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## PORT TERMINALS FOR N. C.

### IT LOWERS FREIGHT RATES

Does water transportation lower freight rates? This is the most important single question before the people of the state today because if water transportation does not lower the freight costs, then the proposed state system of public port terminals and waterways will fail of its purposes. If "water competition has nothing whatever to do with freight rates," if "rail rates are based on dry-land distances alone," if "long and short haul discriminations do not exist—were wiped off the statute book four years ago—are ancient history," then public port terminals in North Carolina and other water-front states are useless.

The statements are untrue. The facts are (1) water transportation does lower transportation costs because it is the cheapest transportation known to man, has always been so and is likely to remain so to the end of time; (2) the story of transportation in every land is the story of rail-rates lowered to meet water competition wherever water competition is made effective; (3) rail-rate structures in the United States were long ago based on ports because ports are points where rail carriage must compete with water carriage, and this basis of rail rate structures still exists although the Interstate Commerce Commission is empowered by law to regulate it, (4) but also the ICC must rule in every rate case with two declared policies of Congress clearly in mind, first the railroads must not be wrecked and second water transportation must be developed and protected, both being essential national necessities. The discretionary power of the ICC is therefore very great, and properly so.

And now for instances, cited in the order above indicated.

First. Water carriage immensely lowers transportation costs. Boots and shoes from Portland, Maine to Portland, Oregon are carried by the all-water route with a saving of \$1580 in freight charges on carload quantities, counting 25 tons to the car. The savings on similar quantities of print paper and canned goods amount to \$450 and \$475 respectively. Another instance. The water-rate saving on grain from New Orleans to Tampa, Florida is around \$180 on carload lots; with similar savings on other Western farm products at this and other Florida ports. And yet it is often stated that water competition has nothing to do with freight rates.

Second. But perhaps such statements refer to rail rates and not freight rates. Even so. Here again the fact is that water competition does lower rail-rates. Take a single instance of it within the last two years. Water competition by public carriers on the Mississippi-Warrior rivers lowered the rail rates on sugar between competing points; also the rail-rates on ores and smelting material—from \$6.00 to \$3.00 and \$3.50 per ton. See House Report 6647, 68th Congress, 1st session, or the reprint in the Port Terminals Campaign Leaflet No. 17. Another instance nearer home. A half million dollars worth of fish goes year by year through Elizabeth City to New York. The all-rail rate used to be \$3.05 per box. A joint rail-and-water rate is now \$1.80 a box. It is the direct effect of active water competition through the Currituck Cut of the Inland Waterway. What is claimed cannot be done under the law is exactly what is done—is done by consent of the ICC acting under discretionary power with which Congress has clothed it—done in order to reduce transportation costs without destroying railroad dividends on the one hand and water competition on the other.

Third. Rail-rates are based on ports of entry, the distances of inland towns from rate-basing ports, and their location with reference to through trunk lines to such ports, and so on and on. It has always been so since the first days of railroading in America, and is still so. As a result, interior towns in territories without direct rail connection with nearby ports are still subjected to freight discriminations that destroy their commerce and lay heavy burdens on the producers and consumers in their trade areas—not because rail rates are high to such places but because they are unequal, unjust, and therefore are

destructive to life and business. These destructive discriminations exist mainly in the long and short haul charges of the railroads. These long and short haul discriminations were not abolished by the law of 1920. What is true is that the ICC was clothed with discretionary authority to abolish such discriminations. But such discriminations have not been abolished and they still exist all over the United States. Hence the Gooding Bill in Congress to withdraw the discretionary power of the ICC in long and short hauls rates. Birmingham hardware can be hauled through Raleigh to Norfolk and back again for less money than it can be dropped off at Raleigh on the northbound trip. The same thing is true at Ogden, Utah. It is cheaper to route eastern purchases through to San Francisco and back again across three states than it is to bill eastern goods direct to Ogden.

Why say these things do not happen when they actually are happening today and every day in this state and every other state?

Fourth. Rail-rates are not based on dry-land distances alone, regardless of water competition. Mr. Eastman a member of the ICC is simply proposing such a basis for rail-rate structures. His proposition will be argued before the ICC a few weeks hence. Dry-land distances alone as a basis of rate-making is a thing of the indefinite future. Whatever the decision may be, it must be made in the face of two necessities imposed by Congress on its direct executive agency, namely, that rail-rates must be made high enough to save the railroads from bankruptcy, and low enough to allow inland and coastwise water competition to develop. The ICC has a hard job. It is facing Plato's paradox, namely, "the reconciliation of opposites," and every proposed change is fought to the last ditch by the contending interests.

But no matter what the decision is, North Carolina will not be relieved of rail-rate discriminations—cannot be relieved without her own rate-basing ports and her own inland waterways developed to the fullest capacity. There is no other way of relief. Every other water-front state knows it, and North Carolina must learn it.—E. C. Branson.

### BENEFITS MAINE

The state-owned and operated terminal facilities at Portland, in operation a little more than one year, already have caused the railroads to petition the Interstate Commerce Commission for permission to reduce their rates to meet water competition induced by the presence of the terminal, according to Ralph O. Brewster, youthful Governor-elect of Maine, who is in North Carolina making speeches in the interests of the national Republican ticket. Mr. Brewster said:

"I am interested in the consideration which you are giving in North Carolina to the port development although I know nothing regarding the local conditions or your rail or water connections nor to what extent your ports have already been developed.

"In Maine we have recently built a state owned pier at a cost of \$1,150,000 with the site presented by the city of Portland at a cost of \$350,000.00. This has been in operation now something over a year and has paid all expenses of operation but thus far has not paid anything on the interest or sinking fund.

"This give us a total state debt of \$13,000,000.00, the remainder of the issue having been spent for war purposes and for highways.

"The pier is now used to capacity with coast traffic and traffic to the Pacific Coast, as well as a substantial amount of foreign commerce, originating in various parts of Maine and Canada.

"Our water rates to the Pacific Coast are about half the rail rates and have enabled us to compete to great advantage with Mississippi Valley products with which we are in competition, particularly with shoes and canned corn. The rates from Mississippi points to the Pacific Coast are about twice the rates from Portland by water.

"The railroads have now petitioned the Interstate Commerce Commission

### THE FEDERAL POLICY

If North Carolina expects to have ports and waterways improved by the Federal government it is absolutely essential that public terminals be provided. The statement is confirmed by the River and Harbor Act of 1919 as follows: "It is hereby declared to be the policy of congress that water terminals are essential to all cities and towns located upon harbors or navigable waterways and that at least one public terminal should exist, constructed, owned and regulated by the municipality or other public agency of the state and open to the use of all upon equal terms, and with the view of carrying out the policy to the fullest extent, the Secretary of War is hereby vested with the discretion to withhold unless the public interest would seriously suffer by delay, moneys appropriated in this act for new projects adopted herein, or for the further improvement of existing projects, if in his opinion, no water terminals exist adequate for traffic, AND OPEN TO ALL ON EQUAL TERMS."

The policy and practice of the Federal government is to co-operate to the fullest extent by deepening rivers and channels, when states or municipalities provide necessary port terminal facilities. Senator F. M. Simmons is on record as assuring the people of North Carolina that an investment by the state of \$7,000,000 in publicly owned terminals will enable him not only to have the Inland Waterway extended from Beaufort to Wilmington but to secure from the government money sufficient to make the 26-foot channel in the Cape Fear river as deep as any future volume of commerce requires. The extension of the Inland waterway to deep water, combined with state-owned terminals, will solve forever North Carolina's freight rate problem.

for permission to reduce their rates because of the effect of the water competition.

"The Eastern Steamship Company, an old established line, handles various services along the Atlantic Coast and regular lines have been established to the Pacific Coast. It is probable that seed potatoes will also be shipped to southern ports because of the advantages over rail rates.

"Eighty per cent of the traffic over the pier originates at points in the state outside of the city of Portland where the pier is located. Five rail lines have long served Portland and this makes it a very convenient port of exchange."—Byron Ford News Service.

### FAVORS PORT TERMINALS

Water Transportation honestly administered will lower freight rates, according to former Governor Henry Allen, of Kansas, who was in Raleigh today on his way to Smithfield where he later addresses a large gathering in the interests of the national Republican campaign.

Governor Allen, publisher of the Wichita Beacon, has waged a vigorous fight for water transportation in the interests of Kansas farmers. The St. Lawrence project is one of his hobbies. It means a saving of 9 cents a bushel to wheat growing farmers in Kansas whose wheat is shipped to Liverpool and other European ports, he said.

No one can argue that water transportation does not have its effect upon rail freight rates, the former governor declared, "because the history of transportation refutes any such statement. I buy my print paper from Wisconsin points. Kansas City papers buy from the same places. Although Wichita is much nearer [the shipping point than Kansas City, publishers there get a much lower freight rate. This is due to the fact that when freight boats plied the Missouri river Kansas City enjoyed the advantage of water transportation. Railroads lowered their rates to kill water transportation, and, although there have been no boats on the Missouri for nearly fifty years, the competitive rate to Kansas City is still in force." To quote Governor Allen:

"Wichita doesn't pay a higher rate because it costs any more to haul freight to it, but because it must make up the railway deficit caused by the low rate to Kansas City. Likewise, North Carolina does not pay excessive rates because the cost to haul here is greater, but because it must make up the downward discriminations made in favor of other states which have rate basing ports.

"Port terminals will go far toward solving this state's freight rate problems. Water transportation is bound to lower freight rates when water transportation is given a chance. Until recently railroads were permitted to throttle water competition by unfair methods. Now we haven't a railroad-controlled Interstate Commerce Commission at Washington, and every encouragement is given to and every protection is thrown around water transportation."—Byron Ford News Service.

### FLORIDA PUBLIC PORTS

Publicly owned port terminal facilities and publicly improved waterways have been the salvation of and are the greatest factors in the present progress of the state, said C. C. Chillingsworth, a lawyer of West Palm Beach.

Mr. Chillingsworth's home town is just completing a million-dollar project consisting of piers, two jetties and a harbor. The improvements will give the harbor a depth of 16 feet where there was practically no water before. "Already," he said "we are assured that the project will pay for itself in freight savings in two years."

This project is financed by the Palm Beach tax district, whose population is less than 25,000 and whose total wealth is less than \$40,000,000.

### Saves Millions to State

Florida's publicly owned port terminals at Jacksonville, Miami, West Palm Beach, Tampa and Pensacola have saved millions of dollars to Florida, Mr. Chillingsworth declared, and so have resulted in opening otherwise inaccessible markets to the shippers of the state. Water transportation has grown to such an extent, he said, that now a great deal more than half the products of Florida farms, forests and factories is hauled by water.

Thirty years ago, when the Palm Beach lawyer went to Florida, Jacksonville, the principal port, had a draft of less than 8 feet of water. It is 26 miles from the ocean on St Johns river. It now has a draft of 30 feet—ample depth to accommodate the largest coastwise vessels and most of the trans-Atlantic and Pacific steamers. The same is true of most of the Florida ports, he said. As the need for greater depth has been felt, it has been provided—mostly at Federal government expense.

### Ports Attract Vessels

Florida has found that vessels will come to the ports where public terminal facilities are provided. The commerce of the state has increased wonderfully, its towns are growing, its farms are being developed. Water transportation, Mr. Chillingsworth contended, was largely responsible for this growth and development. He could not understand how any North Carolinian could oppose the plan as suggested to the Legislature by the port terminals and water transportation commission. "Terminals have been a boon to Florida," he continued, "and I would like to see North Carolina, the South's most progressive state, profit by the opportunity offered through the proposed development of its water transportation potentialities."

### WHY THEY DO NOT SERVE

The reason why our coast cities do not serve our state as other coast cities serve other states is adequately explained in the following statement from the Headquarters of the Port Terminals and Water Transportation Commission.

"The port terminals of our coast cities are now and have long been privately owned and privately operated for private advantage. Rail freights can, therefore, be routed past their doors to distant ports for the larger profits of longer hauls. The import and export traffic, that our port

towns might enjoy can be reduced to a minimum by terminals charges that shippers cannot afford to pay, by costly delays that punish private ship owners, by poor service in general, by refusing joint rail-and-water rates on through bills lading, And so on and on. For instance, our largest seaport city has 73 well equipped wharves and piers, but they are privately owned, and the owners would be angels not to use them for private profits. The city owns two street-end wooden docks, 66 feet wide, pronounced by the harbor engineers to be "generally in poor condition." They are used by the city ferries, city fire boats, local truckers, fishermen and firewood vendors. A sea-going vessel longer than 100 feet could not tie up at any city-owned dock. Without adequate public port facilities, with ocean traffic discouraged and rail freights diverted to distant cities, this seaport does not serve the state as it might otherwise do. Practically the same conditions and obstacles exist in all other coast cities wherever private interests are tempted to destroy water competition for traffic.

### CAN SERVE NORTH CAROLINA

The voters of North Carolina will determine on November 4 the most important business question they have ever considered. This is the referendum to decide whether North Carolina will help herself by establishing terminals at deep water and inland waterway points, and by a general development of water transportation. These are essential methods of securing relief from present discriminations in rail rates that now cost North Carolinians millions of dollars annually.

### Cheap Transportation

Experts figure that freights can be carried by water for three miles at the one mile cost by rail. The more water transportation is utilized by our state the greater the saving to the citizen in the interior through reduced rail haul costs. Increased volume of business will give the rail carriers the revenue they are entitled to and will justify a rearrangement of rates to conform more closely with the economies of water transportation.

### The Territory to Be Served

Practically all water borne commerce that North Carolina receives comes either through Norfolk on the north or Charleston on the south. A map will convince the most skeptical that North Carolina coastal points can well serve the state. Loyal Tar Heels should utilize for their own good purposes the waters which God gave them. The map shows that the Cape Fear basin lies approximately 220 miles in an air line—232 miles ocean distance—from Norfolk the nearest northern port, and about 150 miles from Charleston the nearest southern port. The Morehead City-Beaufort-New Bern sections are about equally distant from Charleston and Norfolk, thus enabling these North Carolina ports to serve the intervening territory to great advantage.

### Meaning of Port Locations

The foregoing means that North Carolina coastal points, susceptible of greatest development for the good of the state, are sufficiently removed from the two ports in adjoining states to enable them to serve interior North Carolina efficiently. But it depends on the vote of our citizens to help themselves and to save the money now going to other states. Public port terminal facilities will attract boat lines to carry the vast volume of commerce brought into and sent from our state. The map will convince our voters that there is an extensive territory, including all of North Carolina and portions of South Carolina and Virginia, which lie nearer to our state's coastal points than to either Norfolk or Charleston.

### Serve Other Countries

A circle drawn upon the map with Louisville, Ky., as the center, shows that the air-line distances from that city to Norfolk, Charleston, Savannah, and North Carolina's coastal points are practically the same, the extreme variation in one instance being less than fifteen miles. Therefore our coastal points can serve a great and productive territory in the middle west equally with the other points named. For traffic with the West Indies, South America, Central America, and all points on the Pacific ocean via the Panama canal, our coastal points have a more favorable location than Norfolk, both as to distance and safety in avoiding the dangers of Hatteras and Lookout.

### The Only Thing Needed

The thoughtful voter will undoubtedly realize that a majority vote for Port Terminals and Water Transportation means continued progress for North Carolina and personal benefit for himself.—Port Terminals and Water Transportation Leaflet No. 5.