

A further very vital matter calling for rectification of the conditions now ruling in the transport industry is the impossibility of framing any permanent policy within the industry while such conditions continue. The introduction of the motor-vehicle into the transport industry has created a totally new position, to which that of the other sections of the industry, such as the railways, have to be adjusted.

The first essential to a proper adjustment is a determination of the proper economic position of each part of the industry. Uneconomic conditions such as unfair or unsound competition can on the plea of "natural forces" only be met by uneconomic action. A policy framed on such action cannot possibly be permanent, and it might well be that on the adoption of a policy on that basis the last position might be worse than the first. It is inevitable that later, when the long and painful process of adjustment by natural forces had worked itself out, there would have to be another adjustment of relationships, and there seems no good reason why two such adjustments, separated only by a long and undesirable period of time, should be adopted if the result can be obtained by more expeditious and desirable methods. To illustrate the position by referring to a concrete case, I may refer again to the fact that we find traffic lost to the railways in many cases through the quotation by road hauliers of prices for the transport of the goods concerned that we know cannot possibly be on an economic basis. Obviously, as it was the price that lost the traffic, we may assume that if we quoted a price below that of the road hauliers we would retain the traffic; but such quotations, being forced by uneconomic conditions, cannot possibly be permanent, and it is not difficult to imagine the disturbance that would take place if the Railway Department adopted a policy of quoting rates based on uneconomic conditions, and, when such action forced the competitor out of business, it raised its rates again. Such action would undoubtedly lead to ill will and the upsetting of business relationships by the uncertainty that would arise in regard to actual transport costs, and we would have confusion worse confounded. We certainly seem justified in at least saying that if the occasion for such action can be avoided, then it should be avoided.

All these circumstances seem to me to justify resort to the regulative power of the community to expedite the bringing of the industry on to a proper basis. There is nothing new in such action—and it has long been known in the transport industry, where it has been applied to railways practically from their inception, and has already been developed to some extent in connection with the passenger side of road transport. In the case of State-owned railways such as in New Zealand, this community power operates through the railway statutes, and the effect of public opinion as reflected through the parliamentary institutions. In the case of privately-owned railways, they have been rigidly controlled by statutory authorities such as (in England) the Board of Trade and (in the United States of America) the Interstate Commerce Commission. Two principles have been the basis of this action—first, that the community interest in transport shall be adequately protected (this has led, *e.g.*, to the limitation of financial return, the fixation of rates, and the running of certain essential services, such as "cheap" trains); and, second, that all persons shall have equal treatment—there shall be no undue preference. Such regulation was no doubt felt to be irksome by railway authorities, as it might also be expected to be by some sections of the motor-transport industry (especially those whose business is not a sound community proposition). But that does not prove that such regulation is inherently wrong—rather the contrary. The railways survived and extended under it with a rapidity and vigour that was phenomenal; but essentially the general interest was protected by the regulative power of the community actively operating through legal enactment. Such regulation is sometimes objected to as "legislating the motor-carrying industry out of existence" or "bolstering-up the railways." It seems to me that both of these statements are nothing more than unjustifiable assumptions. The motor-vehicle is here to stay, and unquestionably has a place in the transport industry. But why should such objectors assume that proper regulation will push the motor-carrying industry out? Such an objection would seem to imply a more or less conscious weakness in their case, with a consequent disinclination to face the issue. The railways under private enterprise were regulated, but they did not go out of existence—they flourished and did undoubted good work for the community; and if history means anything at all we may rather assume that the same may happen to the motor carriers. Similar considerations apply to the "bolstering-up of the railways." Opprobrious epithets are not arguments: they generally rather betoken an absence of valid grounds. If on examination of *all* the facts it were found that a particular service could be given by road-motor more economically than by rail (and there would be many such cases) it would be irrational to perform the service by rail, and no regulating institution whose decisions were irrational could long survive.

For the foregoing reasons I conclude that regulative action is necessary and desirable to expedite the stabilization of the transport industry, and I believe that such stabilization would be in the best interests of the motor-carrying industry itself as well as of the railways and the community at large.

Another matter in connection with road transport that I think worthy of mention is the desirability of there being prepared by some responsible authority an annual balance-sheet of the road operations of the Dominion. At present the information regarding expenditure and revenue in respect of roads is more or less scattered throughout the various records. Especially in view of the fact that the question of the distribution of transport-costs among the various sections of the community is such a live one, I think it would be very advantageous if the whole facts were brought together in a comprehensive and readily understood annual statement. The whole question of railway and road finance is really one of the distribution of the total transport costs of the community, and in order that clear judgments may be formed as to the equity or otherwise of such distribution the first essential seems to be to have all the facts of revenue and expenditure in connection with the transport operations clearly before us.