

HOW MOTOR TRUCKS AND RAILWAYS THROUGH
COORDINATION OF EFFORT CAN BEST
SERVE THE TRANSPORTATION
NEEDS OF THE COUNTRY

Address by A. J. BROSSEAU

*President Mack Trucks, Inc. and Vice-president, National Automobile
Chamber of Commerce, before the Atlantic States Shippers
Advisory Board, New York City, December 18, 1931*

Mr. Chairman and Gentlemen:

My first talk on transportation was before the Shippers Conference of Greater New York ten years ago.

In the interval changes have taken place, but the underlying principles remain the same.

The number of motor trucks and the mileage of improved highways has more than doubled. Vehicle taxes have more than trebled.

You have asked me—"How Can Trucks and Rails Best Serve Transportation Needs"?

The answer is that the shipper will use whichever form suits him best. Neither the railroad man, nor the truck manufacturer will decide how transportation services will be developed.

Transportation Compared To Manufacturing

If, as I believe, transportation is a commodity, it will be sold by the agency whose goods—whether rail, highway, water, or air service—best suits the customer.

I believe the railroad is a factory which produces transportation.

Rails Lead In Mass Movement

The American railroad factory produces the best long distance land transportation "commodity" the world has ever seen.

This factory is made up of extensive terminals, deep, solid roadbeds, heavy locomotives, and large cars—all designed to move large quantities of freight for long distances at low cost. The product should be sold at wholesale.

The factory cannot, efficiently, produce retail transportation; that is, the carriage of less-than-carload shipments for short distances. It is common knowledge that much, if not all, of this business does not reimburse the carrier for terminal and handling charges, to say nothing of out-of-pocket costs.

We all know that the heavy equipment is not adapted to handle the l. c. l. traffic, and that it clutters up terminals and interferes with traffic on the line.

The American Railroad statistics for the year 1930 show that 26 per cent of the cars loaded with revenue freight were used to carry the less-than-carload freight which was only 2.6 per cent of the total tonnage and which returned only 10 per cent of the total freight revenues. The average tonnage per car was less than three tons. The average capacity is nearer fifty tons.

As an industrialist I have no hesitancy in saying that no manufacturer can prosper, if he devotes 26 per cent of his factory capacity to producing 2.5 per cent of his output. Neither can he expect to sell 2.5 per cent of his goods at a price high enough to amount to 10 per cent of his gross business—if his customers can buy the merchandise from some other manufacturer at a lower price. And we must consider the service rendered. The shipper wants pick-up and delivery. The railroads have not furnished it, although, recently, a start has been made.

You ask—"How Can Trucks and Rails Best Serve the Transportation Needs"? My answer is—give to the rail

**HOW
MOTOR TRUCKS AND RAILWAYS
THROUGH COORDINATION OF
EFFORT CAN BEST SERVE
THE TRANSPORTATION
NEEDS OF THE
COUNTRY**

Address by

A. J. BROSSEAU

*President Mack Trucks, Inc.
and Vice-president, National Automobile
Chamber of Commerce*

*before the Atlantic States Shippers
Advisory Board, New York City
December 18th, 1931*

NATIONAL AUTOMOBILE CHAMBER OF COMMERCE

Motor Truck Committee

366 Madison Avenue • New York City

the traffic it is best equipped to handle—the long-distance mass transportation.

And give the short-haul movement to the truck, which is the most efficient carrier for this less-than-carload local traffic. It is the only “retail” carrier we have and the only one that is, or can be, individually owned or operated.

The Truck Is The Instrument Of Individual Shippers

Let me develop this last point, because it is essential to an understanding of the function of the motor truck.

Government surveys have disclosed the fact that more than 80 per cent of all trucks are owned and operated by private shippers.

Where 15 railroad systems control 85 per cent of the railroad mileage, there are 3,500,000 trucks owned by 2,500,000 individuals, of whom 2,200,000 own one truck each.

Where rail operation is necessarily a common carrier movement, only 18 per cent of the trucks are operated for hire, and of these about 11 per cent are contract carriers. The so-called inter-state common carrier is almost nil—not more than 2 per cent of all trucks.

Convenience In Service Reason For Use

Why do shippers use trucks?

The answer is found in the studies of individual shippers' problems from a standpoint of their business requirements.

Yale University has recently printed a study of the shipping situation between New York City and Philadelphia .

In an analysis of the reasons why each concern, covered by the study, ships by motor truck the investigator found that over-night delivery from the shipper's plant to the consignee's door—between plant closing time and store-

door opening time the next morning—was the most impelling reason.

Store-door delivery, rush service and lessened loss and damage were the next most important reasons, with only a few emphasizing the total shipping cost.

In other words—and every shipper here can check me—the first element in the use of a motor truck is convenience.

The truck is, and always will be, an individual unit of transportation. It is adaptable. It can go anywhere, anytime, on a moment's notice. And it is not and never will be a system of transportation comparable to the rail.

If these statements were not true, there would be no trucks on the highways today. Because, as Ripley says, "Believe it or not", no one ever drove a truck for pleasure.

Long Movements Specialized In Character

Much has been said about the long-distance movement by motor truck. It exists, of course, and we may expect some expansion over the years, but this traffic is the exception, not the rule, and as far as I can see now it will remain so.

One exception is the moving of furniture, where the saving in crating, handling, and damages, justifies a long truck trip.

Essentially the truck is the successor to the horse and wagon—the only difference is that it covers a larger field.

Its operation will always be confined to relatively short distance, small lot movements of merchandise from farm or factory to consumer, or store-door to store-door, where its flexibility will enable it to give the shipper more convenient and faster service than the rails can give.

Public Owns Vehicle—Will Determine Policies

Many railroads, not all of them, have advocated restrictive regulation of the vehicle and increased taxation

in order to give them—the rails—what they term “equality of opportunity”.

This point of view overlooks two basic facts.

First, while it is conceivable that restrictive regulation can be applied to common carrier trucks, it is not conceivable that the public will deny itself the right to use the vehicle.

The right of the individual to operate vehicles over the highway so long as police power is not abused as to size, weight and speed (which everyone concedes) has been clearly established by the courts.

Regulate the common carriers out of business and the contract carrier remains. Regulate the contract carrier, or burden him with excessive taxes, and any shipper can buy a truck and serve himself.

In no event will the traffic go back to the rails.

The only result will be to penalize the small shipper, who will not be able to give his customers a service similar to that of his competitors who operate trucks.

Vehicles Paying and Should Pay Fair Share

The second issue presented is that of taxation.

Here the difference is not one of principle, but of fact.

I think everyone who has studied the problem will agree that the motor truck owner should pay a fair share of the cost of the roads he uses.

Some of our railroad friends continue to reiterate the statement, so often heard, that “railroads help to pay for the roads used free of charge by their competitors”. I have never seen facts which would substantiate the statement. As a matter of fact, last year, special motor vehicle taxes amounted to 82 percent of the cost of state system highway improvement in all states.

Further, practically all of the outstanding highway bond issues, voted in the last five years, will be retired entirely from motor vehicle revenue. And in my opinion

all highway bonds, issued in the future, will be amortized by motor vehicle revenues.

So, it is fair to say that not only are the vehicles, generally, paying their fair share of the cost of the roads they use, but are actually confronted with the danger of paying more than they should and in some cases they are already paying too much.

It is often said that the truck should pay more than it is paying because it requires a road that is more expensive than a road to carry the automobile.

My answer is that the trucks represent only 12 per cent of all motor vehicles, but pay 27 per cent of all motor vehicle taxes. As to whether that is a fair contribution, I quote from the testimony of Thomas H. MacDonald, Chief of Bureau of Public Roads, at Washington, before the I. C. C. Docket No. 23400:

"In my judgment, the heavy trucks and the buses, by the higher taxes 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 made necessary by those heavier loads."

It may be said that this is a general statement and does not answer the charge that some of the trucks and buses should pay still more. And again I quote from the testimony of Thomas H. MacDonald, who said:

"It is not until we get to the 5-ton truck that it is necessary to increase the dimensions of the road * * * * so that as between the passenger cars * * * * and the 5-ton truck we must increase the thickness of a road one-half inch or about 7.7 per cent, and for a 7½-ton truck about 15.4 per cent."

The cost of the heavier road is only 8 per cent in excess of the minimum practical road needed to carry passenger car traffic and light trucks, and this extra cost is confined to the surface slab, or pavement, because right of way, gradients, and other elements remain the same.

Further, a survey has been made recently of the Pennsylvania State highway system, from which we learn that

motor vehicles are now paying \$57,000,000 annually in special taxes; whereas, the estimated annual cost of the high type improvements of the entire state system on the basis of a 20-year program would be \$52,000,000. In this survey the additional cost for highways heavier than that needed for passenger cars, has been allocated to each group, or size, up to the maximum weight permitted to operate over the system.

The survey shows conclusively that some of the types or sizes are now paying more than their fair share, and that only a few are paying slightly less than their fair share—and as to those, there will be no objection on the part of the motor vehicle operator to paying his fair share when it is fairly determined how much that share should be.

The costs I refer to are predicated upon the heavy type road over the entire 13,000 miles of the Pennsylvania state system, but not all of it is used extensively. In other words, the trucks, regardless of their size, for the use they make of the highways, are paying enough to build the heavier highways over all the system.

Another survey, made in Connecticut last year, demonstrated that on a typical section of road the trucks and the buses, based on the use they made of the highway, paid more than twice their share as compared to the passenger car.

Other surveys are being made and the findings will soon be available. These findings, I think, will prove that the facts we have regarding local and special conditions, are general in application.

Local Roads Essential To Rail Service

By and large the roads in the state system are the only roads which motor vehicles should be taxed to improve. The others are local service highways which are of small carrying capacity and low in cost, and properly chargeable against land.

If it is considered proper that all transportation agencies should pay for these local roads, then the railroads should pay a larger share than they do because these roads serve them as feeders and no railroad could operate without them.

Reciprocity Essential To Interstate Commerce

Some of our railroad friends oppose reciprocity for commercial vehicles between the states, but they do not say that every added tax paid by the truck, beyond its fair share of road costs, is simply an added burden to the consumer.

Before we adopted the Constitution, the states imposed duties at their boundaries on the products of other states. Are we going back to that?

Thus far this discussion has been confined to the shipper's interest in the use of the truck.

This has been done deliberately, because the truck is really a tool of business—a plant facility, not a system of transportation—and not comparable in any way to the railways. This will continue to be so as far as we can now see.

Large Field Remains For Coordination

That much settled, there remains the problem of coordination of truck and railroad services, and consideration of the benefits the shipping public would derive from such an arrangement.

When I talked to the Shippers' Conference in 1922, there wasn't sufficient railroad operation of motor trucks for government to take notice of it in gathering statistics.

Since that time many of the railroads have embarked directly or indirectly on what I call "retail transportation."

In other words, they are using trucks to supplement their rail lines and to give the public a completed shipping service from door to door.

We find the beginnings of this service in many sections. We find trucks replacing pedler trains, rendering inter and intra terminal service, and performing many other and diverse services.

This movement can be broadly extended, and it must be, if the rails are to retain their place in the transportation business.

Solution Economic Not Legislative

As Mr. Deasy, of the Pennsylvania Railroad, recently pointed out, in an appearance before the Interstate Commerce Commission, the solution to this problem is an economic, not a legislative or regulatory one.

There is nothing which prevents the railroads from furnishing complete transportation. As a matter of fact they are better equipped to handle much of it, than is the independent truck operator, although the latter will always have his place.

In many cases the shipper, today, is maintaining his own fleet of trucks, or employs contract carriers, because the railroads are not providing the service he wants.

When the railroads furnish complete transportation, it will not be necessary to maintain, at high cost, rail services which are not used by the shipper.

How Can Coordination Be Attained?

How is coordination to be brought about?

I think it will come when the railroads adopt the policy of selling transportation as a commodity, and not until then.

If The Public Will Not Buy Whose Fault Is It?

If the public will not buy their rail transportation commodity, what can they do?

Just what any other manufacturer does—find out what the customer wants and then give it to him.

Perhaps that means scrapping a lot of machinery.
Every other manufacturer has to do that.
Perhaps it means new products.
Every other manufacturer has to face that.
No one can repress progress.
King Canute tried that once and got wet.

Monopoly No Longer Possible

We are living in a period of radical changes.
Research and invention have knocked out monopoly
in a dozen different directions.

We can't go back if we would. I doubt if any of us
would want to.

The motor truck is not an enemy of the railroad.

It's a new tool which can be used by the railroad.

Our railroads are not going to disappear from the trans-
portation picture.

I predict that when the rest of us prosper, they will, too.

**But the way to coordinate is to give "equality of ser-
vice" to the customer, instead of talking about "equality
of opportunity" for the railroad.**