INTERVIEWEE: A. SCHEFFER LANG

INTERVIEWER: DAVID G. McCOMB

November 1, 1968

M: Mr. Lang, now to start on your biographical background. According to my information, you were born in St. Paul, Minnesota, in 1927; educated at MIT where you got an S.B. degree in 1949 in civil engineering. Is that a bachelor of science?

L: That's a bachelor of science.

M: And then you got an S.M. degree in 1961 at MIT?

L: That's correct.

M: That would be a master of science?

L: That's correct.

M: In civil engineering. Does that cover your educational background?

L: Well, pretty generally. I also spent a year in graduate school at Yale University studying liberal arts.

M: As far as your employment background is concerned, I have here that in 1949-1952 you worked for the Denver and Rio Grande Western Railroad?

L: That's correct.

M: What did you do for them?

L: Well, I started out on track maintenance and civil engineering work, and was subsequently moved into supervision of train operations and also to work on special studies of operations, and procedural problems.

M: Then you were employed by Uncle Sam, the United States Army, 1953-1955. Apparently you were, in effect, teaching at that time.

L: I was an instructor in the so-called Transportation School at Transportation Corps Headquarters in Fort Eustis, Virginia. I developed and taught courses on railway construction, operations,

and maintenance.

M: When you got out of the Army, you taught again from 1956 to 1961 at MIT as assistant professor of transportation?

L: That's correct. Except that I spent a year at the graduate school after I got out of the Army before I went to MIT to take the faculty appointment there.

M: Then from there, 1962-65, you worked for the New York Central?

L: That's correct.

M: According to my information, you had something to do with operating data systems.

L: My work there was focused almost entirely on the design and installation of data systems--information systems, using computers for railway operating purposes.

M: Is it correct that up to this point other than your service in the Army you had no connection with the federal government?

L: No, that's not correct. In 1961, the first year of the Kennedy administration, I did some work as a consultant for the Office of the Under Secretary of Transportation in the Department of Commerce, and also some work directly for the Bureau of Public Roads, and for the Housing and Home Finance Agency, which was in the fall of 1961 framing up the beginnings of what has subsequently become the Urban Mass Transportation Administration program now in DOT as of the first of July of this year. The Housing Act of 1961 created the first elements of that program, a capital loan program for urban transportation governmental organizations, and a so-called "demonstrations" program which has continued down to the present day. I was involved in helping the HHFA draft the initial specifications and criteria

for these programs in that year, and during that time became acquainted with a number of the people who were working in transportation in the Department of Commerce as well as HHFA. I also had developed a number of professional contacts principally with the people in the Bureau of Public Roads through some of my research work on the faculty at MIT. So I became involved in some of what the bureau was working on at that time through those professional contacts.

M: In this period of time when you were doing the consulting work, did you run across Vice President Johnson at all?

L: No, I never had any contact with him at all during that period.

M: Did you have any contact with President Kennedy?

L: No, I never had any contact with him.

M: Just mainly with the working personnel in the Department of Commerce?

L: That's correct. I did a little work for now Under Secretary [Robert C.] Wood at the Department of Housing and Urban Development who was on the faculty at MIT while I was there, and who was an active member of one of the task forces which President Kennedy set up immediately after his election in 1960. This was the task force on urban problems, and I did some work with Professor Wood on the transportation part of that task force report. But that is as close as I came to working for the White House at that time.

M: Is it your impression that the 1964 task force that Lyndon Johnson called was the first major attempt to define what might be called the urban problem?

L: Now, you're talking about the 1960 task force?

M: 1964.

L: I was not associated with that effort in any way, and I'm not too clear

on what all that effort produced. But it certainly is clear that during the Kennedy administration there was growing recognition that there were in fact fundamental problems in the cities that had developed, which were going to require a more direct kind of federal participation than had historically been the case. I think it was not, however, until the Johnson administration, after President Kennedy had been assassinated, that this began to take some tangible form and ultimately resulted in the decision to create the Department of Housing and Urban Development, an idea which had been talked about before but never worked on with the same sense of purpose as it was under President Johnson.

M: Then under Kennedy there was growing recognition of these problems--transportation, urban affairs, and so forth?

L: The transportation problems were beginning to be more and more widely talked about during the Kennedy administration. And there was of course, as I indicated earlier, this first piece of legislation--part of the Housing Act of 1961, which was supported by the Kennedy administration. That started the movement of the federal government into the urban transportation problem as a whole rather than a mere highway program, which of course the federal government had historically been involved in.

This movement actually started in the waning years of the Eisenhower administration. There was an executive order issued by President Eisenhower, I believe after the election in 1960, but before the inauguration of 1961, which required that the Bureau of Public Roads and the Housing Home Finance Agency, which was effectively the predecessor of the Department of Housing and Urban Development,

coordinate their programs in the individual urban areas wherever possible. That is to say, there was a directive that the Bureau of Public Roads ought to be sure that the plans which they were approving for urban highway construction were consistent with the objectives of the urban redevelopment programs that were taking place in the cities. This was probably the first tangible step to try and tie the federal government's involvement in transportation development together with the larger problems of urban development.

This was subsequently refined in the Highway Act of 1962, which instructed the Bureau of Public Roads to see to it that the studies of transportation requirements being made by the metropolitan areas and state highway departments using federal funds took into account all forms of transportation--total transportation requirements in the metropolitan areas, not merely the highway transportation requirements. This was another step in the direction of broadening the overall structure of the planning efforts that were taking place in metropolitan areas within which transportation development takes place.

M: Let me get your biography to the point that you're in government, and then let me ask you about the formation of the Department of Transportation. It was in 1965, apparently, that you went to work for the Department of Commerce, is that right?

L: Yes.

M: And you were Under Secretary for Transportation Research.

L: I was Deputy Under Secretary for Transportation Research. This was really a restructuring of the former Deputy Under Secretary's job that had existed prior to that time in the office of the Under Secretary

And it was brought about principally by the passage in late September of 1965 of the High Speed Ground Transportation Research and Development Act, which put into the office of the Under Secretary of Transportation in the Department of Commerce, a considerably broadened research and development program responsibility. And it impelled then Under Secretary Alan Boyd to create this job of Deputy Under Secretary for Transportation Research.

I had had no direct involvement with the work that led up to the passage of this act or the restructuring of the office of the Under Secretary. But I was well acquainted with both the professionals who were doing this work in the Department of Commerce and with some of the other principal people involved in transportation work, both in the Department of Commerce and outside, as a result of my contacts down here in 1961 which I had maintained over the years because of my professional interest in the problems.

M: Was it through these contacts that you were selected to take this position?

L: Yes. I'm not exactly sure who all was considered for the job, but my work at MIT had taken me into a professional area that is very generally known as transportation systems analyses and transportations systems design. While my work at the New York Central was somewhat more specialized, being focused explicitly on railway operations, I continued my professional involvement and professional associations with people in the highway business and the transportation planning business and the transportation systems analyses business. So I was fairly well known to people working in all of these fields.

M: Then when the Department of Transportation formed, would you say that you were what might be called a natural to fit in as an administrator

of the Railroad Administration?

L: Well, I don't know that I would say that I was a natural. I of course had by that time been working with now Secretary Boyd for a year and a half and working directly under him. I had participated in some of the staff work associated with the development of the Department of Transportation legislation and with the organization of the department subsequent to the passage of the legislation. I was familiar with the objectives of the department, what the secretary and the President expected to do with the department, and therefore was someone whom, I suppose, it was only logical to consider for one of the top management jobs in the department because of this background that I already had.

M: What was the date of your appointment?

L: I cannot recall.

M: Was it early '67 or was it late '66?

L: No, it was in '67.

M: The Department of Transportation became actually effective--

L: April 1, 1967.

M: Although the bill had been passed--

L: The bill had been passed the previous fall.

M: What did you do in the formation of the Department of Transportation? What did you do in the formation of the act?

L: Well, my involvement was not a continuing one except that as one of the top people under the Under Secretary who was given responsibility by the President for the legislation. I became involved in a great many of the discussions about what the objectives of the department ought to be and how it could best carry out its programs. Subsequent

to the passage of the legislation I was very deeply involved in two major aspects of the department's organization. One was the overall approach of the department to research and development, and the other was the overall approach of the department towards its responsibilities in railroad transportation and more specifically, the objectives and organization of the Federal Railroad Administration which was a staff job which was assigned directly to me by the Under Secretary to work through.

M: Did you have any contact with railroad companies, or railroad unions at this time during the formation?

L: Very little. I wasn't involved in any of the discussions with interested people in railroad industry, railroad companies, and railroad labor during the time that the legislation was before the Congress. My role in the office of the Under Secretary was essentially that of a professional managing and formulating a research and development program. I wasn't used in any of the liaison work and outside work, so to speak.

M: Was there any kind of difficulty with the Department of Commerce in the formation of DOT?

L: No, I think that there were surprisingly few difficulties. The formation of the Department of Transportation took out of the Department of Commerce its largest single program element, the Bureau of Public Roads, and a rather substantial part of its overall policy responsibility, namely that for transportation. So there was some logical reluctance on the part of many of the people in the Department of Commerce to see this whole development take place. But then Secretary of Commerce Connor was clearly convinced that this was a

sensible move, sensible organizational step for the executive branch, and certainly gave his wholehearted support to all of the work that went into the legislation, into the passage of the legislation, and into the development of the department itself after the passage of the legislation.

M: What kind of problem was there in regard to Urban Mass Transit and HUD in the formation of DOT?

L: That was a very difficult problem from the outset of the formulation of the DOT legislation. During late 1965 when the legislation was being considered by the administration, the advisability of establishing or asking the Congress for authority to establish the Department of Transportation, there was a great deal of discussion, of course, about which of the existing independent agencies and constituent units and programs of other agencies or departments should be considered for inclusion in the new department. And there was fairly general agreement, I believe, on virtually all of the transportation or transportation-related activities in the executive branch except for the Urban Mass Transportation program of the Department of Housing and Urban Development.

There was, I think it's fair to say, massive resistance on the part of the top management in the Department of Housing and Urban Development to the idea of moving its mass transportation program responsibilities to a new Department of Transportation. This resistance was based most importantly on a conviction on the part of those people, most prominently Under Secretary Wood and Assistant Secretary [Charles M.] Haar, that the Urban Mass Transportation program represented the most effective and flexible program tool that the

Department of Housing and Urban Development possessed. It could be used to generate within the urban areas the kind of integrated urban development program that the Department of Housing and Urban Development itself was created to facilitate and to further. The Department of Housing and Urban Development was of course brand new in 1965, and very much aware of the kind of difficulties that they were going to have and have had, not only in restructuring their own internal organization which was a hodgepodge of old and not so old programs and independent organizational elements, but also in developing an effective interaction with the metropolitan area governments.

The Urban Mass Transportation Program, as I said, seemed to be their most potentially effective weapon, and they were extremely reluctant to consider giving up that program at that point in the early development of the Department of Housing and Urban Development. The argument, which was not one that I participated in directly, raged on back and forth, and at one point there was a decision that the Urban Mass Transportation Program should be put into the Department of Transportation because it logically belonged together with the urban highway program that was being administered and would be administered in DOT. But at the last minute the decision was made not to disturb the new Department of Housing and Urban Development's own process of evolution and to leave the Urban Mass Transportation Program out, subject, however, to a further study of this matter and a further recommendation to the Congress.

The DOT Act was ultimately written with this thought in mind, because logically the Congress raised the question with the administration when the DOT legislation was being considered of why not put this

Urban Mass Transportation Program in the department too. The answer to the Congress was that there was certainly a strong relationship between the Urban Mass Transportation Program and other federal trasportation programs that were to be put in the new Department of Transportation, but there were also close relationships between the Urban Mass Transportation Program and other urban programs that were being administered by the Department of Housing and Urban Development, and that this matter ought to be studied out at greater length.

The Congress, therefore, wrote the DOT Act in such a way as to impose a specific obligation on the executive branch. That is to say, the President to come back to them within a specified period of time and make a final recommendation on how this organizational question ought to be resolved. That study was made jointly by DOT and the Department of Housing and Urban Development during the first year of DOT's existence. A recommendation was made to the Congress based on that study early this year, that is, in 1968. The Congress approved a reorganization plan this spring that moves the responsibility for that program to DOT effective the first of July 1968.

M: Why did Housing and Urban Development agree to this transfer if it objected so strongly to it at first?

L: Again, I have not been directly involved in these discussions. I was involved in commenting on and discussing at considerable length with our own people in DOT the pros and cons of this problem, partly, if not largely, because my own professional involvement in the problems of urban transportation, including Urban Mass Transportation and including my early work for HHFA, made me probably the most knowledgeable,

or certainly among the two or three most knowledgeable of the top officers at DOT in this whole problem area. So I was involved in the internal discussions here. I was not involved if any of the discussions with HUD.

My own guess, and it is essentially that, knowing as I do the principal personalities in HUD, having worked very closely with both Under Secretary Wood and Assistant Secretary Haar while we were all faculty members in Cambride--having known them personally, my own guess is that HUD still did not agree and does not to this day agree that that program should have been transferred. But the weight of evidence, I think, was against them and the responsible people in the Bureau of the Budget had always been strongly inclined to the opinion that that program should be lodged here in DOT rather than in the Department of Housing and Urban Development.

There is an interesting bit of history here on this problem that goes back to the Housing Act of 1961 which I have alluded to earlier. When that piece of legislation was formulated in 1961, the legislation that established the beginnings of a federal involvement in other than highway transportation development in the urban areas, there was a strong body of opinion within the then Kennedy Administration that the program should logically be put into the Department of Commerce, more specifically in the office of the Under Secretary for Transportation in the Department of Commerce. It was finally concluded, and I know that Senator [Harrison A., Jr.] Williams of New Jersey who was the principal congressional advocate of this legislation, that the Bureau of Public Roads was so totally highway oriented and so completely anti any other form of transportation that

they with their rather substantial bureaucratic strength within the Department of Commerce would succeed in killing off any program for other than highway transportation development in the urban areas if it were allowed to get very close to them, as it would be if it were in the office of the Under Secretary for Transportation in the Department of Commerce who also had responsibility for the Bureau of Public Roads. So the decision was made almost at the last minute in that 1961 housing act, or legislation, to lodge the responsibility for this new program in the Housing and Home Finance Agency rather than in the Department of Commerce.

This was a cause for continuing concern among those of us who were involved with the then new HHFA program in 1961 because we felt very strongly, and I feel today very strongly, that the establishment of a strong interaction between the highway program and the Urban Mass Transportation Program is absolutely essential to the development of any kind of a balanced transportation in our urban areas. So as a partial substitute for the program's being lodged in Commerce, which it was not, those of us who were involved, and I was involved, in the choice of a man to head up this new program in the Housing and Home Finance Agency were anxious to find someone who had good contacts and communication with the professionals in the highway business. And we were successful in doing that.

John Kohl, who was then a professor of transportation engineering at the University of Michigan, was the man who two or three others and myself got nominated to then administrator Weaver as the best qualified man to head up this program. John was, and had been for

many years, quite active professionally in highway engineering affairs and was very well known to the top management in the Bureau of Public Roads and very well liked. John appreciated the importance of trying to develop this program at the metropolitan area level.

I think that his success in developing and maintaining a good relationship with the Bureau of Public Roads was not complete, but this I'm afraid was a problem that was somewhat beyond his ability or the ability of the professionals in the Bureau of Public Roads to control entirely because there were, and are, large special interest groups that stand behind each of these two somewhat different programs. These special interest groups want as little to do with each other as possible. So despite the best efforts of the bureaucrats and the professionals, a good bridge was never built between these two programs, although they did interact with each other.

When the Department of Housing and Urban Development was set up, the breach between these two programs was opened significantly, in part due, I'm sure, to the conviction on the part of Assistant Secretary Haar that the highway people, professionals and these special interest groups behind the highway program, were unreconstructable. They would never willingly participate in the development of a genuinely integrated urban transportation program; that they were beyond education on the larger problems of the urban areas; that they were insensitive to the impact of highway development on urban development; and that the only sensible course was to take as much authority and responsibility away from the Bureau of Public Roads or

anything that had anything to do with the Bureau of Public Roads as possible.

This is not a view which I share, and I have discussed this on occasion with Charlie Haar, but more importantly it is not a politically practical view, because the highway interests and the highway program have far too much strength in this country to be shoved out of urban transportation development. The only practical course is to bring them into the larger job of urban development and urban transportation development, not to try to push them out of it. And this, of course, is the process which now we think can go forward reasonably steadily within the overall responsibility of the Department of Transportation. The secretary now has the authority to push the Urban Highway Program and the Urban Mass Transportation Program closer and closer together administratively and from a policy standpoint. This is the process which has started.

M: From what you have said it would seem that there would still be a breach between Housing and Urban Development and the Department of Transportation over this issue.

L: I think that the breach is going to be closed fairly rapidly. As a practical matter the Department of Housing and Urban Development lost its battle to hang on to that program--the Urban Mass Transportation program. And it will profit them little from this point forward in terms of the effectiveness of their own programs to continue to resist any constructive communication and interaction with the Department of Transportation. There is nothing more, so to speak, that the Department of Transportation can take away from the Department of Housing and Urban Development being a bad loser so to speak. I

think that such wounds as still exist as a result of this battle will heal over rather rapidly with a change in administrations which in turn will bring about sooner or later, and probably sooner, a change in the top management of both departments and permit new people to put aside the old animosities and get down to business on the problem of trying to integrate transportation development as a whole with urban development as a whole.

M: So there will be cooperation?

L: Yes. And I think there was never any serious differences of opinion on these problems between Secretary Boyd and Secretary Weaver. The bureaucratic squabble took place at a level below the two secretaries.

M: You mentioned earlier that you thought the formation of the Department of Transportation was a logical step in bringing all of these programs together. As the Department of Transportation has gone along, in the past year or so, do you still think that it is a logical, sensible sort of thing?

L: Oh, there's no question about it.

M: It's going to be a viable department?

L: I think it will be. It still has a great many internal problems, some of which will never go away entirely. But there is nothing in our experience in my judgment of the last year and a half that suggests that the basic concept of a grouping in a single cabinet-level agency of all of these transportation programs and responsibilities of the executive branch--there is nothing in that basic coneept that has been proven either unworkable, or administratively, or from a policy standpoint, inadvisable.

It has to be understood of course that the idea of a Department

of Transportation was not an original one with the Johnson administration. The idea goes back, if you really want to dig deep enough, for a hundred years. But it is one which has been advanced with increasing frequency since the second Roosevelt administration. And in fact President Roosevelt was literally within minutes of making a decision to recommend to the Congress that a Department of Transportation be created back in 1937, I think. The Truman administration, the Eisenhower administration both devoted considerable attention to the possibilities for and the desirability of the creation of a department. The Kennedy administration gave it considerable thought, and it was discussed during the Kennedy administration. But it was not until the Johnson administration that the political climate and the thinking of the people in Congress had reached a point where it seemed practicable to go ahead with legislation.

I think this derives in part, certainly, from President Johnson's own appreciation of the Congress and what the Congress, as a practical matter, was ready to do and what it wasn't. His own personal influence with the leading members of Congress made it possible for the first time to go ahead with this legislation where previous Presidents, though they considered it desirable, never felt that the time was right to go forward with it. There are certainly many transportation problems in the country, but I can't see that they're all that much different now in the Johnson administration from what they've been in previous administrations. The difference was that President Johnson was able to pull all these pieces together and persuade the Congress that the time had come to do something. The problems are not that much different.

(Interruption)

M: You were explaining to me that you thought the Department of Transportation was logical; that it was viable, and this is about the point where we ended up before the interruption. Now let me ask you this along the same line. From what I've read, one of the great purposes of the Department of Transportation is safety. Has DOT made any gains in this area--transportation safety? Or is it too soon?

L: I think it has made some gains, but it would probably be going a little far to say that these gains would not have been made but for the creation of the department since the programs in each of the areas of transportation safety for which the department has responsibility were either already in being or were in the process of being created. The Highway Safety Program, of course, was created in 1966 at roughly the same time the department was created. So that program would have gone forward even if there had not been a department. I think that the kind of top level attention which the existence of a Secretary of Transportation has brought to bear on safety problems will in time produce a more effective set of programs and more rapid inprovement in transportation safety than it would have been reasonable to expect without a department. But the difference is not an overwhelming one. I think we're going to do it a little better with a department than we would have without.

M: Within your own administration, railroads, do you have responsibility for safety in railroads?

L: Yes, we do.

M: Then what is your relationship to the National Transportation Safety Board?

L: Well, our relationship to the Safety Board is essentially the same as

that of the other elements of the department who have safety responsibilities. Namely, the board acts as what might be thought of as an auditor on the safety situation in the various forms of transportation and on our activities in this regard. They look over our shoulder and ask questions, and make suggestions, and recommendations about problems that we may not be working on or are not giving enough attention to, or things that we might do differently, or do better.

M: Is such a board necessary? Couldn't the secretary do this?

L: I think the secretary could do it. The board was not originally conceived of as a necessary part of a Department of Transportation. It came about during the course of the legislations discussion before the committees of the Congress. It wouldn't be entirely fair to say that it was an afterthought, because it's more than just an afterthought. It was a concept that emerged out of the legislative process as one that would be desirable, given the very wide spectrum of responsibilities that the department had for safety; the political difficulties that an executive branch agency was predictably going to have in many areas of safety. And here, I think the problems of highway safety were first add foremost in everyone's mind, although the problems of aviation safety figured rather prominently in the discussions of the DOT legislation and of the concept of a National Transportation Safety Board.

From where we sit in the Railroad Administration, responsible as we are albeit it in a somewhat special way for railroad transportation safety, we find the board to be a very useful part of the overall attack on the safety problem. They bring a broader kind of overview to our safety program and to the safety problem in general than would

probably have emerged out of the Office of the Secretary itself. They keep us honest in the best sense of that word in that their continuous question-asking and probing into special kinds of railroad accidents keeps us on our toes, keeps the railroad industry on their toes, prevents the development of too cozy, if I may use that word, a relationship between the Federal Railroad Administration with its responsibilities for safety on the one hand, and the railroad industry on the other hand.

[It is] a relationship which we've had no difficulty putting in perspective in the year-and-a-half that we've been in business, but which predictably could begin to get a little soft somewhere downstream if for no other reason than most of our personnel, virtually all of our personnel here in the Federal Railroad Administration, are people with railroad backgrounds. [They are] people who are well acquainted in the railroad industry, both railroad management and railroad labor, who have long standing personal and professional and career ties with the industry. There is always in that situation the possibility that people are going to be so familiar with each other that they really aren't going to take the job quite as seriously as they ought to in an area such as safety which is the kind of a problem that you have to stay at all the time.

You can't drift on that kind of a problem; you have to work at it. And this means you have to get tough with the problem. I think the railroad industry is reasonably tough with the problem. They are soft on it in some areas perhaps. I think our people are reasonably tough on the problem, but I'm well aware of the possibility of our going to sleep on certain aspects of the problem or getting so that

we're believing what each other says and neither of us really has put our finger on what's wrong. The Safety Board will help insure that that kind of problem doesn't emerge, because they're independent of us. They're a kind of professional gadfly, if you will, in the safety business. They just aren't going to let us go to sleep on the problems or let us get to the point where because we're talking so constantly with the railroad industry that we're beginning to believe what each other says and forget what the real problem is.

So I think the Safety Board, even though it was not conceived originally, as I say, as a necessary or desirable part of the department, has turned out to be and increasingly will turn out to be an important adjunct to the overall efforts f the federal government in the transportation safety area. I'm very, very much sold on the idea of the board. It should be recognized here that when I leave government, as I almost certainly will at some point, maybe here in the next few months, the chances of my going back into the railroad industry are very good. When and if I do that, I will be confronted as a part of the railroad industry with the existence of the industry, So, I've thought about whether or not the board is a good idea from the vantage point of those who are actually engaged directly in railroad transportation, and I've concluded that it is going to be a force for progress and for good from the standpoint of the industry, as well as from the standpoint of the Federal Railroad Administration, with its administrative responsibilities for the safety authority that the government has in the area of railroad transportation.

M: As an administrator in this agency, how much independence do you have from, say, the secretary? Can you deal directly with railroads?

L: Oh, yes.

M: Laying down, say, standards of safety?

L: Specifically in the safety area. The legal authority for the administration of the federal railroad safety statutes that are on the books is mine as the administrator of the Federal Railroad Administration. It is not the secretary's. That is to say, the authority does not run to him or to the President and then get delegated down to me. The authority from the Congress runs directly to me, so that I am the man who makes the regulations; who enforces the regulations; and who imposes penalties on the carrier for failure to comply with the regulations.

M: Your independence in this is real. It's not just on the books?

L: It's a statutory independence.

M: In the way it works out in the every day operation of your administration, it is a real independence, not just legally there?

L: That's right. It is complete. Now, we are attempting to develop and carry out as consistent a set of policies and procedures in transportation safety across all of the modes as we can. We have made some revisions to our procedures here in the Railroad Safety Program to bring them more nearly into conformance with the approach to safety regulation that is taken by other elements of the department, most importantly the Federal Aviation Administration which has a very highly and well developed safety regulatory program. We borrow heavily from their experience in matters of accident investigation, regulation writing, enforcement procedures, wherever and whenever we can, but this is essentially a voluntary effort that is being conducted across-the-board in the department. We're trying to get

a consistent set of policies and procedures.

There is no pressure so to speak from the office of the secretary on these matters. There is no direct action on their part to force us to go one way or another. We rely heavily on the advice of the general counsel's office in the Office of the Secretary in much of our work in railroad safety where legal questions are involved. But we're our own independent agent as far as carrying these policies and procedures forward is concerned, as are the other administrations with regard to their safety programs in each of their respective modes.

M: In your administration, what would be your role in the case of a threatened national railroad strike?

L: Well, we have a general role within the Department of Transportation of providing the principal source of contact--communication, information, with and on the railroad industry and on railroad transportation problems in general. We participate in all of the work on policies, studies, legislation that takes place in the Office of the Secretary that has any railroad transportation content or any implications for railroad transportation. Specifically in the area of railway labor problems including the problems associated with threatened strikes or actual strikes, we are the focal point within the department for information on these problems, for contact with both railway labor and railway management. We have assumed a special role in this connection of providing information for other elements of the government, most importantly the National Mediation Board and the Department of Labor and the Council of Economic Advisors, on the impact of threatened or actual railroad strikes on the economy and on the industry.

This role derives from the nature of the Railway Labor Act.

There is a need under the Railway Labor Act for information on strike impact that the National Mediation Board is principally responsible for. Prior to the creation of the Department of Transportation and the Federal Railroad Administration, this information was to the extent that it was gathered at all, it was gathered in rather a piecemeal, haphazard fashion. Because of our extensive contacts in the railroad industry and our ability to get information directly from people who are knowledgeable about what's going on on the railroad, so to speak, we have acquired on a completely informal basis over the last year-and-a-half the responsibility for collecting this information and disseminating it to these other agencies and to the White House when they ask for it. We are, however, not involved in any way at all in any of the negotiations in the way that the Department of Labor is typically involved in contractual disputes of major national importance as most railroad contractual disputes if they threaten to result in a strike, or actually do result in a strike.

M: In other words if the President felt the need to become involved in a national dispute such as a mediator, and as Lyndon Johnson did in 1964, your role--say, this same situation was transposed to 1968--would be more of gathering statistical information, funneling information through to the President and perhaps to the Department of Labor? Is that right?

L: Yes.

M: Rather than taking an active role?

L: That's correct. We have no direct statutory responsibility for involving ourselves in this kind of a problem. The Department of Labor,

while they don't have perhaps a direct mandate enabling legislation to do so, has historically been the element of the executive branch which gets involved directly with the parties who are in dispute. We have not usurped that role in any way, shape, or fashion, nor is it our current thought that we should do so. But we are in a better position to get information on what's going on from the railroad industry and from shippers and others who are affected by conditions in the industry than anyone has been heretofore.

M: And before the formation of the Department of Transportation?

L: And before the formation of the department. The important thing with regard to this problem and many, many others, as a matter of fact, is that the Federal Railroad Administration brings to the executive branch of government that which it has not had before, a cadre, albeit it a very small one, of people who are knowledgeable about railroad transportation, who have firsthand experience in various aspects of railroad transportation, and who have good personal contact and communication with various parts of the industry. There has never been any substantial number of people, at least since the seoond world war and there were special conditions that existed then, in the executive branch of government with this kind of experience. The Federal Railroad Administration, since it is concerned almost entirely with railroad transportation and nothing else, provides a home so to speak for people who have an interest in this business and a background in it. And we have been able, as a result, to attract a number of people from the industry and thus bring into being for the first time in the executive branch a corps of people who know something about what the name of the game is to

begin with. This is a new situation.

There has been, generally speaking, very poor communication between the railroad industry and the executive branch of the federal government. Such communication as there has been between government and industry has been between the Interstate Commerce Commission and the industry. The Interstate Commerce Commission is, one, not a part of the executive branch, and two, has a quasi judicial responsibility which has always made it very difficult for the responsible people at the commission and for people in the railroad industry to develop a really effective continuing day-to-day communication. The commission is always faced with the problem of perhaps having to pass judgment on matters the nature of which they have previously been made privy to. The net result is a very stand-off kind of a relationship between the railroad industry and the commission. One which has been from the standpoint of the railroad industry, essentially a negative one. One of telling the industry what it can't do, rather than one of helping the industry to do things that it can do.

We have a much more sympathetic, if that's the right word, role in railroad transportation than the commission has ever had. So we can attract people from the industry, and we can interact with the industry in a way that the commission never was able to.

M: Does your administration have anything to say about railroad rates?

L: Not directly. The department, again with a very important involvement on the part of myself and my people, has become involved in a couple of rate cases before the commission--railroad rate cases. Technically, we are no different from any other party to a case before the commission

and have to be treated legally as though we were just any other party at interest. As a practical matter, of course, the Secretary of Transportation's appearing in any case brings a new kind of an element into the case. There is a lot of prestige behind the Office of the Secretary, and certainly there is a lot of expertise in the department on these technical matters. So when the department enters a case before the commission, it's a special kind of a thing. I think we've had some impact on the thinking of the commission, but they still have to make the decision. We're in no position to tell them what to do. They don't have to pay any attention to us if they don't want to.

M: I have read that it was a policy laid down by the Kennedy administration that there should be less emphasis on regulation of transportation by rates and more just by competition between the various modes. Now, is this policy still affecting your administration?

L: Yes. The Johnson administration has hewn very closely to the policy guidelines set down by President Kennedy in his 1962 message on transportation. There have been some changes in thinking, but the fundamental principles that were set forth by President Kennedy in that 1962 message are still the guiding principles for this administration and for the department. The department is very solidly on record as being in favor of less rate regulation and more competitive self-regulation, so to speak. Most of the department's involvement in cases before the commission and in testimony before the Congress on various pieces of transportation legislation has stuck very close to this line--less regulation, more competition.

M: Does this policy make sense?

L: In my judgment, it does.

M: Why?

L: Because the transportation business has become very much more competitive in the last twenty years than it ever was before and certainly than it was at the time of the passage of the original Interstate Commerce Act when the railroad industry had an essential monopoly on intercity transportation.

M: Are you speaking of competition not only between specific carriers, such as two different railroad companies, or competition between two different modes?

L: Most importantly the latter. Competition between the modes have become very, very intense, and it promises to become more intense in the years ahead. So that competition can be used more effectively than it could, as I say, even thirty years ago as a means for regulating the activities of transportation companies.

M: This is a reversal then of the trend, at least in this instance, of the federal government becoming more and more a regulatory agency in American life. Here, you're reversing this.

L: Yes, it is in a sense a reversal. But it's consistent with the kinds of developments that have taken place, in no small part, because of the promotional activities of the federal government which have brought highway, inland waterway, and air transportation to a very high stage of development in a relatively short period of years.

M: So, what you're saying is that the federal government is actually promoting competition?

L: It has promoted competition effectively through its aviation, waterway, and highway development programs. It has made it possible for these

other modes to compete for freight and certainly for passenger transportation with railroads that formerly had an essential monopoly on both. In fact, there is a general feeling that the combination of the promotion of other modes of transportation, on the one hand, and the continued uneven regulation of the railroads relative to their competitors (they are more closely regulated than their competitors are by the Interstate Commerce Commission) that the combination of these two things has swung the pendulum too far against the railroads and in favor of the competing modes, and the time has come to get that pendulum back in the center.

This is not something which warms the hearts of the trucking industry and the waterway industry in particular, or even the air industry to some extent, although they are not potentially going to be disadvantaged significantly by the kinds of changes in federal policy that are being discussed. But as a practical matter, if you look at the trends in the share of the market being enjoyed by various modes of transportation and in particular freight transportation, if you take cognizance of the very rapid and dramatic growth of privately owned and operated trucks in competition not only with the railroads, but also with the common carrier truckers, you pretty quickly conclude that we need a substantial restructuring of our whole regulatory philosophy, and a kind of restructuring is inevitably going to lead to a reduction in regulatory constraints in many areas, though certainly not their total elimination.

M: Well, the lessening share of the freight market and the passenger market of railroads might also suggest that it's not purely a regulatory matter, but that railroads are becoming obsolete.

L: In the passenger transportation area there is no question but what the automobile on the one hand and the jet aircraft on the other have rendered railway passenger service technologically and economically obsolete for most of the markets which it served fifty or sixty years ago. It is not clear that it has rendered this kind of technology completely obsolete.

As an example, commuter rail service has an obvious place in providing a share of the transportation required in our largest metropolitan areas, though it probably can contribute very little to our medium-sized and small-sized metropolitan areas. It is also likely that rail passenger transportation can provide or serve a significant share of a market for movement over distances that are a little long for highway trips and a little short for air trips in major transportation corridors, such as the so-called Northeast corridor. Just what this role is going to be for the railways and how they best can play this role is not entirely clear. It's for that reason that we are conducting these experiments with the high speed ground transportation program--to get a better understanding of the market mechanism on the one hand, and how it's going to evolve (what sort of transportation demands are going to develop over the years immediately ahead) and, on the other hand, to get a better idea of what kind of technological improvements can be made in rail transportation that will permit it to play a larger role in this special kind of a market. But with the exception of those two markets, there seems no longer to be any important role for railroad transportation to play simply because it can't do the job as well and as cheaply as its competition--the highways on the low end of

the trip length spectrum and the commercial air carriers on the high end of this spectrum.

Now, in freight transportation, the picture is really very much different. The fact is that most students, if not for practical purposes, all students of intercity freight transportation demand and technology transportation capabilities are pretty firmly convinced that railroads provide a kind of technological and economic capability that is superior to anything that we have in the form of other modes of transportation today, or are likely to have for many years to come. To put that a slightly different way--the railroad concept as a technical concept is superior to competing technical concepts, or could be made superior for a substantially bigger share of the total freight transportation demand than the railroads actually serve today. So there we have a problem, interestingly enough, with a mode of transportation that is generally felt is underdeveloped. Quite aside from being obsolete, the railroad technical concept is one that has more unexploited potential than any of its competition.

M: Before you get into that, does this apply to all kinds of freight or just bulk freight?

L: All kinds of freight.

M: You think that the railroads are underdeveloped?

L: Yes.

M: What kind of developments might take place?

L: It is generally felt that the railroads have failed thus far to exploit very completely many of the technological developments that have taken place particularly since the second world war, many of which are outgrowths or spinoffs of defense and aerospace work.

M: Can you give me an example?

L: Better control systems, using more advanced electronics, better braking systems, and better signalling and control systems make it possible to improve the reliabilities of railroad freight movement and reduce its cost simultaneously.

M: Does this apply to engines and steel in the rails and that sort of thing too?

L: To some extent, although to a lesser extent. The railroads have done reasonably well in exploiting the available propulsion concepts that have evolved over the years. They're pretty close to being on top of that one.

Another important thing that's going to happen is that--and this is going to take changes in legislation, changes in government policy--the railroad plant, its fixed plant in particular, has an enormous amount of unused capacity. To put it another way, we have a great deal of redundancy in our railroad plant. We are carrying the investment on and maintaining a great deal of track and other facilities that are not necessary to the movement of the volumes of traffic that the railroads are handling today, or even that which they will be handling ten to twenty years hence.

M: Does this mean they're poorly planned, or does this mean they're not used?

L: It means they're not used. Despite the fact that, as I've already indicated, there is a general consensus that there is a vast unexploited potential in the railroad technical concept, the railroads have made very significant progress in improving the economy, in efficiency of their operations over the last forty-fifty years. In fact, the

rate of improvement in the productivity of railroad labor has exceeded that of almost all other major industrial segments. And it has been a steady improvement. So it isn't fair to say that they have not exploited the possibilities for improving their operations. They have. But it is generally conceded, as I say, that they have still, despite this significant improvement in efficiency, fallen a long way short of doing all that could be done with the concept.

Now, the overcapacity results from two things: First of all, there were too many railroads built in this country to begin with, even for the type of operation that we had fifty and sixty years ago. Secondly, the railroads have improved their operating procedures and equipment so significantly that they can now produce a great deal more transportation with the same amount of plant than they could even twenty years ago or forty or fifty years ago. So this has obsoleted, or made unnecessary, a great deal of the plant that has already been in existence. [There are] a couple of major difficulties, and lots of other difficulties besides, in trying to get better utilization out of the present plant and get rid of a lot of the unnecessary and excess plant which costs money. One problem is that the railroad industry has been composed of a rather large number of independent privately owned companies, each competing in one way or another with others. As the corporate merger movement in the railroad industry proceeds, the number of companies is being steadily reduced down to a relatively small number. Each of these larger companies now has under single management control more of the redundant facilities than they did as separate companies. That's going to make it possible for some of these unnecessary pieces of railroad to get phased out.

The second problem, and the more important one really, is that government policy--federal, state, and local--has always been in opposition to the abandonment of railroad lines and railroad service because historically the railroads "built the country" and any community that doesn't have a railroad is a second-class community by inference. Well, that's not true any more, but the general public hasn't yet faced up to that fact. Abandoning railroads or railroad service is always betterly resisted politically at the local level, and this works its way all the way up to the national level. We're going to have to come to terms with the fact that we've got too much railroad, and that in fact fewer miles of railroad will give better transportation service not only to those communities which are located on those remaining miles of railroad, but on those which are not.

Now, one of the keys to that is the more complete exploitation of intermodal service, combining rail most importantly with truck. This is proceeding fairly rapidly--piggyback and container movement. It's making it increasingly possible for the railroads to concentrate their railroad movement on a smaller number of high-density lines and to serve outlying points by truck rather than by rail. Rail transportation is mass transportation and as soon as you try to break that transportation down into small units and serve little discrete communities, here, there and some place else, you run up the costs and you run down the quality of service. And the answer for the railroads is going to be to get out of the small-lot business.

M: Would you encourage an individual railroad company such as Santa Fe to set up their own truckline so it would be a combination company

of railroad and truck.

L: Well, this is currently a matter for considerable public debate. It's going to come up in the Congress with regularity in the years ahead. The railroads are prohibited from owning other modes of transportation except to the extent that they use them strictly to substitute for their own rail service. They can have a truckline haul something from A to B if they have a railroad from A to B, but they can't have a truckline hauling something from A to B if there railroad goes through A but not through B.

M: From what you've said, this is going to be necessary. You're going to have to have some kind of truck service for these outlying areas.

L: It's not clear that corporate ownership is a necessary condition to the creation of effective intermodal service. But this is a matter which, as I say, is currently being argued about loudly and long, and I'm not sure in my own mind what the most sensible answer is. But it's clear that we're going to have to develop a better mechanism for promoting and effectuating genuine intermodal transportation service. And this of course is one of the important things that the Department of Transportation is about, and one of the important things that the staff people, again with help from my people and others in other administrations, in the Office of the Secretary have been working on and will continue to work on. How we can restructure our policies, and where necessary our laws, to facilitate the development of genuine intermodal service, particularly freight service.

It's less of a problem than passenger service, although there is some problem there. And the railroads, and what you do with the

railroad companies and with their transportation capabilities are right at the guts of this question of public policy. The big break with past policy will come, if and when it does come, in the way in which we regulate our railroad companies. There will be less of an impact on our trucking and waterway companies.

M: Do the unions and the nature of the railroad unions play a role in this transformation?

L: Yes they do. This is another major problem that the industry faces. Railroad unions are craft unions; they are not industrial unions. They are very old unions, among the original unions in this country. They are very conservative unions.

M: Is the leadership old and conservative also--the individuals?

L: Some of them are; some of them are quite liberal and forward-looking. It's a mixed group in that respect. The railroad unions have been in a difficult situation for a number of reasons, most important of which are the fairly steady and rapid technological change which has been taking place in the industry, which has forced the unions to try and adjust to a lot of new situations. And this has been difficult for these old unions, and has been made additionally difficult because of the fact that there are so many railroad unions and they're broken up along craft lines. But craft responsibilities are different--crafts have been shifting, changing, and like the locomotive firemen's responsibilities, are disappearing in some cases. So this has threatened the existence of these independent unions.

A second major problem which has influenced all of the thinking is that the railroads, with their steady increase in the efficiency of their operations and their failure to share in the growth in the

demand for transportation and losing their passenger market very rapidly--it's almost gone--while they have held at about the same level in their freight movement, they have not shared in the growth of that freight movement that has taken place as the economy as a whole has grown.

These factors together have conspired to produce a very steady and very traumatic reduction in total railroad employment. Down from something like a million-and-a-half employees at the end of the second world war, if I remember the figures correctly, to less than six hundred thousand employees today, only a little more than twenty years later. This is an enormous reduction in overall employment, and has raised very serious problems of job stability, of employment rights that the unions and the carriers have had to wrestle with. These factors, along with a number of others, have conspired to slow down the adjustment of labor contracts in the industry to a snail's pace, and has thrown a great many obstacles, very real obstacles, in the way of the railroad companies in their attempt to restructure their plant and their operations to remain competitive and to exploit the technological opportunities that they have.

M: Is feather-bedding still a problem?

L: Feather-bedding, which is a bad word, but is one that is generally used, is very much a problem. There are fewer unnecessary and surplus employees than the railroad companies would have the public believe, in my judgment. That there are unnecessary employees, and quite a lot of them, is really beyond question. The railroad unions would not agree with this, of course, but it's quite obvious that there are many employees who are unnecessary not so much because there

isn't work for them to do as because the contracts under which they operate today, and have been operating, do not permit them to be used where they can be useful, and require their use where they can't be useful. There are enough jobs for everyone, but the ground rules for who does what kind of job when and where have got to be loosened very substantially in some cases before these employees can be used productively.

This has, of course, exacerbated the normal frictions and antagonism between the railroad companies and their employee organizations, but I think that things are beginning to shake out a little bit. There is plenty of fault, if one wants to find fault, to be found on both sides. The managements have not been as forward-looking and as understanding of the employees' problems as they should have been. The employees have not been forward-looking and understanding about the industry's problems. The employees by and large have the feeling that the railroads just can't go out of business--they're always going to be there, and there really is no reason for them to accommodate to change circumstances. More and more people in the railway brotherhoods are beginning to realize that there is nothing about the railroad industry that is permanent; that in fact it could disappear; and that in fact it had better begin to shape up, so to speak. And they had better begin to play their role in that process or maybe, by God, the railroads will disappear. They're expendable, to a much greater extent than the employees have been willing in the past to admit, but they're beginning to realize that things are changing, and they'd better get with it.

M: I have one last question. Is there a possibility that the federal

government will have to take over the railroads and develop sort of a national utility?

L: I think there's a very distinct possibility that they might have to do so. The policy of the Kennedy administration and I think even more so clearly of the Johnson administration on transportation as a whole, and more importantly on railroad transportation, has been to do everything that could be done to insure that transportation operations would remain in the hands of private companies. The Department of Transportation Act contains a specific injunction on this problem in its preamble, instructing the executive branch and the Department of Transportation to formulate policies to insure that transportation remains in private hands to the maximum extent practicable. I know from my own involvement in the Johnson administration that this is an opinion or a judgment that is held very firmly by all the responsible officials in this administration. And interestingly enough, I think this administration has been far more clearcut on this issue and far more determined on this issue than any Republican administration ever has been.

I believe firmly myself that nationalization of the railroad industry would work to the very substantial disadvantage of the public in the long run. The history of nationalization of railroads is not a happy one. However, the railroad industry is having a great deal of difficulty adjusting to the kind of a world that it's in. Railroad managements are having difficulty; railroad labor is having difficulty, as we've already discussed. And some of the railroad companies are in enough trouble financially in terms of their operations that it

is entirely possible that some time within the next few years the government is going to have to step in with some kind of financial assistance, and this may in turn lead to some form of partial or total government ownership.

M: Thank you.

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By A. Scheffer Lang

to the

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