you pull together programs from all over the Executive Branch and set up a new department.

Now, let me turn to McKee in the month of December 1965.

M: Yes. You mentioned that he played a strange role.

D: Right. I'll tell you why it's so strange. What I tell you here you probably can get from nobody else. Bozo McKee was consulted by Joe Califano, whom he knew well from Defense Department days because Lyndon Johnson brought Joe Califano over from McNamara's staff. The

White House asked General McKee what he thought of a Department of Transportation. General McKee came back to me and said, "You really wrote up a storm"--he said in his language--"on behalf of the department. Now you write me a paper on all the reasons why there shouldn't be a department." Well, I'm used to that kind of thing, so I went back and I wrote down all the cons I could think of. These included the danger that aviation wouldn't have the same kind of standing that it had before if the secretary had the wrong background. They weren't very good reasons, but I still put them together. I gave them to General McKee and he read them and he said, "This is more convincing to me than your reason for the department."

Bozo McKee knew that I never pulled my punches or my advice, and I said, "I think they are pretty weak, General." Nevertheless, he rushed over to Califano with them. Basically the internal circles in the FAA opposed the Department of Transportation. Very few people knew this, but he did.

M: Why would he do that? Why would he oppose it?

D: You have to look a long time to find the head of an independent agency willing to face up to the elimination of independence of that agency, however forlorn it might be. And the FAA was not forlorn. It was bigger than four cabinet departments, it had forty-two thousand people, it had tremendous prestige and power under a very broad act, the Federal Aviation Act. It took a guy like Jeeb Halaby, who had had five years of seeing how many times he got frustrated because one part of transportation couldn't go it alone, and how many battles he lost with

secretaries who were in the cabinet and could see the President, and what happened to his budget when he didn't have direct access to the President, and so on. It took this kind of sensitivity and experience to lead Jeeb to make his recommendation that the FAA be made a part of a DOT. Remember when he made it, he was leaving the post of administrator.

Bozo was in his first six months of being in the proud post of head of the largest independent agency, other than VA, in the government. However, the point that I'm going to make is that, once the President had made the decision and sent that State of the Union Message to the Congress, nobody could guess that Bozo McKee hadn't thought up the idea. He went before Congress and testified for the DOT, he told the Executive Committee of FAA "We are supporting this, I don't want any sabotage." Of course with my strong convictions and my control over so much of the system in FAA, I was able to help enforce the will of the Administrator. I turned out a half-hour videotape which described the purposes of the Department of Transportation, how it would be organized, and why it would be so good for FAA. We distributed the tape to all of the field installations and showed it to thousands of FAA people to keep our troops from getting uneasy. I had been through reorganization controversies before, and I knew that if we didn't hold the FAA staff and organization behind the department, the bill would not be approved. As it was we had, especially in some of the technical offices in FAA, plenty of end-runs designed to stir up opposition.

The top FAA management held its ground in supporting the President and the DOT. It became almost impossible to defeat the Department of Transportation Act when testifying on behalf of the bill were not only the Director of the Bureau of the Budget and the Under Secretary of Commerce for Transportation, but officials who theoretically should be against it, like Secretary of the Treasury Fowler who was losing the Coast Guard, Secretary John Connor of Commerce who was losing most of his department, and John McKee who was going to find himself an administrator under a secretary instead of having a direct relationship with the President. All these people, one after the other, testified on behalf of the Department of Transportation Act--one of the best examples of real discipline in the executive branch on a matter of major government organization I have ever seen. It is a tribute to the men involved; it is a tribute to President Johnson.

M: Why did Bozo McKee change all of a sudden? Was it loyalty to the President once he made the decision?

D: He had the training of a general, and his attitude toward life was always, "I'll argue until the decision is made, and when the decision is made by appropriate command, I follow it." He used to tell me this many times. He would say, "You know, you've always got an obligation"--he had a good sense of management--"as long as decision-making is still under way, to make your case no matter whether you think it's going to be well received or not. If you think it's right, make it. But then once the decision is made you carry it out whether you think

it's right or not, unless you are willing to get out of the organization. You don't stay in and then sabotage what your superiors have decided." Bozo followed that philosophy and that's why I say he made a crucial contribution to the enactment of a bill which in his inner heart he did not favor.

M: Well, now, in this passage of the bill and the testimony, what was your role? Was your role controlling FAA, selling the idea to the people there--?

D: I have told you of two of my contributions to the department. First, my successful efforts to persuade Jeeb Halaby and to work with Alan Boyd and others to recommend a DOT to the President. Second, the role I played in helping hold the FAA and its employees behind the bill. But let me tell you how I spent my time after the decision was made to establish a DOT.

The State of the Union Message was delivered early in January 1966. I was in Honolulu in the office of the regional director of the Pacific Region of FAA during the presentation of the message. I had just come back from a visit to FAA facilities in Guam. I was waiting for something about a DOT to appear in the State of the Union Message, having been in on these discussions with Califano and so on. But I didn't know for sure how the die was cast. I wasn't certain that it was going to be a part of the President's program. So I was greatly relieved when I finally heard the immortal words from the President, "We recommend and will submit legislation to create a Department of Transportation."

Within hours, I was on an airplane back to Washington, because with my government organization background I knew that this was the place where I was most needed. When I got back, I rushed in to see Bozo McKee and asked, "What's happening? Do we have a bill or anything?" He said, "I don't really know. The President has recommended it." I replied, "I had better find out." I called Alan Boyd and asked, "What's happening?" Alan Boyd apparently had just had a run-in with the General Counsel of the Commerce Department over who was really responsible for drafting the legislation. The General Counsel of the Commerce Department had some junior lawyer at work on a very rough draft of the bill. They wouldn't even show it to Alan, and the Commerce Department was totally disorganized. I descended on the Assistant Director to the Bureau of the Budget for Organization and Management, Harold Seidman, and he said, "It's supposed to be Jack Connor's job to draft the bill." I replied, "You mean, for a major reorganization which will shift things from all over the government, you're turning to the Commerce Department to draft the bill?" "Oh, yes, that's it." I said, "Good night."

I went charging back to FAA, and here is where I made a contribution which helped save the whole department proposal. I saw Bozo McKee and I reported, "This is a disaster area." And I told him what was happening in the Bureau of the Budget and what was happening in the Commerce Department. I also noted that CAB was taking a very dim view of the department and that Fowler and the Treasury Department were not supportive. Furthermore, no one was sure what was going to

happen to the Coast Guard. I said, "General, the President has made the decision. If we don't rescue it in a hurry, it's not going to go anywhere."

He said, "Well, how would we do it?"

I said, "We've got to have a task force. And moreover, the task force has got to be headed by the Bureau of the Budget." McKee--and this is historically precisely accurate, I've cross-checked it with every person involved--McKee went to see Joe Califano and told him of the situation. Califano picked up the phone and asked Alan Boyd to come over. Alan Boyd joined the discussion and the three of them agreed that there had to be a task force. They also agreed that the Bureau of the Budget should head it. They then called Charles Schultze, Director of the Bureau of Budget, and asked him to meet with them. In the subsequent meeting it was agreed to create a task force, that it would be headed by the Bureau of the Budget, and that it would have members from each major organization that would contribute to the department or would be a part of the department. Assistant Director Charles Zwick would be the chairman. The Assistant Director for Organization and Management, who was Harold Seidman, was made a sort of co-chairman. Zwick was a political official and this choice reflected the expectation that getting a DOT was going to be a big political struggle.

The next day Zwick called the first meeting. He didn't let any grass grow under his feet. Bozo McKee named both me and the General Counsel of FAA as members. The General Counsel was to assist on legal

drafting matters and I was to handle organization and management matters. The Treasury Department, the CAB, ICC, Defense Department, Commerce Department, all sent members. Alan Boyd personally did not serve on the task force. He sent Cecil Mackey to represent him. Also the lawyer representing the Commerce Department General Counsel's office served on it. I forget this young lawyer's name right now, but this was the group that assembled.

Alan Boyd called me as soon as the task force was organized. Meanwhile, Najeeb Halaby came flying into town. He had made a round of key people and stirred up things because he regarded this department as his baby. He went to Alan Boyd and said, "There's only one guy in this place that knows how to organize something as complicated as the Department of Transportation and that's Alan Dean, and you had better get him real fast." So suddenly I found two things happening to me. Alan Boyd called me up and said, "I'm counting on you, and I'm also telling you I want you to be assistant secretary for administration for the Department of Transportation if I have anything to say about it."

I said, "Fine, but let's get the bill first." I further said, "Yes, I would like to go to the department if it gets set up. I have spent eight years in FAA and that's long enough in any organization."

Boyd also said, "I'm asking Charlie Zwick to put you at the head of the subcommittee to develop the organization plan of the department." That's what happened. I chaired a subcommittee including Cecil Mackey, Frank Turner of the Bureau of Public Roads, a Coast

Guard officer, and several other representatives. Only those that were major elements that were going to be included in the DOT were represented. It was not a large subcommittee, not as large as the task force. In about three weeks time, we developed a paper called the "Organization and Management Concepts for the Department of Transportation."

The department as it is organized today was laid out in that paper. The idea of modal administrations, the concept of staff assistant secretaries, the number of assistant secretaries, the internal relationships, in short, the whole concept of a decentralized department was laid out in that piece of paper. This document was approved without change by the whole task force. All legislative drafting was made consistent with it. Articulating the department's management concepts was a very important breakthrough in preparing a sound bill. Among the things it did was to assure outfits like the FAA that they would have direct reporting relationships to the secretary and not have assistant secretaries inserted between them and the head of the department. You should get a copy of the paper that I subsequently wrote on "The Making of the Department of Transportation." * It should be a part of this record because it tells how all of this happened.

M: Do you have a copy of that here in your office? [Dean asks his secretary for a copy.]

D: By avoiding the traditional way of organizing departments, that is, putting assistant secretaries in the line as bureau coordinators, and

* See attachment

by making the assistant secretaries functional officers more like they are in the Department of Defense, we reassured the Coast Guard and the FAA, and the Bureau of Public Roads, that they would not be pushed layers down in the new organization. That had a great deal to do with their acceptance of the department. In fact, the Congress wrote those relationships into law. Only part of the management concepts paper was put into the bill because you want to preserve as much flexibility as you can; but the Congress, which also had copies of the paper--it was introduced into the record--wrote part of it into the statute. Thus it became mandatory to have the administrators report directly to the secretary. This is the command structure of the department. The assistant secretaries and the general counsel are cross-cutting functional officials who operate in staff capacities.

M: Did you attempt to define the duties of each assistant secretary?

D: We did this for illustrative purposes only. Those descriptive titles there are not statutory except for administration. The assistant secretary for administration is a peculiar type of official and has that title in law. Otherwise the DOT Act simply provided for four assistant secretaries. The duties and any descriptive titles, e.g., assistant secretary for policy, are administratively selected by the secretary when he decides how he wants to assign duties to officials in his office.

M: That gives you flexibility.

D: It gives you flexibility. The Congress respected that. The Congress legislated the mandatory reporting relationship for administrators, but

they did not try to fix what each assistant secretary would do--thank goodness. However, to reassure the congressional committees our testimony included six or seven examples of how we would use the assistant secretary slots--public affairs, research and technology, international affairs, policy, safety. We cited seven or eight possible designations. But we kept the record clear that the secretary would adjust these from time to time. That has already occurred. Secretary Volpe has already changed the functions of two of those assistant secretaries to reflect the current needs of the department. We will now have an assistant secretary for urban systems and environment. We will no longer have one for international and social programs. The international stuff will be assigned to the assistant secretary for policy development, who is to be called the assistant secretary for policy and international affairs.

M: How do you decide how many assistant secretaries you needed?

D: Well, by running an exercise of how we would group the functions needed to be performed by assistant secretaries and looking at the alternatives. We also noted how many assistant secretaries had been created for HUD just a year before. We also considered the span of control of the secretary. The more numerous the assistant secretaries the more opportunity for disagreement and fragmentation. Out of these factors we concluded that there should be six staff officials: a general counsel, which every department has; a career assistant secretary for administration, there are seven departments that have that kind of job; and the four presidentially appointed Executive Level IV

assistant secretaries, whom the secretary would from time to time assign various functional areas. I see no reason to think we ought to change that number. Every once in a while somebody comes up with a brilliant idea, let's just add another assistant secretary, and my answer is, "If that's the need, let's figure out which assistant secretary we restructure in order to do that." I'm leery about having more than the present number of staff officials in DOT. It's hard enough for them to work together.

Another point I would make is that all those titles are cross-cutting. The secretary, when he makes decisions, can get advice from his program people, say the FAA administrator, but he can also get advice on the matter from a horizontal standpoint, i.e., its research aspects, its technological aspects, its public affairs aspects, its administrative aspects, its legal aspects, and its policy and economic implications. The secretary in this department is one of the best protected in the decision-making process of any department in the executive branch. If he takes any pains at all with how the staff work comes to him, he will know what the options are.

M: Do you have any concepts of the span of control that a secretary can handle? I notice you have eleven--

D: We have a fairly good span of control by executive department standards. We generally prevent microscopic units from reporting to the secretary, but there isn't any real answer. Things depend on how much intensity of policy and conflict exists, how fast-moving a function might be, what's the geographical scope, what's the burden of external

relationships. The president has a span of control of executive agencies alone on the order of fifty-five, not to mention what he's got in the White House. I think that's too great, and I think it ought to be cleaned up, but no one's ever going to reduce the president's span of control to less than thirty-five or forty.

Some of the doctrinaire management literature contends that no one should supervise more than seven or so people. That's a lot of just plain junk. I do keep an eye on span of control, though, from another standpoint. I'm fearful that too many operating administrations would gradually lead the secretary to start leaning on assistant secretaries to coordinate administrations, and then we would begin to undermine the whole management system. I always try to keep the number of boxes in the lower part of the chart small enough so that they really can meaningfully report personally to the secretary. That I do watch. And that's another reason why I don't want more assistant secretaries.

M: Did you attempt to define the duties of the under secretary?

D: I wrote a paper for Alan Boyd on the duties of the under secretary in which it envisaged him serving as the internal manager. What often happens to a secretary in a complex cabinet department is that the demands of White House meetings and committees, the cabinet, the president, relationships with the individual top officials in government, relationships with Congress and committee chairmen, dealings with major interest groups, the need to get out and be heard by delivering speeches on behalf of the department and its programs--

these things cut terribly into the time of a secretary. Therefore, when he makes a policy decision, he can't just go away and expect it to be self-enforcing.

The under secretary is generally the official who, within the general policies of the secretary and as the only other comprehensive line official in the department, really make sure things happen. I always try to have the under secretary to do things like chair the Executive Personnel Board, head budget review mechanisms, take the leadership in any tough problem where somebody who can give orders across the board is needed. No assistant secretary and no individual administrator has the scope and the authority to make department-wide decisions and make them stick. This internal-management role of an under secretary doesn't always work because not all such officials are effective managers. If an under secretary prefers to travel and deliver speeches, the secretary may have to use him to handle some of the external burdens. The secretary must then personally do more of the internal managing, possibly depending somewhat on a deputy under secretary.

Our first under secretary was a very fine man, but he did not spend very much of his time on internal management. Our next one, John Robson, did, but without an adequate background in the management of large organizations, since he had never supervised more than twenty-five people in the general counsel office.

M: Now, this National Transportation and Safety Board seems to be an

unusual type of organization for a department. It sort of exists by itself and yet it is within the department. How did this evolve?

D: It comes largely out of the aviation heritage. One of the things we wanted to do in the Department of Transportation Act was to get all safety functions out of the regulatory commissions. That meant the CAB and ICC.

M: Let me interject. Is it true that one of the main objectives of DOT is to work on safety and develop safety procedures?

D: Yes. You would generally say that the promotion of efficiency and safety in transportation are the two primary objectives of the department, and these must always be in balance. I mean, efficiency is affected by safety and vice versa, and you can't do something that adds to efficiency if it is too unsafe, and you can't do something for safety if it unduly detracts from the efficiency of the transportation system. Safety pervades the department. The FAA, the Coast Guard, FHWA, FRA, every one of those modal administrations has a major safety function. UMTA and the St. Lawrence Seaway do not. If you look at all the activities in this department that are either wholly or partly safety oriented, it is clear that they are of extreme importance.

M: Well, now, what about this National Transportation Safety Board?

D: It was the intent of the drafters of the act to move all safety functions from the ICC and CAB to make them purely economic regulatory organizations. But some of those functions, especially in the CAB, involved investigating accidents, and making determinations as to probable cause. In the aviation area there is a long tradition that

this function of determining the cause of accidents and investigating major accidents should be done separately from the administrative organization that carries out the day-to-day safety functions. The theory is that the administrative organization doing the job shouldn't investigate itself. This tradition did not apply in the marine area where the Coast Guard did its own investigating, even though it was investigating itself. It did not apply in any other area, but it did apply in aviation.

Every effort we made to even put the whole accident investigation function in the secretary was defeated. Finally the compromise that we worked out was a National Transportation Safety Board. It would be a part of the department and would have for all modes of transportation the responsibility for making determinations as to cause, and for making investigations, and for making recommendations to foster safety. Because of this aviation tradition, it was provided that the members of the board would be independently appointed by the president and in the performance of their duties would not be controlled by the secretary or any other official of the department--that's in the law. The NTSB is a part of the department, receives administrative services from the department, and the chairman attends staff meetings. When I worked with the executive director of NTSB, I worked with him just like I worked with the top administrative officials or anybody else in the department, but the secretary never said to Chairman Joe O'Connell, "Here is how I want you to conduct this accident investigation. Here is what I think you ought to say is the cause of this accident."

He helped the chairman of the board, in many ways. For example, at one time the board was getting slow responses from some of the elements in the department which were asked to comment on NTSB recommendations. The secretary directed that this be corrected. It was all discussed with the chairman in the secretary's staff meeting, and we developed improved procedures for assuring responses. Again in the administrative areas the great size and resources of the Department of Transportation permits its administrative arms to give the NTSB vastly superior service than they would ever have standing alone as a little organization of two hundred and twenty-five people.

M: In the experience of the Department of Transportation, has this board operated well? Is it operating to your satisfaction?

D: Yes. So far, it has worked well. Many people, particularly those in the CAB who did not want to lose some of their functions, said that it would be a disaster like the Air Safety Board in the 1930s, which was eventually abolished. That has not occurred. Relationships have been harmonious and yet the independence and integrity of the board had been respected.

M: Did you consider bringing into the Department of Transportation the regulatory agencies such as ICC and CAB?

D: We did for about thirty seconds. There is no meeting of the minds in this country on how to organize economic regulatory functions. We knew that if we tried to put them in the Department of Transportation, it would kill the bill. We did try to strip them of things that were not of an economic regulatory character.

M: Why would they kill the bill?

D: Because of a long tradition in this country going back to the founding of the ICC that matters relating to certain economic rights, not only in transportation but in broadcasting and other areas, should be adjudicated on a "non-political basis" by a multi-member board appointed for fixed overlapping terms and only to a limited extent under the control of the president. The theory is that a single executive official receiving direct orders from the president might not take a judicial approach to these matters.

Now, these attitudes are changing a little, but they are still very strong. What is much more likely to happen is, paralleling the creation of the department for the administrative, promotional, and safety functions, an eventual consolidation of the Federal Maritime Commission, the ICC and CAB into some kind of new transportation regulatory commission. In fact, a former chairman of the ICC had already publicly recommended such a course. It's becoming increasingly apparent that you can't handle regulation of the various modes of transportation separately any more than you can administer the planning, safety and promotional programs separately. There are a few little programs like the car service functions of the ICC that probably ought to be moved to the department. In my judgment, it is more administrative than regulatory.

M: Well, there would seem to be a certain difficulty in, say, the CAB controlling the routing and the granting of franchises to fly to various

places, and the FAA which has to control traffic. It would seem that the routing and the traffic congestion are inextricably mixed.

D: They are.

(Interruption)

D: It's true and therefore under the Department of Transportation Act we have a right of intervention. That is, the department doesn't hesitate to go before ICC or CAB and say, "This doesn't make sense." If you grant this route here, there just aren't the facilities to take care of the service. The regulatory commissions give great weight to our advice. They can't be ordered by us, but they listen carefully. If we think that a given rail merger is going to damage the rail system of this country, we will intervene. It's a function that we have not yet developed to the fullest extent, but it's a recognized one, and it's a very important one. Ultimately, of course, the department has great power. If the CAB authorizes a carrier to fly into an airport and we decide that airport can't receive a given type of aircraft, it doesn't go into that airport. We set the safety minimums, we set all the safety requirements, and it's entirely possible that an air carrier could have a certificate to serve a city and not be able to fly its aircraft into it.

End of Tape 1 of 1 and Interview I

CONFERENCE ON THE PUBLIC SERVICE

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OCTOBER 13-14, 1967

THE MAKING OF A DEPARTMENT OF TRANSPORTATION

PRESENTED BY ALAN L. DEAN, ASSISTANT SECRETARY FOR ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

(REVISED)

CONFERENCE ON THE PUBLIC SERVICE

MEETING OF OCTOBER 13-14, 1967

THE MAKING OF A DEPARTMENT OF TRANSPORTATION

I. A Department is Proposed

In his State of the Union Message of January 12, 1966, President Johnson, somewhat unexpectedly, recommended that the Congress help him modernize and streamline the Federal Government by creating a new Cabinet-level Department of Transportation. Although the President's announcement was a surprise to many, the idea was by no means novel. As early as 1874 a proposal to establish a Bureau of Transportation was introduced in the Congress. In subsequent years a growing recognition of the importance of transportation to the development, prosperity and security of the Nation produced various suggestions for the strengthening of the Federal Government's organization for participation in transportation matters, including the establishment of an Executive Department. After World War II, proposals to create a department became more numerous and were more energetically pressed. In 1949 a task force of the first Hoover Commission recommended a Department of Transportation, and much of the Bureau of the Budget staff work during the 40's and 50's pointed toward such a department. Recent, less publicized looks at

transportation and Government organization also produced proposals for the establishment of the Department.

The decision to move forward in 1966 also reflected the practical experience of the Kennedy-Johnson Administration. The former Administrator of the Federal Aviation Agency, Najeeb Halaby, concluded, after five years of leadership of the FAA, that the Government's second largest independent agency could better do its job as a part of an Executive Department comprising the other transportation programs of the Government. The Under Secretary of Commerce for Transportation, Alan S. Boyd, who had also served on the Civil Aeronautics Board, found that the strange expedient of an Under Secretary of Commerce for Transportation was unworkable and should be replaced by more effective arrangements for exerting leadership in transportation policy, program coordination and administration. Finally, the Secretary of Commerce, John T. Connor, abandoned the traditional position of opposition to a Department of Transportation of his predecessors, and actively supported the proposal in the interest of better management of transportation programs.

Although the State of the Union Message stated the President's intent, much remained to be done in the way of developing a plan for the Department and the associated legislation. Final decisions still had to be made as to the specific functions and programs to be assigned to the Department, as to what powers it should have and how it should be organized to discharge its mission. A task force was therefore established in January 1966, as a mechanism to coordinate the drafting of a Department of Transportation bill and to develop plans for setting up the Department. This Task Force was chaired by Assistant Director of the Bureau of the Budget Charles Zwick, and included representatives of most agencies expected to be directly affected by the Department. I had the privilege of serving as a Federal Aviation Agency representative on the Task Force.

The Task Force was concerned partly with the legal issues of preparing an adequate draft statute and partly with the development of a concept of organization and management which could be explained to Congress and reflected, to the extent necessary, in the legislation. The Task Force also gave advice on the resolution of questions concerning the scope of functions and authority to be lodged in the Department.

Before the President transmitted his Transportation Message of March 2, 1966, setting forth in detail his proposals, it had been determined that the Department should include the entire office of the Under Secretary of Commerce for Transportation, the Bureau of Public Roads, the Federal Aviation Agency, the U. S. Coast Guard, the St. Lawrence Seaway Development Corporation, the Alaska Railroad, the aviation safety functions of the Civil Aeronautics Board, the railroad and motor carrier safety functions of the Interstate Commerce Commission, certain functions of the Army Corps of Engineers relating to bridge commissions, bridge tolls and obstruction of navigable waterways, and all functions of the Great Lakes Pilotage Administration. Also marked for inclusion in the Department were the bureaus to be established to administer the motor vehicle and highway safety legislation progressing through the Congress. The functions and programs thus slated for inclusion in the Department involved 95,000 civilian and military personnel and annual expenditures in the order of $5.5 billion per year.

Originally proposed for inclusion in the Department was the U. S. Maritime Administration of the Department of Commerce. For various

reasons, most of them involving dissatisfaction with national Maritime policy, the House of Representatives voted to exclude the Maritime Administration from the Department. This was the most serious rebuff encountered by the Administration relating to the scope of responsibility of the Department, although many amendments were made in the original Administration Bill in the course of the House and Senate consideration.

A feature of the Congressional consideration of the DOT legislation was the emergence of an unexpectedly broad consensus as to a need for the Department. Even the opposition of the maritime industry was largely restricted to the inclusion of maritime functions in the Department. Again, there were elements in the aviation community which had misgivings, but these anxieties generally took the form of efforts to amend the legislation in order to weaken the control of the Secretary over matters directly related to aviation safety. There was also much debate over the placement of accident investigation functions which the Administration Bill placed under the Secretary's control. In the final legislation the autonomous National Transportation Safety Board (NTSB), which the Administration originally envisaged as a

largely quasi-judicial body, was given an additional accident investigation role.

As the result of the efforts of the Administration, the general acceptance of the need for a department by transportation industry groups, and the high priority given the legislation by the Committees on Government Operations, the legislation was approved by the Congress and signed by the President on October 15, 1966. This early action is in notable contrast to the repeated rebuffs encountered in the initial efforts to establish the Department of Health, Education and Welfare and the Department of Housing and Urban Development.

II. Planning to Get the Department Under Way

Aware of the problems which had arisen in the activation of the Department of Housing and Urban Development, the drafters of the Department of Transportation bill provided that the legislation should not take effect until ninety days after the first Secretary took office, with the proviso that the President could, by Executive Order, establish an earlier effective date if he chose. This provision assured that there would be a Secretary in office for a reasonable time prior to

the date that the Department became a reality, thus making it possible to recruit key staff and to develop necessary plans for a smooth transition.

The 89th Congress adjourned shortly after the signing of the Department of Transportation Act and did so without a first Secretary having been nominated. But it was now certain that the new Department would be under way within a few months. It was, therefore, decided that the first Task Force should be replaced by a somewhat differently structured group charged with developing the detailed plans for the organization, staffing and activation of the Department. Consequently, a second Task Force, chaired by Vice Admiral Trimble, Assistant Commandant of the Coast Guard, was assembled with a membership confined to representatives of elements definitely slated to be incorporated in the Department under the Act. This Task Force, through a series of working groups, launched planning of a scope and intensity which had rarely proved possible in connection with the establishment of major new organizations in the Executive Branch. The operations of the Task Force were greatly aided when a few days later the President announced his intention to nominate

Alan S. Boyd, then Under Secretary of Commerce for Transportation, as the first Secretary of the Department. The designation of Boyd made it possible to plan with a certain knowledge of who would have the responsibility of administering the Department. As a practical matter, Alan S. Boyd had played a key leadership role throughout all phases of the drafting and consideration of the legislation, but until the public announcement of the President's intentions he could not assume the authority of a Secretary-designate.

It should be appreciated that this advance planning was particularly critical for the Secretary-designate and the Department of Transportation because one of the most massive and complex reorganizations in the history of the Executive Branch was involved. This was due not only to the magnitude of the resources and the large number of people involved, but was also to the lack of any primary nucleus organization around which the Department could be built. Both the Department of Health, Education and Welfare and the Department of Housing and Urban Development superseded important independent agencies which were in effect elevated to Cabinet status. Even when significant changes in policy, personnel and organization followed the acquisition

of Departmental status, the effort was still basically evolutionary and could be built upon a single inherited institution and management system. Not so with the Department of Transportation, which was formed through the merging of a variety of previously dispersed organizations. The three largest components of the new Department, the transportation elements (minus Maritime Administration) of the Commerce Department, the Federal Aviation Agency and the Coast Guard, all occupied radically different positions in the Executive Branch and all had developed under dissimilar management traditions and organizational relationships. Furthermore, the Department had to receive and provide for smaller elements received from the Interior Department, the CAB, the ICC and the Corps of Engineers. Thus, the new Secretary was confronted with establishing de novo his immediate office, with providing logical assignments for his Assistant Secretaries, with establishing two new operating administrations, with determining what functions he would delegate to his Administrators, with assisting in the activation of the NTSB, and with installing a plan of organization and management for an entire department. All this he had to do while assuring that the essential operations of the various elements coming into the Department, many of which had

important transportation safety or national security implications, were continued without interruption or impairment. It is, therefore, fortunate that the designation of a Secretary on November 8 allowed nearly two months of planning in addition to the ninety days contemplated by the Act.

The second Task Force carried out its assignments energetically and by the time Secretary Boyd was nominated, confirmed and sworn in in January, planning had reached a state where the group could be dissolved and the leadership taken over by the incoming officials of the new department. Admiral Trimble continued, however, to assure that the working groups completed their assignments and otherwise assisted the Secretary and other incoming officials.

There was a natural desire on the part of all concerned to get the Department under way at the earliest date compatible with good planning. There were also administrative reasons for setting the date at the beginning of a month and preferably on the first day of a quarter. Consequently upon recommendation of the Secretary, the President issued an Executive Order establishing April 1, 1967,

as the effective date of the Department of Transportation Act, thus shortening by approximately two weeks the ninety-day statutory waiting period.

On April 1, officials of the Department and the Smithsonian Institution, representatives of the transportation industry and many thousands of interested citizens gathered on the Mall to celebrate the launching of the Department. On that day there were in place a plan of organization, a Departmental Order providing for necessary delegations and a significant number of key officials already on the job. The Department functioned on April 1, and in the following weeks, with as much teamwork and sense of direction as its planners could reasonably have expected.

III. The Department in Operation

Attached to this paper is a chart of the organization of the Department. It is helpful in depicting the way in which the Department is structured and in illustrating the philosophy of management adopted by the Secretary and his principal officials -- a philosophy which had been

proposed by the first Task Force and which had in part been reflected in provisions of the legislation.

The central management concept of the Department is that the operating functions will be performed by a small number of administrations organized by mode and headed by officials reporting directly to the Secretary. The Office of the Secretary is expected to focus its attention, insofar as practicable, on matters of policy, program and management which require Secretarial leadership, a Department-wide perspective, or must be pursued on an inter-modal basis. The Department will, therefore, be highly decentralized in the sense that the great bulk of line authority and program responsibility will be exercised by the various Administrators under delegations from the Secretary.

This concept of the role of the operating administrations implies that the Assistant Secretaries and the General Counsel are primarily staff officers rather than links in the chain of command. This is, indeed, the case and each such official has a functional assignment under which he assists the Secretary in matters of Department-wide scope but does not exercise line control over the operating administrations.

The official titles are indicative of the concept for in addition to a General Counsel and an Assistant Secretary for Administration, the Department has four Presidentially-appointed Assistant Secretaries who respectively provide staff leadership in the fields of policy development, international affairs, public affairs and research and technology. This arrangement is somewhat akin to the approach taken by the Defense Department and differs markedly from systems in which Assistant Secretaries are utilized as supervisors or coordinators of line bureaus.

The management concept of the Department is dependent for its efficient operation on a high degree of teamwork. The various Assistant Secretaries must be alert to situations calling for coordinated action and must be sensitive to the functional interests of their associates. Teamwork is also dependent upon the direct participation of the Administrators in the policy councils of the Department in contrast to a relationship in which ukases are relayed through Assistant Secretaries or other intervening Departmental officials.

In the discussion of the Department of Housing and Urban Development which the Conference on the Public Service held some months ago, much was said about problems of field coordination and administration. The Department of Transportation is confronted with special difficulties in this area. On one hand the Department has a basically united mission entailing many interrelationships between programs. It is, therefore, not a holding company department when looked at from the standpoint of the programs which it administers. We have found that when the administrators meet to consider matters of policy or program they are able to identify many opportunities for cooperative action.

On the other hand, the nature of transportation modes is such that the field organizations of the various administrations differ widely in character. It is, for example, obvious that the Coast Guard must be marine oriented. It is thus not surprising that most of the Coast Guard's District headquarters are in coastal cities. On the other hand, both highway and rail transportation are land bound and the field offices and activities of the Federal Highway and Railroad Administrations reflect this fact. The aviation mode knows no limit of

land or water and the administration of its programs must take into account that the air space girdles the globe. Finally, such regionally confined elements as the St. Lawrence Seaway Development Corporation and the Alaska Railroad introduce special field relationships in their areas. These factors have made it necessary for the Department's organizational planners to give up any thought of launching at this time departmental regions with comprehensive officials capable of supervising the diverse programs of the Department in assigned patches of geography. The Department decided, therefore, initially to rely on committee-type mechanisms of interdepartmental cooperation in those areas of the country where several of the administrations have offices or facilities.

On June 22, 1967, the Secretary, by Departmental Order, provided for the creation of thirty Field Coordination Groups. Each of these Groups consists of the senior field official of each administration represented in a major metropolitan area or in adjacent communities. The chairmanship of the group ordinarily goes to the representative of the administration having the largest or most complex mission

in the particular locality. Because of their large size and highly decentralized field management systems, more of the chairmen have been drawn from the Federal Aviation Administration and Coast Guard than from the other operating elements. However, the Federal Highway Administration provides a number of chairmen and in a very few cases the Federal Railroad Administration representative is the presiding official. The Secretary is giving every encouragement to these Field Coordination Groups and is expecting a high degree of initiative on the part of the members in exploiting opportunities for coordinated administration, program cooperation and effective representation of the Department's interests in dealings with communities and external organizations. Since the FCG's have only recently come into existence, it is too early to assess their full potential. We have, however, already seen encouraging instances in which their existence has produced benefits which would not have been possible prior to the establishment of the Department.

What will ultimately evolve in the way of Departmental field organization cannot be answered at this time. The day may come when we must

place in the field officials who directly represent the Secretary and who, in at least certain portions of the country, will be in a position to foster joint program action or to oversee arrangements for administrative support. When or if moves in this direction will prove feasible or necessary cannot now be foreseen.

Another area to which the Department has been giving attention is the recruitment and assignment of executive staff and the management of the limited number of supergrade positions available to it in its first months of operation. After weeks of discussions and review by the operating administrations and Secretarial staff, the Secretary, on July 7, established a comprehensive Departmental Executive Personnel Board under the chairmanship of the Under Secretary. This Board, consisting of high-level officials, was charged with advising the Secretary on all appointments and promotions of personnel to General Schedule 16 (or equivalent) positions and higher. The initial machinery was thus put in place to act on executive personnel matters with a Departmental perspective and with a view to total needs and priorities.

The immediate utilization of Coast Guard officers on an assignment basis was also undertaken in accordance with specific authority in the Department of Transportation Act. Consequently, military personnel came to hold key positions, including the post of Deputy Assistant Secretary, and have been able to make major contributions to the staffing of the Office of the Secretary. Such officers will normally return to the Coast Guard after three or four years, bringing back with them valuable knowledge and perspectives, but while on assignment in the Office of the Secretary they are entirely under the supervision of the appropriate Secretarial officials.

IV. The Department Faces the Future

The Department of Transportation has been in operation for less than seven months. Obviously there are many things which we have not yet done. Clearly there are many things which need to be done better. It goes without saying that there are problems which we have not yet begun to solve, but it is a fact that the Department is functioning, and in many respects it seems to be doing its job very well. It is fitting, however, that we take a look at some of the challenges facing the Department and its officials in the months ahead.

1. Rounding Out the Mission

It is only natural, considering the circumstances under which the Department of Transportation Act was drafted and enacted, that a number of questions as to the ultimate jurisdiction and mission of the Department were left unresolved. I have already mentioned that the Maritime Administration, which should be an integral part of the Department from every consideration of policy, program or management, was excluded by Congressional action. The Maritime Administration certainly does not belong in the Commerce Department, where it is now a vestigial transportation activity, nor would it have much opportunity to advance maritime policies and programs as an independent agency. Already the Secretary of Transportation is clearly the President's principal adviser on maritime policy matters and it should only be a question of time before the Maritime Administration is brought into the Department.

Another major question of scope of responsibility relates to urban transportation. Through its highway and airport activities,

the Department is already deeply involved in urban transportation but the responsibility for administering the Urban Mass Transportation Act of 1964, under which public jurisdications receive mass transit assistance, remains in the Department of Housing and Urban Development. It did not prove practicable to come to grips with this issue during the consideration of the Department of Transportation legislation. Instead, the Congress directed that the Secretaries of Housing and Urban Development and Transportation recommend within one year the logical and efficient organization and location of urban mass transportation functions in the Executive Branch. This means that some kind of resolution of this matter must be proposed to the Congress by April 1, 1968.

The emergence of a Department of Transportation will also, over the years, exert some influence on Executive Branch programs and organization relating to aeronautical research and aircraft development, weather services, oceanography and communications, but the resolution of these matters is

less critical in the development of a national transportation system than the maritime and urban mass transportation issues.

2. Developing Integrated Transportation Policies and Systems

With the emphasis which the Department has had to give to initial organization and staffing and to assuring the continuity of existing programs, only limited progress has been made in the development of the integrated national transportation policies, programs and systems which will be expected of the Department and to which the Secretary and his staff must give the highest priority. To date, this task is an objective on which there would be general agreement as to merit. Unfortunately, the job to be done is extremely complex and will be fraught with controversy. It is essential that the inherent difficulty of the task be recognized and that the Department not be expected to produce instant miracles where only hard work and sustained effort can be effective.

3. Developing a Single Management System

Reference has previously been made to the diversity of institutional backgrounds of the organizations which have been brought into the Department. Although there is a state, and we think workable, general concept of organization and management for the Department, we have only begun to bring about genuine unity in its management systems. In the months and years ahead special attention must be given to the development of a single career service in which employees may aspire to advancement in any element of the Department, and through which we can develop a cadre of senior staff who are capable of bringing Department-wide perspectives to their work. Various techniques of rotational assignment will have to be employed along with carefully designed training in a way which will allow the Department to make the best use of the officers and men of the military corps which makes up most of the Coast Guard manpower. It will also be necessary to develop budget, costing, ADP and other systems which serve the entire Department and which will permit data, wherever

originated, to be used for Departmental purposes with assurance as to its meaning and reliability. The progressive perfecting of arrangements for field cooperation and administrative support and the development of techniques to utilize fully equipment and facilities present major challenges. We are determined to get more out of the resources entrusted to the Department than was possible prior to the Department of Transportation Act.

4. Fostering Coordination and Communications

The management concept of the Department is sophisticated. We are convinced it is capable of producing a higher quality of Departmental management than any alternative approach now known to us, but we have a long way to go to achieve the kind of teamwork and effective joint effort which the Secretary expects. We are still working on basic questions of functional jurisdiction within the Office of the Secretary and between the Office of the Secretary and the operating administrations. It is not yet clear where research and

technology or international transportation affairs leave off and where policy development begins. It is difficult to state sharply where policy and program analysis end and where budgeting and financial management begin. It is not easy to distinguish between the research and technological leadership of one Assistant Secretary and the policy development or international functions of other Assistant Secretaries. We hope to resolve these uncertainties in part by emphasizing the importance of good staff work and lateral coordination. With respect to uncertainties as to the roles and resource needs of the Office of the Secretary vis-a-vis the operating administrations, "counterpart studies" are underway in those staff and functional areas where both the Office of the Secretary and the operating administrations have roles to play. A prototype counterpart study is now being conducted in the area of personnel and training, with additional studies shortly to be launched in such areas as legal functions, public and Congressional affairs, international transportation, and equal opportunity and security. By carefully analyzing the job to be done at each level and by

defining the respective tasks of the operating administrations and the various elements of the Office of the Secretary we hope, within the next two years, to have resolved many of the present questions concerning the appropriate activities and resource requirements of the various levels of the Department.

5. Holding Support for the Department

Although the Department of Transportation Act was approved with unusual speed and with surprisingly little opposition, it should not be assumed that its creation was free of apprehensions and uncertainties or that these have been completely dispelled. First, there are the employees inherited by the Department, particularly those of such strong elements as the Federal Aviation Administration, the Coast Guard and the Bureau of Public Roads, who are waiting to see whether the Department fulfills their hopes or simply realizes their fears. To hold the support of rank and file employees and the career managers of these elements, the Secretary must demonstrate that more can be accomplished through the

Department and that more promising and challenging careers can be opened by it than could have been reasonably expected under prior organizational arrangements.

The industry, particularly the aviation segment, is watching to see whether the Department is able to advance transportation in the areas of policy, technology, operational efficiency and safety. As the debate over the maritime functions has demonstrated, there are still many in the various industry groups who feel that an independent agency can better foster the interests of a particular transportation mode than an executive department. Many sophisticated observers of Government organization are of the view that the effectiveness of independent agencies is greatly overrated, and that they can rarely hold their own with the Cabinet Departments in access to the President or in their ability to advance programs with which they are concerned. But should the Department prove unable to move forward in significant and striking ways, comfort will be given to all who might yearn for a collection of independent transportation agencies, each separately

"reporting" to the President and individually fostering marine, highway or air transportation.

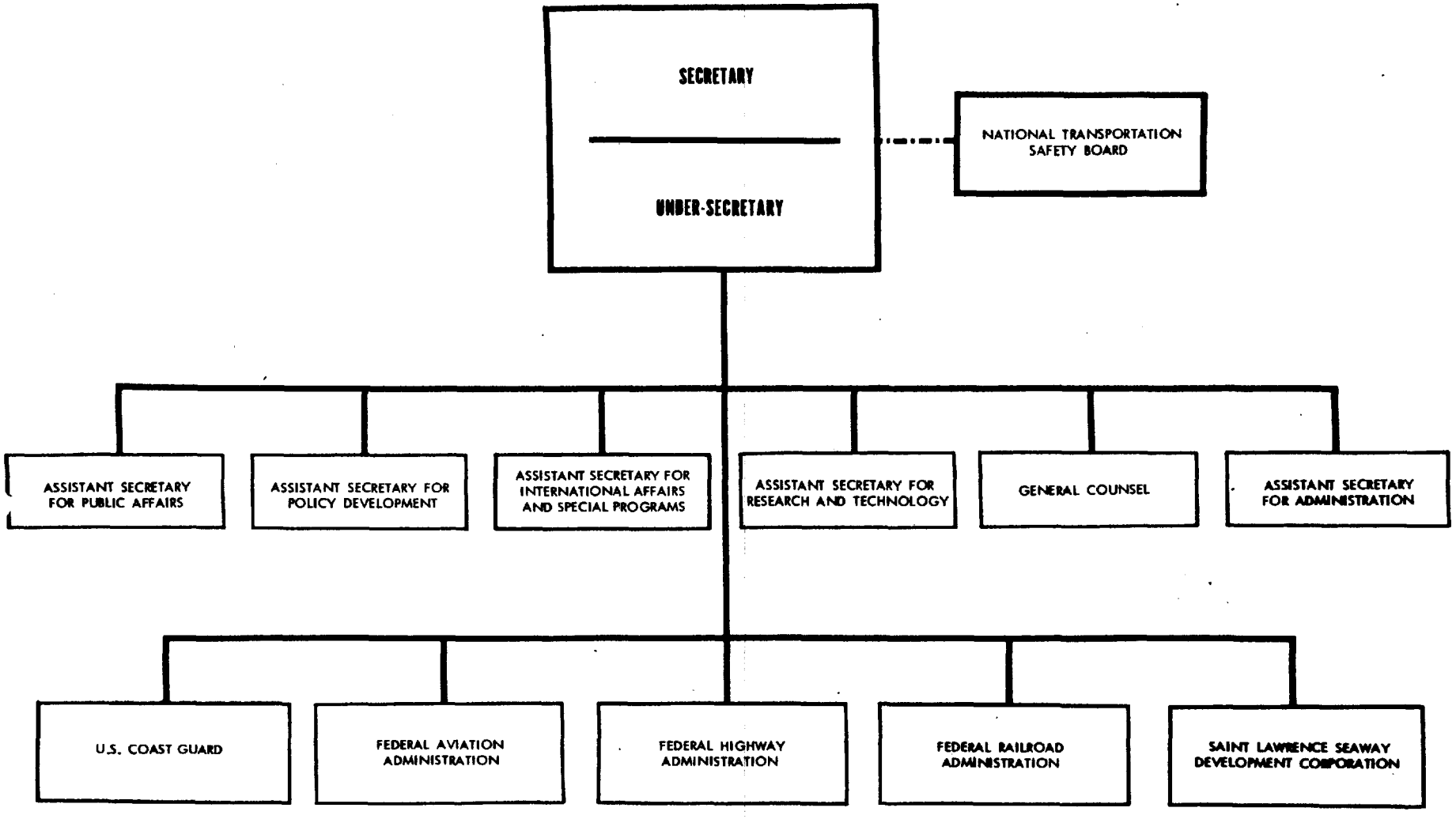
V. Summary

As a result of the President's recommendations of January 1966, and the support of the Congress of the United States, the capacity of the Executive Branch to serve the people has been greatly strengthened by the establishment of a Department of Transportation. This Department, which involved one of the most complex reorganizations ever undertaken in the Executive Branch, has been successfully launched. This is due in part to careful advance planning and in part to the fact that the first Secretary, Alan S. Boyd, had been, prior to his appointement, a principal figure in the development of the Department of Transportation Act and in the preparations for the launching of the new Department.

Although only a few months old, the Department has made substantial progress in assimilating the large and vital programs entrusted to it and in developing the organization and staffing required to carry out its mission.

But the Department of Transportation has only begun to turn its attention to the great considerations of policy, transportation systems development, and program formulation now possible under a Cabinet official with clear-cut responsibility for leadership in transportation matters. There is every reason to believe that the next decade will see benefits directly attributable to the creation of the Department which will more than justify the expectations which produce the wide support for, and swift approval of, the Department of Transportation Act.

DEPARTMENT OF TRANSPORTATION



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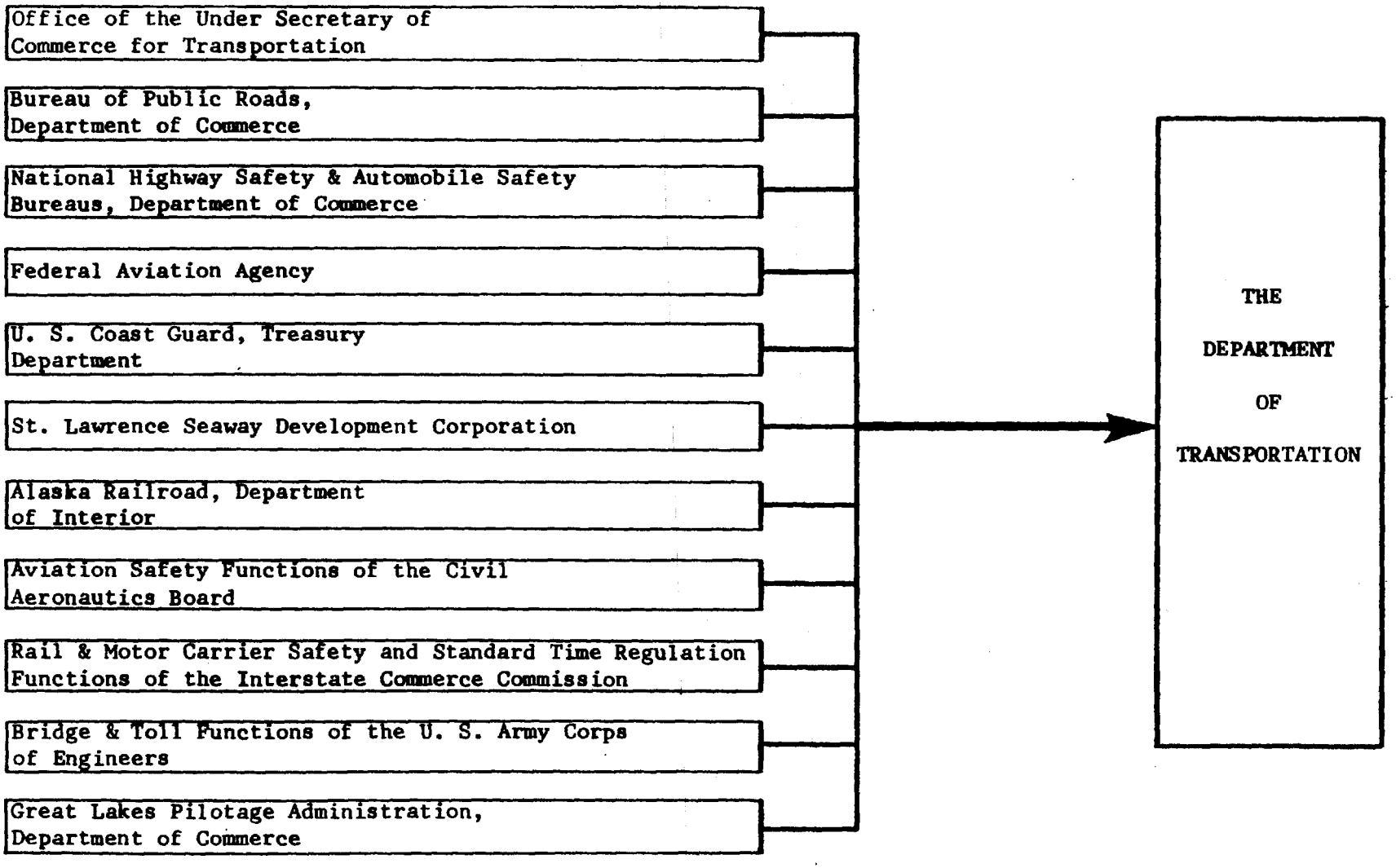

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In accordance with the provisions of Chapter 21 of Title 44, United States Code, and subject to the terms and conditions hereinafter set forth, I, Alan L. Dean of Arlington, Virginia do hereby give, donate and convey to the United States of America all my rights, title and interest in the tape recordings and transcripts of the personal interviews conducted on February 28, March 13 and April 3, 1969 at Washington, D.C., and prepared for deposit in the Lyndon Baines Johnson Library.

This assignment is subject to the following terms and conditions:

(1) The transcripts shall be available for use by researchers as soon as they have been deposited in the Lyndon Baines Johnson Library.

(2) The tape recordings shall be available to those researchers who have access to the tape.

(3) I hereby assign to the United States Government all copyright I may have in the interview transcripts and tapes.

(4) Copies of the transcripts and tape recordings may be provided by the Library to researchers upon request.

(5) Copies of the transcripts and tape recordings may be deposited in or loaned to institutions other than the Lyndon Baines Johnson Library.

Alan L. Dean
Donor

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