

**Presentation**

**to the**

**National Transportation Committee**

**Hon. Calvin Coolidge, Chairman**

**on behalf of the**

**National Automobile Chamber of Commerce**

A discussion of the services provided by highway transport, the revenue it produces through taxation, the effect of highway transport on rail revenues and how the two facilities can best be coordinated.

**New York, December 7, 1932**

## Foreword

The National Transportation Committee, of which The Honorable Calvin Coolidge is Chairman, was organized at the instance of insurance companies and savings banks to study railroad conditions and report to the sponsors of the committee its findings and recommendations.

The other members of the committee are Bernard M. Baruch, banker and formerly chairman, War Industries Board; Clark Howell, publisher of the Atlanta Constitution and a director of The Associated Press; Alexander Legge, president of the International Harvester Company; Alfred E. Smith, former Governor of New York.

Responding to an invitation of the committee, the National Automobile Chamber of Commerce submitted a memorandum of facts and appeared to discuss with the committee the services provided by highway transport, the revenue it produces through taxation, the effect of highway transport on rail revenues and how the two facilities can best be coordinated.

NATIONAL AUTOMOBILE CHAMBER OF COMMERCE

366 Madison Avenue  
New York, N. Y.

## Fundamentals

\* \* \*

### Effect of Highway Transport on Rail Freight

1. Sub-normal shipping by industry, mining and agriculture is the principal cause of low freight revenues of railroads.
2. The most stringent restrictions likely to be suggested for motor services whose business and rates might be adjudged subject to public regulation would bring no marked increase in rail net freight revenues.
3. It will require a study of net railroad earnings, rather than tonnage, and at a time when agriculture, mines and industry are producing in normal volume, to get a true picture of railroad conditions as affected by the so-called motor competition.
4. No material approach to the real difficulties of the railroad industry can be found in "losses" to motor services since the major part of those services is for short distances that would produce small line haul earnings and disproportionate terminal expenses.

### Should Motor Vehicles be "Regulated"

5. No increase in public expenditures for regulatory bureaus should be considered unless supported by the most urgent public necessity and convincing evidence of tangible result.
6. The motor vehicle is a major and necessary addition to the transportation service of the United States. It is not a competitor of the railroads in the sense of furnishing identical services.
7. Generally its field of service is distinct from the rail-head to rail-head service of the railroads; it is individual and flexible in character, operating at any time from door to door.
8. The public is primarily interested in police regulation of motor vehicles such as registration, sizes, weights, speeds and conditions of operation; these features are within the control of each state, are being cared for according to local conditions and are being constantly perfected.

9. The uniform standards for dimensional control of motor vehicle operation set forth by the United States Bureau of Public Roads and the American Association of State Highway Officials should be approved by all state Legislatures in the interest of efficient transportation.
10. Any undue restrictions on contract or common carrier trucks would create an advantage to competing business served by its own trucks.
11. Regulation of railroads was founded on monopoly and was not at once adopted in its present form; any regulatory suggestion for motor transport should be approached slowly and carefully lest public interest suffer.
12. Any restrictions on motor transport founded only on an attempt to make motor services equal in cost the dissimilar rail-head to rail-head services would be unsound and ultimately futile; it would repress full development of motor transportation and only operate to the eventual disadvantage of the shipping public, the consumers, and the railroads as well.
13. Motor vehicle owners today are paying their fair share of road costs through special taxes volunteered for highway building. In many cases such taxes have been raised to excessive amounts. These taxes generally are fairly divided as between different types of vehicles.
14. The public is entitled to, and will insist on, the fullest possible use of its highways, having met the requirements of fair taxation and reasonable operation.

#### **Coordination**

15. Coordination of rail and motor services can make sound progress only on an economic basis.
16. The use of rails has been retired permanently from certain short-haul services heretofore termed unremunerative by railroad authorities; and therefore to the net ultimate advantage of railroads.
17. If motor trucks have ventured into services of seemingly too long distance, the practice cannot continue if economically unsound and subject to highway costs equal to other highway users and providing also that railway management is fully alert and not unduly restricted.

18. Time and experience only will determine the extent to which some of these longer services may be re-directed to railroads. In fact, the tonnage which the motor vehicle has produced, and the field it covers, indicate the possibility of large compensations for the older carriers both in revenue and out-of-pocket loss from unprofitable operations.
19. Transportation policies of the future will require a recognition by the railroads and the public that motor vehicles should be used in many places and in many operations in place of existing railroad services.

### **Railway Regulation**

20. It is probable that railroad regulatory laws, founded on monopoly, should now be reviewed in the light of current conditions to determine the possibility of lessening their requirements and the costs to the public and the railroads of their administration.
21. Such a study of railroad regulation is a prerequisite of any consideration towards applying the present laws to new and non-monopolistic services on the public highways.
22. The public is interested in the most efficient transportation of all kinds. It will be better maintained by removal of unsound railroad regulation than by the addition of burdens upon motor transportation.

(NOTE: Related fundamentals also will be found in the sections devoted to Taxation and Physical and Business Regulations.)

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## Appendix

### I

#### Vehicle Production

- a. Production (1931)
- |                                      |           |
|--------------------------------------|-----------|
| Passenger cars (United States) ..... | 1,973,090 |
| Trucks (United States) .....         | 416,648   |
- b. Sixty-two per cent of all cars bought by persons with yearly incomes of less than \$3,000.
- c. Automotive freight in 1931 totalled 3,106,645 carloads.
- d. Raw materials bought from every state and many foreign nations. Industry uses:
- |                          |       |
|--------------------------|-------|
| Gasoline .....           | 85. % |
| Rubber .....             | 81.6% |
| Plate glass .....        | 60. % |
| Nickel .....             | 32. % |
| Lead .....               | 35.8% |
| Mohair .....             | 28. % |
| Upholstery leather ..... | 51. % |
- e. More than 4,000,000 persons employed, directly and indirectly, in manufacture, servicing and use of the vehicle.
- f. Industry ranked first in 1929 Census of Manufactures.

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## Appendix

### II

#### Registration and Ownership

##### Registrations

1. There are 3,466,303 trucks *in use*, 13.4% of all vehicles.
  2. *Trailer* registrations totalled 350,000 in 1931, including passenger car camp trailers.
  3. Farms rank first in use of the truck with 900,385 in 1930, which was 26% of all trucks in use.
- Next in order of importance as users are:

    Grocery and food products;  
    General contractors;  
    Automobile accessories and supplies;



General trucking;  
 Oil and gasoline;  
 Lumber, logging and mill work;  
 General merchandise;  
 Meats and packing house products.

**Ownership**

4. There are nearly 37,000 fleets of five or more trucks. Of the 3,466,303 trucks registered, virtually two and a half million are owned and operated by as many individuals.

5. The largest *fleets* are privately owned and operated—(except Railway Express). The first ten are:

American Tel. & Tel. Company .....	15,500
Standard Oil (N. J.) .....	12,500
Borden Company .....	10,000
Railway Express Agency .....	9,247
Standard Oil Company (Ind.) .....	7,465
National Dairy Products Co. ....	6,000
Mid-West Utilities Company .....	3,881
Continental Baking Company .....	3,500
Standard Brands, Inc. ....	3,275
Standard Oil Company (Calif.) .....	2,677

6. The *Federal Government* owns approximately 23,083 trucks, 5,875 passenger cars. In addition to this, the Post Office Department used 69,130 vehicles through contract, rural carriers, star routes and similar service.

7. *Characteristic distribution* of truck traffic is indicated by surveys conducted by the U. S. Bureau of Public Roads:<sup>(1)</sup>

All truck traffic 100 per cent	a. Privately owned and operated— 85.8 per cent	{	c. Intrastate 83.2 per cent	}		
			d. Interstate 2.6 per cent			
	b. Operated for hire 14.2 per cent	{	e. Contract- carriers 8.7 per cent	{	g. Intrastate 5.4 per cent	h. Interstate 3.3 per cent

(1) Based on observation of traffic in the following states: Connecticut (1922-1923), Maine (1924), Pennsylvania (1924), Ohio (1925), Vermont (1926), New Hampshire (1926), Eleven Western States—Arizona, California, Colorado, Idaho, Nebraska, New Mexico, Nevada, Oregon, Utah, Washington and Wyoming—(1930-1931), and a survey of motor truck freight transportation in 41 states and the District of Columbia (1931).

## Appendix

### III

#### Highways (1930 Figures)

**a. Mileage**

	State	Local	Total
Surfaced . . . . .	250,000	480,000	730,000
Unsurfaced . . . . .	74,500	2,204,500	2,279,000
	324,500	2,684,500	3,009,000

**b. Income**

Source	State	County and Local	Total	%
Tax for highways . . .	\$ 11,181,693	\$398,437,988	\$ 409,619,681	26.5
Appropriations . . . .	32,136,298	96,195,337	128,331,635	8.3
Registration fees . . .	289,801,738	54,911,122	344,712,860	22.3
Gasoline tax . . . . .	411,109,446	107,110,709	518,220,155	33.6
Miscellaneous . . . . .	17,083,821	33,338,076	50,421,897	3.3
Federal aid . . . . .	92,462,836	.....	92,462,836	6.0
Total . . . . .	\$853,775,832	\$689,993,232	\$1,543,769,064	....
Bonds . . . . .	\$222,288,308	\$ 94,684,481	\$316,972,789	....

**c. Expenditures**

	State	County and Local	Total	%
Construction . . . . .	\$713,117,045	\$296,594,546	\$1,009,711,591	60.1
Maintenance . . . . .	191,683,477	284,228,960	475,912,437	28.3
Miscellaneous . . . . .	2,227,459	37,066,817	39,294,276	2.3
Equipment and machinery . . . . .	22,301,725	.....	22,301,725	1.3
Interest . . . . .	50,668,141	82,604,925	133,273,066	8.0
Total . . . . .	\$979,997,847	\$700,495,248	\$1,680,493,095	....
<b>Other Disbursements</b>				
Principal payments on bonds . . . . .	\$ 69,504,631	\$112,576,447		
Transfer to counties . . . . .	\$ 66,897,782	\$ 38,614,930		
Other obligations . . . . .	\$ 23,276,341	.....		

**d. Traffic by Road Systems**

**Highways, Michigan**

	Main System	County System	Local System
Miles of road .....	7,691	17,175	60,214
Average vehicles per day per mile .....	1,144	190	22
Percentage of total road mileage .....	9%	20%	71%
Percentage of vehicle miles .....	65.7%	24.4%	9.9%

**Highways, Wisconsin (1930-31)**

	Vehicle Miles
State trunk roads .....	52.7%
County trunk roads .....	13.6%
Town roads .....	7.9%
City and village streets .....	25.8%

**e. Truck Traffic Volume**

- (a) Truck traffic did not exceed 16% and common carrier trucks did not exceed 1½% of total traffic on highways in Western States Traffic Survey (1930).
- (b) Truck traffic 14% of total on main state system of Illinois (1931).
- (c) Common carrier truck operation four times as intensive as other trucks.

**Additional References**

U. S. Bureau of Public Roads Library reference notes on highway finance.

Interstate Commerce Commission, Docket 23,400, Appendix G.

## *Appendix*

### **IV**

## **General Field of Truck Operations**

### **a. Length of haul**

The average daily mileage of all trucks observed in the Western States Traffic Survey was approximately 100 miles.

In California 58.1%; Ohio 71.6%; Connecticut 67.1%; Cook County, Illinois 75.8%; and in Pennsylvania 80.6% of the net tonnage transported by motor truck was hauled less than 30 miles in a local distribution of commodities.

Of long haul tonnage by truck "in Ohio 10.6%; in Pennsylvania 6.9% and in Cook County, Illinois, 5.4% of the tonnage is hauled over 60 miles."

In 1930 average haul of 11 out of 25 common carriers interviewed in the state of Washington was 55 miles compared with 71 miles average route.

The average length of route of "for hire" carriers reported in "Motor Truck Freight Transportation" was 88 miles, with a median length of route of 70 miles.

### **b. Commodities carried**

Tonnage hauled by truck estimated as equivalent to 5.8% of rail traffic, 1929. (Ton miles)

**LIVESTOCK**—Receipts at 17 markets by truck were one-third of the total in 1931.

**FRUITS AND VEGETABLES, MILK, POULTRY, COTTON** and other farm commodities move in large amounts by truck.

**AUTOMOBILES**—1,051,000 vehicles were delivered overland as truck-aways or driveaways in 1931.

**COAL**—Within the last two or three years coal trucking for distances as great as 60 miles or more from the mines has occurred. For 1930 truck movement in the anthracite area was estimated at 500,000 tons and distances were said to have increased from about 50 miles in 1929 to 75 or 100 miles. (1932)

### **c. Tire equipment**

**SOLID TIRE TRUCKS** were but 3.1% of 1931 truck production.

**d. Capacity**

Ninety-three per cent of all trucks built in 1931 were two-ton capacity or less.

**e. Safety**

While the number of fatal accidents involving private passenger cars has increased 50% from 1927 to 1931, fatalities involving trucks have decreased 7% and those involving buses have decreased 12% during the period.

**f. Competition**

See (1) Docket 23,400, Interstate Commerce Commission.

(2) A study of the highway situation as related to motor truck competition with rail carriers in Eastern United States, by Railroad Security Owners Association, 1932.

**g. Coordination**

See (1) Docket 23,400, Interstate Commerce Commission.

(2) Conclusions, Sixth International Road Congress (1930).

(3) Report of American Committee to questionnaire on International Conference for Coordination of Various Forms of Transport.

(4) Railroad Security Owners Association survey.

**Additional References**

U. S. Bureau of Public Roads Highway Transport Surveys:

Western States, 1929-1930

New Hampshire, 1926

Ohio, 1925

Cook County, Illinois

Maine

Pennsylvania

Connecticut, 1923

} 1924

National Motor Truck Analysis, 1932, General Motors Corporation.

## Appendix

### V

## Taxation

### Motor Vehicle Taxes in 1931

Registration fees .....	\$344,337,654
Gasoline tax .....	536,397,458
Personal property and municipal taxes .....	145,000,000
	<u>\$1,025,735,112</u>

a. TRUCKS—13.4 per cent of all vehicles registered pay 25 per cent of motor taxes. The total of *special* truck taxes amounted to \$221,530,000 in 1931. All commercial vehicles were estimated to have paid \$293,000,000 out of the \$1,025,000,000 tax total.

b. BUSES—Common carrier buses paid \$31,775,000 in *special* taxes, and \$5,050,000 in all general taxes in 1931. Per revenue bus, these amounted to \$811.

c. The average truck pays twice as much tax as the average passenger car. The privately operated 3-ton, 6 1/3 times; the common carrier truck, 18 times, and the common carrier bus, 22½ times.

d. "In my judgment the heavier trucks and buses by the higher tax which they are paying and particularly through the collection of gasoline taxes are fully meeting all excess costs of construction, due to the increased thickness that is made necessary for these heavier loads." . . . Thomas H. MacDonald, Testimony, Docket 23,400.

e. In an analysis of the state road costs in Pennsylvania the Bureau of Public Roads found that heavy vehicles were paying slightly less than their share and the lighter vehicles slightly more.

f. (1)

"Increase in railroad state and local taxation is a point of vital importance to the railroad problem, though railroads are not contributing to the highways to the extent generally believed."

. . . Railroad Security Owners Survey.

(2)

“... The foregoing analysis indicates that the contention of the railroads that they are called upon to contribute to the provision of highways for their competitors to use rests on an increasingly smaller basis as the well-defined tendency to relieve the general taxpayer of levies for State highway purposes continues. Specific figures are lacking, but such payments by the railroads are probably of minor proportions today, though doubtless of importance to some railroads, particularly at a time such as the present. However, the county and local roads of all States receive the major part of their support from the general taxpayer, including the railroads.”

. . . Appendix G, Docket 23,400

#### **Additional References**

National Industrial Traffic League.

U. S. Bureau of Public Roads.

## Appendix

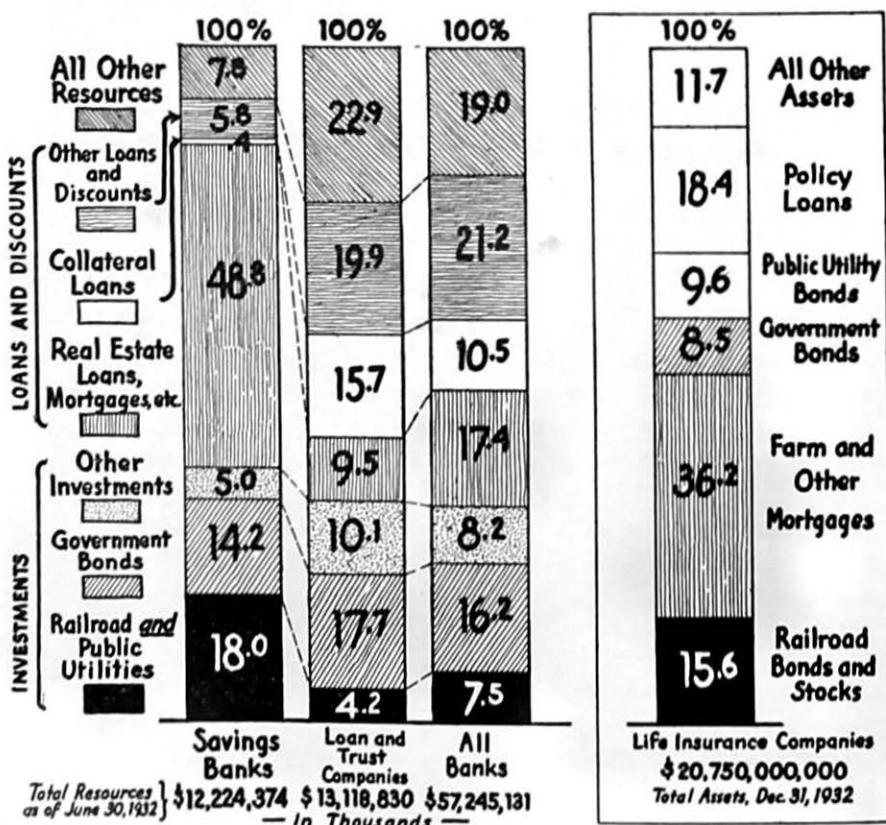
### VI

## Resources of Banks and Life Insurance Companies

*(It has been shown that motor trucking is not the cause of low net rail earnings.)*

It should be noted that the black portions of the diagram for banks represent investments in both railroad *and* public service corporation bonds. Although actual investments in each of these two types of securities cannot be segregated, it is estimated that the 18 per cent of Savings Bank investments would divide 11.7 per cent railroad and 6.3 per cent public utilities.

The diagram is based on figures obtained from the text of the Annual Report of the Comptroller of the Currency, December 5, 1932 covering banks, and from the Proceedings of the Annual Meeting of the Association of Life Insurance Presidents.





## Life Insurance Company Investments

As of December 31, 1932

(Source: Proceedings Annual Meeting of Association  
of Life Insurance Presidents)

		Percent
Farm and other mortgages . . . . .	\$6,893,000,000	36.2
Total governments . . . . .	1,607,000,000	8.5
<b>R. R. bonds and stocks . . . . .</b>	<b>2,960,000,000</b>	<b>15.6</b>
Public utility bonds and stocks . . . . .	1,817,000,000	9.6
Policy loans . . . . .	3,500,000,000	18.4
All other assets . . . . .	2,223,000,000	11.7
Total 52 Reporting Companies . . .	\$19,000,000,000	100
All Companies . . . . .	\$20,750,000,000	

## Resources of Banks as of June 30, 1932

(Source: Text of Annual Report of the Comptroller  
of the Currency, December 5, 1932)

	Savings Banks	Per- cent	Loan & Trust Companies	Per- cent	All Banks	Per- cent
<b>INVESTMENT</b>						
<b>1. Railroad and other Public Service Bonds.</b>	<b>\$ 2,200,865,000</b>	<b>18.0</b>	<b>\$ 552,492,000</b>	<b>4.2</b>	<b>\$ 4,276,059,000</b>	<b>7.5</b>
2. Federal, State and Municipal Bonds . . . . .	1,733,062,000	14.2	2,324,381,000	17.7	9,257,333,000	16.2
3. All other Investments.	611,218,000	5.0	1,325,139,000	10.1	4,689,849,000	8.2
<b>LOANS AND DISCOUNTS</b>						
4. Real Estate Loans, Mortgages, etc. . . . .	5,962,753,000	48.8	1,240,267,000	9.5	9,941,644,000	17.4
5. Loans secured by U. S. Bonds and other securi- ties . . . . .	54,987,000	.4	2,055,856,000	15.7	6,011,057,000	10.5
6. Other loans and dis- counts . . . . .	714,909,000	5.8	2,611,011,000	19.9	12,121,939,000	21.2
All Other Resources . . . . .	946,580,000	7.8	3,009,684,000	22.9	10,947,250,000	19.0
<b>Total Resources . . . . .</b>	<b>\$12,224,374,000</b>	<b>100</b>	<b>\$13,118,830,000</b>	<b>100</b>	<b>\$57,245,131,000</b>	<b>100</b>

## Reference to Sources

### *Appendix I*

#### Vehicle Production

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c. Rail freight .....	"	32, " " "
d. Raw materials .....	"	48, 52, 54 " "
e. Employment .....	"	53, Facts & Figures
f. Rank in manufactures .....	"	55 " " "

### *Appendix II*

#### Vehicle Ownership and Registration

a. State registration of passenger cars, trucks, trailers .....	U. S. Bureau of Pub. Roads
b. Total registrations trucks, trailers	U. S. Bureau of Pub. Roads
c. Farm registrations .....	Bureau of Census
d. Rank of users in order of group importance .....	Chilton Automotive Multi-Guide
e. Fleet ownership .....	Page 36, Facts & Figures
f. Federal ownership of vehicles ...	Page 36, Facts & Figures
g. Typical distribution of truck ownership .....	U. S. Bureau of Pub. Roads

### *Appendix III*

#### Highways

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(1930) .....	Pages 84, 85, Facts & Figures
2. Local (1930) .....	Pages 86, 87, Facts & Figures
c. Expenditures	
1. State (1931) .....	U. S. Bureau of Pub. Roads
(1930) .....	" " " " "
2. Local (1930) .....	" " " " "
d. Traffic	
1. By highway systems .....	" " " " "
2. Truck traffic volume .....	" " " " "

## *Appendix IV*

### **Vehicle Operations**

- a. Length of haul ..... Bureau of Public Roads  
Department of Commerce  
I.C.C. Docket 23,400
- b. Commodities carried ..... I.C.C. Docket 23,400  
Pages 32, 34, 35, Facts & Figures  
Bureau of Public Roads
- c. Capacities ..... Page 9, Facts & Figures  
U. S. Bureau of Public Roads  
Department of Commerce
- d. Tire equipment ..... Page 39, Facts & Figures
- e. Safety ..... Accident Facts, Natl. Safety Council
- f. Competition ..... 1. I.C.C. Docket 23,400  
2. The Shipping Situation between  
Phila. and New York City.  
3. Business Conditions Weekly, Oct. 1,  
1932, Alex. Hamilton Institute.  
4. Railroad-highway competition.  
Railroad Security Owners Survey.  
5. An Economic Survey of Inland  
Waterway Transportation in the  
U. S.—Bur. of Ry. Economics.
- g. Coordination ..... I.C.C. Docket 23,400.  
The Truck—A Threat and an Oppor-  
tunity—J. R. Turney.  
Testimony in Docket 23,400.  
J. F. Deasy, Vice President, Penn. R.R.

## *Appendix V*

### **Taxes**

- a. 1931 payments ..... Pages 22, 23, 28, 29, 30, 31, 38, 40, 41,  
42, 43, Facts & Figures.
- b. Bus taxes ..... Page 3 Bus Facts for 1932.
- c. Rail taxation for highways..... I.C.C. Docket 23,400.  
Railroad Security Owners Report.