

Road and Rail Transport  
(Introductory Report).

Submitted by

the Committee of Independent Experts.

&

the International Chamber of Commerce

# Road and Rail Transport

## Introductory Report

submitted by the

**Committee of Independent Experts**

to the

**International Chamber of Commerce**

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# INTERNATIONAL CHAMBER OF COMMERCE

38, Cours Albert I<sup>er</sup>, Paris (VIII<sup>e</sup>)

Telegraphic Address :  
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Telephone :  
Elysées 62-42, 62-56, 94-77, 94-78

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## Preface

**T**HE International Chamber of Commerce, at its Washington Congress in 1931, voted a resolution on the question of co-ordination of the various means of transport, the essential parts of which are given below :

The International Chamber of Commerce,

Whereas it has considered the findings of the International Railway Conference held at Madrid in 1930 concerning competition between railway and motor transport, as well as the recommendation made by the International Road Congress at Washington with which it is in full agreement, namely that in future the question of co-ordinating and harmonizing the various means of transport should be dealt with in Reports prepared in common by Joint Committees composed of authorized representatives of these means of transport;

Whereas competition between railway and motor transport seriously affects conditions in all countries and opens up wide questions of the relations between all means of transport and at the same time involves large questions of economic policy which overshadow the purely technical aspects of co-ordination between road and rail transport;

Considers that despite the different aspects of the problem in the various countries it has become necessary to take it up from a general and international standpoint and to proceed with caution to a thorough consideration of the necessity of revision of all transport systems affected by the rapid development of motor transport;

Records the view that, in the long run, traffic will pass by that means which can offer the most efficient and cheapest service;

Emphasizes the impossibility of separating the study of the relations between railways and motor transport from the revision of the whole transport system necessitated by technical progress;

Decides to call a Joint Conference on the new development of transport methods representing not only the business interests and experts concerned in rail and road transport, but also those concerned in all means of transport, in order to consider in particular measures to be taken with a view of insuring the co-ordination of the two means of transport in the interest of general economic welfare;

Is of the opinion that an inquiry should be undertaken in preparation for this Conference with the following two principal objects:

1. To determine the effects of the development of motor traffic upon railroad traffic in its various classes, and particularly in those classes of goods traffic that are most affected, and to consider the nature of the resulting modifications which may be desirable in the fundamental principles governing the railroad rate schedules.

2. To arrive at a comparison between the amounts appropriated for the highway system as a whole, its upkeep, its development and administration due to motor transport

with the contribution of motor transport towards such expenses and similar comparison for the other means of transport;

Decides for this purpose to appoint a special Committee composed of experts in the various means of transport to make in collaboration with other international bodies a comparison between the various methods adopted by different countries, so as to compile the above data, with a view to ascertaining the best way in which a comparable statement of the above information can be obtained for the different countries, with sufficient accuracy to enable general conclusions to be arrived at.

In application of this resolution, the President of the International Chamber of Commerce appointed a number of Independent Experts and invited the principal international organizations interested in the problem of road and rail to take part in the work.

The following Independent Experts were nominated :

*America (U. S. of)* : Col. A. B. BARBER, Manager of the Transportation and Communication Department of the Chamber of Commerce of the United States of America, Washington.

*Belgium* : Mr. Arthur BASSE, Membre du Conseil Supérieur des Transports de Belgique, Vice-Président de la Chambre de Commerce de Liège.

*China* : Mr. K. Y. Woo, Member of the Advisory and Technical Committee for Communications and Transit of the League of Nations; Delegate of the Chinese National Committee of the International Chamber of Commerce.

*Czechoslovakia* : Mr. Vojtech MIXA, Chief of the Transport Section of the Federation of Czechoslovakian Manufacturers, Prague.

*France* : Mr. M. MOTTET, Directeur de l'Office des Transports de la Chambre de Commerce de Paris.

Mr. A. NANIN, Secrétaire Général de la Première région économique, Palais de la Bourse, Lille.

Mr. G. RAGUE, Secrétaire Général de l'Union des Offices des Transports et des P. T. T., des Chambres de Commerce et d'Agriculture de France, Paris.

- Germany* : Mr. Adolf WAIBEL, Berlin-Charlottenburg (deceased).  
Mr. H. STÄHLER, Kgl. Bergmeister und Generaldirektor a.D., Berlin-Halensee.
- Great Britain* : Brig. Gen. Sir Osborne MANCE, K.B.E., C.B., C.M.G., D.S.O., Technical Advisor to the Ottoman Bank, London.
- Italy* : Gr. Uff. Avv. Gino OLIVETTI, Secretary General of the General Fascist Confederation of Italian Industry, Rome.  
Avv. Amleto PAVONE, Chief of the Transport Office of the General Fascist Confederation of Italian Industry, Rome.
- Japan* : Mr. T. SAITO, Manager, Nippon Yusen Kaisha Ltd., London.
- Jugoslavia* : Dr. L. KARMANSKI, Advisor on Communications questions of the Chamber of Commerce and Industry of Zagreb.
- Netherlands* : Dr. M. H. DE JONG, Manager of the "Scheepvaart Vereeniging Noord", Amsterdam.
- Poland* : Dr. L. RASINSKI, Secretary General of the Polish National Committee of the International Chamber of Commerce, Warsaw.
- Switzerland* : Dr. JUNOD, Directeur de l'Office National du Tourisme, Zurich.

*Technical Advisors :*

- Prof. A. A. BARRIOL, Secretary General of the Statistical Society of Paris; Delegate of the International Statistical Institute;
- Prof. E. LHOSTE, Inspecteur Général des Régions Economiques au Ministère du Commerce, Professeur de Statistiques Economiques au Centre de Préparation aux Affaires, Paris.

The following organizations promised to collaborate and appointed representatives :

- International Labour Office;  
Alliance Internationale du Tourisme;  
Conseil Central du Tourisme International;  
International Air Traffic Association;  
International Association of Rolling Stock Builders;  
International Association of Recognized Automobile Clubs;  
International Federation of Commercial Motor Transport;  
International Federation of Forwarding Associations;  
International Permanent Association of Road Congresses;

- International Permanent Bureau of Motor Manufacturers;  
International Union of Railways;  
International Statistical Institute;  
International Union of Tramways, Local Railways and Public Motor Transport;  
World Power Conference.

The work has been carried out partly by the Independent Experts alone and partly with the co-operation of experts of the international organizations.

A questionnaire was first drawn up which was sent by the International Chamber of Commerce to its National Committees, and by the international organizations concerned to their member associations. The replies received furnish some extremely valuable documentary data which on certain points are unique. Where any particular information could not be supplied by National Committees or the international organizations, members of the International Chamber of Commerce endeavoured to collect the necessary data. The documentary information obtained therefore covers the greater part of the world. The efforts of the organizations mentioned above, which cannot be overrated, have made it possible to complete in a large measure the documentary data of the various countries, whilst their active assistance testifies to the importance of the work undertaken.

The collaboration of Prof. BARRIOL, Prof. GIRARD and Prof. LHOSTE who placed their services at our disposal as technical advisors, more especially in regard to general economic statistical and traffic questions, has been particularly valuable.

The National Committees of the International Chamber of Commerce and the international organizations did not limit themselves to collecting data; they also checked and completed the extracts, summaries and comparative tables prepared by International Headquarters of the International Chamber of Commerce.

The information assembled in the course of the Chamber's inquiry, which will be published in a Documentary Report, together with a set of comparative tables, will be presented on the responsibility of Headquarters of the International Chamber of Commerce. The Committee of Independent Experts indicated that it attached great importance to the documentary data obtained being shown in the form of comparative tables. It is in fact the first attempt of the kind to assemble, in clear comparative form, international data drawn from similar sources and covering such a vast field.

These comparative tables deal more especially with the legal status of the organization of railways motor transport undertakings;  
the principal taxes on motor vehicles;  
the principal taxes on railways and the transportations effected by them;  
the rates of the principal taxes on railway and motor transport;  
the measures taken by the railways to adapt themselves to the situation created by motor transport competition.

It is due to the very valuable co-operation of the Rail Transport Committee of the International Chamber of Commerce, with Dr. Karl Friedrich von SIEMENS as its Chairman, and the Highway Transport Committee, under the Chairmanship of Mr. Roy D. CHAPIN, in his absence Mr. Edoardo AGNELLI, that certain of these comparative tables could be drawn up. The first furnished, more especially, basic information on the measures adopted by the railways in view of motor transport competition, whilst the second dealt with the study of the cost price of highway transport.

The Committee of Independent Experts also wished to thank the International Labour Office which supplied some extremely interesting and hitherto unpublished data regarding the situation of railway and highway transport employees, from the point of view of labour law, as well as the International Statistical Institute for its co-operation in the work.

Mention should also be made of the important work of Messrs. BARRET, REYMOND and VINCENT, carried out in agreement with the associations concerned (International Union of Railways, International Permanent Bureau of Motor Manufacturers, International Union of Tramways, Local Railways and Public Motor Transport). They placed themselves at the disposal of Headquarters of the International Chamber of Commerce for the preparation of a report giving a comparison of the expenditure devoted to the highway system as a whole, necessitated by motor transport, and the means employed to meet that expenditure. The elements of this study which is an important adjunct to the documentary data obtained, are incorporated in the Documentary Report.

The Independent Experts decided that a general introductory statement should be made. Following a decision taken by them on May 5th, 1933 (1), a draft was prepared by Sir Osborne MANCE who is universally recognized as an authority on this question, and who

(1) Under the chairmanship of Sir John Sandeman ALLEN, Kt., J. P., M. P., Ex-Chairman of the Liverpool Chamber of Commerce, Deputy-Chairman of the Federation of Chambers of Commerce of the British Empire, Vice-President of the Association of British Chambers of Commerce, replacing Prof. Dr. Most, who was unfortunately prevented from attending this particular meeting.

had made an extremely useful preliminary study of the question, and by Dr. Paul WOHL, Director of the Transport and Communications Department of the International Chamber of Commerce, on the basis of the vast documentary data collected by National Committees or the international organizations concerned and the special information they had themselves obtained. The draft report was submitted to the Independent Experts in May and discussed again and amended on October 20th and 21st.

The text given below received the complete approval of Dr. MOST, Sir John SANDEMAN ALLEN, Messrs. BARRIOL, BASSE, JUNOD, LHOSTE, Sir Osborne MANCE, Messrs. MOTTET, MANIN, OLIVETTI, RAGUE, STÄHLER and Woo.

This Report is on the responsibility of the Independent Experts alone, but the President of the International Chamber of Commerce has authorized its publication as a basis of public discussion, before we hold any further meetings on a question the scope of which cannot be exaggerated, both from the point of view of national and international transport policy.

The preliminary Report of the Experts will be followed, as soon as possible, by the publication of the Documentary Report (of facts and statistics) drafted by International Headquarters.

In submitting this Report to the public, in the name of the Independent Experts, with the concurrence of the President of the International Chamber of Commerce, I hope that this impartial and unbiassed study of the problem of the existing competition between the various means of transport which we should like to see transformed into a spirit of collaboration or more accurately co-ordination, will be the signal for a general effort on the part of all the Experts and other competent bodies to unite with the International Chamber of Commerce in finding a solution of this transport problem which concerns the whole civilized world.

Duisburg-Ruhrort, October 22nd, 1933.

Professor Dr. Otto MOST,  
*Chairman of the Committee to prepare the  
General Conference for the co-ordination  
of the various means of transport.*

# Road and Rail Transport

## Introduction

**F**OLLOWING on a decision of the International Chamber of Commerce at the Washington Congress in May, 1931, a Committee of Independent Experts was formed to investigate the road and rail problem.

In reply to a *Questionnaire*, the Committee has received from 37 countries detailed reports which together present a comprehensive review of the present situation in this important matter.

The Committee has further been assisted by representatives of the various international organizations interested in transport (Appendix 1) who participated in the preliminary discussions.

It was decided at the Vienna Congress of the I. C. C. (May 29th-June 3rd, 1933) that a general international conference should be held at which the co-ordination of road and rail transport in the general economic interest, with reference also to other means of transport, should be considered more particularly in those aspects in which international uniformity may prove to be desirable or in which the solution adopted in one country might be of value to other countries. The following resolution was adopted at this Congress: (1)

"The International Chamber of Commerce recognizes that an important work has been accomplished by its Committee of Experts appointed to prepare for a general transport co-ordination conference, in collaboration with the leading international organizations concerned, and takes note of the fact that a detailed report will be submitted shortly on the relations between road and rail transport in more than 30 countries.

The results of the inquiries made so far by the Committee already indicate that the problem of the relations between road and rail transport, particularly in respect of goods traffic, is of great international importance, and that for two main reasons:

1. In practically every country, an important part of railway goods traffic is in close connection with international traffic. Furthermore, road transport is tending more and more to go beyond national boundaries. The influence of road transport on the railways and the expansion of goods traffic by motor vehicle, which is taking place to a greater or lesser extent in practically every country, is therefore of considerable international impor-

tance. Any solution of a purely national character, which fails to take into account the methods adopted in other countries, involves the danger of throwing rates for international competitive traffic into confusion and of setting up new barriers to international trade.

2. Despite certain points peculiar to the relations between road and rail transport in each country, as a result of the economic and social conditions proper to the country in question, there are so many similarities everywhere in the way in which the problem is evolving that the measures taken by one country, and the experiments made in that country, may from this point of view be of great value to every other country.

These two points show how urgently necessary it is to organize a regular exchange of experience on the international plane and to make a serious effort to draw up some guiding principles calculated to prepare the way for a practical solution of the problem.

The International Chamber of Commerce considers that the work of its Committee of Independent Experts will soon enable an international conference to be called with the collaboration of all those concerned. The various Governments should be invited by their respective National Committees to send to that conference representatives of the competent technical departments, who would assist the conference in obtaining a clearer view of the situation and, if possible, without in any way binding their Governments, in drafting certain general conclusions."

In view, however, of the changes which are taking place or are imminent in several countries it has been decided that the Committee should issue their introductory report in advance of the general report.

The investigations of the Committee have been inspired by the following principles:

1. Industry, trade and the general user require cheap, efficient and rapid transportation, adapted as closely as possible to their specific needs.

2. The transformations that have taken place in the *de facto* monopoly of land transport held until recent years by the railways and the interdependence of the various means of communications call for a comprehensive policy in each country.

(1) The German text is the original version.

3. The principal aims of such a policy should be to co-ordinate all the means of transport in such a way as to secure for each of them the traffic for which it is best suited, and to avoid overlapping, the financial consequences of which the community would ultimately have to bear.

4. Public action becomes necessary in so far as the efficiency of the various means of transport is compromised by competition among themselves, particularly road and rail competition.

5. The function of the State is not to maintain the *status quo* or to favour one means of transport at the expense of another, but to create the requisite conditions for securing the maximum efficiency of all means of transport and to further their evolution in the interests of the general welfare of the community and of technical progress.

6. These aims can only be attained by a series of measures, the nature and scope of which will be influenced by the conditions existing in each country.

The importance of a rationalized transport policy has been thrown into relief by competition between motor and railway transport. This problem is more or less the same in all civilized countries.

The aspect of the problem which stands out most prominently is the absolute or relative decline in railway traffic in all countries; an absolute decline in some

countries or districts in the sense that the volume of traffic is less than in 1913; a relative decline in other countries or districts in the sense that the development of railway traffic, and particularly goods traffic which until 1913 grew at the average rate of 3 to 6 % per annum, became noticeably slower in the period 1921-1929 and has further declined since. The importance of this absolute or relative decline in railway traffic varies according to economic and social conditions. However, as a general rule, it is not due to road competition alone. A decisive part has been played by transformations in industrial technique, in the location of industries, in the size of towns and cities and in social conditions, and especially by the present economic crisis. It must also not be forgotten that there is a wide field in which railways and motor transport do not compete with each other, but constitute two complementary means of transportation. It is therefore necessary to proceed with caution and avoid basing any definitive settlement on present conditions, as such a settlement might turn out to be mistaken should general economic conditions change.

The following report, especially in so far as it deals with the situation as it exists at present, is necessarily a condensed generalization of varied conditions obtaining in many countries. It is evident therefore that this report cannot represent the exact situation in any particular country. For this reason the report should be considered as a whole. The separation of individual sentences is likely to be misleading.

## Relationship between the State and the Railways

**T**HE relationship between the State and the railways arises out of the quasi-monopoly of land transport which these held until the advent of motor transport in districts they serve. The importance of the railways as a factor in national economic expansion and in the repartition of industries has led all States to grant to the railways, irrespective of the system of operation and ownership, certain exclusive rights and to impose upon them certain obligations calculated to assure regular transportation.

In countries such as industrial or transit countries, in which a sufficient volume of traffic exists to render the construction of railways remunerative, the tendency has been for railways to be constructed by private enterprise. On the other hand, in undeveloped countries or in those regions where railways could not be expected to pay commercially, Governments have been led at the outset either to subsidize the construction of railways by financial guarantees or by the grant of lands or other inducements, or themselves to furnish the capital and undertake the construction and operation of such railways.

But the development of the railways has not been governed by economic factors alone. In many coun-

tries, the construction of railway lines has been to a certain extent subordinated to considerations of national defence and to a desire to strengthen the hand of the central authorities in distant regions. Speaking broadly, the construction of railways has not been governed by any general plan. The results and disadvantages of this are more evident now than in the days when railways held a monopoly.

### Administration.

The various factors that have determined the development of the railways have also left their mark on their administrative status. Whether the railways have remained private or have become the property of the State, the influence of the public authorities on their development has determined the extent to which they are subject to the control and guidance of the State. Everywhere, however, the railways are treated as a public service. Generally speaking, a distinction may be made between the following systems :—

- (1) Railways owned by the State,
  - (a) operated by it directly;



- (b) operated under autonomous official management;
- (c) operated under private management;
- (2) Privately-owned railways,
  - (a) operated by the State,
  - (b) subjected by it to a special control exceeding that exercised over any other private enterprise;
  - (c) independent of the State within the limits set for any public utility service.

This distinction is not, however, a fundamental one. Being legal in character, it gives no explanation of the real differences of régime, which are economic and political. There are railways belonging to the State which, apart from the form of their management, are operated as commercially as the private railways. On the other hand, such strict control is exercised over the private railways in certain countries that the railways have become in practice an integral part of the public administration; their employees are practically civil servants, their operating regulations and tariffs are practically laws, and their financial operations are practically budgetary operations, commercial results being subordinated to political exigencies.

The régime of the railways cannot therefore be distinguished either by their ownership or by the legal status of their organization, but only according to methods of operation.

In countries where economic factors have had a preponderant influence in determining the development of the railways, their operation has remained commercial in character. The operation of the railways on commercial lines is facilitated by their being a private organization or by their being financially independent. The typical form where political control is exercised is direct management or operation of all the railways exclusively by the State.

It is important to bear this distinction between the two main tendencies of railway policy constantly in mind in any general consideration of the road-rail question.

With the decline in railway traffic, a tendency can be seen in most countries towards a more effective application of commercial principles. This tendency is affected by budgetary considerations.

### *Regulation of Railway Tariffs.*

The public has been safeguarded by the prescription of maximum and in some cases minimum tariffs for the various classes of commodities. In general railways have always been subject to the obligation to accord equal treatment to all users and to publish all the rates granted by them, and the users mostly have a right of appeal in cases where it is claimed that these conditions have not been fulfilled.

### *Taxation and Finance.*

In almost all countries, railways benefited at the beginning through total or partial tax reductions or exemptions. The steady growth of railway traffic before the war transformed the railways in many countries into a source of revenue for the State. In countries where the railways were owned by the State, their profits could be a valuable addition to the general budget; in other countries, considerable revenue was brought in by general and special taxes. Moreover, the levies directly imposed on the railways for purposes of national defence, public security and public order, as well as for purposes of social policy, were really equivalent to heavy taxes in kind.

Despite the decline in traffic, these charges have been maintained and even increased. Although the railways were in a position to bear them when traffic was heavy, their incidence has become far more onerous in view of the diminished traffic under present conditions. Since in several countries the State has guaranteed either the capital itself of the railways or the interest payments on that capital, it has been obliged, while maintaining the old charges, to pay back to the railways all or a part of its revenue from railways in order to offset operating losses.

The difficult financial situation has become still more acute through the fact that in many cases in the past railways have accepted capital liabilities for expenditure which should properly have been met out of operating revenue. In some cases the capital account of railways has been debited with loans raised or granted by the State to cover losses in operation.

In other cases however, owing chiefly to post-war inflation, the pre-war capital charges of the railway have been wiped out to a large extent.

### *General.*

The situation of the railways has been rendered still more difficult by the large number of expenses imposed upon them, particularly in respect of conditions of employment and wages, liability to employees and to the public and by burdensome operating conditions laid down with a view to ensuring the security of railway traffic in the general interest. Among these obligations should be mentioned those of maintaining a regular service and of accepting in principle any transport they are asked to carry out. The railways are also governed by strict regulations as to accountancy and have to compile a considerable amount of statistical data.

A particularly burdensome charge of this kind is the comparatively high level of wages coupled with the obligation to employ a very large staff, an obligation mainly due to the direct or indirect influence of the State.

These charges taken together have had an unfavourable effect on the operation of the main line railways, and have very seriously hampered, and in some cases even rendered impossible, the operation of local and

light railways, which have been particularly affected by the decrease in traffic and by the recent progress of motor transport.

The influence of all these factors has varied according to the country and the form of operation and status of the railways. As a general rule, those private railways which are only subject to the general restrictions existing for any public utility service, and state railways operated under independent management or otherwise indepen-

dent of the public authorities, are in most countries often in a comparatively favourable position owing to the elasticity of commercial methods. On the other hand, those private railways which are controlled by the State on bureaucratic lines with such strictness that their status is really that of a jointly managed enterprise, as well as railways directly operated by the State and without sufficient financial autonomy to make commercial operation possible, are seriously affected.

## Relationship between the State and Motor Transport

**I**N the early stages, the attitude of the State toward motor transport was that of "laissez faire". The extension of automobile transport has, however, led most States to regulate it. These regulations are still in their infancy, and for the most part apply to motor vehicles used by contract carriers and public carriers. These vehicles constitute only a relatively small part, not exceeding 20 % of the total number.

The organization of motor transport may be divided into the following categories:—

In the case of passenger transport:—

- (1) Regular lines;
- (2) Occasional transport of passengers for payment;
- (3) Journeys in private vehicles without payment.

In the case of goods transport:—

- (4) Regular lines;
- (5) Occasional transport of goods for payment;
- (6) Carriage by private lorries of goods belonging to the owners of the lorries (ancillary services—Werkverkehr).

The categories of motor transport which have so far escaped any special state regulation are chiefly those of types 3 and 6 in which transportation is effected in vehicles used by private owners for their own purposes. It should be noted that the great majority of motor vehicles belong to this class.

Motor transport has increased the mobility of the population and created new traffic. It has at the same time made inroads on railway passenger and goods traffic. It is not only the price but also the quality of motor transport that has brought it traffic. It is attractive mainly for short distances of up to about 150 kms. and for tourist traffic. As regards goods traffic, the motor vehicle has special advantages for rapid door-to-door shipments, less-than-car-load consignments which require costly packing when sent by rail, and in general for those goods which are carried by the railways at comparatively high rates.

In older countries, motor transport has profited at the outset by the existence of a highway system built many years ago. Its development since the war has induced all States to invest considerable capital in the roads. Here again there is a non-economic factor to consider. Road construction and improvement have not always been based on traffic requirements. Many road systems

have no general plan, and their different parts, gradually built up as the result of a long historical process, often lack cohesion and are not always technically suitable. On the other hand, new countries have quickly recognized the importance of motor transport and have planned a national road system.

### Administration.

It is necessary to distinguish clearly between two forms of government intervention in the regulation of motor transport. The first consists of regulations applicable to all forms of motor transport in the general interest, such as regulations affecting public safety, insurance, conditions of labour and damage to roads.

The second category of regulations, called hereafter "control", implies a restriction in the free use of motor transport and involves to a greater or lesser extent an element of monopoly. This form of government intervention implies a special concession or an executive decision in each case.

Motor transport enterprises working for hire or reward are usually subjected to special restrictions coming under both the above categories.

The general restrictions (category 1) are usually the following: fixation of the price of transport in respect of regular transport services (maximum and sometimes minimum rates); determination of the conditions attaching to the issue of a licence, establishment of time-tables and certain conditions of operation such as hours of labour, compulsory rest periods, etc.

The restrictions of the second category as a rule have reference to traffic requirements or are inspired by the importance of encouraging one or the other means of transport. Among these restrictions should be mentioned:—

(a) System of exclusive concession for specified services or areas in respect of passenger or goods motor transport except transport effected by ancillary services. Such a concession sets up a discrimination in favour of the concessionaire by protecting him against the competition of other motor transport enterprises.

As a general rule, the concession lays down the conditions of operation and may prescribe the tariffs to be charged.

(b) Prohibition, in the case of motor transport enterprises, from carrying for more than certain distances, from employing certain types of vehicle or certain roads or even carrying certain classes of goods.

(c) Grouping of automobile transport enterprises into big associations, with a view to securing collaboration between the small hauliers and making effective control possible.

(d) Reservation to the railways, particularly to the local and light railways, of the right to organize motor transport services parallel with their lines.

(e) Constitution of a monopoly of road transport, either in respect of passenger traffic or of goods traffic, or of both.

Each of these systems may or may not include private goods vehicles used by their owners for their own purposes (*Werkverkehr*). In certain countries, these ancillary services have been formally excluded from carrying goods or passengers for hire or reward either in general or beyond a certain distance.

In view of the importance of ancillary motor transport (*Werkverkehr*), the effectiveness of the measures implied by these five systems largely depends on the policy adopted towards that category of transport.

One of the main difficulties standing in the way of the application of all these measures lies in the flexible nature of motor transport, which is able to evade control more easily than traffic carried by the railways or inland navigation enterprises, and more particularly in the quasi-impossibility of supervising the strict observance of tariffs or of preventing the carriage of return freight by private lorries against payment, even when their owners are forbidden by law to use them except for their own purposes. For that reason, certain States have abandoned the various systems of administrative control, and have endeavoured to regulate the development of motor transport by a system of taxation.

Unlike railway transport, motor transport is not as a general rule subject to strict labour laws. Although certain countries have imposed regulations on motor transport enterprises with a view to fixing working hours and protecting labour, those regulations are difficult to apply for the reasons given above, and because the great majority of motor vehicles do not belong to big transport enterprises but to private individuals or families who work as they wish without sparing themselves.

A new feature, which has to be taken into account, is the practice which is being developed in some countries of constructing special roads reserved entirely for motor transport (*autostrades*).

### **Road Transport Tariffs.**

In its early stages, one of the characteristic features of motor transport was the absence of any real tariffs. But, with increasing administrative control, regular or public motor transport services were obliged in cer-

tain countries to apply tariffs approved by the public authorities.

At first this obligation was only imposed in the case of passenger transport. Later, however, the public authorities realized that motor transport was attracting the high-grade merchandise for which the railways charged their maximum rates, and was thus seriously affecting railway earnings. This has, in some cases, led to the special extension of the tariff system to goods transport, as a means of placing railway and motor transport on the same footing. The obligation to establish tariffs was first limited in most cases to regular public services, the rates being sometimes fixed at a level equivalent to the maximum rates charged by the railways.

### **Taxation and Finance.**

The development of motor transport has induced most countries to attempt to cover road costs by an increasingly heavy taxation of motor traffic. The revenue from special motor transport taxes has become sufficient in several countries to cover all road costs imputable to motor transport.

In many countries, however, the revenue from the taxation of motor vehicles is not specially earmarked for the highway service. In certain countries the taxation of motor transport is regarded less as a means of providing for the cost of the roads than as a means of regulating, through the operation of taxes, the proportion of the general traffic annexed by motor transport.

Efforts have been made in several countries to determine the amount of taxation which should be charged to motor transport as a whole and the most appropriate method of allocating such taxation as between the different categories of vehicles, in accordance with the degree of wear and tear of the roads.

Motor transport enterprises, particularly in new countries, have been and still are subsidized with a view to connecting up hitherto isolated districts with the general transport system. In some cases these enterprises have also been granted the benefit of tax reductions or exemptions, and the contributions they have to make in kind are often less than those imposed upon the railways.

The importance of the motor vehicle, particularly certain standardized types, has led to several countries giving special facilities in the forms of taxation refunds to their owners or builders. In certain countries, particularly new countries, the public authorities have invested capital in regular or public motor transport enterprises.

In addition, the development of motor transport has been further encouraged by financial facilities granted to the buyers of motor vehicles (sales on the instalment plan). This fact, and the competition of small motor transport undertakings—often family businesses—among themselves, results in bringing their prices down to below cost.

# Alternative Systems for the Relations between Road and Rail Transport

ANY one of the four following systems may be applied to the relationship between road and rail transport :—

1. Unrestricted competition.
2. A combined monopoly of all land transport.
3. The co-ordination of two competing monopolies, one including all motor transport, the other all railway transport.
4. Co-ordinated competition between road and rail within the limits of their present organization.

We shall consider below the advantages and disadvantages of each of these four systems and the measures each entails.

It is, however, necessary first of all to establish the main principles on the basis of which transport prices have so far been determined.

## Preliminary Remarks on the Tariff System

The costs to be met by the normal working of a transport undertaking run commercially may roughly be divided as follows :—

1. Running costs, which vary directly with the traffic, e.g. fuel.
2. Fixed operating charges, which are independent of the quantity of traffic, e.g. general management, upkeep of track and stations.
3. Interest or profit on capital at such a rate as will attract further capital for extensions and improvements.

Expenditure cannot be rigidly classified in these items, and the classification will vary in each particular case, depending on the conditions of the moment.

In the case of road transport regarded on a large scale, the variable costs of working (1) are a much higher proportion of the total than in the case of railways, chiefly because the greater proportion of the cost of maintaining and improving the roads is met by taxation based on the amount of use.

When a transport undertaking, whether rail or road, is started, it is with the expectation that the traffic as a whole can afford to pay rates sufficiently in excess of (1) to cover (2) and (3).

In the case of each transport, there is a maximum rate which the consignor or passenger is prepared to pay rather than forego the transport. In the case of a monopoly, the rates charged can be based on this amount, which is known as what the traffic can bear and which can vary with circumstances. No rate is too high for the user which permits any class of traffic to pass. On the other hand, no rate is too low to be accepted by a transport undertaking for additional traffic provided it

leaves a margin over variable costs (1) and thus helps to carry the fixed charges and interests on capital (2) and (3). Obviously it will not pay to take all traffic at just over (1), as in that case even the fixed operating charges might not be met and there would be no remuneration for the capital.

Theoretically therefore, with a monopoly, each item of traffic bears its maximum burden of rates, and none but the minimum rates have any relation to the cost of operation.

The lower rates are made possible by the higher rates only in the sense that a transport undertaking could not live on the low-class traffic only. They would be introduced in the interest of the undertaking even if there was no control of rates. As part of a rate system, therefore, they are not the result of government intervention. Government intervention in railway rates only operates when these rates are lowered in favour of certain industries below those which would be charged by a private railway in its own interest under the above system. The result of such intervention is that these industries are subsidized at the expense of the railways. In the case of the lowest rates the railways are obliged to carry traffic below their variable costs; in the case of high rates part of the amount available for meeting fixed charges and interest is transferred to the users as a subsidy, which is unnecessary or which could have been made available from other sources.

## The Effect of Competition on the Tariff System.

Where there is unrestricted competition between two means of transport, the maximum rate between competitive points, assuming equal facilities, would tend to be forced down to the level of the variable costs of the more expensive form of transport. As this would ruin both means of transport, it has generally happened in the case of two competing monopolies, e.g. two railways or a railway and a canal, that after an initial struggle to determine the relative competing power of the two systems an entente is arrived at which enables remunerative rates to be agreed on a monopoly basis. Under present conditions, in most countries such entente is not possible in the case of public motor transport undertakings, as fresh undertakings would upset any entente arrived at, except in the case of regular services such as certain bus services, which enjoy a virtual monopoly. Thus, unrestricted motor competition would force down rates to the variable costs of operation and sometimes even lower, since some of the items, such as depreciation, do not make themselves evident at the first. It is clear that this could not continue, and that ultimately transport charges would be based on rates sufficient to cover (1) (2) and (3) for the least expensive means of transport.

With a monopoly, since the rates, except the lowest, are not based on cost of working, they do not vary with

the variable costs in each particular case. With uncontrolled competition, carried to its logical end, it would be necessary to allow rates to be varied from day to day depending on the actual variable costs, e.g. whether a motor or a train is in need of a return load. Thus, free prices regulated by supply and demand would be substituted for a tariff system.

### *Adaptation of Railway Tariffs to Non-monopoly Conditions.*

It has often been declared that the loss of monopoly conditions will oblige the railways to raise the rates on the lower classes of traffic, for which motor transport cannot compete. As explained above, however, these rates are already in theory as high as the traffic will bear or as high as they could be fixed in relation to previous competing forms of transport. An increase in these rates would therefore result in a loss of traffic, except where the altered conditions might have increased the transport charges which particular classes of traffic can bear.

A good deal of traffic carried at lower rates, e.g. coal, is competitive in international markets. It may be worth enquiring whether it is possible for rates to be raised by international agreement on railways serving competitive centres. The chief difficulty in this is the immixture of politics and fiscal policy, together with general economic considerations, in rate-making on State railways.

As a result of motor competition in certain countries the use of motor transport for the conveyance of commodities on which the railway rates are high has been countered by authorizing the railways to increase their rates on raw materials against users who do not employ the railway for all their traffic. This virtually leads to a kind of monopoly with each client, enabling the present rate structure to be maintained. It obviously only applies to users who despatch both high and low grade traffic. It is significant that this system can apply equally whether the trader employs ancillary motor transport or uses public motor services. In some countries agreements have been made to reduce railway rates to particular users on condition that all their traffic is sent by rail. Simplification by allowing group consignments of different classes or consignments from a group of stations to pass under a single rate are also being experimented with. These experiments, termed contract rates, may be expected to develop under the stress of competition and will have to be taken into account in any future definition of rate discrimination.

In certain countries, in order to profit by the advantages of motor transport and escape the strict obligation of applying their tariffs equally to all consignors, the railways have taken over motor transport enterprises not subject to tariff control.

In any case, under a competitive régime, there will be considerable disturbance to the existing rates, even after they find their new levels. These disturbances may be

expected to affect rates on inland waterways and in the coasting trade.

Thus the effect on tariffs is the crucial question of any national policy of road and rail co-ordination.

## **Unrestricted Competition**

The effect of this system would be a fall in the price of transport. It is clear, however, that in the long run unregulated competition involving complete freedom to both road and rail as regards fixing rates and choice of routes, would inevitably lead to a loss all round, and must result in a less efficient service and heavy budgetary charges in order to subsidize those transport services which are necessary in the national interest. These considerations alone have led the committee to abandon this alternative.

## **The Case of a Re-established Monopoly of Land Transport**

As explained above, in the case of a railway monopoly it has been possible to graduate tariffs to correspond as closely as possible to what each traffic could bear. As regards roads, when roads passable for wheeled traffic were comparatively few, it was possible to levy tolls on the basis of a quasi-monopoly. The inconvenience of such tolls led to the State or the local authorities assuming the whole cost of providing and maintaining roads. The necessity for charging the increased cost of maintaining and extending the roads to the principal road users has led to the imposition of taxes on motor vehicles. In this way the Governments have revived the possibility of monopoly conditions for the levying of road tolls.

On practical grounds, these tolls are levied on the vehicles and have no reference to the nature of the traffic. With individual ownership and operation of motor vehicles, no other system would be possible.

Supposing, however, that the whole of the road traffic operation could be constituted into a monopoly, it would be possible to charge varying amounts to different traffics for the use of the roads, depending on the maximum rates which each kind of traffic could bear whilst still continuing to pass. That is to say, the present structure of railway rates could be maintained in its entirety and applied to motor transport down to the lowest rate which would cover the variable cost of motor transport operation, plus a road tax to cover the extra wear and tear of the roads, due to the traffic in question. Individual rates would of course vary from the corresponding railway rates in cases where the facilities differed.

A complete co-ordinated road and rail monopoly, which had to pay for the upkeep of the roads as well as maintain the railway, would fix rates based on the value and not on the cost of each service. It would automatically use whichever form of transport yielded the greatest contribution towards the combined general

and capital expenses of roads and railways. Where one or other form of transport offered a better service and the choice lay with the user, the rates for conveyance by each of the two forms of transport would tend to be fixed so that it paid the transport organization equally well whichever means was used. The traffic would thus be free to choose the most economic route in accordance with the principle that a more expensive service is justified only if the increased value of the service is at least equal to the increased cost. Rates could continue to be controlled, and publicity and non-discrimination, together with the obligation to carry, would apply to the whole organization. Less paying railway or road services in outlying areas would be systematically provided for. Surplus revenues, after providing for approved capital charges and reserves, could be used in the reduction of rates or in the reduction of national taxation. The questions of conditions of employment and of statistics and accounts would solve themselves through centralized control. There would be no need of elaborate calculation and empirical assumptions to determine the allocation of road costs between the various sizes and categories of motor vehicles. The monopoly organization would pay for the actual cost of road maintenance and improvement, less any portion paid out of general taxation and representing the contribution of other users or a temporary subsidy in the less developed countries. If the legacy of the past as regards the roads is worth anything, it would be realised in the Government's share of surplus revenues from the combined monopoly.

It is evidently quite impossible to compare the weight of road "taxation" under this system with the present taxation. The effect on charges for road transport would be that some charges would be higher and some lower than at present, but all would be economic. The general taxpayer would benefit by the gradual relief of the national budget from existing direct or indirect subsidies in many countries.

A monopoly on the above lines need not affect the present relation between the railways and the State.

There would, of course, be no difficulty in excepting the private passenger car from the monopoly of operation. The exact form of taxation of such cars is not very material to the question of road-rail co-ordination, once agreement is reached as to their total contribution towards highway expenditure.

The principal difficulty arising out of a complete monopoly is that of including the private goods motor vehicles (*Werkverkehr*) which constitute a large majority of goods vehicles.

As regards such vehicles, a monopoly would constitute an interference with the freedom of commerce. It might interfere with the transport arrangements necessary for the internal working of a business. It would be less likely to be sufficiently flexible to meet the rapidly changing requirements of transport by businesses which at present have complete control of their means of transport.

To meet this obvious difficulty, "*Werkverkehr*", as an alternative to being catered for by the monopoly itself,

might be provided for by licence from the monopoly organization, the charges for which would have to be based on the general principle of what the traffic can bear.

There will, however, be a large number of cases, such as transport used for agricultural purposes and local tradesmen's delivery services, which it would be undesirable and impossible to bring within the orbit of a monopoly, and which in fact coexisted with the railway monopoly before the advent of the motor vehicle. These classes would have to be dealt with specially, subject always to the guiding principle that the exceptional treatment accorded to them should not undermine the general tariff basis.

It may be asked how the user would be safeguarded against exploitation through increased transport costs in the case of a complete road-rail monopoly. These safeguards would have to be the same as have existed for the last hundred years in the case of railways. Additional safeguards would be necessary in framing the organization of any complete transport monopoly to ensure that the combined organization is not unduly subordinated to railway influence or to any increase in State interference with transport.

A serious objection against a full monopoly is the loss of incentive to progress. It is true that coastwise and internal navigation, and the development of air services, of pipe-lines for the transport of liquids and gases, and of electric power transmission presage a continuance of competition. There is still the great danger, however, that in spite of this competition the monopoly will not adapt itself to technical progress and try by all means to meet traffic requirements in the cheapest and most efficient manner. This danger would be accentuated in those countries in which the railways or the State are likely to obtain a preponderant influence on the monopoly. In countries with State railways it would probably lead to a complete State monopoly of inland transport.

### *Administration of the Monopoly.*

Under a monopoly régime, the whole operation of road and rail transport, except private cars, would be entrusted nationally or separately by regions to transport companies or corporations or State transport undertakings, as the case may be. The principal functions of these central organizations would be to regulate tariffs and to organize development. The actual operation would be delegated in the manner calculated to further the best use of each form of transport. The financial structure of such a monopoly would evidently depend on the situation in each country, and in particular on the capitalization and earning power of the railways and of road transport. The relations of the transport monopoly to the highway organisation would have to be worked out.

As regards road extensions and improvements, the monopoly would authorize these on the same commercial principles as railway extensions and improvements,

i.e. as services likely to bring in a direct financial return or services to keep abreast with technical improvements and yielding a financial return indirectly. Non-commercial improvements would have to be subsidized by Government. Thus under a monopoly new capital expenditure would be directed where it would best improve the combined transport system, and wasteful duplication would be automatically avoided.

## Competitive Monopolies

Supposing that road transport itself were made into a monopoly independent of the railways, the normal development would be a period of intense competition which would, however, be followed by agreements stabilizing tariffs and conditions of working on the basis of the competitive power of the undertakings; in fact, automatic division of function on such basis with a minimum of loss due to destructive competition.

Under this system also, there would still remain one point for decision. Should the monopoly of road transport be complete, i.e. including the control of ancillary services, or should ancillary services be allowed to operate independently? The question is vital, because it would affect the future rate structure of national transport. If ancillary transport is to be free, then both railways and public road transport undertakings must be free to adapt their tariffs to non-monopoly conditions. If ancillary transport is controlled by the monopoly, then it should be possible for the present rate structure to be maintained, at least to a considerable extent, by agreement between the railway and road monopolies.

In this case, the loss of incentive to reduce tariffs and improve operation might operate to the same extent as in the case of a complete transport monopoly. This system of competitive monopolies would, however, appear to be less liable to the disadvantages arising out of undue influence of the railways or the State on the national transport system. The coexistence of two monopolies which, in spite of any rate agreement, would continue to compete, could not have the same dangerous effects on private initiative as in the case of a complete transport monopoly.

## The System of Co-ordinated Competition

The adoption of the system of co-ordinated competition is independent of the régime of ownership. It is equally suitable for application in the case of private railways and in the case of State railways, provided that they enjoy sufficient autonomy.

This system, which most countries are tending to adopt, as its application calls for the fewest fundamental changes in existing transport policy, consists in creating a balance between rail and motor transport as regards the charges and regulations to which they are subject. As these charges and regulations cannot be the same for

both means of transport, some proportion has to be established between them so as to give each means of transport a fair chance.

With that end in view, the regulations governing railway operation and rating will have to be made less strict and the technical and legal limits determined within which motor transport may operate freely.

## Equality of Charges.

As regards charges, the necessary balance should be sought in the liberation of the railways from charges imposed upon them for non-economic purposes by the public authorities. In the case of motor transport, this balance would have to be achieved by levying such taxation, as would cover the costs of maintaining, developing, administering and policing the roads, with due consideration to the proportion of such costs arising from the use of roads by other forms of traffic or for purposes other than transport.

The following passage from the resolution on the methods of road finance adopted by the VIth Congress of the International Chamber of Commerce at Washington in 1931 bears on this question: (1)

"The crux of the problem is to apportion the cost of roads fairly between the three principal interests concerned—the general public, real estate owners and road users. Roads are public property and it is logical that their cost should be met in part out of general revenue in proportion to the general public benefits. Real estate owners in localities opened up by the roads should also participate to a certain extent in road expenditures, because of the special advantages they derive therefrom. Contributions from users are justified for the same reason and with increasing use should assume a progressively larger share of the road budget."

However, particularly in new countries, special taxes levied on the road users should be kept within such limits as not to deprive the general public of the advantages of a normal development of motor transport which will in the future be in position to bear all the charges incumbent upon it.

These special taxes should be based upon the extent to which the varying classes of vehicles cause wear to the roads. It is evident that in arriving at definite figures more or less arbitrary decisions on a number of points are inevitable.

While the diversity of condition and local political considerations involved make it evident that what constitutes equitable taxation can only be determined locally for each country, it must be remembered that international competition between national means of transport, influenced as it is by competing national subsidies, renders it desirable that as far as possible this determination should be based on similar principles. For the convenience of the growing mass of international road transport, it is further desirable that there should be

(1) The French text in the original version.

as much uniformity as is possible in the methods of motor taxation.

In this connection, the committee suggests the following principles :—

Motor omnibuses and char-a-bancs should contribute to road costs by a combination of taxes on licences, on fuel and on traffic carried.

In the case of motor lorries, a fair distribution of costs should be sought in a combination of taxes on licences, fuel and the maximum weight under load of the vehicle and trailer. It would be difficult to base the taxes on the output in ton-miles, since there is no absolutely certain method of calculating such output.

### *Equality of Regulations.*

With a view to securing a fair balance between the regulations imposed on the railways and those imposed on motor transport in a system of co-ordinated competition, the committee is of opinion that the railways should be free at least in the following respects :—

(a) To organize motor transport services, particularly feeder services, door-to-door services and services parallel with their own lines;

(b) To adopt any new method of transport designed to complete or replace railway services (pipe-lines for liquids and gases, electric power transmission, air services);

(c) To suppress stations and intermediate stops, provided that the localities concerned are served by other equivalent means of transport and particularly by motor transport services;

(d) If other regular public transport services are operating on the same line, the railways should be freed from the obligation to supply a regular service, and the obligation to carry should only be imposed in proportion to real traffic requirements; failing this, the State should pay compensation for any deficit that might occur;

(e) The railways might be authorized to vary their rates freely within certain limits;

(f) Although the right of the consignors to equal rates when they observe the same conditions should be an absolute one, certain exceptions should be made for example in the case of contract rates. No exception should, however, be made to the absolute rule of publication;

(g) Levies on railways for national defence, postal service, the transport of members of Parliament, government officials, prisoners, etc., should be paid for at the ordinary rate;

(h) The restrictions imposed on the railways in respect of employment conditions should be the same as those imposed on motor transport enterprises.

Under the same system of co-ordinated competition, the regulation of motor transport should cover the following points so far as may be necessary to obtain the desired objects:—

(1) Technical conditions :

(a) With a view to the safety of the roads and to lessening the drawbacks of motor traffic for the general public (compulsory driving licence, equipment of vehicles with the requisite signalling apparatus, periodical inspection of vehicles as to their fitness to carry, prohibition to use certain roads, and in particular limitation of the dimensions of motor lorries, motor buses, caravans, trailers and trains of vehicles);

(b) With a view to reducing to a minimum the wear and tear of roads and bridges, and the damage caused to buildings (gradual prohibition of solid tyres, grading of the number of axles or trailers according to loading capacity, limitation of the allowable gross load).

(2) Legal régime; determination of the liability of operating concerns. Adequate compulsory insurance should be provided for, at least in respect of third parties.

(3) Conditions of employment; fixation of working hours, rest periods, etc.

In addition to these regulations which apply to all motor vehicles, special regulations should govern commercial transport undertakings :

A licence should be compulsory for all commercial transport undertakings.

Public and regular motor transport undertakings should be obliged to give regular service and to carry any goods or passengers they are requested to carry within the limits set by technical possibilities. These undertakings should be obliged in all cases to publish tariffs and apply them equally to all consignors, with the same exceptions to the latter principle as provided for in the case of railway transport.

Only those undertakings offering all the requisite guarantees should be admitted to operate regular or public motor transport services.

It will be clear that in the future the inevitable requirements from all road transport undertakings must restrict the continued existence of such undertakings to those which are capable of fulfilling the conditions necessary for the maintenance of an efficient service. It will evidently be against the general interest to forego measures for the essential organization of national transport, which offer no difficulties in the case of larger commercial undertakings, solely for the sake of maintaining in being large numbers of road transport operators, often undoubtedly rendering service of an inferior quality and whose regulation and control would present insuperable difficulties. Already the tendency is towards agglomeration into larger units, and it must be recognized that this tendency is bound to develop whatever the future relations of road and rail may be.

A realization of this fact simplifies immediately many problems of regulation and control which might otherwise be insoluble.

It is evident that there is a large field of regulations of road transport where international uniformity is



both possible and highly desirable in the interest of international traffic. This more particularly applies to such questions as dimensions and weights of vehicles, signalling apparatus, maximum axle loads, size of tyres and also to such questions as the legal liability of operators.

### **Control of Railway Tariffs and its Consequences.**

Those countries which adopt this policy of co-ordinated competition will have to examine closely to what extent the railways should be allowed to adjust their tariffs freely to competitive conditions.

On account of the serious repercussions on the economic and industrial life of the country, it may be decided that the railways should not be allowed to compensate themselves for inevitable reductions in the higher rates by increases in the rates charged for bulk traffic. To compensate the railways for such limitation of their freedom of action, measures of control as defined above in page 4 have been instituted by many countries with a view to restricting the operations of motor transport in accordance with the necessities of the traffic after taking account of existing services.

These measures consist generally in the restriction of the number of transport undertakings licensed to operate for hire, such restrictions amounting in certain cases to the grant of exclusive concessions. Other measures include the prohibition of the use of certain types of

vehicles or certain routes or of operation beyond certain distances, or even the carriage of certain classes of traffic.

Measures of this nature, the practicability of which will vary in different countries, imply to a greater or lesser extent an element of monopoly. They have the disadvantage, therefore, of procuring the division of function between road and rail transport by the application of the conflicting principles of monopoly and competition. The action taken is thus bound to be arbitrary. For these reasons the above measures of control have been proved in practice to be difficult to enforce, and the existence of ancillary services has added to these difficulties, more particularly in cases such as when ancillary services are prohibited from carrying traffic for payment.

The alternative may be preferred of compensating the railways by measures tending to bring about an equilibrium of operating costs, whether by increasing the taxation of motor transport or by regulations such as general restrictions on the size of transport vehicles, with a view to reducing their competitive power.

If neither of these two methods, namely restrictions placed on motor transport or an equilibrium of operating costs, is adopted, the remaining possibility, which in fact already applies in certain countries, is for the railways to be subsidized, directly or indirectly, by the State budget, so as to compensate them for any loss in working and to assure them the provision of capital necessary for their development.

## **Statistics**

**I**N so far as the statistics required exceed the form of accounts prescribed for all commercial undertakings, they are required (*a*) to check compliance with the conditions of concessions or licences and with government regulations, and (*b*) for the purpose of general economic statistics concerning traffic movements.

As regards (*a*), the requirements from both railways and road transport undertakings should be revised. Neither means of transport should be required to furnish more elaborate statistics than those normally kept by any well-organized undertaking.

As regards (*b*), it is obvious that railway statistics will tend to become less and less useful unless they are supplemented by road statistics, and government requirements might well be reviewed from this standpoint.

As regards both (*a*) and (*b*), opportunity might be taken of the present need for revision to ensure as much international uniformity as possible, in view of the growing importance of international traffic as well as of international comparisons.

## **General**

**T**HE various methods of road and rail co-ordination referred to in this report cannot, of course, relieve the railways of the need for adapting their administration, operation and equipment to the most up-to-date developments of scientific progress, to the changing requirements of the public and to the evolution of economic conditions. This adaptation should in particular have for its object the reduction of operating costs and ultimately a lowering of tariffs.

It has yet to be seen how far the railways, by reorganization and adaption, can retain "a place in the sun" under a régime of co-ordinated competition. There is strong evidence that at present the railways, except in the case of local lines, are suffering less from road competition than from the economic crisis. It may therefore be expected that in general with a revival of trade there will be enough traffic for road and rail, at least for some years to come. Reference has already been made to the

large proportion of traffic where the two means of transport are complementary and not competitive.

The Committee have decided not to make any recommendations as to the adoption of one or other of the alternatives reviewed in this report, beyond general agreement on the impossibility of a system of unrestricted competition.

The Committee believe that for the present they have fulfilled their mission by studying objectively and submitting for consideration the different policies which are being or might be adopted.

#### *National and International Importance of the Issue.*

In view of the considerations which have been reviewed above, it is hardly necessary to emphasize the importance of the decision which has to be taken, seeing that it affects the whole tariff structure of national transport and thus the localization of industries. The question is of international importance as, unless a similar policy is adopted in the principal countries, there is a risk that rates for international competitive traffic may be thrown into confusion and that the scope for adjusting national transport tariffs to new conditions may be considerably reduced.

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K. Y. WOO.

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