

Regulation or Strangulation

of

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Regulation or Strangulation of HIGHWAY TRANSPORT

Which Is the Railroads' Objective?

by

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LIKE Gaul, the railroads of America are divided into three groups with reference to their attitude toward commercial highway transportation.

These groups are:

FIRST—*Railroads which advocate it. These railroads recognize the economic advantages of highway transportation and have undertaken to participate in its growth and development.*

SECOND—*Railroads which tolerate it. These regard the increased use of trucks and buses with hostility but have nevertheless gone into the business of operating highway vehicles with the hope of eliminating the so-called independent carrier and driving the traffic back to the rails.*

THIRD—*Railroads which would strangulate it. These are outspoken in their antagonism towards highway transportation and have not made use of it but are doing everything possible in their attempts to destroy it.*

It is against those who support these last two theories that this statement is made.

In the discussion which has grown out of the railroad executive and labor union demand for more stringent regulation and more taxation of *your* motor vehicles, there are but three questions which are of interest to the public in general and to farmers in particular. They are:

FIRST—Can the railroads as such, give *you* the services which *you* are getting from *your* own use of the motor vehicle?

SECOND—Are *you* ready to deny to yourself any proper use of the highways which *you* have built and which *you* are paying for in an attempt to force traffic off of the highways and back to the railroads?

THIRD—Are *you* ready to pay more taxes or higher shipping rates in order to give the railroads “equality of competition”?

Higher Costs Sole Effect on Public

Stripped of all verbiage, these are the only questions of public moment, because on the face of their own statements, both railroad executives and railroad union labor heads are agreed that they cannot successfully stifle highway transportation unless the costs of *your* motor vehicle operation are increased.

Lest I be accused of overstating the case, let me quote just one from many statements which have been made by railroad-minded propagandists on this subject since the Declaration of Policy of the Association of Railway Executives was published November 20th, 1930.

Further Taxes and Regulation Sought

A letter calling all of the railroads centering in Chicago to a meeting on this subject says:

“All of you, of course, are familiar with the action taken by the Association of Railway Executives at its recent meeting in New York relative to motor bus and motor truck legislation. Railroads in the southwest and southeast have been taking steps to encourage the enactment of laws in the several states providing for restrictions on the weight, size, load and speed of motor vehicles in the several states and also, more adequate methods of taxing these vehicles.

“One purpose of the committee is to arrange to have this legislation actively and intelligently sponsored in each of the states served by our lines. The subject has engaged the attention of the Western Association of Railway Executives.”

Railway Unions Broadcasting Tax Demand

The railway brotherhoods are broadcasting a demand for return of traffic to the rails and it has been announced that the facilities of one radio station are open to propaganda to bring about restrictive legislation and a higher taxation on motor vehicles on the highways.

Many railroad and labor executives have amplified these statements by calling on state legislatures for action, and the records of the Interstate Commerce Commission bear similar witness to their views.

The case is clear then, that many, if not all, of the railroad executives and railway unions are intent upon destroying the natural advantages of highway transport and driving the traffic back to the rail through restrictive legislation.

The road to progress is to be congested by throttled-down competition!

What Is Service Rails Would Restrict?

Now, what is this traffic which they are trying to restrict?

Can the railroads as such give you this service?

Who is paying for the highways?

At the very outset, we find a wide gap between the facts and the statements of the rail propagandists. By spoken word and printed document they say they are "after" the common carrier truck and bus.

Yet, in sworn testimony before the Interstate Commerce Commission, one railroad witness after another has testified that it is the private automobile and the private truck which have taken most of the business which they have lost.

As to the actual extent of the traffic which the railroads have lost, a survey just issued by their own statistical agency, the Bureau of Railway Economics, says that but two per cent of the commercial freight traffic of the United States was hauled by motor truck, electric railway and airplane in 1928.

Losses More Than Offset by New Freight

As an offset to that loss, consider this statement taken from the records of the Interstate Commerce Commission:

"The steam railroads have undoubtedly lost much business to the new highway transportation agency, but it is also prob-

ably true that in the aggregate this has been more than offset by the gain from the new traffic created by the development of the automobile industry. In the words of the president of one of the great transcontinental railroads in reference to the automobile industry—"Its importance is so great, taken as a whole, that the railways gain much more from the freight traffic it gives them than they lose from the freight and passenger business it takes away."

Take Flint, Michigan, as an example. Here is a city of more than 150,000 people, built up in its entirety by the motor industry. The railroads have carried the freight which has gone to build up and maintain the whole community, as well as the tremendous daily tonnage moving in and out of its motor factories.

In 1929, the railroads hauled more than 3,660,000 carloads of automotive freight including material into automotive plants, gasoline, highway building materials, finished cars, tires and parts. From this, the railroads derived a revenue of more than \$550,000,000.

Where would the railroads be without that freight? Where would they be without the freight which you haul to and from their lines by truck?

If they are suffering from loss of tonnage today, isn't it in part because *you* are suffering from the general depression?

Farmers Large Factor in Highway Transport

This traffic, then, which the railroads are trying to restrict is the movement of more than 26,000,000 private cars, trucks and buses over the public highway of which a close estimate shows that the farmers own and operate nearly 5,000,000 passenger cars and almost 800,000 trucks.

Limiting our discussion to the trucks, upon which the railroad attack is just now centering, let us say immediately that no one will deny that the truck driver, whoever he may be, should drive safely and with due respect for the rights of others. There must be full protection of life, limb and property on the highway. Every state has adequate police laws for that purpose. They should be enforced.

The next time you meet a truck on the road, instead of cussing him out for getting in the way, as many of us do, suppose you ask yourself these questions:

"What is this truck carrying? Where is it going? Where

did it come from? Could the railroad as such perform this service?"

How the Farmer Makes Use of Trucks

I imagine that you—the farmer—can answer these questions better than anyone else, but suppose I turn to the records of the Department of Agriculture. You can check out of your own experience what the government experts say.

“If the truck is carrying fruits, vegetables, or other perishables, it will be driven by:

1. A farmer who owns it who will be going to market or returning with a supply of goods for himself or his neighbor. Usually it will travel less than 50 miles, or
2. A carrier-truckman, who hauls for distances which may be upwards of hundreds of miles, or
3. A motor truck jobber who buys from the farmer in one area and sells to the consumer in another.

“If the commodity is a low freight-charge staple, then the truck will seldom be used to go farther than to the rail head or warehouse.”

Truck Performs Special Service For Farmer

Why is the farmer using the vehicle instead of the railroad, when the truck rates alone are usually higher than the rail beyond 10 to 50 miles?

“Because of the time element”, says the Department, and adds, “For distances up to 250 miles the truck leaves the producing area after the day’s harvest is packed and delivers in time for the city market early next morning. Even for distances up to 400 miles it has given 24 hours service.”

Farm pick-up is provided, handling and cartage charges are eliminated, crating simplified, perishability virtually done away with, and the farmer’s time is saved. The *total* cost of the movement is less.

New Markets Created Through Truck Use

New markets are found. Fresh vegetables, said a witness before the Interstate Commerce Commission, are now distributed daily to thousands of small merchants throughout Kansas, who five years ago would have considered lettuce and other greens an impractical luxury.

The fruits and vegetables of Florida, Alabama, Texas and other early marketing states are placed on the tables of people living in northern states. Milk and livestock are moved rapidly without damage as are dairy products generally.

The farmer no longer has to depend on his immediate market. He can cruise about. The city folk get more variety and a better class of food.

So we find farm cooperatives buying trucks, or we find the farmer using his own vehicle or selling to the jobber or to the common carrier.

Is this movement economical? Could it be carried on by rail? Could the 45,000 communities in the United States which have no rail connection possibly get along without it, the private automobile and the bus? Is it actually taking away much rail tonnage, or is it creating *new* markets?

You who use these vehicles can answer these questions.

What Is a Common Carrier?

Would the payment by you of higher rates or taxes give the railroads this equality they talk about?

The rails insist that it is the common carrier that is hurting them.

What is a common carrier? Anyone who hauls indiscriminately for hire. So, if you haul groceries at a price for your neighbor, you are a common carrier. Shall you be further regulated and subjected to more taxes?

The fact is that regulation can only add to the cost of carrying the commodity by common or contract carrier, because no matter how much these vehicles may be regulated, they still have the private carrier as a competitor, and nobody can deny him the right to use the road so long as he obeys the law.

Added Costs Only Eliminate Carrier

There are more than 3,500,000 trucks in the United States. More than 80 per cent of them belong to private individuals like yourself.

Add to the cost of business of the common carrier and contract carrier and *what happens?*

R. H. Dunn of the Michigan Public Utilities Commission,

testified the other day that the common carriers in his state were going out of business because the cost of permit fees, terminals and other charges of common carriers made their costs so high that they can't compete with the contract or private truck user.

The Supreme Court has said the contract carrier can't be regulated as a common carrier. Suppose some method of legal evasion is found.

Will the business go to the railroads? It will not. The shipper will buy a new or second hand truck and haul the goods himself. He's doing it in Michigan and he'll do it elsewhere if he has to, because the railroads can't give him the service on the rails. They are too rigid for this type of business.

The railroad in this respect is in the same position as the common carrier bus whose greatest competitor is the private passenger car.

Who Pays for the Highways?

We come next to a constantly reiterated misstatement of fact which has been widely circulated by railroad management and railway union representatives. It is that the motor vehicle, and particularly the truck, isn't paying a fair share of the cost of the roads which it uses. So, say these gentlemen, ignoring for the moment their real objective—add to the taxation of the motor vehicle.

Well, *you* are the users of these vehicles. *Do you pay taxes on them?*

Does your truck cost you at least twice as much for a registration permit as your car? Does it cost you eighteen times as much if you are a common carrier, and if you have at least a three-ton truck?

If you are an average owner the United States government says it does. Is the government correct?

Are You Paying Your Share?

Are you paying *your* share of the cost of *your* roads?

You *certainly* are. Government figures show that *two-thirds* of the cost of *all* the rural highway improvement in the United States last year, or about \$1,000,000,000 was collected in special taxes alone from motor vehicle users.

Of this total, more than \$500,000,000 was paid in gasoline taxes alone. Not only are these taxes levied in every state, but every increase hits every private automobile and private truck owner as well as the commercial trucker. Yet, the tax-grabber would force these rates even higher, and divert the funds from their legitimate purpose—road development—to a dozen unrelated uses.

One fourth of all the special taxes were paid by truck owners, although these vehicles were but 11 per cent of the total. Did *you* escape?

Do *you* have any general taxes? You *certainly* do. You pay in proportion to the value of your land or your income, *just as the railroads and everybody else does.*

Main Roads Paid For By Special Taxes

John E. Walker, noted tax economist, has just completed a study which shows that 21 states last year paid all the costs of all the roads in their state systems, from special motor taxes and that but 10 per cent of the \$800,000,000 spent for this purpose in the country as a whole came from general taxes.

The *utmost* the railroads could have paid was \$30,000,000 for *local* road improvement the total cost of which was another \$800,000,000. Could the railroads get along without these feeders? Do you think they are paying *more than their share*? If you do, you can vote to relieve them by voting for the increased motor taxes which they say they want to "equalize competition".

But, of course, as a motorist you would then pay the difference, and as a property holder you would still have to pay your share of the general cost of building local roads.

Motor Industry Believes in Railroads

Let me make it clear that the motor industry holds no brief against the railroads. We believe in them and hold that their prosperity is essential to the nation.

If they cannot fully serve the public because of restrictive regulation, then they should be relieved.

But, we don't agree that *your* use of the motor vehicle has crippled the railroads or that they should be allowed to increase *your* costs simply to enable them to go on as they have in the past.

Rails Have No Economic Right to Traffic

Instead, we hold with that report of the Interstate Commerce Commission which says that "the railroads have no more economic right to any traffic than had the canals and stage coaches which opposed the construction of railways on the grounds that they would take traffic already being carried on the canals and highways."

We subscribe also to the theory that "economically wasteful rivalries which marked the past must be avoided, for, in the end, the public must pay."

But, the decision as to what service is to be rendered will be made by the public, not by the railroad executive, not by the railroad union, nor, if you please, by the motor manufacturer.

The public pays for the railroads in the form of rates, just as it is paying for highways in the form of taxes, and the evidence is that the public wants and needs both forms.

Further, the public does not bar the railroads from using the highways as many of them are now doing.

But, again, it is the public alone which should decide what form of transportation it wants.

When your state legislature convenes, be on your guard against increases in your taxes or restrictive regulation which would simply deny you the right to full, proper use of the highways you are paying for.

