

April 30 Transportation -- its coordination in war, by
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 Transportation

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DISCUSSION FOLLOWING LECTURE

"TRANSPORTATION - ITS COORDINATION IN TIME OF WAR"

by

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(Last part of lecture proper): A bill for the regulation of motor carriers was passed by Congress last summer. Parts of the Act were postponed but it became effective on April 1st and the Commission has been spending much of its time organizing for that work.

The regulation of motor carriers is far different from the regulation of railroads. In dealing with railroads you are dealing, generally speaking, with large and well organized systems. There are only about 100 systems that own most of the railroads of the country, there are a number of short lines but 100 systems largely cover the important operations. In the case of motor carriers you have thousands of operators of all kinds and descriptions. In many cases the owners operate a single truck, none of them are common carriers and some confine their operations to a particular form of haul; some operate on fixed routes and some operate anywhere. Just how many there are which are subject to regulation we don't yet know but there have been over a hundred thousand applications. We may find in the case of quite a number of those that they are not subject to our jurisdiction. There are undoubtedly a number of operators who have failed to file applications at all. A large amount of work will have to be done, we will have to check on what their operations really are.

We have now about 40,000 returns which are being filed and those have to be put in proper form and available for public inspection. Forty thousand contrasted with one hundred thousand is due to the fact that many of them have filed returns through agencies and are not single carriers. Insurance requirements have not yet been completed. They cover property damage, personal liability damage, and cargo insurance. All of that is required by the law.

We are trying not to impose too heavy a burden on these carriers by doing everything at once without safety regulations but they have been sketched out and we will be able to take them up in a short time, also the questions of hours of service.

When it was originally organized they adopted the principle of separating this work from the regulation of the railroads so that it might be in charge of a man whose experience has not been solely with the railroads but who has had actual experience in motor carier operations and knows the work. Questions of practicability and question of law still remain to be settled. We can't be certain how the thing will work out in the long run but we are making excellent progress and I am hopeful that the ends in view will at length be accomplished.

Q - Please discuss the present condition of the railway equipment - not only equipment, but roadways.

A - The figures show that the railroads have reduced their maintenance expenditures very materially. Compared with 1928 and 1929 they have been cut down more than half. Of course the traffic has decreased but if you measure the maintenance expenditures in terms of traffic you still find that there has been a great reduction of the expenditures. On the other hand, while much less work has been done on the tracks and while a great deal of work has been left undone it has been work which could be postponed like the painting of buildings, beautification of station grounds, etc. The railroads claim they have kept their tracks in safe condition, so far as the record of accidents goes, that appears to be true. There has not been a large number of accidents due to the condition of the property. Some of the railroads that have gone into bankruptcy are utilizing that opportunity to put their properties in first-class physical condition. I went over the Wisconsin railroad a little while ago and I found they have been doing that; so has the Missouri Pacific. I am told the Rock Island is in quite poor condition, and that is probably true of others.

In the case of equipment, of course there is a large amount of inactive equipment stored on side tracks and a large percentage of that needs work done on it. Some of those cars are obsolete and will be scrapped, new ones will have to be bought to take their places. The equipment has been fairly well maintained for the business to be handled. If the business should increase materially the railroads may be put to some trouble in getting in shape to handle a large increase in traffic. I recently heard of one situation that interested me very much; that is, that during the past five or six years the apprentice

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system has not been kept up in the shops. A lot of the men who were laid off in the railroads have found work elsewhere so if there should be a large increase in the work in railroad shops there might be an actual shortage of skilled help because of the fact that they have not kept up their apprentice system.

Q - Do you see any future in this long distance hauling by motor trucks? I have read of hauling being done from New York to Los Angeles in three days. Is there any future in that?

A - I think there is very little future in it. My staff has made studies that show the railroads can beat the trucks in a distance of 100 miles or over and the railroad rate structure has not been found to be the entire cause. The rates of high value commodities have been very high compared to the rates of low value commodities. Of course, where the rates are in excess of the actual cost of transportation service - that gives an opening to competitors and the trucks may take some of that. For instance, such an article as silk - that pays high rates. They might reduce that rate and still be within the cost of service and by improving their methods of handling less than carload traffic they could reduce the cost of service. The conclusion made by my staff is that trucks are often cheaper for the short hauls because of their advantage in frequency and flexibility of service, but 100 miles is the limit. After 200 miles trucks have no future and ought not to have. It is quite probable that in longer hauls there should be a coordination between railheads so that there might be quite a haul for the truck, but long haul operations would be conducted by the railroads.

Q - Do you believe that the present Federal coordination of transportation we have now is sufficient for a war-time emergency or will additional Government controls be required?

A - It is my belief that if you had an actual war, certainly if it were in this country, or perhaps outside of the country as it was in 1917-1918, the Government probably would have to take over the railroads just as it did before. That would be the simplest and best way to get results unless some machinery were set up providing for the same result in another way. The trouble with war operations is that they so often change completely the currents of traffic. In the World War traffic began moving in great volume to the ports and the railroads were not prepared for those movements in such volume, and only by putting them under complete centralized control

could you adjust operations to that situation. I don't claim to be an expert on operations of railroads in time of war but my thought is that it would be necessary for the Government in one way or another to assume complete control over the transportation situation.

Q - Where would you suggest placing that control in case of war?

A - I have never attempted to work that out. It was done during the last war through the Director General of Railroads who was appointed by the President. He was Mr. McAdoo and he operated through the existing railroad officials. There has been a lot of misunderstanding about that but I knew the men who were running the railroads at that time and there were only two men who were not taken from the railroad group. He went to the railroads for his staff. He was succeeded by General Hines. That was an improvised organization, it had to be. It was created very suddenly and it was always remarkable to me that they did as excellent a job as they did.

I have not given much thought to the question as to whether you could improve upon that by having plans in advance - plans for some organization to be created. I doubt whether it ought to be done by putting it in the hands of the Commission. I am inclined to think single man control would be better because it would act more speedily.

Q - Is there not on your staff sufficient organization to form the nucleus of such a control body?

A - I certainly would not want it. I am not a railroad operating man. My knowledge of railroads has come largely from sitting on the bench and listening to freight cases. I don't pose as a railroad executive. I have tried to get men on my staff who know about those things but I have picked men largely for research. If I were picking men to operate railroads I would, in many cases, pick men of a different type. A man having knowledge of the railroad situation could easily assemble a staff to operate them, there are plenty of such men in the country.

Q - Is it a fact that the machine tool equipment of the railroad shops is in such bad shape that they would be the first problem in case of war?

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A - I think that differs greatly in different shops. It is one of the studies we started but that has been delayed and not finished. They got the railroads started on the shop situation but they have been exceedingly slow. A study was made of the railroad shops by a committee representing the machine tool industry. They took a typical shop on the New York Central, and they have indicated that a great deal should be done in the way of improvement. I think there is opportunity for great improvement in the equipment of the shops. Some, however, are exceedingly well equipped.

Q - How far do you think the tendency to electrify railroads will go? Will that fall off or swing more to Diesel operation?

A - The Federal Power Commission has been going into that matter and I think will shortly be able to issue a report on the subject of the use of electricity in railroad operation. My impression at the present time is that electrification is useful and economical under two situations: one, when there is large volume of traffic, and another, when grades have to be surmounted. The attractive force of the electric locomotive is great and it can be operated as a dynamo so that electric operation is largely desirable in connection with heavy grades. Railroad men do not believe electrification is economical in most railroads at the present time. I think that would probably be the conclusion of the Federal Power Commission. The Pennsylvania electrification was an exceedingly expensive undertaking from the standpoint of capital investment. My recollection is that its cost was around sixty or seventy-five thousand dollars a mile. Many think it can be done at less cost and get good results.

Q - During Mr. Hoover's regime there was established a very comprehensive Mississippi Valley water transportation system. What effect has that had on removing congestion in the northeastern industrial district?

A - That was not established under Mr. Hoover's administration. The Government operated a line under General Ashburn which was started in the World War. That has been expanded so that it operates not only on the lower Mississippi but on the Warrior River and on the upper Mississippi and Illinois Rivers. There has been quite a development of operation on the Mississippi and Ohio Rivers by contract carriers. The only large common carrier operated in addition to the Government line is one operated by the Mississippi Valley Company but there are a great many contract and private carriers. The oil companies operate barges and the steel companies in Pittsburgh operate some. The most successful

river operations in the country are around Pittsburgh for the transportation of coal and steel in that district. I don't think that the water carriage on the Mississippi River has had any great effect on the industrial operations in the northwest except that it has apparently enabled some of the Pittsburgh steel companies to go farther away than they would otherwise and it has been utilized to advantage by the oil companies.

Q - Has the Interstate Commerce Commission given any consideration to the use of Government relief funds toward the elimination of grade crossings?

A - I have given consideration to it and issued a statement on the subject. I have always been heartily in favor of using P.W.A. money for the purpose of eliminating grade crossings because I think it is work that will operate to great public advantage in addition to the advantage to the transportation companies. I think under present conditions it is unfair to impose any large part of that expense on the railroads because the danger has been caused largely by the great increase in the operation of automobiles, and it seems unfair to impose the cost of eliminating grade crossings where the development arises in another form of transportation and some public money has been set aside for that purpose. I had nothing to do with the allotment of these funds - all I did was to express an opinion to the effect that it was a great place to use public money.

Q - Are those intercoastal shipping lines which engage in foreign trade to the extent of stopping at one or two foreign ports subject to the regulations of the Interstate Commerce Commission?

A - No, they are not subject to those regulations at all. The I C C. has jurisdiction over water lines only under two conditions so far as they enter into through traffic arrangements with railroads (when that happens the I.C.C. has control over such joint operations and over such matters), it has complete jurisdiction over water carriers owned by railroads. Otherwise such jurisdiction is in the hands of the shipping board bureau of the Department of Commerce. In the case of the intercoastal carriers, they have not entered into any through arrangements with the railroads so the I C C. has no jurisdiction over them. It has jurisdiction over many coastal lines which enter into negotiations with railroads.

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Q - During the war the control of prices and production was exercised through priorities. Would the development of the truck situation make any difference in the control in a future war and if so would there be any possibility of controlling the truck shipments to the same extent?

A - I should think that the existence of truck operations would have the effect of increasing the opportunities for transportation and might reduce somewhat the need for priorities. I understand priorities were demanded because not all of the shipments could be moved, there were too many, so priority was given to those which had to be moved first. I do not believe that trucks would change the situation except so far as they made it possible to move more traffic than could be moved without them. As to gaining control over the operations of the trucks - there is more difficulty, of course, in locating a truck than there is in locating a railroad - more chance of bootleg operations. How difficult it will be to lay your hands on trucks which are evading regulations of the law I might tell easier a year from now than I can now. The Commission will have had experience on that problem at that time.

Q - With the present set-up would you care to express an opinion as to whether it is practical to make pre-plans and to what extent they would be effective?

A - I should think you could lay out plans for such an undertaking but they probably should not be worked out in detail. Conditions might change. I should think general operations or the outline of a plan could be developed that could be adapted to the conditions of war. I want to say again that I have not given personal study to the question of how the railroads should be operated in time of war.

Q - I recently saw a report on the condition of the railroads which indicated that repairs to freight rolling stock were gradually reducing the number of freight cars. On the other hand, there was an apparent steady increase in the number of engines taken out. The figure for March 1st was 22.4%. How do you account for that?

A - It may be that the railroads, in anticipation of heavy traffic next summer and fall when the grain begins to move, are getting their cars ready for such movement and it also may be true that the extra strain put upon locomotives due to the speeding up of operations and the decrease in maintenance expenses is beginning to make itself felt. I have

not looked into that particular situation. I know there are some railroad men who feel that railroads could in many cases buy new locomotive power to great advantage. In other words, the freight trains are being speeded up and a new type of locomotive geared up for fast operation would mean economy and would stand up much better than the locomotives they are now attempting to run for that service - a service for which they were not built.