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## The Future of American Transport

Ernest W. Williams Jr.

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# Current Literature

## BOOK REVIEW

THE FUTURE OF AMERICAN TRANSPORTATION. Edited by Ernest W. Williams, Jr. New Jersey: Prentice-Hall, Inc. for The American Assembly, Columbia University. 1971. Pp. 205. \$5.95.

This analysis of the present American transportation systems with all its current problems is not in form the usual self-contained book of a single author, but rather is a collection of seven separate essays by different authors. Each essay and each author discuss a distinct aspect of the over-all transportation problem, and as might be expected, the views of all the authors differ in some respects. Although this book does not offer a detailed blueprint of the solutions to be adopted, it does furnish the casual reader with an instructive analysis of the underlying causes of our present, less than successful, national transportation problem, as well as suggesting several methods for improving our present systems of transportation. Since public policy as evidenced by the various Federal and state laws and by the daily actions of the regulatory agencies have, in the past, and still do, cause much of the over-all transportation problem, this book can be a valuable educational tool in pointing out some of the changes in present law and policies which would furnish at least a partial solution to this problem.

An initial understanding of the treatment of the transportation problems contained in this book is best afforded by simply listing the various essays: "Goals of Transportation Policy," by George W. Wilson; "Demand and Supply: The Technology of Transportation," by A. Scheffer Lang; "Restructuring the Transport System," by Dudley F. Pegrum; "Access to Capital Markets," by John L. Weller; "Toward Rational Price Policies," by James C. Nelson; "The Urban-Intercity Interface," by Ernest W. Williams, Jr.; "Improving Urban Transportation," by Lyle C. Fitch. The chapter on "Goals" not only indicates the aims to be accomplished in the future, but also the deficiencies of our present system. Although transportation of freight is the primary subject of discussion, transportation of people is also considered, with special emphasis on the problems of the large urban areas which are, in themselves, ample and unique.

Probably the most important point revealed in the book as a whole is that, as many newspaper articles charge and as most people suspect, there are serious deficiencies in our present transportation system. More-

over, all of the contributing authors are quite in agreement as to the cause of these deficiencies: i.e., our present transportation laws and the construction and enforcement thereof by the regulatory agencies. Transportation and transportation companies, at least since 1920, have simply been overregulated to the point that the common carriers are fast losing ground to private carriage, which has resulted in continuing financial difficulties for most common carriers with less ability to innovate, expand and improve their service. Unless there is a change in policy, the situation will become far more serious in the future due to the huge increase in demand for types of transportation that will be experienced even in the present decade, estimated to be a 100 percent increase in passenger travel and a fifty percent increase in freight. Any change in our present policy will necessarily require a change in the basic statutory provisions.

It is hardly a surprise to discover that the several authors all conclude that the basic cure to the over-all problem is to place far more emphasis on private initiative and increased competition, and therefore, to greatly reduce regulatory controls. Of course there is some disagreement among the authors as to just how far deregulation should go, although all admit that some regulation should be retained. There is also widespread agreement that past government policies of subsidies, vast investment of public funds in certain transportation facilities such as highways, waterways, airports and airways has resulted in a disadvantageous use of capital and an uneconomic allocation of transportation between the various modes; that in essence, this denies competitive equality between the various forms of transportation and effectively prevents real competition. As pointed out in "Access to Capital Markets," transportation systems demand huge capital investments, which that author estimates will require more than "two trillion dollars" in the present decade. Since there is a capital shortage affecting all industries, the American nation will simply have to allocate capital investments in transportation on the basis of the most efficient use.

Author James C. Nelson, in the article "Toward Rational Price Policies," explains in considerable detail the intricacies of transportation pricing, or, as it is more familiarly known, "rate-making," the effect on pricing of the present statutes and regulations, and also the effect of the uneven government spending on rates. Mr. Nelson estimates that the failure of present policies forces consumers to pay \$5 million per year more than what they would pay under a more competitive and freer policy. This does not mean that all rates are too high, for admittedly some rates are below cost of transportation, thus forcing the deficit in costs to be passed on to other shippers and commodities. A policy with

emphasis on more competition and less regulation would not only substantially affect the present rates, but also would eliminate inefficient carriers and permit technological improvements and better service. Attention is drawn to the recent return to almost complete competitive freedom for carriers in England, Canada, and most western countries.

Even those who are reasonably acquainted with the more familiar aspects of transportation will find the chapters on "The Urban-Intercity Interface" and "Improving Urban Transportation" quite enlightening and revealing. It is obvious from these chapters that the urban transportation problems are more serious than those of intercity transportation, and that there are no easy solutions to the urban problems. Instead the urban problems will require proportionately more thought, more technological improvement, better planning both nationwide and local, and heavier investment of capital to solve.

For the relatively small size of this book, it affords the reader seriously interested in our transportation problems a good insight into what is wrong, what solutions are available, the extent of cost and investment involved in our present system, and also the importance of the time factor in getting started in finding and effecting solutions. While there is ample explanation of the nature of the transportation problems, the reader is not bothered with a too technical approach and will find the text simple and understandable. The reader will also discover that there is no unanimous agreement even among the experts on the details of corrective measures, but only on the nature of the problems and the general direction in which to proceed—which is not the direction charted by our present regulatory system. It should be required reading for every officeholder and candidate for Congress and state legislatures, and most certainly for all members of regulatory commissions.

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