

RESTRICTED

EXPANSION OF TRANSPORTATION CONTROL

1243

21 February 1952

CONTENTS

| | <u>Page</u> |
|--|-------------|
| INTRODUCTION--Dr. M. S. Reichley, Director of Instruction, ICAF..... | 1 |
| SPEAKER--Mr. James K. Knudson, Administrator, Defense Transport Administration, Washington, D. C..... | 1 |
| GENERAL DISCUSSION..... | 13 |

Publication No. 152-102

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

RESTRICTED

RESTRICTED

Mr. James K. Knudson, Administrator, Defense Transport Administration, was born in Utah in 1906. He attended high school in Brigham City, Utah, and the University of Utah where he was a Rhodes scholarship candidate. In 1934 he received the degrees of Bachelor of Arts and Bachelor of Law from the George Washington University. In 1938 he received a Master's degree in law from Harvard Law School. Before entering government service, Mr. Knudson headed a fruit and vegetable shipping concern. He was also interested, at various times, in newspaper work. In 1934 he became Chief Hearing Officer in the U. S. Department of Agriculture and later as Commerce Counsel for the Department, practiced for 10 years before the various transportation regulatory bodies. He has been a member of the Interstate Commerce Commission since 20 April 1950 and on 9 September 1950 he was named Administrator of Defense Transport Administration. Mr. Knudson is a member of the bar of the U. S. Circuit Court of Appeals and of the Supreme Court of the United States. He is a member of Tau Kappa Alpha, Alpha Kappa Psi, and Skull and Bones, national scholastic honorary fraternities.

RESTRICTED

RESTRICTED

1245

EXPANSION OF TRANSPORTATION CONTROL

21 February 1952

DR. REICHLLEY: Those of you who have read Prime Minister Churchill's books on World War II will recall that he said transportation won the war. This will serve perhaps to increase our awareness of the importance of transportation in a war effort. The complexity of our peacetime economy places practically unlimited demands on our transportation system. Add to that the additional demands of a war effort and I am sure we can all realize the necessity for some degree of government control.

This morning we have as our speaker a man well qualified to discuss this phase of a national problem. It is a pleasure to welcome to the Industrial College the Administrator of the Defense Transport Administration, Mr. James K. Knudson.

MR. KNUDSON: Officers and gentlemen of the Industrial College of the Armed Forces: I should like to pay a tribute to the armed forces for their interest in transportation. I have been working very closely with the Military Traffic Service in the persons of Mr. Plowman and Mr. Vore--the civilians in charge--and with Colonel Viney and a good many others that I could name. I see an awareness of the armed forces in transportation and its problems that will certainly make the job, whatever it is that we have to face in the future, civilianwise, much easier to perform. It is a source of considerable comfort and reassurance to those of us who are piloting the civilian end of transportation to know that we have a strong cooperative right hand, so to speak, in the military forces.

To the general public, the word "soldier" brings most often to mind marching men and bugle notes, guns, tanks, and planes in giant battle array. So it did for me, until this present emergency when I began to meet many of your organization in defense mobilization committee meetings and conferences. Now, the first thing that comes to my mind when our military forces are mentioned is--preparation. I have developed a vast admiration for the ability of our armed forces to prepare and plan for the present and future, however unpredictable they may be.

Take your problem of producing the infantry soldier. You train thousands, while constantly working and planning to improve your own training program. You equip him better than any other soldier in the world, yet keep experts studying and researching to provide him with lighter and better equipment--a new entrenching tool to replace his shovel, pick mattock, and ax; a new helmet to save 8 percent in weight but give 15 percent more protection; and lighter but more powerful weapons. You are never static. Your program of training, supplying, and modernizing goes on side by side with your preparations for safeguarding this country in any eventuality.

RESTRICTED

RESTRICTED

At the Defense Transport Administration (DTA), our big job is one of preparation, too--of planning, providing for, and building a transportation system adequate to serve all our needs should war come, and of keeping our present transportation network at peak efficiency to handle the tremendous load of military and civilian goods now moving in the emergency program.

Our interest goes all the way down practically to the roller skate. I remember the first group that met with me after I became Defense Transport Administrator were the hearse people. They said, "Mr. Commissioner, we must have more and better hearses in this program you are administering." I submit, that's the last word in transportation. The diaper wash people were the second group in to see me. They said, "The military situation will make these vehicles indispensable." I said, "You can't kid me; I have had six children of my own and I have never patronized one of you."

I mention these two facetious points just to show at what a low level transportation strikes and I shall demonstrate to what a high level it can rise for other considerations.

The Defense Production Act of 1950 conferred on the President certain emergency powers over the national economy. In distributing these powers, he delegated those relating to domestic transportation, warehousing, storage, and port facilities to that commissioner of the Interstate Commerce Commission who is in charge of the supervision of the Bureau of Service. I was, and am, that commissioner. Under this delegation of authority, the DTA was established about a year and one-half ago to carry out these transportation responsibilities and functions. The Interstate Commerce Commission (ICC) could not have functioned, in the premises, with its own powers, because that agency deals only with interstate commerce, whereas the DTA must reach down to all levels of intrastate commerce. In this emergency DTA is the counterpart of the Office of Defense Transportation (ODT) which held quite similar authority and responsibilities in World War II.

You all remember such casual phrases as "Is this trip necessary?" and "Don't use boxcars for warehouses," and many others. That was ODT. DTA is carrying on where ODT left off.

The DTA area of responsibility comprises domestic transportation by railroad, street and highway, and water, except coastwise and inter-coastal shipping, which is in the Commerce Department; pipelines, which is in the Interior Department; and air transport, which is divided between the military and the Commerce Department. It also includes storage and port facilities and the use thereof. Just two weeks ago its authority was extended to cover these same categories within the territories and possessions of the United States as well as within our continental boundaries. It is quite likely that in your global planning this responsibility of ours which has been broadened to include the territories and

RESTRICTED

RESTRICTED

1247

possessions will become a rather important factor and one on which we will need to cooperate very closely with the armed forces in order to handle contemporary matters and traffic plans for any contingencies that might arise.

We have five operating divisions in the DTA, each headed by a director, dealing with matters arising in the field of railway transportation, street and highway transport, inland water transport, port utilization, and warehousing and storage. We also have an equipment and materials division and a manpower division to exercise our claimant functions with respect to critical materials and manpower needed to maintain essential services and expand transport capacity. One other division administers matters arising from our responsibilities for accelerated tax amortization and defense loans in the field of our activity. Much of our DTA work is done in the field for the sake of expedition and economy. In lieu of creating a large field organization, we have perfected arrangements with the ICC for its car service and motor and water carrier field staffs to serve in a dual capacity as representatives of both the ICC and the DTA. This planning has saved the taxpayers about 3 million dollars in administrative expenses in a year.

Our Railroad Transport Division is responsible for promoting efficient use of existing railroad facilities and expediting the movement of rail traffic. To do this, we conduct a continuing analysis of the railroad situation; we formulate and present equipment and material programs; we promote fluid traffic movement; and we encourage conservation and the repair and maintenance of rail equipment.

The chief problem connected with our rail transportation work is the freight car fleet. It is our job, much of it in common with ICC, to see that our present supply of freight cars is equitably distributed at all times to meet essential needs. I might interpolate there that so far as the military establishment is concerned, we pay no attention to quota; we give the services what they need. We do ask for a demonstration that they are using it to good advantage. I will get to that later.

It is also our job, and a grave and perplexing one, to build up our freight car fleet so that our country will not be hamstrung, from a transportation standpoint, in the event of sudden war, or the development of domestic stress on the system.

Since World War II, our Nation has been plagued with freight car shortages. This situation eased in later postwar months by a downward trend of railroad freight traffic, only to be suddenly reversed with the beginning of hostilities in Korea. The only real solution of this problem is the construction of new cars and the proper maintenance and operation of existing equipment.

RESTRICTED

RESTRICTED

1040

Considerable effort and energy have been expended in obtaining steel and other critical materials for freight car construction and maintenance. A minimum of 10,000 new cars per month, plus 850 tank cars, is considered necessary. However, we have been unable to achieve that goal because of failure to obtain the allotment of sufficient critical materials, and in part because of work stoppages.

In the last three quarters of 1951, new freight cars produced totaled 77,000 compared with our claim for 103,000. In the first three quarters of 1952, best estimates indicate production of only 60,000 freight cars, compared with our claim for 108,000. In other words, during this eighteen-month period, there is a prospective slippage of 74,000 cars below the estimates we submitted as needed.

For the production of freight cars this year, allocations will enable 9,000 per month to be built for the first quarter; 6,600, second quarter; and 5,600, third quarter. The 5,600 figure--to show you the seriousness of this problem--just a little more than offsets probable retirements, with the 6,600 figure not much better; while at 9,000 per month it would take nearly three years to attain an over-all rail car ownership sufficient to do reasonably well in times of peak mobilization.

It has been said that 90 percent of the wartime increase in freight must be moved by rail. I am not prepared to vouch for the accuracy of that figure, but it must be clear that the greatest burden of such traffic will be on the rails. Extreme production and large armies with armament cannot be handled unless the railroads are equipped.

It is recognized, of course, that the needs of the military forces and the Atomic Energy Commission must be protected fully as to car supply and frequently on very short notice. As a consequence, however, commercial shippers on occasion have been left temporarily without a sufficient car supply and serious car shortages resulted. A supply of freight cars sufficient for doing a tolerable job with all requirements in full mobilization would minimize such difficulties. Without question, the railroad freight car program will continue to be one of this agency's major concerns as long as the present emergency exists, and assuming that we put on a 10,000-a-month freight car production at the earliest possible moment, it would take about two and one-half to three years to get up to the strength that is envisaged for mobilization needs.

In the field of passenger transport, I am glad to report that there is no present serious shortage or difficulty. Of course, the movement of military personnel is much heavier with the rotation of Korean troops, but these facilities still can be operated at a much higher level of mobilization activity than is expected in the immediate future.

RESTRICTED

RESTRICTED

1249

In our conservation program we have given serious attention to the heavier loading of freight cars. During World War II this was accomplished through general orders of the ODT, but an analysis after Korea demonstrated that much of the heavier loading brought about by these orders had produced habits following their cancellation which carried through to the present situation. The general heavy loading orders also had certain inherent administrative shortcomings. In view of this fact, we in DTA have approached the current problem on the basis of a minimum of specific orders and with emphasis on voluntary cooperation of shippers and consignees.

We have used the heavy loading orders on only a limited number of commodities--lumber and lumber products, grain and grain products, and canned goods. Three ICC service orders required such heavy loadings. Railroad patrons have given splendid cooperation in the heavier loading of all commodities wherever practicable.

We have taken the position on this that unless and until this country gets into a more stringent mobilization program than it is presently engaged in, we can't pour government orders onto the shipping public. We must enlist its cooperation and support to accomplish the job. We have been doing that with rather marked success.

We have issued some other service orders dealing with the inclusion of Saturdays and Sundays in computing demurrage; penalty demurrage; railroad operating regulations in yards and terminals; restrictions on the use of trap or ferry cars; prohibition of the use of refrigerator cars for handling nonperishable commodities; orders pertaining to free time on cars loaded and unloaded at ports; movement of grain to terminal elevators by permit; appointment of an agent to control the big movement of tank cars and another to regulate the movement of grain to the Pacific Northwest ports; rerouting of traffic due to damaged bridges; authorization of reduced rates on giant refrigerator cars and reduced rates on passenger type express refrigerator cars when used in freight service. That covers the orders we have issued in the present circumstances.

Another of our DTA responsibilities concerns the supervision and control, as well as claimant activities, with respect to street and highway transport operations, and the facilities employed in the transportation of passengers and property by motor vehicles.

Now, just to demonstrate the importance of this field: In 1951 there were 140 billion ton-miles of freight moved by intercity motor carriers. The rails moved about 650 billion ton-miles of freight. The motor carriers are displacing rail freight almost all over the country, so attention to this field of motor transport is highly important.

RESTRICTED

RESTRICTED

1250

To insure adequate street and highway transportation to meet the needs of the military establishment, defense production, and essential civilian requirements, we formulated plans and programs to obtain maximum use of such transport facilities by intensive utilization of equipment; by improving operating and maintenance practices; by efficient use of manpower; by conservation of equipment, parts, tires, and fuel. We requested that critical materials be made available to enable the provision of adequate supplies of new equipment, parts, and supplies.

After the outbreak of hostilities in Korea and during partial rail and motor carrier strikes, and disastrous floods, motor transport facilities became so overloaded as to present a possible tie-up in the movement of essential traffic. This agency, therefore, with the cooperation of the carriers, instituted again voluntary programs for intensive vehicle utilization, extended the hours of operation at terminals, heavier loading of vehicles, and the interchange of loaded vehicles so as to relieve the congested condition and promote the movement of essential traffic.

The major problem we have had in the street and highway transport field is the movement of essential traffic with existing vehicles and equipment. We keep currently informed via the medium of 150 field offices of the ICC of conditions throughout the country; for instance, in this motor carrier strike we have just had in the Southeast and Southwest, we have had day-to-day reports of operations down there. We didn't worry about its outcome. We were sufficiently informed to know that the traffic was moving. I think the only complaint the military made was that we had 112 loads of detonators tied up in Birmingham. We soon pried those loose.

Programs establishing the needs of the street and highway transport industries for equipment are prepared quarterly. It is our view that in each quarter of 1952 there should be a target production goal of 250,000 trucks--light, heavy, and medium; 16,000 trailers; and 96,000 truck bodies. If these goals cannot be met in any one quarter, they should be consummated as soon as possible.

The activities of DTA also cover the operation, maintenance, expansion, and utilization of all types of inland water transportation facilities. We are concerned with the maintenance of an adequate and steady movement of waterborne freight on the Great Lakes, on the river systems, on canals, harbors, bays, and sounds of the country.

From a traffic standpoint, the most important activity of DTA in this field relates to the carriage of iron ore and grain on the Great Lakes. We have kept in close contact with industry and again have received voluntary support for the programs on this traffic movement.

To facilitate meeting the heavy shipping schedules set up for the Great Lakes trade, permission was received from the Coast Guard to use

RESTRICTED

RESTRICTED

1251

emergency summer load-lines from 1 May to 30 September 1951, which enabled the carriers to make use of maximum available capacity. The coasting laws were temporarily modified last year to permit Canadian vessels to aid in the movement of iron ore and grain between United States ports on the Great Lakes. No substantial aid resulted, however, from this arrangement. It is hoped that this year we may work out an arrangement to aid in the movement of Canadian grain at the beginning of the navigation season to be reciprocated by the Canadians later in the season with aid in the movement of American ore requirements. We are going to move 96 million tons from upper loading ports, as compared with 89 million tons last year. We have lost Canadian vessels and we have not been able to place enough vessels on the lakes this year by new construction or by conversion to make up for the difference. This year we look forward to strained traffic conditions on the Great Lakes in every port.

In cooperation with the Petroleum Administration for Defense, all barges and towboats used for the transportation of petroleum and petroleum products are the responsibility of DTA with respect to materials requirements. DTA has made a comprehensive survey of the need for and availability of petroleum barges. We have found that construction completed, under way, and contemplated, should be adequate to meet the needs of the present volume of petroleum traffic.

We have undertaken to keep the various waterways open for traffic to the maximum extent possible. In one instance the Army Engineers agreed to limit lock closures for repairs to a period of only three weeks because of the urgent need to transport fuel oil over the Illinois Waterway. Several projects for improving inland water transportation have been recommended to the Corps of Engineers. A recommendation has been made to the Coast Guard that ice-breaking operations be conducted by that agency at an early date on the Illinois River and the Great Lakes this year.

Twenty vessels are being built, or are on order, for delivery to American ship owners on the Great Lakes. This new ship construction and conversion program should have the effect of increasing the ability of the Great Lakes fleet to transport iron ore by 12 million tons a year. Much of it will not be available this year. I repeat, therefore, that will be one of our strained situations.

DTA requests for barges and towboats per quarter amount to 278 vessels. Barge and towboat construction has fallen far short of our recommendation for this industry, due to inability to obtain an adequate supply of controlled materials. We anticipate, however, that more generous allotments will be forthcoming in the future.

Coming to our responsibilities in the field of port utilization, they cover the structures, equipment, and other land or water facilities

RESTRICTED

RESTRICTED

at the ports which affect the transfer or interchange of cargo between ocean-going watercraft and other forms of transportation.

The movement of export grain has been accelerated materially by the increased demands and requirements of various foreign countries. In the latter part of 1950, grain shipments represented a large percentage of over-all export traffic. Increased movements of munitions and defense materials, as well as a bumper grain crop, were beginning to create a serious grain-car shortage. It became obvious by December that certain types of controls were necessary if this export movement of grain was to be handled satisfactorily. One of the major factors contributing to congestion in connection with this movement was the improper timing of shipments from country grain elevators with ship arrivals.

On 22 December 1950, the ICC placed in effect a service order prohibiting the railroads from accepting grain for export through New Orleans and the Texas Gulf ports without first obtaining car permits. This order has been extended several times. It is still in effect, and, in general, I can testify it resulted in the movement of the largest volumes of grain handled through the ports that have ever been accomplished in this country.

The exportation of grain through the North Atlantic ports has been regulated for some time by the carriers themselves. Permits are issued by the individual railroad lines only to the extent of the ability of the port elevators to handle the grain. We are keeping our eye on this situation to see how well it will work.

Despite all these efforts, the increasingly large movements of grain for the relief of foreign countries tightened the situation with regard to grain elevator capacity at the major port areas. It became apparent that further steps would have to be taken to keep shipments en route to assure a continuous flow of the grain vitally needed abroad. We therefore issued General Order DTA 2, effective 3 March 1951, which prohibits the operators of port terminal grain elevators from storing or handling any grain in bulk unless a grain port handling permit therefor has been obtained. This was necessary to keep cars from backing up in the ports.

We amended this order on 12 April 1951. Since the adoption of this order there has been, I repeat, an unprecedented volume of wheat and coarse grains exported through coastal area grain elevators.

We spelled this matter out in some detail because I am sure the armed forces in their tremendous plans, and North Atlantic Treaty Organization with its plans to enlist the aid of allied countries in this great mobilization effort, must pay attention to the hungry stomachs as well as to the shells and arms.

RESTRICTED

RESTRICTED

1253

DTA is also concerned with the utilization and allocation when necessary of the warehousing and storage facilities of the country as a necessary and integral part of the transportation system in equalizing the flow of commodities from point of origin to point of ultimate consumption.

This interest covers general merchandise warehouses; refrigerated warehousing; grain storage; bulk storage of liquids, except petroleum and its products, which the Petroleum Administrator for Defense handles; and other similar activities, including cotton warehouses and household goods storage. By a delegation from us to the Petroleum Administration, they handle now the storage of petroleum and its products.

We are studying the total requirements to be imposed on the domestic storage system as a result of defense production activities. We are also ascertaining the ability of such facilities to satisfy these requirements. For instance, I read a report this morning that freezer storage space is 81 percent occupied as of the present moment; cold storage is about 51 percent occupied. We are therefore not too much concerned at the moment about cold storage, but freezer storage is getting up near capacity and there must be a little space in which to move around. You can't let it get up to 100 percent of capacity.

Industry has been encouraged to undertake voluntary action to provide necessary expansion, to increase operating efficiency, and to obtain maximum utilization of existing facilities. In keeping with over-all DTA policies, voluntary measures will be supplemented by restrictive orders covering the use of storage space only when voluntary measures fail to produce the desired results.

Since early in 1951, the DTA has been collaborating with the Munitions Board of the Department of Defense in the establishment of procedures for the utilization of commercial warehouse space by the armed services. These plans call for the use of individual contracts with the warehousemen in smaller communities and the formation of Defense Warehousemen's Associations in the larger metropolitan areas, with a single contract covering all the members of the associations for storage services to be rendered to all three of the military departments. This is the same plan that was used in World War II by the Army and the Navy. The approval of this plan for voluntary associations is now pending before the Department of Justice and the Federal Trade Commission, as provided by the Defense Production Act of 1950, and present indications are that it will receive favorable consideration.

We have proposed an expansion of this plan to include all government agencies which are major users of commercial storage space. Under this proposal, all government agencies would acquire commercial warehouse space by means of a joint central control office. Such a proposal, if placed in operation, would provide a unified approach to the

RESTRICTED

RESTRICTED

storage industry, avoid competition between the agencies for the available space, provide for an equitable distribution of such space in case of shortages, and permit adequate consideration of essential civilian requirements. The government agencies involved now have this proposal under consideration and it is believed that with certain refinements and changes in minor operating details, it will meet with their final approval.

Applications to commence construction in the warehousing and storage field, and for the allocation of controlled materials, have included 25 general merchandise warehouses; 28 refrigerated warehouses; and 64 grain elevators, totaling 117 applications at a cost of about 31 million dollars.

DTA is also responsible for reviewing individual applications for defense loans or accelerated tax amortization to cover in part the cost of expanding transportation, storage, and port facilities in the interest of national defense. The purpose of the tax amortization and defense loan programs is to encourage the expansion of defense facilities through the expenditure of private capital and with as little direct financial assistance from the Federal Government as possible. In carrying out these programs we have established certain goals for the expansion of transportation, storage, and port facilities in order to cope properly with the increased demands resulting from the over-all expansion of our national economy.

As of 31 January 1952 we had received 2,498 applications for tax amortization. Of these, 760 applications have been approved in the amount of 2 billion 149 million dollars. As of 31 January we had received 84 applications for defense loans--only five have been approved, for about 5 million dollars.

The problem of planning for mobilization of the United States domestic transport and storage resources in the event of war has been receiving the attention of the appropriate agencies of the Government for a long time, in fact, since April 1948 when a transportation office was established in the National Securities Resources Board. Its recommendations were submitted to the NSRB in February of 1950.

From the very outset the DTA has recognized the need for carrying on both the operating and planning phases of its responsibility for defense domestic transport and storage during the present mobilization period, as well as the need for planning for the future in the event of all-out war.

We have organized so that each operating division has a research or planning unit to do advance planning in its particular field. Broadly speaking, the controls which would be exercised by the DTA during any future war and, therefore, the controls which must be planned for are those which deal with traffic movement; conservation; materials

RESTRICTED

RESTRICTED

1255

and equipment; and manpower. We are already actively engaged in discharging our obligations as a claimant agency of the Government, as I have indicated.

Therefore, the bulk of our future planning must deal with the movement of property and personnel essential to both the military and the civilian economies, and the conservation of equipment, facilities, and manpower in the face of extreme shortages of critical items. The effects of such controls are to get critical military items and the most essential items for supporting the civilian economy moved at the time required. It is our duty to conserve mileage so that maximum and provident utilization can be obtained from existing facilities and any additional facilities which are made available under wartime conditions, with a minimum use of critical materials.

Broadly speaking, the controls which would be exercised in the event of war in the railroad field are those governing the loading of cars for both carload and less than carload traffic; the use, distribution, and movement of cars; the prompt movement of special types of cars; the distribution of cars for specialized commodities; placing a maximum time limit during which cars must be unloaded; governing the movement of freight cars to ports; setting up permit systems for the movement of certain commodities from, to, or between, certain areas; governing routings; governing diversion and reconsignment; limiting free time in the use of cars; and increasing demurrage charges.

In the case of railroad passenger equipment, there would be those controls restricting operation of additional scheduled trains, extra trains, or extra sections; minimizing the use of trains for seasonal, vacation, or light travel movements; fixing time on advance registrations; setting a minimum mileage of sleeper operations so as to provide sufficient cars for military travel under extreme emergency conditions; assignment of cars to meet military and essential civilian demands; providing preference and priority for wounded service men, and so on.

In the case of street and highway transport, such advance emergency plans would include those of the distribution of fuel, tires, repair parts, and vehicles of various types, together with companion orders governing traffic movement and conservation. Some of these proposed controls in the event of all-out war would place a restriction of minimum loading standards; require diversion of traffic as between carriers and types of carriers; require prompt loading and unloading; restrict movement or transfer of certain commodities; prescribe rules, regulations, and directions with regard to operations; prohibit the establishment of new transportation services without DTA permission; prohibit or restrict unduly circuitous routes; encourage and authorize plans for joint action between carriers and types of carriers; require that wasteful operations be eliminated; require or prohibit the substitution of one type of vehicle for another; prohibit or restrict

RESTRICTED

RESTRICTED

1250

charter, special, and sightseeing services; limit the frequency of wholesale, retail, and local cartage collection and delivery; establish radii of operations and encourage the establishment of information offices for returned loads; limit the number of vehicles operated and days and hours of operation; require that equipment be retained in or transferred to essential service, and so on and on in this field also.

Other advance plans would cover group riding in private automobiles; establish staggered hours to obtain maximum utilization of public vehicles; review the carrier operations of other agencies of the Government with a view to eliminating waste and needless duplication in passenger services.

In the field of inland water transport, advance planning would cover the drafting of general orders in almost all the fields of water transport that I have mentioned heretofore for rail and motor carriers. I won't go into detail. The advance planning in this field would include among other things the studies of methods for providing replacements for watercraft requisitioned by the military, such as car floats, which were requisitioned by the Army in World War II. Throughout the period of advance planning, there will be studies in close liaison with the Corps of Engineers, the U. S. Army, and groups which would contribute to improving methods by a conservation of vessels.

I could go into some detail in the field of warehousing and storage, but I will just say that the planning in this field contemplates taking care of all the requirements mentioned.

In the field of port utilization, advance planning consists of surveys, studies, and plans.

It will be our purpose, so long as we remain in existence, to prepare advance plans and periodically to review them so that they may be kept abreast of the times. Should an all-out war occur, we will have plans in readiness for meeting any situation which can be foreseen. One of the most difficult and serious conflicts which have arisen in the last two or three months in this connection has to do with the tripartite relations of the military, the DTA and the Civilian Defense Agency (CDA). The Congress of the United States gave the CDA comprehensive and wide powers by which it could practically take, in an atom-bombed area, all the transport facilities and divert or devote those facilities to the use of the local situation with complete and utter disregard, if it desires, for the national situation and for the military needs that would arise as of that moment on a global basis.

We have that whole matter under serious consideration now. It is to be hoped that out of that consideration will come some correlated planning so that, in the event of any such catastrophe, the military

RESTRICTED

RESTRICTED

would get its needed draw on the transportation equipment; and, the civilians in New York would not be starved to death, if Chicago were bombed, because Chicago took over all the traffic facilities that pass through that great terminal point. I could go on and on in this field.

I believe I have covered the interests of the DTA in the present situation.

The interests of the ICC are confined pretty largely to the legislation that it administers in peacetime. The President does have within the interstate commerce laws some presidential authority he can exercise in the event of all-out war to place the ICC on a war operating basis.

I believe that the plan is now to elicit some questions and I shall be happy to respond to them. I deem it a privilege to have addressed you and want you to know our doors are always open for your inquiries.

MR. HILL: Mr. Knudson has been good enough to give us a number of copies of the annual report of the DTA, which will be available to those students who would like to see them. He will now be happy to have your questions.

QUESTION: The streets and highways must be deteriorating from the heavy flow of traffic now passing over them. Can you tell us whether or not their rate of deterioration has been a serious problem or is new construction keeping ahead of the problem?

MR. KNUDSON: The Bureau of Public Roads is the agency responsible for that matter, the normal agency to get the steel. I will give you what our personal observations are, both from facts in my possession and from my observation from 29 motor trips across the country in the last few years. I think the roads of this country are inadequate because they are too narrow and there are not enough of them, but the roads that we do use are not in too bad a condition in most places. There are local places where there are some bad roads. I am not personally convinced that the situation is so critical as to warrant the diversion of large volumes of steel for immediate building of highways. I think we ought to maintain our highways over which defense goods must move, but we should go rather slow for a while in building a lot of fancy arterial highways to accommodate passenger automobiles around cities.

I think that in the event of war we will have to break down some of these barriers that are set up by the States at the borders on loadings and make our loadings more uniform. I have advocated personally the standard of 18,000 pounds axle load.

My personal feelings are that we have a road system that will take care of us for the most part throughout the present mobilization period.

RESTRICTED

RESTRICTED

If it goes on for years, we are going to have to build more, better, and bigger highways in this country. I don't know whether that is a fair answer to your question or not. That is my reaction to it.

QUESTION: What is the stand of your agency towards the St. Lawrence Seaway, and, if it were under construction, how would it affect your proposed car-building program?

MR. KNUDSON: Our DTA has taken no position on the St. Lawrence Seaway, nor indeed will we, as long as the present situation prevails. Of course, I suppose that we would be expected to reflect the Administration's policy of favoring the construction of that seaway. Certainly we must observe that Canada itself is committed, I believe, to going ahead with this construction if it can find money, manpower, and materials to do so. As to its probability of saving car days, I suppose the realistic answer to that would be, certainly more traffic would move inbound from the east coast to the lake ports by vessel, and rail cars would be displaced. As to the need for the construction of the St. Lawrence Waterway in the scheme of defense mobilization, I am perfectly neutral. I have no views one way or the other. Neither does DTA at the present time.

QUESTION: In case of all-out mobilization from the defense transportation viewpoint, do you consider it feasible that the three services speak with a consolidated voice for their requirements for their capacity of port facilities, or can they speak individually?

MR. KNUDSON: Well, I don't think it matters much how they speak, as long as the competitive element that developed in the last war is kept out of the situation. At that time we had the spectacle of the three units of the armed services all competing for warehouse space in common ports, and the consequence was that a good deal of private warehouse space that could have been used by the civilians was not utilized to best advantage.

Now we have gotten off to a very good start in this connection by the establishment of an Interagency Committee on Port Utilization and Interagency Storage Coordination Committee. It is to be hoped, and I think it has already been demonstrated, that before any of the separate agencies undertake to commit themselves for port facilities or warehouse space, the proposed action will be coordinated through the centralized committees to determine its effect on other government agencies and the civilian economy, together with the extent to which the facilities may actually be needed.

We had two recent situations develop that give point to what I say. One was at Philadelphia, where one of the armed services walked in and took over one of the big new piers, got all wrapped up in city politics and otherwise, with rather casual concern for what that would do to the

RESTRICTED

1255

movement of civilian goods out of the great port of Philadelphia. After it was thoroughly discussed at all levels, the service abandoned the proposed action.

A similar undertaking was under way at Norfolk not long ago. I believe that is under control now. As long as we don't have the competition among the services which will make for wasteful or inadequate use of these limited facilities, I personally don't care how it is done, whether it is by unified control or otherwise.

The Military Traffic Service which presently handles these matters, in coordination with the Munitions Board, has performed a very useful type of cooperation. I don't see how it could be improved by scattering this responsibility out among the services.

QUESTION: Sir, I want to use this item as an example; it was a big one, during the last war. It has been said by rather competent authorities that the whole difference between shortage of rail transportation and adequacy was the shipment of beer. It is quite serious. The services were involved in it. They complained that their canteens had to have certain brands of beer on the coast. There were hundreds of carloads per month shuttling back and forth. I was wondering if anything had been done or was going to be done. What is your opinion about what should be done in this situation?

MR. KNUDSON: The facetious answer would be to tell the people in Los Angeles to stop drinking eastern beers and drink their local product. But the habits of Americans can't be controlled by government fiat that way. That problem of crosshauling is quite serious. It has a complicated shape in the twilight area of control in which we are presently engaged. We can't very well put segments of American industry out of business by putting controls on transportation. Cement is another very good example. Cement is made in a thousand places around this country and the crosshauling of that commodity was something terrific. This was a problem with which the Office of Defense Transportation wrestled mightily all during World War II.

By some cooperation crosshauling was minimized, but it was never completely overcome and, based on the advice of my transportation people, we can't hope to overcome it now or in the event of an all-out struggle.

QUESTION: Sir, I judge your authority goes up to dockside. What means do you have to deal with harbor-labor disputes, when the flow is going to be pretty heavy?

MR. KNUDSON: Well, so far we have kept entirely out of strike situations, except in this respect: When the Mediation Boards and the White House counsellors--Dr. Steelman, to be specific, and the various

RESTRICTED

RESTRICTED

panels that sit at different levels on this labor relation business-- need information relating to traffic movement, we supply it to them; and if the traffic movement situation becomes critical, as it did in a three-day rail strike about a year ago--and incidentally, we could have a railroad strike beginning on the twenty-fifth of this month--we would make representations to the labor people trying to settle the dispute as to the hardship that is being caused to the military and the civilian economy.

We have set up a list of commodities by conference with all the government agencies that would have to move--we have an identified list now and, if there should be a rail strike, we would immediately mobilize all the motor-carrier facilities to move the mail and move the necessary military supplies. But the direct answer to your question is that the DTA would not be needed, nor indeed would it be used, to intervene in a labor dispute.

MR. HILL: Mr. Knudson, I am sorry to say our time is closing. As you know, the Transportation Corps aims to get the stuff on the line at the time and where it counts. Your subject has been in the best traditions of the Transportation Corps. Thank you very much, sir.

(28 May 1952--750)S/cvh

RESTRICTED