

## PORT TERMINALS FOR N. C.

### BENEFITS ENTIRE STATE

A very pertinent question being asked by the people of the state in reference to the Port Terminals and Water Transportation proposal to be voted on on November Fourth is, Will State-Owned Port Terminals and Water-Rate Competition Benefit the Entire State?

The answer cannot be a single word, because it involves (1) the excess freight charges that handicap the state, (2) the state-wide consequences, and (3) the state-wide effect of the plan proposed.

North Carolina paid \$150,000,000 in excess freights during the decade ending with 1914, said Col. S. A. Jones in a memorial to a committee of Congress ten years ago. As one-time chief engineer of the Plant Railway system, he had inside information. His figures have never been denied, or not to the knowledge of the campaign committee.

If North Carolina, ten years ago, was paying 150 million dollars per decade in "excessive, unreasonable, unjust freight rates," in the phrase of an attorney of the Virginia Corporation, then how many more such millions has she been paying during the last ten years, with her producing power enormously increased? There is no definite answer. No inside information leaks out. The sources of authoritative information are sealed. The freight carriers know but they don't tell.

### Four-Fold Increase

It is definitely known, however, (1) that the farm and factory wealth produced in North Carolina is now right around one and one half billion dollars a year, (2) that the excessive freight millions we pay stifle the development of commercial centers in North Carolina—which explains why our cities are too few and too small to give our farmers fair prices and profits for their products, (4) that a state cannot live on its factory wealth alone, that it cannot safely grow rich on her industries if her commerce and agriculture are allowed to languish, (5) that these excessive freight-millions, whatever the total may be today, lower the price on every raw product the farmer sells and raise the price of everything whatsoever that anybody buys in North Carolina, (6) that the consumer at last pays the bill of excessive freight charges, and that everybody in the state is a consumer. It is also known that the clear profits of the three rail carriers were from \$1,000 to nearly \$5,000 per mile in 1922 more than in the systems as wholes. See the S. S. and W. T. C. Report, page 117.

But suppose we spell out Col. Jones's figure. It is ten years out of date but we will suppose, what is inevitable, that our freight excess is no larger today than it was ten years ago. What does his figure mean? It means an excess freight tax on North Carolina of \$41,000 a day. It increases the household expense of every family in the state. It reduces our commerce to retail trade dependent on the port rates of other states. It reduces the chance of our farmers to retain a reasonable proportion of the wealth they produce. Now set this \$41,000 a day against \$1,250 a day, the interest and sinking fund charges of the proposed seven million dollars of bonds for port terminals. Invest one thousand dollars a day and save forty thousand dollars a day, is roughly what the port terminals bill proposes.

### Works In Other States

Other states have adopted the plan proposed, as a way out of their freight troubles. Six states, Maine, Massachusetts, Rhode Island, Alabama, Louisiana, and California have invested in state-owned port terminals. And moreover 61 water-front cities in 25 other states have been forced to invest in municipal terminals in self-defence. Among these are six little cities in Florida, none of them with the natural advantages of North Carolina. They are curing state-wide ills by applying a state-wide cure.

Deep-water ports with adequate terminal facilities open on fair and equal terms to the commerce of all the world (1) become rate-basing ports,

entitled to the undeniable right of cheaper rail-and-water rates on through bills lading, (2) they attract coastwise and overseas shipping in ever increasing volume, (3) they swell portside traffic and build up seaport businesses because port-to-port water rates are cheap—almost unbelievably cheap, (4) they pass on cheap water-rates to inland points having active barge line connections with a deep-water port, say to Fayetteville 100 miles inland; they would make rate-basing ports of our sound and riverside cities, as Richmond, for instance, which enjoys the port rates of Norfolk, (5) they not only cheapen the rail-rates to inland points but they decrease the rail hauls therefrom to immensely wider trade areas that very nearly cover the entire state. As Lynchburg, Roanoke, and even Gauley W. Va., 450 miles west, enjoy the cheap freight rates of Norfolk, so our own inland cities might enjoy the advantages of our own rate-basing ports.

### Ports Create Business

North Carolina now proposes to develop effective water transportation, the plan that succeeds in other states. But it cannot succeed in North Carolina (1) without deep-water rate-basing ports adequately equipped and open to all land and water traffic on fair and equal terms of port charges and services, (2) without similar sound and riverside ports connected with deep-ports water by active barge and boat lines, (3) without the Inland Waterway that Congress proposes to complete if only the state will get ready to use it. Public port terminals attract shipping in such volumes that the rail carries scramble for it. For instance, a single 5,000 deadweight-ton cargo boat loaded to the gunwales docks freight enough to load to capacity five freight trains of 37 cars each, says the chairman of the U. S. A. Port Facilities Commission.

Direct trunk-line traffic east and west, a condition of success deemed necessary by many thoughtful people, promises to follow if the state will only alter the condition that our north-and-south rail carriers now capitalize to the state's disadvantage. A trunkline railroad from the Lake states to public deep-water ports in North Carolina is exactly what private capital has long been looking for. It is known that private capital has its eye on this chance, if only the state will create such chance.

### Seeking Port Facilities

The fundamental fact is that the traffic south, east, and west via the Panama Canal, to South Europe, South America and the Pacific Coast, is growing by leaps and bounds into immense proportions, and that immense businesses are interested in a South Atlantic port that is not already pre-empted by other private business interests. There is no such seaport in North Carolina. The state now proposes to have such ports and to seize opportunity by the forelock. The West is looking for a South Atlantic port freely open to all traffic and offering open weather and unimpeded traffic twelve months of the year, which is an advantage no port north of us enjoys. The West is looking South and North Carolina is unready. Charleston, with public port terminals, is ready. Savannah is trying to get ready with a three million dollar bond issue to expand and equip municipal port terminals. The amendment to the constitution giving Savannah the right to issue municipal port bonds will be voted on by the people November 4th.

"It will be physically impossible for our North Atlantic ports to take care of our foreign commerce; it is, therefore, absolutely essential that our South Atlantic ports be developed; in the next decade the greatest development will be in the South," says Edward N. Hurley, former president of the U. S. Shipping Board. Big businesses in the Middle West are keenly aware of these facts. Hence their interest in North Carolina of late. North Carolina needs to be keenly alive to a tremendous national problem and her part in its solution, or soon she may be on her knees begging for freight service at any cost whatsoever.

### SELF-SUPPORTING

The Port Terminals Act, section 11, plainly requires that they shall be self-supporting. The Commission is empowered to fix and regulate terminal fees to this end, and not even the Interstate Commerce Commission can interfere with the service charges of public port terminals. See Interstate Commerce Law, section 15a. Terminal fees for loading, unloading, transferring and so on are dividend producers for private owners. Indeed port terminals are oftentimes the most productive property a railroad company owns. To illustrate. The stevedore cost of handling a cargo at a private wharf in North Carolina is, say, 20 cents a ton, the shipowner pays the terminal authorities 50 cents a ton, and the terminal profits on the labor of handling the cargo of a little 5000-ton boat is around \$1400. This instance—not entirely mythical by-the-way—is used to show landlubbers how private port terminals can be and are made self-supporting and profit-producing. And another instance. The cost of handling seaward bound Western grain in New York, a railroad-owned seaport city, is around \$35 a car or \$25 more than in Chicago where public port facilities keep handling costs low. There is enormous terminal profit or enormous waste or both in New York City. But also there is an enormous difference between Chicago and New York whose port charges are the highest in the world.

However, the point is that public port terminals can be financed on terminal charges just as our highways are financed on license fees and gasoline taxes. They are so financed in 68 port terminal cities in 31 water-front states, with results that vary of course according to the port policies adopted.

The seven state-owned terminals are completely self-financing and thus they lay no burden whatsoever on the taxpayers. They can be completely self-financing in North Carolina unless we have less sense than people of other states. Perhaps not completely self-financing while under construction but certainly so at last when in full use.—Port Terminals and Water Transportation Leaflet.

### The Only Way Out

Public port terminals in North Carolina provoke a thousand objections to the plan proposed. The proposed plan won't work, but only one other plan is offered, namely, still further appeals to the Interstate Commerce Commission. A sufficient comment on this plan is that North Carolina has been down on her marrow-bones to courts and commissions for nearly forty years praying for relief. And no relief comes, or none that business can count on for long. What we gain one day we lose the next. Rail rates travel like Pecksniff's pony, mostly up and down. Everybody knows that. Why suggest a plan of relief that everybody knows is useless and fruitless? It is folly to blame rail carriers and the Interstate Commerce Commission. They are doing exactly what they are allowed to under the law of the land. The fault lies in ourselves. It lies in a condition that the state alone can remove. Other states are doing it in the name of all the people, because all the people are benefited.

And the state can afford to create public port terminals, because Congress and the Interstate Commerce Commission no longer allow rail carriers to lower rates in order to destroy water competition and thereby bankrupt port terminal investments. It could be done once upon a time, was done as a matter of fact. But it cannot be done today. This single fact explains the courage of six states in establishing public port terminals, and also the courage of 61 cities in 25 other water-front states.

Of course there is opposition, because the proposed plan disturbs private businesses privately conducted for private profits. A system of Port Terminals and Water Transportation is

the way out of our traffic troubles. It is the way distinctly proposed and promoted by Congress and the Federal authorities.—E. C. Branson.

### QUESTIONS AND ANSWERS

14. Will water competition (1) lower freight rates? (2) Has it done so in other states? (3) Has any state suffered a loss by establishing public port terminals?

1. Yes, because water rates are everywhere lower than rail rates; around 66 percent lower is the average officially recognized. Water carriage results (1) in enormous savings in transportation costs, (2) compels lower combination rail-and-water rates on through bills lading, and (3) lowers rail rates. For positive proof of these three results, see p. 197 House Report 6647, 68th Congress, 1st session, March 1924; reprinted in Leaflet No. 17, and distributed by the Port Terminals Campaign Committee, Sir Walter Hotel, Raleigh.

Freight rates are high in North Carolina because they are almost entirely rail rates. The commercial use of navigable waters is nearer zero in North Carolina than in any other state in the Union. Cheap water-borne commerce is practically dead in this state, not by the grace of God but by the will of man. It was deliberately killed years ago in this and in every other state. It has been revived and developed in thirty-one other states in very recent times, as a means of lowering the costs of transportation, but not so in North Carolina or not as yet.

### Benefits Everybody

2. Yes, because the water-rate savings effected by public port terminals and water competition are passed on to interior trade territories. The savings allowed by water transportation are too large to be entirely absorbed by manufacturers, merchants, and railroads, no matter what the local rates are. The competition to get and to hold customers insures the widespread distribution of water-rate savings and these savings reach the farthest limits of trade in every direction. Take Miami and Portland, Maine, as illustrations. Each is located in a state long supposed to be commercially unimportant. Each city has newly established public port terminals. Each is amazed at the rapid increase of its seaport business and the effect upon business of cheap water-freights in steadily widening circles of trade. Such opposition arguments as North Carolina is now hearing in the present campaign sound like sheer nonsense to the Maine and Florida people who call at the campaign headquarters of the Port Terminals committee. And they do not hesitate to say so.

### How It Works in Florida

Miami is now getting Western grain through New Orleans at a water-rate of \$4.00 a ton, against a rail rate of \$10.68. Here is a freight saving of \$6.68 per ton or \$166.50 on carload quantities. Five other little Florida cities are enjoying similar cheap water rates on grain and other Western products, and these savings are being passed on to every nook and corner of the state. Public port terminals have turned the trick in Florida. That's the way they lower freight costs in Florida and there is no other way to do it anywhere.

### Maine Reduces Freight Costs

And consider Maine with her newly established state terminals at Portland. Maine manufacturers are now shipping boots and shoes through these terminals to the Pacific coast by the all-water route and they are saving thereby \$63.20 per ton or \$1580 on carload quantities. In exactly the same way her print paper makers save \$450 of freight on carload quantities. The water-rate saving on canned goods is \$475 on carload quantities to and from the Pacific coast. That's Maine's way of lowering freight costs. It's the water-way of doing it and there is no other way for North Carolina to do it. Facts like these cannot be argued off the map by the cunning of any brain. Exactly what has been done by water transportation in Florida and Maine can be done in North Carolina. Transportation costs can be lowered by public port terminals and water-rates in this state as certainly as in any other state.

### Ports Self-Supporting

"Without exception state owned port terminals have been self-supporting in every state where they have been built. Such terminals have not only been self-supporting but they have paid off their bonded indebtedness and have effected a reduction of freight rates to the interior of the states that built them." So reports the State Ship and Water Transportation Commission of nine able citizens, after 14 months of investigation aided by distinguished Army engineers. These men can be trusted to know and to state the facts competently and honestly.

Public port terminals in 31 water-front states are lowering costs by saving in water rates more than they lose in rail rates, they are rapidly coming to be rate-basing ports that can demand rail-and-water rates on through bills lading, and they are passing on water-freight savings to every business and everybody. Exactly these things are being done in other states. There is no other way to stay on the safe side of freight rates no matter what the rail rates may be today or may become tomorrow. Here is the essential issue in this campaign and no voter ought to allow himself to be confused about it.

15. What water-front states do not have public port terminals? What disadvantages do they suffer?

North Carolina is the only water-front state that does not have public port terminals, although she has more miles of navigable rivers and sounds than any other American state, Florida alone excepted. In water transportation North Carolina illustrates Humboldt's proverb: Where nature does most for man, man does least for himself.

States having no navigable waters within their borders and no public port terminals must rely solely or mainly on rail carriage, which is from three to nine times more expensive than water carriage. On an average freight can be carried three miles by water for what it will cost to carry it one mile by rail. A bushel of grain on the Great Lakes is carried for one mill per ton-mile; the rail cost from Buffalo to New York City is from 7 to nearly 10 mills per ton mile.

16. What part may the Federal Government be expected to have in developing public port terminals in North Carolina?

Exactly the same part that it plays in other states (1) expert assistance by the Army Engineer chief and his staff in carrying out in North Carolina the fundamental purpose of Congress to develop water transportation as an essential national necessity, and (2) assistance in locating port terminals and in planning, constructing, and equipping the same to satisfy up-to-date demands, and (3) appropriations for widening, deepening, and protecting channels and harbors. All these without expense to the state. Sixteen million dollars have already been spent upon these purposes in North Carolina, and as many more millions as are necessary can be had, if only the state evidences a readiness to use the money to advantage. If the Port Terminal and Water Transportation Act is ratified on November 4, as many more millions as may be needed can be secured from the Federal government to be spent on channels and harbors, says Senator Simmons.

"Every United States port should own its own water front," says the United States law on this subject. The River and Harbor Act of March 2, 1919, says: "It is the policy of Congress (1) that water terminals are essential to all cities and towns located on harbors or navigable waterways, (2) that at least one public terminal should exist constructed, owned and regulated by the municipality or other agency of the state, and open to the use of all on equal terms, and (3) that the Secretary of War is clothed with the authority to withhold the appropriations of this Act if in his opinion adequate port terminals do not already exist or are not assured by public authority." See the SS and WTC Report, page 15.

The upshot of the matter is: No public port terminals, no Federal appropriations for rivers and harbors in North Carolina. The government is now spending nine millions on public port terminals of Houston, Texas. Federal millions can be had for such purposes in North Carolina, but not unless we get busy with public port terminals as Houston is busy. She has just voted four more millions of public port bonds.—E. C. Branson.