# An American Transportation System

## 1. Railroads

NO statement would find more universal concurrence than this: "There is something the matter with our railroad system." Everyone concurs because each of us, in some form and in some degree, experiences the deterioration of American transportation and the slackening effect upon our industrial and commercial life. The trouble with our railroad system is that we have no railroad system.

You can pick up your telephone in Manhattan and call anyone in any borough of the city, in any city of the state, in any state of the union. That is system. But if you in Manhattan have a box of freight to go forward by the Pennsylvania, one by the New York Central, one by the D. L. & W., you cannot put those boxes on a truck and deliver them to the nearest freight station. Your truck must call at the Pennsylvania station and deliver one box, then travel to the New York Central station and deliver a second box, then travel to the D. L. & W. station and deliver the third. That is not system.

As a matter of fact, if you want your boxes all forwarded today, you must go to still greater expense than sending a truck peddling parcels to separate railroad freight stations. The truck would be held up so long waiting to deliver at the congested Pennsylvania station that it would get to the New York Central after closing hours. So you must send three trucks, one to each railroad station, each truck with one box of freight. That still less is system.

If you travel on the Pennsylvania, you comfortably take your train at Thirty-second Street and Seventh Avenue. If you travel on the Jersey Central, you must ferry across the Hudson to Communipaw. If your destination lies on the West Shore, you reach your train by ferry to faraway Weehawken. The D. L. & W. and Erie will carry you, but first cross the river to the Jersey shore. That is not system. Before long we shall look back with amazement at a New York City administration that let the Pennsylvania build in Manhattan alone and left the others marooned across the Hudson. Of course some day they will come over to us but it will be at a cost for real estate and construction work far greater than if they and the Pennsylvania had been brought in together, and the convenience to the public will be far less. It is not system.

The most valuable waterfront in the world, the most sought after by steamship lines, is the Manhattan waterfront on the Hudson River from Sixtieth Street to the Battery. Most people think that steamship lines use these piers. By no means. More than half the piers are used by the railroads, which, terminating across the river, deliver cars to Manhattan by putting them on car floats and barging them alongside Manhattan piers. Cars thus standing on car floats are unloaded on the floor of the pier, which serves as an inward freight station. The empty car is then loaded with outward freight received at the adjacent bulkhead (or quay) shed.

One railroad acquires a pier on the lower Hudson river waterfront of Manhattan. Every other road feels that it must immediately acquire a pier (a freight station) in the immediate neighborhood, in order to compete for the business of nearby shippers. A road gets a pier in the Canal Street section of the West Side water front. Every other road squanders its revenues to acquire and equip a pier station right there. So with the Twenty-third Street section, the Forty-second Street section, the lower East Side water front.

An air-plane view shows the Manhattan water front to be a floating railroad yard. The space between piers, where vessels should be berthing, holds solid masses of car floats. Steamship companies cannot successfully bid for these pier locations in competition with railroads, who will stake any sum to gain a terminal advantage over their rivals. So the steamships, even passenger lines, are driven to accept distant berths in South Brooklyn or Staten Island. Railroad cars that can be unloaded on dry land are allowed to monopolize the choicest locations on the water. That is not system.

A new industrial section developed in a Middle Western city which was served by five railroads. Each road extended its line to that section and there constructed and maintained at least a freight house, team tracks and a car storage yard. To the greatest possible extent each road sought side track connection with each industry. A single branch line could have been built to that section, a line owned jointly by all five rail carriers and connecting with each of them. The joint line could have served all industrial side tracks for all the owning roads. For all carriers jointly a single freight station could have been maintained, with one staff of employees.

Instead, the city has grown up around five branch lines, cluttering it and crossing its streets. The shippers in the new industrial section must deal with five freight stations instead of one. The annual cost of providing railroad service to this section—interest, taxes, maintenance, and operation—is several times larger than it needs to be, not five times perhaps, but certainly three times larger.

The situation is typical of what has happened and what is happening all over the country. Multiply many times the figures which express the waste and loss involved in the railroad service of that Middle Western city and you get a conception of what railroad competition in terminal service is costing the country. It is not system.

The carriers have invested in them something like nineteen billion dollars. The moderate return of six percent on this investment would require a net of over eleven hundred million dollars annually. In 1920 the carriers earned nothing. In 1921 the preliminary figures show a net, but examination discloses that this net was earned because an abnormally small amount was spent upon maintenance and equipment. If 1921 had spent as much upon maintenance of equipment as 1920 there would have been no 1921 net. The railroads' financial problem is as far from being solved as it was when the government relinquished the carriers.

With the disappearance of railroad net earnings, capital is closed to the railroad industry. For a decade men and institutions controlling investment funds have observed the falling or omitted returns on railroad stocks and bonds. These investment interests have therefore put their money into industrials; they lend no more to the unprofitable carriers. The roads, thus cut off from a continuing capital supply, are deprived of the nourishment on which to grow or even maintain themselves. They have been suffering from progressive undernutrition that is unfitting them to serve us now, to say nothing of expanding to serve our future needs.

Railroad net revenue is the difference between gross revenue and expense. We know now that the solution of the problem of the railroads does not lie in increasing their gross revenue by rate advances; for we have tried it repeatedly since 1917, most recently in the 25 percent rate advance of 1918 and the 40 percent rate advance of 1920. The railroads meanwhile have gone from bad to worse. When rates are too high, they defeat their own purpose, for traffic does not move. It is too much to say that inordinate rate advances are the main cause for the business stagnation of today. Nevertheless there are railroad officials who say that even if in other respects business conditions were more nearly normal there would be a large volume of former traffic that would not move under the present rates. They are "more than the traffic can bear." Railroad gross revenues will profit from a reduction rather than an advance in rates.

It is by scaling down the expenses of the railroads that they will be saved. Thus far the main attempt has been to reduce wage expenses. But the enormous savings necessary are not being found in that direction. The Railroad Labor Board did cancel part of the wage advance of 1920. It found some working rules entailed unjust hardships and expense on the carriers. It found them burdened with unnatural wages for unskilled workers improperly classified as skilled during the Railroad Administration. Wages of some classes of common labor are still too high in the railroad industry. The progressive elimination of these wage injustices inherited from government ownership is providing expense reductions insignificant compared with what the carriers require. Railroad wages as a whole are not unjustly high compared with the increase in the cost of living or compared with the wages earned by similarly skilled workmen outside the railroad business. The roads must continue to pay liberally enough to attract to themselves a proper share of the skill and brains of the country.

Two-thirds of the railroad expenses are paid out for terminal services. It is a strange fact that in this most important field of railroad outgo, only the faintest beginning has been made in the direction of savings through consolidating terminal operations.

Take for example the illustration already given, of the five separate railroads serving an industrial section of a Middle Western city. Suppose we forbid the railroad carriers there to continue competitive services and compel them to unify. The result would be the abandonment of four branch lines and four stations, and the development of the best station and the best line to a capacity sufficient for all roads. The valuable real estate set free by the abandonment of duplicate lines and stations could now be sold and the proceeds returned to the railroads, which would henceforth be freed of the annual burden of interest, maintenance and operation of the relinquished property. Multiply such savings by the number of cities served by competitive railroads and the result would be an indication of the reduction in expense possible from unified railroad terminal operations.

Would the shippers benefit? Certainly. An industrial location on a neutralized terminal line connecting with all carriers is preferable to a location on the line of a single carrier.

The question asks itself: Why in the world do not the railroads themselves see the possibilities of such reductions in expenses? Why need they be forced to undertake these innovations so obviously to their own advantage?

Return to the illustration of the Middle Western city. There will never be voluntary unification of service for that industrial section because all carriers will not join. The two roads which reached the section first, pre-empted the choicest, most convenient location for freight stations, and have spur track connections with the largest number of industrial plants. These roads figure that under the present "system" they get a far larger proportion of the total freight of the district than if they threw their facilities into a common pool and took the same service as the other roads. The three carriers having inferior locations with respect to this district, would probably welcome joint terminal operations here. But in other cities some of the same three roads were the first on hand. They there hold the best terminal facilities. The under dog in one place becomes the dog-in-the-manger in another.

Since one road is ahead in the race for terminal location in one city, another road in another city, no road has gained by the sums poured into competitive terminals. Advantages and disadvantages offset each other. Consolidation of terminals would have little effect upon the distribution of traffic among the roads. Each carrier would share in the total traffic in proportion to its car supply and the transportation service it can render—and these are approximately the basis determining the apportionment of tonnage today.

The inconvenience occasioned to the shipping public by the multiplicity of Manhattan freight stations of individual railroads, has been indicated. Drayage costs between shipper and railroad stations have risen so as to drive many an industry away from Manhattan. The solution of offering joint freight stations with improved service between these stations and the Jersey terminal yards, did not occur to the carriers. They knew nothing of cooperation in terminal facilities.

It took an outsider to show the railroads what they might have done. Mr. Irving Bush, observing the punitive drayage cost on Manhattan, built a group of loft buildings in South Brooklyn, the Bush Terminal, and invited Manhattan shippers to locate there. He had himself made terminal agent for all railroads, maintaining connection wth them by car float. He abolished drayage. His tenant pushes a shipment into the Bush freight elevator and gets the bill of lading to destination. The elevator drops down to the ground floor, which is a shipping platform on which cars are loaded and forwarded to the trunk line railroads.

The railroads could have done that themselves on Manhattan. Ten years ago Calvin Tomkins, Dock Commissioner, showed the roads how to do it. He planned an elevated freight railroad along West Street, the waterfront street on the Hudson River. This elevated would be reached by the Jersey carriers through a tunnel under the river; the New York Central would reach it direct from its Manhattan yard. The elevated road would give access to a large number of freight stations inland from the waterfront, and the railroads could then release piers for steamship use. Above each union freight station would be built several stories of loft buildings for warehouse and manufacturing use with freight elevators and shipping advantages precisely as at the Bush Terminal. But the rail carriers with more and better located pier stations would not listen to this Tomkins plan.

That it was sound was demonstrated by the New York Central, which in 1916 proposed to spend over $50,000,000 in building such an elevated road down the island of Manhattan a block back from the Hudson River waterfront. It was a duplicate of the Tomkins plan except that it was to be for the New York Central alone. The Jersey carriers refused to be interested in participating when that was suggested by the city. Eventually the city authorities wisely refused the New York Central permission to make the improvement alone. So our railroads stuck to the antiquated methods of handling Manhattan freight at pier stations which were incapable of expansion with the growth of the city. Hence the congestion at these stations, worse every year.

It is necessary to recognize that in these matters the carriers are constitutionally incapable not only of seeing where the public advantage lies, but where their own advantage lies. Legislative abolition of competitive terminal facilities and services is needed to save the railroads from themselves, just as they were saved from themselves by the laws forbidding rebates, through which the carriers had been giving away (to favored shippers) a considerable portion of the revenue they took in.

We have no railroad system. We must have

one, for our own industrial and commercial development, and for the salvation of the carriers. In one direction Congress has seen the planlessness of American railroad building and has taken steps to correct it insofar as it is capable of correction. The 1920 Transportation act authorizes the Interstate Commerce Commission to plan the consolidation of our railroad lines into a number of great systems. Such consolidations, besides assuring the customary advantages that come from doing business in larger units, will put the feeble orphans of the transportation world under the protection of the stronger roads which should have fathered them in the first place. But such consolidation, even when worked out by the Interstate Commerce Commission and even when made obligatory on the carriers, will be incomparably less important for both the carriers and the public than compulsory consolidation of terminals.

In New York this would mean the creation of a new terminal company, owned jointly by the carrying roads. The terminal company would purchase from the carriers all their terminal lines, stations, equipment. The terminal company would take charge of the delivery of all freight in the district. Railroads would deliver inbound cars to the terminal company's belt line, a continuous road intersecting the terminal yards of every carrier in New Jersey and New York. The terminal company would consolidate freight movements, abandon duplicate and unnecessary lines and facilities, develop union freight stations, promote the welfare of the public and of the carriers unhindered by the rivalries and the jealousies of the carriers themselves. Similar companies would do the same in Philadelphia, Baltimore, Chicago and in every first class city of the country. Once the system gets started the roads will demand it in the second class cities as well.

The effect on shippers will be the same as when two or three telephone companies in a town are unified into a single system. The effect on the railroads will be that experienced by a man stopping a very large hole in his money pocket.

We have no American railroad system. The lack of system makes itself most severely felt in the planlessness and inconvenience of competitive railroad facilities in our large cities and in the enormous expenses that these duplicate terminals impose on the rail carrier. The solution of the rail problem lies not in pursuing the chimaeras of higher rates and lower wages, but in cutting out this vast terminal waste.

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# Deported

IN a third-class coach of the London express, an Englishman—son of the imperturbable race—was talking himself into a fine passion. I happened to be among his involuntary listeners. In the course of his harangue he repeatedly pointed his thumb at two young girls, who had stumbled into the coupé under the weight of their wicker trunk, just before the train pulled out of Plymouth. Now they sat staring at the speaker whom they evidently could not understand. Everyone was looking them over with sympathy and curiosity.

"From Serbia," cried the Englishman, "from Serbia all the way to New York and then—deported! Think of it, the effort, the expense, the disappointment of it—deported because the quota was full! And they have been torn away from their mother, young and stupid and scared as they are. Poor things! Now just watch them—" He turned to the older girl, who was barely twenty, a pensive, rather sullen looking person with blunt Slavic features and very beautiful eyes.

"Going to Danzig?" he shouted, as though volume of tone could make her understand the unknown tongue. She shrank a little, looked at him helplessly, and surrendered her ticket.

"You see, she doesn't know. She's being sent to London—I wonder why."

The train rolled through the smiling Devonshire landscape, and the two girls grew momentarily tenser with fear of the Unknown Land. Presently the increased rumbling speed of the train and the pitying scrutiny of their fellow-passengers unnerved them and they began to weep, quietly and desperately. We were at a loss. The curse of Babel put an insurmountable barrier between them and us.

Then by some chance remark passed behind wet handkerchiefs, we discovered that they talked German. I spoke a few words, and their faces brightened wonderfully at the familiar sound.

"Who is taking care of you here in England?" I asked.

"There is a man on the train who buys our tickets, but he cannot speak to us."

"Do you know where you are going?"

"No, not at all."

That was certainly true. They proved to be quite innocent of geographical knowledge, and learned with dismay that England was an island, that it did not border upon Serbia, and that they were going north instead of south.

We talked of many things, and gradually their story became coherent.

Käthe and Anna Focht, as they called themselves, had been Austrian Jugoslavs until their