

COORDINATION OF RAIL, WATER, AND MOTOR TRANSPORTATION

BY

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No well informed man, except for political purposes, is advocating the extension of any of our interior waterways solely as navigable streams, unless such extension can be proven to be in accordance with sound economics and sound engineering principles.

Congress has announced its policy to be to promote, encourage, and develop waterways, and to foster and preserve in full vigor, both rail and water transportation.

It has created the Inland Waterways Corporation as its pioneering and demonstrative agency to prove that, through proper coordination of rail, water, and motor transportation, there will result for the people a better and cheaper form of transportation, and that from the results of such cooperative efforts the participating carriers will receive a living revenue.

When this highly desirable end has been attained, when the operation of common carriers upon our interior streams has become attractive and financially profitable for private capital, then the government will sell its facilities, step out of the picture, and let private capital carry on, under such conditions that water transportation shall never again be throttled.

The problem confronting the people of the United States is this:

We have hundreds of millions of dollars—nearly \$1,500,000,000—invested in our harbors and navigable waterways, and we have been appropriating annually vast sums of money to continue making navigable streams in the hope that by their utilization there will result a cheaper means of transportation whereby the whole country will profit. This vast project has been only partly completed, and it will require a comparatively small sum to complete that part of it which has been found to be in accordance with sound economics and sound engineering principles. Upon its completion we may look with certainty to the fact that through cheaper and better coordinated water-rail-motor service there will result a system of transportation better and cheaper than any single

system, affording every one a real return upon the money which he has invested in the form of taxes.

These savings, inherent in water transportation, will be available not only to those communities fortunately located upon our navigable streams, for when this coordinated system of joint routes and rates is fully developed in accordance with the Denison Act, the shipper in the interior will receive the same savings in cents per hundred pounds through joint rates as the man located on the river. The general principle governing in the application of the water saving to the joint rate is to apply the water saving between the river ports to the all-rail rate between the point of origin and destination, and then to establish a joint route via the Federal barge lines (by rail and water, or by motor and water), cheaper by the water saving than the all-rail or all-motor rate.

This is exactly what we propose to do for every interior shipper, and yet the opponents of waterway development and the operations of the Federal barge lines propose that we should abandon this vast network of waterways, already partially completed, charge it to profit and loss, and admit that our whole policy of 110 years has been a colossal failure, instead of spending the money necessary to make the system complete. It is submitted that no business organization, no combination of capital would abandon any such sum as \$1,500,000,000, already spent to complete seven-eighths of a project which until completion is of little value, when by the appropriation of the additional one-eighth necessary to complete the project there would result a reasonable return upon the whole investment.

Whence comes this apprehension on the part of the Securities Owners Association that the development of our waterways may prove destructive to an adequate return on the investment in many railway systems, this belief that the savings in freight charges to the users of the waterways are more than offset by hidden costs borne by the taxpayer.

These, my friends, are the red herrings drawn across the trail to distract your attention from the fact that, through the utilization of such of our interior waterways as are navigable in connection with railways, the people of the United States *are* getting what they have taxed themselves for a hundred years to get, cheaper transportation. If there be any one thing likely to affect the value of your rail securities to depress them, it is the constant harping by certain individuals that the railroads are bound for destruction unless they can be delivered from their competitors; amongst which they include waterways. These voci-

ferous promulgations of the idea that the railroads are headed straight to perdition do you more harm than good.

The people, as shippers and as receivers, and as users of commodities shipped, are not interested in academic discussions of the relative costs per ton mile of rail or water or motor traffic; they are not vitally interested in statistical nebulae disseminated from unknown or biased sources; they are vitally interested in whether the transportation for which they pay is cheaper and better by one form than another; and you as "Owners of Railroad and Public Utilities Securities," are not interested in these statistical nebulae; what you are interested in is the effect the development of water transportation will have upon your securities. Hold these facts in your mind, get the problem squarely before you, and then let us discuss it amicably without regard to any gas attack designed to befuddle you.

Every new country passes through four stages of transportation; transportation by water, by paths and roads, by rail, and finally the stage of coordination and cooperation—the stage through which we are now passing.

Each of these stages follows as naturally as day follows night, each performs its function satisfactorily considering the conditions involved, each in the order named inevitably leads to the other; and as a better and cheaper and more satisfactory form appears, the less satisfactory and the more expensive form fights constantly to prevent the people of the United States from enjoying such transportation, and always on the ground that "the existing forms of transportation fill all our needs, and if you allow competition it will destroy our revenue. We are too important to be destroyed or hurt; we have expanded at the people's demand, and it is unfair competition to subsidize some other form of transportation to our disadvantage."

It will be observed that there is no thought anywhere in this argument that the people who have paid and paid to get transportation, who have allowed one form to supersede another (and always by subsidies), have any legal or ethical right to patronize that form of transportation which is of most value to them.

Let us see what this billion and a half dollars of which mention has been made, has been spent to accomplish.

About one-half of it has gone to the construction and maintenance of our harbors, one-third to flood control, and one-sixth for purely navigation purposes.

Out of this sum have been constructed the great harbors of Boston, New York, Philadelphia, and others on the Atlantic, ports on the Gulf,

the Pacific Coast, and the Great Lakes, and this money has been spent as much for the railroads as for any other system of transportation.

In a recent pamphlet issued by J. Hampton Moore, ex-Congressman, ex-mayor of Philadelphia, he says:

"In what position would the Reading Railroad be if the Federal Government should permit the Delaware River to be closed by refusing to make appropriations for its improvement or maintenance? In the first place, the Federal Government would shut off approximately \$50,000,000 a year which is collected at the Port of Philadelphia not from the local taxpayers, but from the foreigner who is doing business with the United States. In the second place, without reference to the national influence of the Navy Yard on the river or the millions of tons of commerce that come and go, or the billion dollars worth of industrial business, including employment, done in one way or another on the river for the benefit of the railroads and all other business, commercial and transportation institutions, it would force the Reading Railroad or the Baltimore and Ohio, if it is to take over the Reading, to completely reorganize its business, with a possibility of unemployment the end of which cannot be foreseen."

This example could be multiplied ad infinitum.

Flood control projects cover, to some extent or another, practically every state in the Union, and particularly those of the Mississippi Valley; and the money so spent has been spent largely to protect the very valuable railroad properties lying parallel to, or behind the rivers. What would happen to these if the government ceased to spend money for flood control?

A very considerable proportion of what has been spent for navigational purposes solely, was spent before the advent of our railways, and present navigation has been brought about largely by funds spent for other purposes. Any project for flood control inevitably is bound up with improvement of navigation; and the vast sums of money with which the operators of transportation facilities on our inland streams are charged as subsidies is a palpable hoax. It is a more palpable hoax to attempt to charge these entire costs, as subsidies, to the Inland Waterways Corporation, an agency of the people, owned by the people, created by the people for the sole purpose of demonstrating that our whole national policy of 110 years regarding interior water communications has not been a colossal failure, but was a demonstrably good policy.

When the Inland Waterways Corporation was created in 1924—just about six and one-half years ago—to make this demonstration, there was no hue or cry raised against its operations, because the opponents of water transportation were so immeasurably secure in the belief that interior water transportation was too moribund to be resuscitated, and the whole theory of promoting, encouraging and developing water

transportation, while at the same time fostering and preserving in full vigor rail transportation, seemed too fantastic for utterance. But when this organization was created, when it turned an annual operative deficit of a million dollars a year into an average net operating revenue of about \$81,000 per annum, when, during the calendar year of 1930, despite an unprecedented period of depression, a long continued drought of such proportions as to become a national calamity, its net operating income was slightly more than \$66,000.00; when the floating equipment upon our navigable streams involved hundreds of private, common, and contract carriers; when the total invested by such carriers aggregated a sum between a hundred and fifty and two hundred million dollars; when, in fact, the Inland Waterways Corporation was demonstrating what it set out to do, then began that insidious but persistent, and finally open, opposition, which has taken the virulent form of misleading the people into the belief that the success of water transportation means the destruction of railways, the lowering of their securities and bonds, and is generally a damnable ogre which should be destroyed. The same arguments which are being advanced are the arguments advanced by the opponents of railways in their early days, and the same arguments now being advanced by the eastern railways in their opposition to a new short rail line between New York and Chicago.

The arguments against completing the project of a main arterial system, with its ramifications extending outward from the main system in the order of their economic necessity (and only when in accordance with sound engineering principles), run about as follows:

1. That hundreds of millions of dollars have been spent to create navigable streams, in the vain hope that cheaper transportation would result from their utilization.

Speaking before the Atlantic Deeper Waterways Association, the then Secretary of War, Mr. Good, said:

"In the early days of our Government, the handling of commerce by means of shallow-draft boats upon streams in their natural state was in many cases the only means of transportation available into the interior of our country. Our people worked their way from the Atlantic Coast to the Rockies, building a nation as they went, the winning of each step forward being made possible by use of all available waterways. Many of our earlier projects provided for channels of but 4 feet, and in some instances of 2 feet and even 1 foot in depth. These depths were adequate to meet the needs of those times, but this is no longer true. Larger barges and boats are now required and the shallow draft channels have become obsolete, except in isolated cases where they are the only available means of communication.

"In computing the total expenditure of the Government on the improvement of waterways of this kind, their cost cannot be charged up as a loss, as they paid for themselves many times over during the earlier years. Our

waterway plan was not built in a day. It was a matter of growth. This was so of necessity, for it would manifestly be a waste of public funds to undertake the improvement of all waterways at one time, regardless of the economic need. The only solution, therefore, was to build those parts of a waterway where the economic situation was such as to justify each section as it was built. However, we are now fast approaching the time when we can visualize the completion of the entire project and when the sums necessary for such completion can be provided without undue strain upon the Treasury."

2. That there is no necessity for such development, as the railroads are amply able to care for our expanding commerce.

Although it is undoubtedly true that the railroads can amply take care of our expanding commerce, it will be at such a tremendous expenditure as to be stupendous.

Between 1920 and 1930 it was repeatedly stated by prominent railway executives that the cost to the railways of keeping pace with our expanding commerce was approximately a billion dollars a year, and railway expenditures between those years approximately kept pace with this estimate. In order to raise this revenue there has been a persistent urge for increased freight rates, and this urge, and its accomplishment to a certain extent, has brought about a most unbalanced and unequitable situation.

The great central west, which we speak of generally as the Mississippi Valley, has been penalized to such an extent by these freight rates that it is decreasing in production, manufacturing, and population.

We, as a people, have gradually reached the sound conclusion that the prosperity of the nation is bound up in the prosperity of its component parts, and that when one section is penalized at the expense of another, when one section is prosperous and another impoverished, that it is the business of the nation as a whole to restore an economic balance.

This economic balance in the middle west can only be restored through the medium of cheap river transportation, in cooperation with rail and motor transportation.

B. C. Forbes, in the Finance Section of the Washington Herald of February 20th, quotes with approval the following letter from a correspondent:

"Whether intentionally or not, the present railroad policy, of giving the best service at the point where there is plenty of competition, is drawing to those points business which will have to be shared with others and is taking away from other points business which the railroads would get 100 per cent."

A manufacturer locates where he can assemble his raw material cheaply, and distribute his finished products cheaply. When these costs get out of line, either for the assembly of raw material, or for the distribution of the finished product, he moves to some place where he can

find these conditions, and always he moves to the lakes, the gulf, the sea-coast, or our interior navigable streams. If on our interior navigable streams, he locates at that place where proper terminal facilities for interchange between rail and water and motor facilities exist.

The utilization of Mississippi River and its tributaries is restoring the economic parity destroyed by the diversion of traffic between east and west by the Panama Canal, and by the railroad policy outlined by Forbes, and if we cannot restore that economic parity, then the nation as a whole is bound to suffer.

There is a very vital relation between the prosperity of a city and its environing community. If a small city loses a large manufactory, by removal to some other city, or a large city loses a number of its manufactories, it hurts the agricultural environment by the loss of that much of its market, and throws it into the position where it must reduce its output, or seek other markets where transportation costs put them at a disadvantage; and they may be compelled to sell at a loss, or even lose the market. This condition reflects itself in the purchasing power of the agriculturist, and this limitation of such purchasing power is again reflected in the failure of the city merchant to dispose of his stock promptly, if at all; and further, the railways lose transportation, to their disadvantage.

The reverse is true, as I shall demonstrate.

3. The third general charge is that the utilization of our interior waterways will result in a loss of revenue to the railroads, to their vital injury.

The utilization of our interior streams, as demonstrated by actual experience, does not result in a loss of revenue to the railroads, to their vital injury.

There is a cycle of transportation leading to saturation. This saturation point is reached for any city when the cost of collecting the raw material and distributing the finished product is greater for that particular city than for some other location; and it will inevitably result, as many cities have reason to know, in the abandonment of particular manufactories in that city, and the establishment of the same manufactories in some other more suitably located community, where the transportation facilities are not saturated; and almost always the new point selected is a city on a navigable stream, the lakes, the Gulf, or the seacoast.

Let us examine this cycle as it has worked out in Pittsburgh. The location of the steel manufactories at that particular point was determined by the fact that ore, coal, and other articles necessary to the manufacture of steel could be assembled there more cheaply than any place else at that time.

The establishment of the steel industry drew workers, naturally, who wanted the necessities, the comforts, and the luxuries of life. As the industry expanded, more raw material had to be collected, more finished products distributed, more workers and their families came, each of these causes contributing to an ever increasing demand for transportation. This cycle expanded continuously, until today Monongahela River is carrying annually 26,000,000 of tons and the Pennsylvania Railroad, instead of being hurt, has four times expanded its Monongahela division, which is practically given over to freight handling. Other railroads have similarly expanded. What the river took away from the railroads in its handling of bulk commodities, it returned four-fold to the railroads in the creation of demands for supplies and distribution that could not be handled by the river alone.

When the railroads first entered the transportation field, in spite of the aid granted them by the government, states, counties, communities, etc., through land grants, special privileges, and what not, the financial burden upon them compelled, as they pushed their way ever westward and northward and southward, that they create communities, towns, and cities to furnish them freight enough to pay their expenses of pioneering and expansion, and as unfettered competition sprang up amongst railroads touching the same points by various routes, began that system of rate making which is so involved and intricate, but which resulted in the creation of flourishing communities west of the Mississippi and east of the Rockies. The movement of freight into, and out of the states west of the Mississippi was enormous, and most of the railroads east of the Mississippi profited by it. It is largely the loss of this freight, brought about by the policy of which Forbes speaks, the forcing of competition, with the consequent necessity of dividing business amongst many carriers, which, if normally distributed, would go to single railroads, that is greatly responsible for the present condition of our western carriers. Let us examine a recent example of what occurs when a navigable stream is properly utilized.

What located the great aluminum ore works at East St. Louis, Illinois, employing hundreds of men, and distributing its finished products all over the world? It was the cheap cost of transporting bauxite ore from the British Guianas by ship, thence up Mississippi River by the Federal Barge Lines. This great plant would never have been located there unless the Federal Barge Lines had given a water rate sufficient for the company to compete with Baltimore rates.

Who profits by the location of this plant at East St. Louis? Every railroad which connects with East St. Louis.

How? Through exactly the same cycle as has been described for Pittsburgh. But here nothing was taken from the railroads. A new industry was created by which they profited.

4. The fourth general inclusive charge is that the waterways are subsidized, and that the Inland Waterway Corporation is in unfair competition with the railroads, that the railroads are unduly restricted by regulations, and that they pay part of the water saving.

The truth, is that waterways and railways, properly coordinated and cooperative, are indispensable to each other.

It seems strange to me that the railways should be so bitterly opposed to interior waterways, when this form of transportation is the only form that gives them back more and better traffic than it takes away. There would be more sympathy for the railways in regard to restrictive legislation, if they themselves could agree whether they wanted these restrictions removed or wanted to impose them on their competitors.

The charge that in our joint rates with the railroads they are compelled to absorb 50 per cent of the saving by water is too ridiculous to answer. Our policy is, where there is a comparable route, all rail, to a comparable rail-water route, that the rail line performing its part of the rail-water haul, should get as its proportion of the accruing revenue, precisely what it should get from its connecting rail carrier for the same service.

Where there is no comparable route, we insist that each participating carrier shall get for its share of accruing revenue for joint service performed, a *fair* share, bearing some real relation to the cost of the service performed. The charge that the waterways are subsidized, and for that reason, are in unfair competition with the railroads, falls of its own weight. It is an endeavor to becloud the real issue.

Although the Federal Barge Lines have had a net operating income since the inception of the Inland Waterways Corporation; although no money has been appropriated for anything except expansions of the line; although the corporation could exist and operate and furnish cheap transportation indefinitely on its net operating income; although it has saved the public millions of dollars, charts such as the one published in connection with Prof. Ripley's article are constantly being presented to lead the public to believe that it is being mulcted. It is well to note that the Inland Waterways Corporation has existed only since the latter part of 1924, yet the greater part of these charges apply to the total expenditures on the waterways on which we operate.

"Certainly the people have been taxed to create and maintain our navigable streams, our harbors, our lighthouses, etc., to accomplish a

certain definite purpose, and since they have been taxed once to create them, why, in order to bolster up a case of 'hidden costs' should they be charged again with 'tax exemption,' 'maintenance of waterways,' 'interest and sinking fund on waterways,' 'interest on the corporation (their own) property'?"

The Inland Waterways Corporation is an agent owned by the people themselves, created by Congress to prove that, having taxed themselves to create navigable waterways, they can get that for which they have been taxed—cheaper transportation by water—something they had been unable to get for years, because water transportation has been destroyed by the railroads; and to saddle it in its pioneering demonstrative work, which is bringing back water transportation, with a preposterous system of charges which do not exist, which the people have willed should not exist, is to deny to the people the right to reap the benefit of the investment made.

But assuming that what our opponents claim should be charged against water transportation in the chart referred to are actually things which should be considered, let us point out the errors and discrepancies and let the reader judge whether they make a legitimate case.

This chart was evidently prepared from data contained in my annual report of 1928. Let us examine it.

It claims a "hidden cost" to the taxpayer of 0.7 mill per ton-mile on the ground of "tax exemption."

The total corporation "tax exemption," hidden cost as figured in this chart—0.7 mill per ton-mile for 1928—would amount to \$1,066,741.90 or since the operating revenue for the year was \$6,707,575.57, almost 16 per cent of the total revenue. According to statistics of railways in the United States, published by the Interstate Commerce Commission for 1928 taxes of class 1 steam railways were 6.37 per cent of the total operating revenues. Why charge the Inland Waterways Corporation almost 16 per cent tax exemption, or nearly three times as much as the railways are actually taxed? On the same basis that railroad taxes are calculated this "hidden cost" would be 0.26 mill per ton-mile.

But we have a better way of arriving at this than by comparison with railroad taxes; that is, by the actual taxes paid by common carriers by water in the United States. Out of 138 common carriers listed by the Interstate Commerce Commission on December 31, 1929, there were twenty companies which did not pay any taxes. The taxes paid by the remainder of the common water carriers amounted to only 1.55 per cent of the total operating revenues of these lines, instead of the 6.37 per cent paid by the railroads, and about 16 per cent charged against the Inland

Waterways Corporation to make a case of "hidden costs." On the same basis of taxation as other water carriers, the Inland Waterways Corporation would have paid 0.068 mill per ton-mile, instead of 0.7 mill per ton-mile, with which it is charged in the table for 1928.

On the basis of the original chart the "hidden cost" as given by the chart, of "maintenance of waterways," would be \$2,773,528.94; "interest and sinking fund," \$5,409,905.35; "interest on corporation property," \$838,154.35—a total of \$10,088,330.54—while the total freight revenue received by the corporation amounted to \$6,445,353.70.

Why is this item "maintenance of waterways" charged to the Inland Waterways Corporation? According to a pamphlet issued by the Department of Commerce, there are 200 common carriers, 98 contract carriers and 187 private carriers, with a total value of \$150,000,000, operating on the inland waterways of the United States. In 1928, to which year the table evidently referred, our value was approximately \$16,000,000 or 10.66 per cent of the total invested on our inland waterways. Our proportionate share then (if such charge is legitimate) would be 0.19 mill per ton-mile for maintenance of waterways, instead, of 1.82 mills per ton mile. The interest and sinking fund on waterway (if such charge be legitimate) would be 0.378 mill per ton-mile.

Our "interest on the corporation property" evidently is here figured at 5.5 per cent of our actual value at the time. As a matter of fact the government can get all the money it wants at 4 per cent, so our interest would amount to only 0.4 mill per ton-mile.

Now add to the actual items the disclosed costs (which included a net income of \$327,712.30) all that the table purports to give as hidden costs to get our final cost per ton-mile, and we have:

	Mills per ton mile
Tax exemption	* .26
Maintenance of waterway19
Interest on sinking fund38
Interest on corporation property40
Cost paid for transportation	4.23
Total	5.46

This total of 5.46 is opposed to 10.85 mills per ton-mile of the chart, and opposed to the actual operating costs of the railroads of almost exactly 10 mills per ton-mile, which do not disclose any "hidden costs" to the public of the donation of land grants to the railways since 1850, amounting to 132,173,224 acres, or of the \$40,000,000 per annum subsidy through Pullman surcharges, or other items to be mentioned later.

* On the basis of taxation of other water carriers this would be reduced to .068.

It would undoubtedly surprise the public to know that this "land grant" by the government to the railroads is a continuing subsidy, since in the fiscal year 1930 there were 62,249.29 acres of land certified or patented on account of railroad grants by the United States to the railroads precisely as they were certified or patented (or granted) in the early days. One cannot be certain exactly what the 132,000,000 and more acres were sold for, but according to an advertisement issued by the Northern Pacific Railroad in 1871, the lands granted to the Union Pacific sold for \$4.46 per acre; the school lands of the Illinois Central grant at \$11 per acre, and the advertisement quotes an "average of \$4 per acre."

The government price per acre at this time was given as \$2.50 so that, taking this extremely low price, there is a "hidden cost" to the people of the United States of 132,000,000 acres at \$2.50 per acre, or \$330,000,000 given to the railroads to secure a "right of way," just as the money spent for rivers was given by the people to the people themselves to secure a "river right of way." The advertisement further states—"At only \$2.50 per acre, government price, these lands (granted the Northern Pacific) will build and equip the road, leaving it free of debt, and place a surplus of twenty-five million dollars in the company's treasury."

Further, the rights of way thus given to the railroads by the government are carried in the value of the railroads, taken up as "investment in road and equipment," on which investment the people are requested to pay an additional five and three-fourths per cent return.

Not only were these land grants given by the government, but Texas, for example, donated many thousands of acres; counties and towns gave cash bonuses, or the proceeds of bond issues, for various purposes.

The people are entitled to the best form of transportation available at the cheapest possible rate, and if they desire to pay a part of the cost of transportation by highway, or by inland waterways, or by granting to the railways the present existing \$40,000,000 subsidy of a surcharge on a Pullman ticket, they have a perfect right to do so. It would appear to be a much better policy on the part of all concerned not to attempt to mislead the people about hidden costs, but to furnish the best and cheapest possible transportation. Such transportation will come about through proper coordination and cooperation of all forms of transportation. It cannot be brought about by crying aloud that one form of transportation will destroy another, by bickerings, evasions of self-evident truths, or by unfair propaganda.

If one form of transportation is better and cheaper than any other, it will prevail, whether it destroys or partially destroys any other form or not.

There need be no fear of such contingency, however.

Personally, we believe that in giving the railroads the subsidies which have been mentioned, the people of the United States have done a wise and legitimate thing; we have no quarrel with the railroads—they are essential to our progress, and must be protected. It is only because they themselves have unfairly propagandized against so called "unfair and subsidized" competition, because they have attacked waterways, motorways, airways and pipe lines, that their attention is called to the fact that they, while living in a house of glass, have been caught throwing stones.

5. The charge that the railroads are being unjustly taxed to create a form of transportation calculated to hurt them has heretofore been answered by the Counsel for the Associated Industries of New York State in the following words:

"All property within the States is taxed, and the railroads are no exception to the general rule. The State not only has the right to tax property within its borders but it also has the right to spend the money so collected in the improvement of its highways, or for any other legitimate purpose. The suggestion that the State should not spend any tax money for the upkeep of the canal simply because some of the taxes are collected from the railroads is hardly to be taken seriously. By the same token the railroads might complain because some of the tax money is spent to build good roads. I might complain because some of my tax money goes to educate the children of my competitor. A street car company might complain because some tax money is spent to improve pavements over which taxicabs operate. Farmers might complain because some of their tax money is spent in the city. City dwellers might complain because some of their tax money is spent in aiding agriculture. And almost everybody might complain because Congress has directed that freight rates be made high enough to yield the railroads a fair return."

6. To the charge that thousands of railroad employees will be thrown out of business if the waterways increase in their success, I challenge any railroad in the United States to quote one single instance where a freight train has been removed from its schedule on account of purely water competition. Data collected by the St. Louis Chamber of Commerce, reading as follows, show quite the reverse:

"Referring to Annual Report of Rail and River Tonnage for 1926, * * * it shows that the increase in tonnage by all rail lines was 2.6 per cent and that the increase by the rail lines paralleling the Mississippi, increased 6 per cent. In other words, while there was an increase by all railroads of only 2.6 per cent, the lines in competition with the boat lines show an increase of 6 per cent."

Such charges grow and bloom from statements like the following, issued by the N. C. & St. L. Railroad to its employees :

"Five years ago the N. C. & St. L. Railroad had 9,684 employees, now it has 6,807. * * * Consider, for a moment, what will happen if the present situation is not corrected—more employees will lose their jobs. * * * The railroads have a right to urge that its competition in the public transportation business shall not be unduly favored in matters of regulation, public safety and taxation. It has a right to equal conditions of competition; it asks nothing more. * * * You should study this pamphlet and undertake to interest your family and friends, and above all, urge your representatives in the Legislature to favor such laws as will deal fairly with the situation."

A very careful study of this pamphlet reveals not the slightest criticism of our waterways, but of motor trucks and passenger vehicles. Nevertheless, extracted as I have extracted it, quoted in connection with attacks upon the waterways, the rank and file of the railway employees jump to the conclusion, or are deftly led to the conclusion, that the development of our waterways will hurt them by decreasing the number of trains. With cooperation, water development will increase the number of railroad employees.

A recent address by Mr. Rome C. Stephenson, President, American Bankers Association, who may be assumed to be an independent investigator, seems to me to confirm what has just been said. He hurls no charges against water transportation, although he does attack motor transportation and pipe lines.

The answer to the charge that the Inland Waterways Corporation should cease to exist, lies in the law itself, which prescribes when and how it may get out of business. A reasonable compliance with this law will certainly expedite getting the government out of business, and if you still feel that the operation of our Federal Barge Lines is a menace to rail prosperity, I call upon you to advise your railway executives to comply willingly and sympathetically with the law, and help us all attain quickly what we desire, the retirement of the government from the transportation business.

Demand from them that they comply with the spirit and intent of the law known as the Denison Act, to cooperate with the waterways to their own advantage, and not try to turn through technicalities, a law designed to increase and expand our water carriers and rail carriers through cooperation, into a weapon to destroy what the people have willed should exist, a great coordinated, cooperative, rail, water, motor, transport system.