

2. POLICY IMPLICATIONS

The Department assumes that the private sector of transportation is basically efficient and that the forces of competition and the cold calculus of profit maximization do a good job of allocating resources to the satisfaction of consumers' wants. However, there are some demands to which the market simply cannot respond. For instance, the market alone will not provide highways or navigational aids in optimal amounts, if at all. The policy of the DOT is to insure that these transportation goods and services are supplied by the public sector within the criteria of economic efficiency.

Another of the DOT's major policy criteria is to make certain that it is not carrying out functions which could better be performed by the private sector. This is especially true of the DOT research and development support in the areas of aviation and high speed ground transportation. The DOT will also continue to develop its planning and program analysis process, so that programs can be compared with each other on a total national transportation system basis and the benefits and costs considered and resources allocated on a cross-modal basis.

In shaping policies that affect the framework in which the private sector operates and in making representations before regulatory agencies, Department action will be to facilitate, not obstruct, the operation of the market. Potential areas of application of this policy include mergers, subsidies, rate regulation, development of high speed ground transportation, etc.

The Department policy must also encourage improved transportation planning practices and coordination at the State and local level. Related to this policy is the responsibility to distribute transportation planning information and to circulate the results of its own transportation research efforts as widely as possible. The DOT will also review and coordinate the dissemination of foreign transportation research and development data.