

# Problems of Transportation

A Résumé of Relationships Between Commercial Motor Vehicles and Railroads, As Presented by

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**Motor Truck Gives Different Service, Not Competitive with Railroads**



**Since 98 to 99% of Trucks are Not Common Carriers, Regulation Cannot Remove Many Trucks From Highways**



**Railroad Taxes Contribute Less Than 2½% of Rural Highway Income**



**70% Truck Tonnage Is in Short-Haul Area and Relieves Rail Freight Cars for Profitable Long Haul**

**NATIONAL AUTOMOBILE CHAMBER OF COMMERCE**

*Motor Truck Committee*

## PROBLEMS OF TRANSPORT

The motor truck is not a competitor of the railroad. It does not take any business from the railroad that is profitable to the railroad. Nearly all of the merchandise transported by trucks on the highways is what is known as l.c.l. and is transported in the relatively short distance zones. The truck furnishes an entirely different type of transportation than does the railroad, and the railroad is not equipped to render such service. *That* is my premise.

I maintain that the business lost to the truck is not harmful to the railroads, but is of as much benefit to them as it is to the user of the truck.

I further maintain that the expansion of truck service in the short zone field has contributed to the marvelous improvement in railroad transportation during the last few years. By relieving the railroads of l.c.l. and short-haul traffic, which congested terminals and tied up equipment, the truck has made it possible for the railroads to use their equipment to quickly carry long haul profitable business.

I shall give you proof that my statement is correct, but before doing so will say that there is some truth in the statement, "that nearly all we know about trucks and trucking and highway transportation is not so." We are told, for instance, that the trucks "hog the road"; that they ought to be put out of business, so that automobiles may move more freely, that they do not pay for the use of the road; and that they compete with the railroads on free highways, which the railroads have built or have helped to build. It is suggested that they should be regulated as other transportation facilities are regulated. These are as many high spots as I can do justice to in a brief space.

### Public Necessity Put Trucks on Roads

As to the first statement that trucks hog the roads—before condemning the truck and ruling it off the road, would it not be well to remember it is serving everyone of us? It is performing a service in which everyone participates directly. It is transporting all sorts of commodities—food, milk, merchandise, and products of farms, stores and factories—to your home, to your store (if you are a merchant), to your factory (if you are a manufacturer). You are just as much interested in the truck you see on the highway as if you owned it. The truck owner, or driver, whichever he may be, is your servant, acting in your stead, and he is not doing it for fun. If you did not need him he would not be there. The reason the truck is

on the road is because it renders a service which is needed, and which cannot be performed by any other facility. It operates, because the user wants the service it performs. If you will make an analysis of the why of truck service, you will find that the first reason is because you or your customer want, p.d.q., the merchandise it is transporting.

The public, generally, and not the automobile user alone, has built the roads. In addition to private automobile use, the roads can be put to the useful service of carrying on transportation generally. Especially so, if highway transportation serves the user better than any other form of available transportation. I want to impress the fact that the highway has an economic status.

As to competition—and my statement that there is no competition with the railroads—there are some who will insist that there is a little competition. If there is, it is very slight. Government surveys have developed the fact that the local distribution of commodities constitute the bulk of the net tonnage carried by trucks. This is merchandise in the process of distribution from seller to buyer, from the factory and farm to the store, from the store to the consumer's doorstep, and amounts to 70% and more of the total net truck tonnage. The balance of the traffic is largely in the short-haul area, thus government surveys showing average trip mileage of 23 miles in Connecticut and Maine, 24 miles in Pennsylvania, Cook County, Illinois, 26, and California 31. This report (October 1926) further stated: "The volume of tonnage in the long haul zone is comparatively small and decreasing in importance. In Ohio 10.6 per cent, in Pennsylvania 6.9, and in Cook County, Illinois, 5.4 per cent of the tonnage is hauled over 60 miles. This movement depends on speed of delivery, or some special characteristic of the commodity shipped, such as household goods." The statistics regarding this matter are voluminous, convincing, and rather startling.

### **Common Carriers Haul Only 1 to 2% of Truck Tonnage**

The statement has been made that there are 3,000,000 trucks in this country. To some extent, this is an understatement, because the number of trucks in use is increasing rapidly. Government statistics have developed the fact that of these 3,000,000 trucks, interstate "common carriers" handle but 1% to 2% of the total tonnage hauled by truck. My definition of a "common carrier" is—an organization which has freight receiving and delivering stations, with vehicles travelling over a regular route, from station to station, on a definite schedule, accepting freight from all who offer and delivering it

to the consignees at their stations. That is how a railroad operates, and I maintain that the same yardstick must be applied to highway transport as to rail transport. The services must be comparable, if the two carriers are to have the same designation.

In addition to the trucks which can be classed as "common carriers," there are what are known as "contract carriers." "Contract carriers" maintain business under definite contracts, with a single firm, or, in some instances, a few firms that for one reason or another do not own trucks. They are not "common carriers," but are, in fact, a subsidiary (if you please) of the farmer, the merchant, or the manufacturer, who does not own a truck.

Commercial truckers constituted 17% of the total of the Cook County highways; 8.7% of the Maine highways, on the Pennsylvania highways 13.6% and on the Ohio highways 21% of the loaded trucks. These operate either for hire or under contract. Approximately 75% of the commercial haulage in Connecticut, from 60 to 65% in Pennsylvania, and 50% in Ohio is *contract* hauling.

### **80 to 90% of Trucks Owner-Operated**

The balance of the 3,000,000 trucks—or from 80% to 90%—are owner-operated. Some of them are in the hands of the farmer, the truck gardener, and others, engaged in a business which makes it desirable for them to ship directly to the factory, store, or user. Many of my Yankee friends, in New England, own their trucks and deliver their merchandise to their customers in New York and elsewhere. Generally, they are loaded late in the afternoon, sent over the road during the night, and the next morning are ringing the customer's door-bell asking to be let in. *That* sort of service seems to be popular. The railroads are not equipped to render such service, and in nearly every instance where they attempt to do so with their equipment, the operation is not profitable.

Reference has been made to regulation. I speak of buses, not trucks. There is some merit in the statement that competing facilities should be treated alike. If one is regulated, the other ought to be. This is true of the bus, because, in order to be successful, it should be a "common carrier," comparable in every way to the rail carrier, and should have terminals, way-stations, definite schedules, uniform rates.

Referring to the truck—I insist that the service rendered by the truck is not in any way comparable to the service rendered by the rail carrier. This is true even of the trucks which might be classified by some as "common carriers." These vehicles, in almost every

instance, pick up at store or factory door at point of origin, as well as at their own station, and deliver to factory or store-door, or the home of the buyer at destination. They are all equipped to render special service with respect to the type of commodity, and very generally depart from a regular route. This special service would not be possible if the trucks were under railroad-type regulation.

### **Regulation Cannot Affect Number of Trucks in Use**

Granting, however, that an attempt is made to impose identical regulation on services which are not comparable, may I ask if you believe it practicable, or advisable, or in the public interest, to try to regulate these trucks which carry 1 or 2% of the tonnage when the "contract carriers" cannot be regulated? This has been tried, and the Supreme Court of the United States has held that you cannot, by law, compel a truck operator to act as a "common carrier," if, as a matter of fact, he is a "contract carrier." If a law is passed regulating the "common carrier," what is to prevent the "common carrier," if he does not care to operate under such a law, from changing over to a "contract carrier"?

And finally, if regulation is imposed upon "common" and/or "contract" carriers, is there anything to prevent those who desire to avail themselves of highway transport from buying and operating their own trucks? You cannot prevent the use of motor trucks by any kind of regulation if the public needs and wants highway transportation. As long as the road is there, and the demand for highway transportation service exists, you will find merchandise moving over the highway, whether the designation of the vehicle is "common carrier," or "contract carrier," or owner.

### **Relieve Rail Cars for Profitable Long Haul**

In 1922 I was asked by the Merchants' Association of New York to make an address on the subject "Is Highway Transport an Aid to the Railroad"? There were not as many trucks in use then as there are now, and they were not as popular as they are now. I shall not read all the address but will refer to one statement, because, in the light of subsequent events, it was more or less a prophecy.

"The motor truck aids the railroads in still another way. Several years ago James J. Hill got front page publicity by the statement that the railroads needed \$1,000,000,000 a year for terminal facilities. I understand that all well informed railroad men admit that the greatest problem they have today is inadequate terminal facilities.

"I do not know the exact proportion of the existing terminal facilities needed to handle l.c.l. package freight moving less than 50 miles, but we are all sure that it is a very considerable part of the whole. It may be one-half, or one-quarter, but whatever it is, it should not be devoted to the handling of the non-profitable l.c.l. package freight that can best be moved by motor trucks. And again, if the railroads were relieved of this non-profitable l.c.l. package freight, the terminals would then be ample to handle the long distance freight. The railroads would not need \$1,000,000,000 a year for additional terminal facilities and would have enough equipment to move all long distance freight even during boom times. That is the answer to the question, 'Is Highway Transport an Aid to the Railroads?'"

"We all agree that the motor truck has a place in the transportation scheme. Even the railroads admit it, if we accept their idea of the economic radius within which it should operate. Why not permit the shipper, the farmer, the public, to decide the economic radius—whether it be 50 miles or 100 miles—or more."

The next paragraph is in caps.

**"AS A MATTER OF FACT, THE PUBLIC, AND NOT THE MOTOR TRUCK OWNER, OR THE RAILROAD, WILL DECIDE HOW FAR HIGHWAY TRANSPORTATION MAY BE DEVELOPED."**

That statement was made seven years ago. I make it again. The service rendered by the truck is responsible for the increased use of the truck and a better understanding of highway transport during the last seven years. I do not believe the truck operator has been given more consideration than he deserves. I do not believe he will get any less consideration than he deserves.

## **U. S. Chamber Calls Transportation Conference**

In November, 1922, the Chamber of Commerce of the United States decided to call a Transportation Conference to review the transportation system generally.

Mr. Julius Barnes, at that time President of the Chamber of Commerce of the United States, extended an invitation to eight railroad Presidents:

- C. R. Gray, President, Union Pacific Railway
- Samuel Rea, President, Pennsylvania System
- A. H. Smith, President, New York Central
- Hale Holden, Chairman, Railway Executives
- Howard Elliott, representing Northern Pacific and New York, New Haven and Hartford Railroads
- C. H. Markham, President, Illinois Central
- Daniel Willard, President, Baltimore and Ohio
- W. B. Storey, President, Atchison, Topeka and Santa Fe Railway

And three of us in the automobile business:

A. H. Swayne, Vice President, General Motors Corporation

Walter J. Drake, Hupp Motor Car Company

A. J. Brosseau, President, Mack Trucks, Inc.

At a meeting in Mr. Barnes' office, at which Secretary of Commerce, Mr. Herbert Hoover, was present, there was considerable discussion as to the place of the motor truck in the transportation scheme. It was a very interesting conference as some of you may remember. I have a record of my remarks at that time. I said that the automobile industry was delighted to accept the invitation of the Chamber of Commerce of the United States to cooperate with the railroads in an effort to solve their problems, to the end that the public might get the best possible transportation, whether rail or highway. On that occasion I said:

"The motor industry welcomes the opportunity afforded by your invitation to this meeting to discuss the subject of transportation with the public, as represented by the Secretary of Commerce and the Chamber of Commerce of the United States, and with the other agencies of transportation as represented by rail and water executives.

"As we see it, there are two ways in which we may be of service to the public and to the other agencies of transportation. The first, and the one to which I shall confine my remarks, is in the field of actual physical service; the second has to do with public relations and will be discussed later by Mr. Alfred H. Swayne, who has given a great deal of thought to this, and who is more competent to speak on it than I.

"Our best judgment is that the primary place of a motor truck transport will be found in terminal operation, and in the short-haul zone.

"Since we are not railroad men, we must turn to railroad men for the basic fact on which to build the premise of direct aid to the steam carriers in these fields. Discussion with numerous rail executives, and reference to railroad statistical data brings out these facts, and I hope that the rail men present will correct me if I am wrong in any particular.

"I am told that approximately one-half of all railroad capital is invested in other than main line facilities.

"I am told that approximately one-half of the railroad expenditures are allocated to terminal and short-haul operations, and that between 20 and 25% of the rail equipment is required to move little more than 4% of the rail tonnage.

"I am told that the earnings of this use of equipment is equivalent to only about 10% of the total earnings of the carriers.

"It would appear then that here is a fertile field for a decrease in the operating expenses of the railroads and for a substantial increase in net operating income.

"The opportunity should be particularly emphasized because it is one which can be worked out by rail and motor carriers without requiring any congressional authority, or without interference with existing laws. Immediate action can be taken looking toward the result desired."

## **Committee IV Gauges Field of Motor Transport**

As a result of that conference the Chamber of Commerce of the United States called a Transportation Conference in Washington, D. C. I shall refer only to the work of Committee IV (Relation of Highways and Motor Transport to other Transportation Agencies).

Alfred H. Swayne (Chairman), Vice-President, General Motors Corporation, New York.

W. J. L. Banham, General Traffic Manager, Otis Elevator Company, New York.

L. W. Childress, President, Columbia Terminals Company, St. Louis

D. C. Fenner, Engineer and Manager, Public Works Department, Mack Trucks, Inc., New York.

Gerrit Fort, Vice-President, Boston and Maine Railroad Company, Boston.

Philip H. Gadsden, Vice-President, United Gas Improvement Company, Philadelphia.

W. H. Lyford, Vice-President, and General Counsel, Chicago & Eastern Illinois Railroad Co., Chicago.

Ralph H. Matthiessen, President, Motor Haulage Company, New York.

John D. Miller, President, National Milk Producers' Federation, New York.

H. H. Raymond, President, Clyde Steamship Company, New York.

Arthur T. Waterfall, Vice-President, Dodge Brothers, Detroit.

Henry J. Waters, Editor, Weekly Kansas City Star, Kansas City.

Robert C. Wright, General Traffic Manager, Pennsylvania Railroad System, Philadelphia.

And a summary of its findings is as follows:

"The subject before the Committee has been considered under the following headings: (a) Role of the motor truck within the terminal area; (b) Role of the motor truck outside the terminal area; (c) Passenger transportation; (d) Relation of motor transport to highway development; (e) Regulation of motor carriers. As a result of this study the Committee has reached the following conclusions:

1. "The best interests of the public and the rail, water and motor carriers lie in cooperation between the various agencies of transportation rather than in wasteful competition.



2. "The greatest opportunity for cooperation is at the points where the capacity of the railroads is most limited and expansion is most difficult and costly; that is, in the terminal areas of our great cities.

3. "Store-door delivery by motor truck, which would relieve congestion in these terminal areas and greatly increase the capacity of the freight stations, is undoubtedly the greatest contribution which can be made to the solution of the terminal problem.

4. "Organized motor transport can also relieve the railroads of various forms of uneconomical service, such as trap-car service, switching between local stations and short-haul shipments within the terminal areas. This will reduce yard congestion and release many cars for more profitable line haul.

5. "To secure the fullest benefit from this organized motor transport will require the utilization and further development of modern technical equipment, such as demountable bodies, trailers and semi-trailers, containers and container cars, and mechanical handling appliances.

6. "Outside of the terminal areas, there are distance zones, varying in different localities and for different commodities, in which one type of carrier, the motor for short haul and the railway (or waterway) for long haul, is clearly more economical than the other, and intermediate zones in which competition is inevitable. Motor trucks and buses should be used to supplement the facilities of existing common carriers."

To my knowledge no action was ever taken by the railroads to carry out as a whole the recommendations of Committee IV, although shortly before he died, Robert C. Wright, General Traffic Manager of the Pennsylvania System, discussed with me the problems to be encountered, if an attempt was made to put some of the recommendations into effect.

## **Interstate Commerce Commission Investigates Trucks and Buses**

The question of interstate regulation dates back to 1925 when the Supreme Court ruled that the States could not regulate such traffic in the absence of specific authority from Congress. This was followed by the introduction in Congress of the so-called Cummins Bill which in my opinion was intended to restrict the development of the bus and truck—in other words, of highway transport. It did not get very far.

Nothing more was done until June 15, 1926, out of a clear sky, came Order No. 18300 from the Interstate Commerce Commission, entitled, "Motor Truck and Motor Bus Operation."

I am told that the Commission was influenced in this action by a request from Congress for information. Under this Order 13 hearings were held in different cities of the country, and over 5,000 pages of testimony was taken. I believe the information obtained by the

Commission at first hand—from shippers, farmers, and all those interested in highway transport—demonstrates beyond a doubt that the public needs, wants, and will have, highway transport. It is impossible for the average man to find time to read 5,000 pages of testimony, so I suggest that those who are interested in learning the attitude of the public and the shippers toward motor bus and truck operation, read the statement prepared by C. S. Duncan, Economist, Association of Railway Executives, which, I am told, was submitted to that Association for its information. I consider it the best presentation of the attitude of the public and the shipper, with respect to the use of the motor truck, that has ever been made.

Shortly after the Interstate Commerce Commission hearings were closed, but before its report was submitted, pressure for regulation (coming not from the shipper, not from the public, and certainly not from the truck operator) was brought to bear upon Congress. Another bill was introduced. Before that, however, the Interstate Commerce Commission called a hearing for February 10, 1928. A Committee of which I was Chairman was appointed by the automobile industry to attend this hearing and present a statement with respect to our position regarding the report of the Examiner. The members of this committee were:

- A. J. Brosseau (Chairman), President, Mack Trucks, Inc.
- Windsor T. White, White Motor Company.
- A. H. Swayne, Vice-President, General Motors Corp.
- J. A. Ritchie, Yellow Truck and Coach Mfg. Co.
- Alexander Legge, President, International Harvester Co.
- A. T. Waterfall, Dodge Brothers, Inc.

I said to the Commission:

“The members of the National Automobile Chamber of Commerce, for whom this Committee speaks, are engaged in manufacturing motor vehicles and have as customers shippers, independent bus and truck owners, and electric and steam railroads. They have a broad interest in all questions pertaining to motor vehicles and are greatly concerned with any matters affecting their full development and usefulness to the public.

“The National Automobile Chamber of Commerce believes that its approach to the problems here presented should be in a progressive spirit and with a constructive attitude. They hope the proposed report will be carefully and dispassionately tested by the facts in the record; and that your recommendations as to legislation will be made after careful and deliberate consideration of the problem in the light of the ultimate public interest.

“The policy which has been followed by this Committee is best expressed by a statement read into the record by the speaker at the first hearing on Docket 18,300 at Chicago, and is here again read into the record for the information of the Interstate Commerce Commission as a whole.

"On behalf of the motor vehicle manufacturers of the United States I should like to make a brief statement of policy with respect to the Interstate Commerce Commission order 18,300.

"The members of the board of directors of the National Automobile Chamber of Commerce regard your investigation into the facts of bus and truck operation as the most significant event which has taken place since these vehicles have become an agency in transportation.

"We believe that in later years the results of your study will have an influence on transportation far beyond anything now contemplated, and we are confident that one of the results, will be a much clearer understanding of great service which highway transportation can render to the public which created it, and to other transportation agencies as well.

"Accordingly, recognizing the fact that you cannot compel the appearance of shippers and truck and bus operators, we desire to render every legitimate cooperation in helping you to ascertain all the facts.

"With respect to the subject of regulation of motor vehicles, may I point out that long before this matter came to general public attention, we have ourselves made a study of it and had formulated what we believed to be principles which were sound from the standpoint of the public interested in an adequate and complete system of transportation. But in a movement which is growing as rapidly as this one, the policies of today may not be those of tomorrow, and if the facts determined by your study show that our conclusions are in error, we shall be the first to change our views.

"As an earnest of our desire to cooperate we have retained Judge C. C. McChord to study this problem in the light of the public interest and to advise us. He, in turn, has asked Mr. Frederick M. Dolan to examine witnesses, when necessary, solely for the purpose of bringing out all the facts. Other representatives of ours will do all they can to get the public to appear before you and present its viewpoint.

"In doing this we believe that not alone will Congress be aided in its consideration of this problem, but that state legislatures as well will want to avail themselves of your studies.

"The problem of the regulation in whole or in part of millions of motor vehicles is not a simple one, but it is fundamental to the public interest and you have paved the way for its solution in your order.

"The Commission has now completed its investigation and your Examiner has made his report. It appears timely, therefore, that we should again appear before you to advise you of the unanimous judgment of the members of our Committee with respect to that report.

"After a full and thorough study, we find practically no evidence in the record which shows any demand on the part of either the general public or the shippers for the regulation of the motor truck as a common carrier in interstate commerce.

"Further, we find no facts in the record which show a need for the regulation of these vehicles as common carriers, in the public interest.

"In spite of this, the Examiner recommends regulation—but he exempts all of the trucks which are used in the conduct of private business.

"He exempts all contract carriers.

"The sum of these two classes of truck movement, the Examiner says, is 98% of the total.

"Finally, he would give the Commission authority to exempt any part of the remaining 2% of the movement which it may think desirable to exempt.

"The net result, then, is that the full weight of governmental regulation is to be exerted to control approximately 1% of the total movement.

"No account is taken of the fact that, subjected to the competition of private and contract carriers, these common carriers would either be forced out of business or would be forced into the contract or private carrier field.

"No account is taken of the fact that if so-called common carriers are eliminated by regulation the traffic would continue to move over the highways and the railroads would not profit by the effect of such regulation.

"Nor is due weight given to the essential point that the only practical result would be an increased cost to the public which includes not those who operate the trucks but those who are served by them.

"Further—and we hold this point to be fundamental—the conclusions fail utterly to recognize the fact that the services rendered by the motor truck are essentially different from those rendered by the railroad and must continue to be so.

"The conclusions are based on the assumption that the truck is a common carrier comparable to the rail carrier.

"The facts developed by the hearings are completely at variance with this conclusion.

"The evidence is conclusive that the truck furnishes a different character of service and one which the railroads are not equipped to render.

"Enforce railroad regulation upon the truck and immediately the flexibility of operation, which is its chief contribution to the public, must be lost.

"The conclusions overlook the fact that the benefits accruing from the use of trucks by railroads and others, in short distance and terminal operations, far outweigh the loss of revenue from competitive service in this field.

"According to the report, although the less-than-carload tonnage in 1924 constituted 3.13% of the total tonnage handled by Class I steam railroads, 25.7% of the railroad equipment was used to handle it, and 32.2% of the claims paid were on this less-than-carload traffic.

"The report shows further that out-of-pocket losses of the railroads due to uneconomic operation of short-haul have been reduced by the substitution of the motor vehicle.

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The record shows that today many leading railroads are making use of the motor vehicle in operations of this character and by doing so are giving to the public a more complete transportation service than ever before, and at a lower cost.

"Strangle the motor truck, repress its usefulness by regulation, which only adds to the cost of operation, and you deprive the public of a necessary transportation service, and perhaps also set up barriers that will make it difficult if not impossible for the railroads to avail themselves of this new vehicle when, either on their own initiative or because of public demand, they decide to adopt it.

"We believe that when viewed from the standpoint of the shippers, or the general public, which finally pays all transportation bills, the record does not show any present justification for placing the motor truck common carrier in interstate commerce under federal regulations."

As to free highways—the start of Rudyard Kipling's career, as you all know, was as a reporter on a newspaper in India. The intense heat of that country makes one lazy and he was often hard put to find enough copy to fill his paper. One night he wrote as a space-filler, "Allah allows the tiger one rupee, eight annas a day, for his food." Nonsensical, true or untrue. For three years he was showered with clippings from all over the world, from all sorts of people and places, asking what it meant and what it was all about.

Eight, ten, perhaps twenty years ago, a publicity man (he might have been a railroad man) conceived the idea that "the truck is an unfair competitor of the railroad, because it operates over a free highway which the railroad either built or helped to build. Therefore, it ought to be regulated, or put out of business."

## **Railroad Taxes Pay Less Than 2½% of Highway Income**

Like Kipling's space-filler, this thought went all over the country, and is still going. Some people believe it. Some do not. Six years ago some of us in the automobile industry decided to check the statement and get the facts. We were assisted by John E. Walker, former Special Assistant to the Secretary of the Treasury, and an outstanding authority on all matters pertaining to taxes. The study was repeated again last year in more detail. I will give you a few of the key facts appearing on the title page of his 1928 report. I urge you to read it in full.

"Railroads pay less than 2½% of the total rural highway income.

"Six-sevenths of rail taxes for highways are for local feeder roads.

"Special motor vehicle taxes are more than equivalent to all highway maintenance costs, state and local.

"Special motor vehicle taxes pay for 35% of the entire highway bill of \$1,500,000,000.

"Less than twelve cents out of each state and local general tax dollar goes to highways.

"Motor trucks pay twice as much in special taxes per vehicle as private automobiles.

"Common carrier trucks pay fourteen times as much in special taxes as the private automobile.

"Common carrier buses pay twenty-four times as much in special taxes as the private automobile.

"State authorities expend 47% of the total highway funds, counties expend 53%.

"Maintenance expenditures are increasing in proportion to construction costs due to growing mileage of improved roads."

In closing let me refer to the part the truck would play in the economics of the railroad, if it were accepted as a unit in their operation, rather than considered as a competitor. The American Bankers Association has issued a pamphlet entitled "Automotive Transportation and Railroads—A Study of Relationships now Developing Between Highway and Rail Transport." It contains much information and its conclusions seem to me to be very sound. There are several tables illustrating the amount of savings made by different railroads that have installed trucks to replace and supplement rail operation. Some of the illustrations are startling and make one wonder why the railroads, in their efforts to render better service to the public, and to improve their own financial situation, are not making more progress toward adopting the truck as a part of their facilities.